



GLOBAL, REGIONAL AND LOCAL TRENDS OF HR PRACTICES

József Poór, Michal Morley, Zsuzsa Karoliny, Ildikó Éva Kovács,
Csaba B. Illés and Denise Jepsen (eds.)

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INTRODUCTION

*"It is all about where we
came from, and where we are going.
And it is the most exciting story ever told."
(John Gribbin, 1998, p.7.)*

In his work, *The Second Curve* (2015) Charles Handy defines three conditions which are important to enable management to keep up with the epoch's challenges and changes. In his view, they are the following. You need to recognize the differences between long-distance management and organization-providing management. Flexibility should be found to find the right ratios between a much cheaper trust and a greater security of control. And, finally, we need to understand the similarity and difference between input-based efficiency and output-based performance.

The foregoing is closely linked with the recognition that modern companies and organizations cannot innovate in a competitive manner without an efficient human resource management (Jung, 2008).

Since the 1980s, experts have been talking about the strategic importance of human resources.

For our analysis presented in our book, we used the data of three international surveys (2004/2005, 2008/2010 and 2014/16) of the international CRANET network established in 1989 (Poór et al., 2011; Farndale et al., 2017). The research aspect and structure of our book followed the CRANET questionnaire, according to which the main parts after characterizing the sample examined the organizational role and significance of the HR function and department as well as the decisive and non-organizational actors and technical supporters involved in the exercise of the function with dozens of indicators. The key elements of the study were the values and rankings of the five key HR functions (recruitment and selection, personnel development, incentive management, and labor relations and employee communication).

- *In the first chapter*, we review the concept of human resource management we use and the most important internal and external factors influencing it. We also look at ways in which different organizations examine and compare their human resource management practices with others. We present the emergence, the development and general approach of CRANET comparative international human resource management research.
- *In the second chapter* of our book, we highlight the theoretical aspects of the contextual variables that explain why the identities and differences in human resource management are derived. In the next section of the chapter, we will show the specificities of the respondents participating in the three CRANET (2004/2005; 2008/2010 and 2014/16) survey rounds. We also discuss what distorting factors have occurred.
- In the different management books, it is no longer a novelty that authors (Schuler-MacMillan, 1984; Charan et al., 2015) specifically emphasize the role of human resources in ensuring the competitiveness of organizations. *The third chapter* reports on the status of organizational practices and the directions of change based on the answers received from the last three rounds of Cranet surveys.
- *In the fourth chapter*, the authors emphasize even in the introduction that the value creation capacity of the organization is up or down on the quality and quantity of human resources. In this chapter you will first get to know the domestic and foreign empirical researches that have appeared in the field of sourcing of employees in the literature. Below, the input elements of personnel provision, recruitment and selection, as well as the application and spread of various flexible - or atypical forms of employment are presented to the readers.

- *In the fifth chapter* of our book, you can learn about the Performance Appraisal System (PAS), training, development, and career development in context of the personnel development in the light of three CRANET (2004/2005; 2008/2010 and 2014/16) surveys. In this chapter, we also cover the most important domestic and foreign empirical studies that seek answers to similar issues.

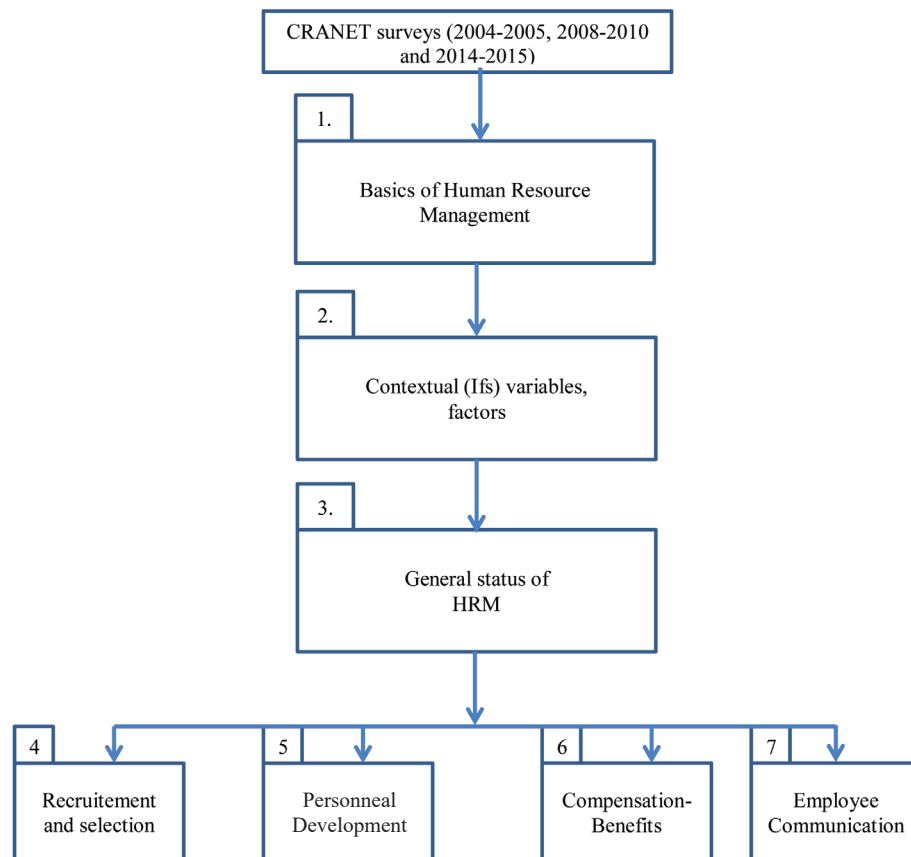


Figure 1: Structure of the book

Source: Authors' own research

- Managing incentives and benefits is a key feature in every human resources management system. *In the sixth chapter* of our book, for the first time, we present the most important theoretical concepts that may give rise to similarities and differences between incentive and benefit practices in different countries. We present the most important empirical surveys that can be found in this area. In the next section of the chapter, we will present the characteristics, of the definition and application of basic wage / base payment, performance-based incentives and benefits based on the data of the three CRANET samples.
- In the first part of *the seventh chapter* the reader will get a picture of the most important theoretical bases related to employee relations. Next, we present the most important empirical surveys published in the field indicated. Based on the CRANET investigations, we will further thoroughly analyze the global, regional and Hungarian characteristics of employee relationships and employee communication

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József Poór, Jana Blštáková and Michael J. Morley

1 BENCHMARKING IN HR MANAGEMENT (AGNES SLAVICA, JÓZSEF POÓR, CSABA B. ILLÉS, SERGEI VINOGRADOV, ZOLTÁN ŠEBEN, ILDIKÓ CSAPÓ AND MICHAEL MORLEY)

In this chapter, we review the interpretation of human resources management and the concept we use. One of the key influencing factors of economic and social life is globalization, in this context we highlight the most important trends in HRM - convergence (the tendency of becoming similar to each other) and divergence (the survival or re-formation of differences) in this area. We talk about the external and internal factors, that most affect the organization's HR. We also look at the latest trends. We briefly summarize the way of negotiation used in our book. The rapidly changing economic environment of the past decades has highlighted the need for organizations to keep pace with developments and changes, in order to maintain competitiveness. Businesses particularly prefer relying on benchmarking studies which compare the best practices of other organizations. Our book also basically follows this logic. In the light of international Cranet HR research, we look at global, regional and domestic trends, typical of this area.

1.1 HUMAN RESOURCE MANAGEMENT

1.1.1 INTERPRETATION AND CONCEPT OF HRM

Competitive advantage is considered to be an organizational ability and competence that is difficult to copy (Porter, 1990; Hamel-Prahalad, 1991). There have been significant debates about how well human resources practices can provide a competitive advantage. This approach is supported by the firms' resource-based approach (Gooderham et al., 2008). Individual human resource practices can be well copied but human resources systems and routines which have been formed for a long time can be unique to a particular enterprise and can contribute to the creation of unique human resource abilities and capabilities (Pauwe, 2004, Ismail et al. 2010).

Organizational success and the development of efficient operation require the leaders of the various sectors of economic and social life to use and optimally combine the following four basic factors:

- financial sources (money),
- market / customers (market),
- means, methods of production/service (methods)
- and human resources (men)(See Figure 1.1).

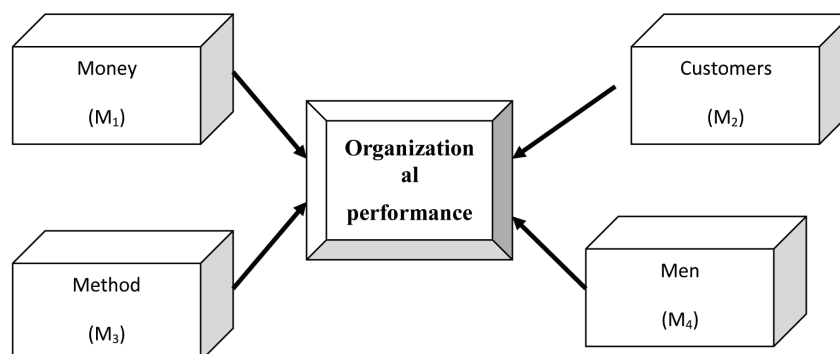


Figure 1.1: Four basic factors of organizational performance

Source: Karoliny M-né. & Poór J. (2004). *About Human Resource Management*. In: Karoliny M-né., Farkas F., Poór J. & László Gy. (eds.). *Human Resource Management Handbook*. (In Hungarian) Budapest: KJK-Kerszöv Publishing House, p. 22.

People - as one of the 4Ms (money = money, methods, market / customers = markets, people = man) - are essential elements of every organization. Their characteristics and work behavior play a unique role, as a result of which some organizations and institutions are more successful than others.

It took a long time for the concept of human resources management described in the next paragraph to gain its ultimate part in business life. On Taylor's scientific management many critics claimed, that he had ignored the "human factor", and reduced the importance of the workers' to the level of machines. (Derksen, 2014). Of course, the "mechanisms" of Taylor's scientific management, as he called it, was in fact a largely mechanistic relationship, in which the employees worked primarily as basics, as primitive executives who perform repetitive, accurately planned tasks. But Taylor also stressed the need to create the atmosphere of friendship, sincerity and cooperation around the proposed mechanism. In addition, the management mechanism included selection, development and the use of psychological expertise. (Derksen, 2014).

In our book, human resources management (HRM) is "a critical, multi-role management function for a fundamental organizational process and for the survival and development of organizations, whose multiplicity of goals can show many of the concerned persons' expectations. Their representation and their impact on the actual HRM practice, however, are context-dependent, which means, it is the outcome of management decisions influenced by the different styles and ideologies and characteristics and the external and internal environments of the organizations" (Karoliny, 2017).

The role of HRM has changed a lot since the first representatives of this area appeared in the life of those companies for nearly 200 years. From the point of view of our topic, it is worth mentioning that besides the traditional, *welfare*, *administrative* and *interest-reconciling* nature of the HR, we can mention the increasing *change management* and *active business partner* and the role of a consultant. The work of HRM professionals has many similarities with the work of external consultants in cases when different human resource systems are introduced, or organizational development tasks are solved. In line with the description, and some opinions, HRM professionals perform an internal consultant role (Poór et al., 2016) and in such cases they act as competency developer (Torrington et al., 2014 and Ulrich, 2015).

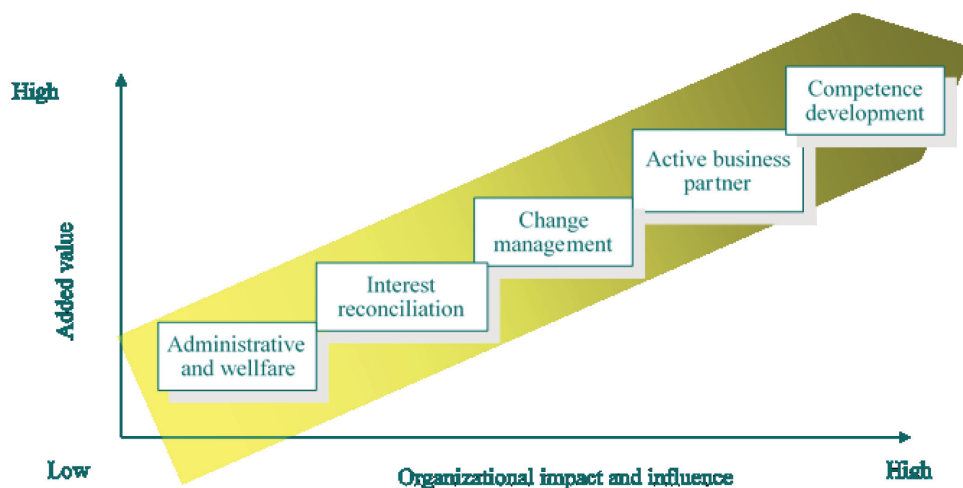


Figure 1.2: Five fundamental factors of organizational performance

Source: Poór, J. & Szobi, Á. (2017). *Introduction into Human Resource Management*. In Poór, J. (Ed.). *International Human Resource Management*. K-Moc electronic teaching material, Budapest, Obuda University. <https://www.kmooc.uni-obuda.hu/>

1.1.2 CONVERGENCE AND DIVERGENCE IN HUMAN RESOURCES MANAGEMENT

Due to the spread of globalization, management principles, models (such as HR) and technology transfer between companies and government institutions (eg. EU rules and laws) have become a more and more common practice. This situation has inevitably put the focus of research on the question of convergence (similarities) and divergence (differences) between societies, companies, nations and individuals.

The topic of convergence and divergence is not new for human resource management. Representatives of the universalist trend believe that the development of technology (Kerr et al., 1960) blurs cultural differences and promotes convergence between nations and sectors. As a result of the spreading globalization this theory has increasingly become accepted in HR.

There are therefore two issues for European HR convergence: whether the European HRM is approaching the HRM model from the United States, or a single European HRM model is emerging (Andolsek-Stebe, 2005). In relation to the two issues raised, it is necessary to examine how much emphasis has been placed on the knowledge of the interviewed managers on the foreign models in comparative (human resources management) research (Pudelko, 2005).

In the opposite pole, representatives of divergence emphasize national, cultural (Hofstede, 2008) and sectoral differences (Ronen et al., 1985). This trend focuses on the importance and the peculiarity of local culture, business, institutional system and labor market when applying management techniques. Differences can be observed mainly in the level of involvement of unions and the governments into the system of working relations. The divergence observed between countries is different, which can be attributed to the individual institutional factors in each country.

Many people discuss HR functions and development in relation to major management culture blocks (American, Asian and European) (Brewster et al., 2004). In this way of discussion there is a new phenomenon, the introduction of HR practices in Central and Eastern European countries (former socialist countries) (Kazlauskaitė et al., 2013). Due to the traditions, the level of economic development of the single given country and the different centralization of the previous economic and political system, differences in development can be observed in the HRM practice of the various Central and Eastern European countries (Erutku & Valtee, 1997). In these countries, including Hungary, within the framework of the previous system, there are only traces of modern HRM features (Brewster et al., 2010). In most cases, divergence to the previously mentioned *scientific management* trend were typical (Poór, 2013). The wave of dramatic change in the Hungarian political, legal, social and economic system has created not only business opportunities but also many challenges. In order to meet the challenges, Hungarian enterprises had to introduce new methods, systems, policies and expertise. In our opinion, new expectations and changes were among the largest in the *human resources management* of organizations, with the local subsidiaries of multinational companies playing a major role (Lewis, 2005). Of course, we do not want to say that the HR practice of Hungarian companies is the best, we just wanted to refer to the size and impact of the changes.

It is not a new idea to draw attention to similarities and differences in the human resources management practices of public and private organizations. Private and public organizations are clearly distinguished by their ownership. Public sector institutions are set up and controlled collectively by members of the political communities at various levels of government-, while entrepreneurs and owners are the main managers of private companies (Poór et al, 2014). Researchers have come to the conclusion that differences and similarities can be observed in the HR practice of both sectors (Szakács-Szabó, 2015). According to the cross-vergence trend, many areas of HR practice are very similar in the private and public, but there are also a number of important differences that arise from the relative financial position and value-oriented nature of the private sector (Parry et al., 2005).

With the contribution of HRM, an increasing number of research deals with the negative effects of the countries' economic growth (Abdelgalil & Cohen, 2007, Nada, 2017) or the negative effects of non-compliance (Kumar, 2011; Davis, 2012).

1.1.3 METHOD

An overview of the development and characteristics of human resources management can be done in several ways:

- One of the most common types of discussion (Armstrong, 2009) when reviewing the role of HR in the context of different management trends (scientific management, human relationships, at the appearance of HR and nowadays).
- Human resources management as a stand-alone function and organizational department can only exist economically over a certain company size limit, and this area has been a privilege for large companies for a long time. Most HR books discuss the evolution of this discipline for the big company circle. In these works, HR's main functions and influencing factors are presented by the authors for these companies (Torrington et al., 2014).
- It is important to emphasize that, as a result of internationalization and globalization, *international human resources management* (IHRM) was established as an independent science in the '80s. This field discusses different aspects of human resource management from the point of view of international companies (Dowling et al., 2013; Poór, 2013).
- Different sectors (e.g., public, private and local) have different demands on HR. The public sector (central and local government) employs a significant number of people. Modernization constraint (e.g. New Public Management = NPM) have not left the traditional HR solutions of the public sector untouched. Therefore, there is an increasing interest in integrated HR methods in this area. The special requirements and legal regulations of the public sector have established public service HR in Hungary and abroad. "*Human resources management is one of the indispensable, decisive elements and areas of the operation of the public service*" (Szabó-Szakács, 2015: 23).

Human resources management areas and functions are discussed in a number of ways in the domestic (Bokor et al., 2009) and foreign literature (Torrington et al., 2014). In this book we highlight the following HR areas based on the specificity of our topic (See Figure 1.3):

- HR organization and function (Chapter 3)
- resource insurance (recruitment and selection) (Chapter 4),
- staff development (Chapter 5),
- incentives and benefits (Chapter 6)
- employee communication (labor relations) (Chapter 7).

1.1.4 INFLUENCES

The HR function is not for itself and does not exist in a vacuum. There are many external and internal factors – in the terminology of the chapter they are called “influencing factors”. Some authors discuss environmental conditions in this context (DeCenzo et al., 2013), while others deal with business conditions (Ulrich et al., 2009). Many elements of the environment and their modifications directly or indirectly have an impact on human resources management (Poór et al., 2017). Among the external influencing factors, we consider the following as important (Figure 1.3):

- economic situation,
- demographic situation,
- employment situation and labor market,
- labor law,
- national culture,
- dominant management concept(s).

The state of the external environmental elements described above cannot be influenced by the majority of organizations, so they must adapt, in the most fortunate case, proactively (Poór et al., 2017). Important internal influencing factors (without claim to completeness) can be summarized as follows:

- organizational strategy,
- organizational culture,

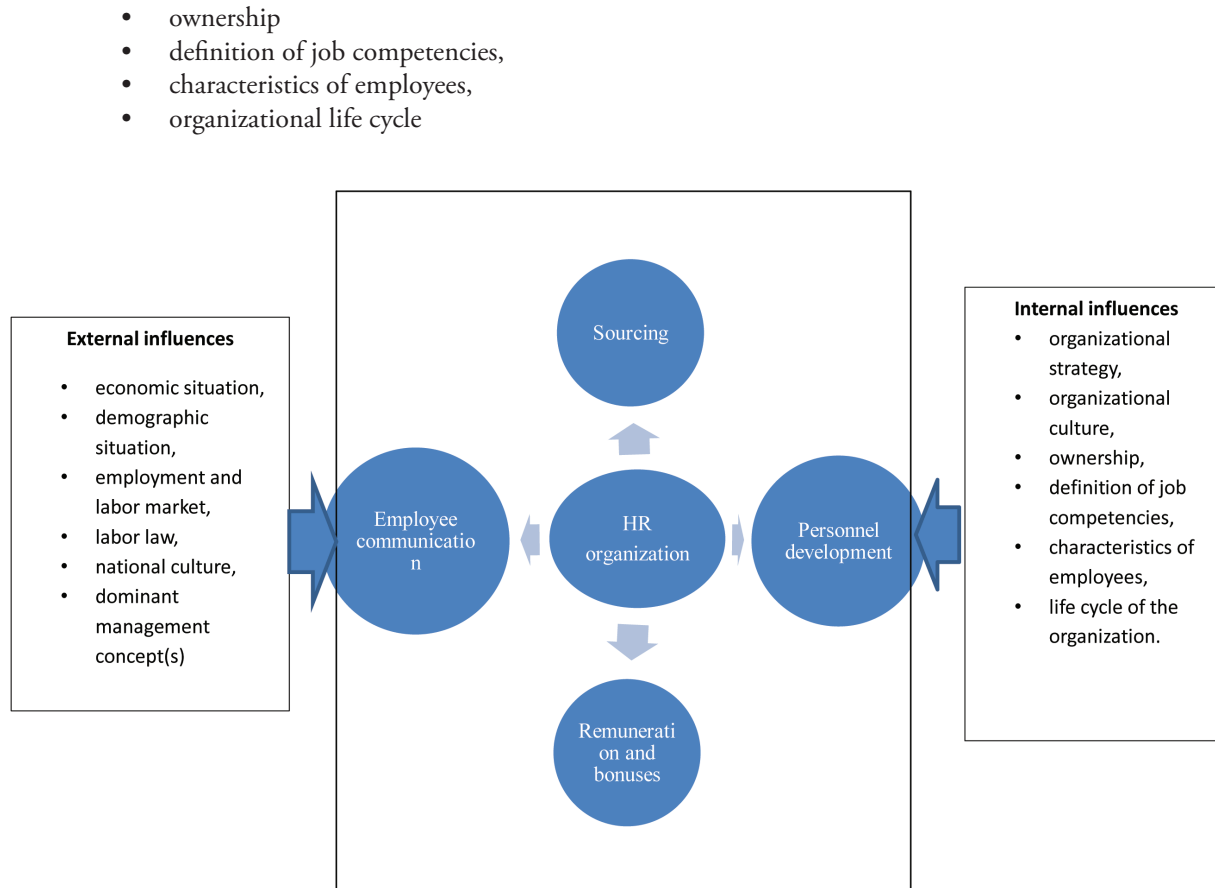


Figure 1.3: The key processes and most important influencing factors of Human Resources Management System
Source: The authors' own research

1.1.5 CHALLENGES - INFLUENCES (SINCE 2005 UNTIL NOW)

In this chapter, we highlight the most important factors influencing human resources management that have had an impact on the development of this area in our country and abroad during the period under review:

- economic development,
- economic growth,
- labor market;
- HR and national culture
- Emerging issues

Economic Development

In the examined period, we emphasize the following as well as globally and regionally and in our country without claim to completeness.

- GDP per capita in developed countries is significantly higher than in the countries of our region and in Hungary. This difference was nearly eight times between Luxembourg (USD 105,914 / person) and Hungary (USD 13,460 / person) in 2017.
- The above-mentioned development differences are particularly noticeable in terms of working hours and minimum wages. According to Eurostat, the average labor cost per hour, set as a quotient of the total labor cost and the corresponding number of hours worked, was €26.8 in the EU 28 and €9.1 in our country in 2017. According to Eurostat data, in 2011, when the minimum wage in Hungary was 291 Euro/month, while in the developed countries of the European Union it was 1,300 Euro. (Note: In 2018 this value increased to 412 €/month in Hungary due to the labor shortage, compared to nearly 1.500 Euro/month for the countries mentioned above (Eurofound, 2018).

Economic Growth

Concerning the question raised, it is worth highlighting the following:

- At the beginning of the period under review, the world economy was prosperous in 2005, reaching a nearly 4.2 per cent increase. The euro area countries were well behind the indicated value with 1.2% and in Hungary it was 4.4%. During this period, China achieved more than 9% growth (World Economy Outlook, 2005). Slovakia, Romania and Poland reached a similarly high growth in our region. FDI (Foreign Direct Investment) following a major downturn after the terrorist attack on the twin towers of the New York World Trade Center on September 11, 2001, started to grow again in 2005 (UNCTAD, 2014) and by 2007 (\$ 2,000 billion dollar) went beyond the value of 1,500 billion in 2000. There was a significant amount of FDI in our region and in Hungary, as well.
- Generally, it can be stated, that due to the large-scale market opening following the political transformation of the late 80s, a “U” shaped development curve emerged for the changing Eastern European countries. By the middle of the new millennium, the indicated curve began to equalize mainly in regions favored by foreign capital, but this growth was not significant, and even very large emigration was observed in these eastern areas (Cristobal et al., 2013).
- The global financial crisis began on 9 August 2007 when BNP Paribas, the first major international bank, recognized the risk of subprime mortgages. With this event, the entire world economy shifted to a growth path different from the previous years. Growth slowed down and reached negative values in many countries, including Hungary. FDI began to grow again in 2011 (UNCTAD, 2014).

Labor Market

The ILO (International Labor Organization) 2013 status makes the following statements on the global labor market situation (ILO, 2013)

- After the economic crisis in 2008, economic growth in the world is still relatively low and the global labor market has worsened, so nearly 202 million unemployed are registered.
- There is a significant, intensive employment growth in export industries (e.g., the automotive industry).
- Companies prefer to reserve funds and / or pay dividends, rather than increase capacity and hire new employees. There is little willingness to create new jobs
- Young workers are hit harder by the crisis, and despite the recovery, unemployment is much higher in this circle than in the case of older workers.
- The global ILO 2017 report draws attention to a very interesting new phenomenon in addition to the fact, that the majority of the previously reported trends remain:
- “In contrast, unemployment is expected to fall in 2017 in developed countries (by 670,000), bringing the rate down to 6.2 per cent (from 6.3 per cent in 2016). In Europe, notably Northern, Southern and Western Europe, unemployment levels and rates are both expected to continue to fall but the pace of improvement will slow, and there are signs that structural unemployment is worsening. The same applies to Canada and the United States” (ILO 2017:1)

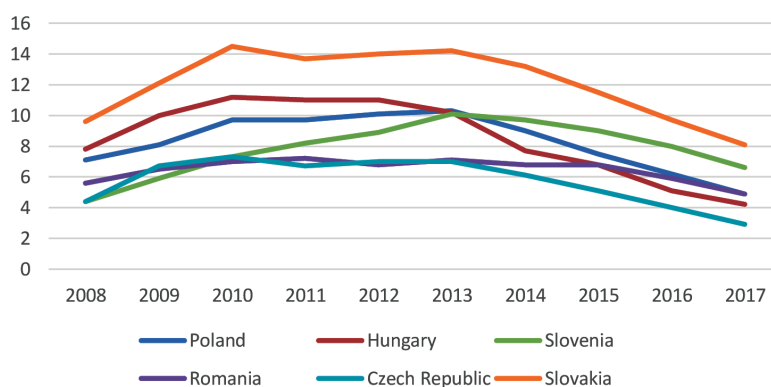


Figure 1.4: Changes in unemployment in Eastern Europe (2008-2017)

Source: Thomson Reuter and Financial Times, 2017

- Based on the data of the OECD, a large number of estimates suggest that 7 million workers have left the labor market of the transitioning countries of Central and Eastern Europe including our country. As a result of this and for worsening demographic and other reasons, a shortage of labor emerged in different areas and positions. Finding, acquiring and retaining the right human capital brings many challenges to different companies and institutions. In a number of Eastern European countries and in our country the phenomenon also contributed to the shortage in the labor market. The labor market tightening index (vacancies) in the European Union is 2 per cent and in the Euro zone it is 1.9 per cent. The highest in the Czech Republic, where this value is 4.1 percent, while in Hungary it reached 2.4 percent. (Figure 1.5)

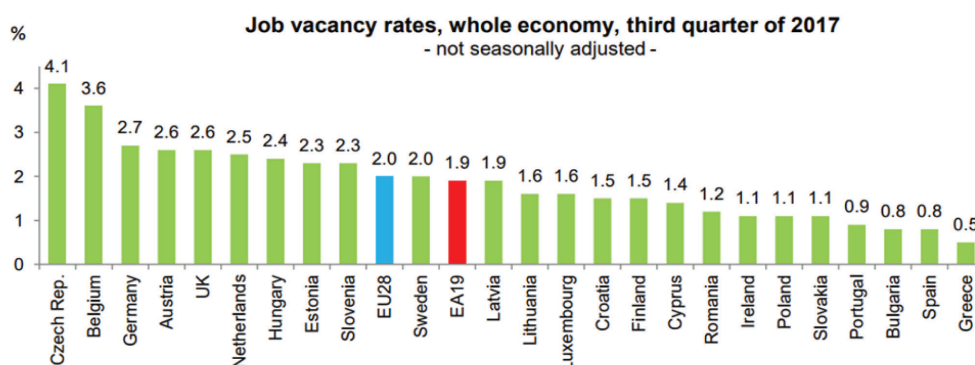


Figure 1.5: Labor market tightness (percentage of vacancies)

Source: *Not only Hungary but the whole EU is affected by labor shortage (2017)*, in Hungarian. Portfolio. December 18, 2017 <https://www.portfolio.hu/gazdasag/nemcsak-magyar-orszagot-az-egesz-eu-t-sujtja-a-munkaerohiany.271333.html> (Accessed: June 4, 2018)

Domestic surveys clearly indicate that significant changes have taken place in the domestic labor market, from which we would highlight the following:

- The number of unemployed fell below the EU average, to 5.1 percent (Bakó -Lakatos, 2017).
- One of the most common topics of labor-related Hungarian public discourse has become the shortage of labor. However, many people overlook the fact that the indicated problem has many positive (such as innovation, wage increase, search for new types of workers, etc.) and negative impacts as well (such as shortcomings in the current lack of labor, etc.) (Hárs-Simon, 2017).

HR and National Culture

Knowledge of cultural and institutional differences is of great importance in the development of effective human resources management. If cultural values are significantly different from each other for different nations, leadership values and styles are likely to be different as well, say Alexashin and Blenkinsopp (2005: 427).

It is important to emphasize that in cultural research today we are beyond the definition and description of the characteristics of different cultures. Thus, among other things, cluster-based grouping of countries (Bakacsi, 2012), the factors (variable) method (Hofstede, 1980) and multicultural research should be mentioned in this context – without claim to completeness.

Researchers seek to explain why people from the Eastern world such as Asiatic, Arab, or American and Western European businessmen approach to a human resource problem in a different way. According to Nisbett (2005), the phenomenon is mostly explained by the fact that the perceptions of the world leaders of the Asian or Anglo-Saxon cultures, the worldview and, last but not least, its logic are very different. In connection with this statement, it is important to refer to the well-known phenomenon Asian and Arab people prefer unity (holism) and group, and those from Western culture following Aristotle's logic, consider the particularity and the details and the individual implementation as important (Poór, 2013).

According to Peterson's work (2004: 13), it is of great significance to develop the capacity of cultural intelligence (CQ) with the expansion of internationalization and globalization, along with traditional intelligence (IQ) and nowadays very fashionable emotional intelligence (EQ).

In today's global world, the focus of attention of researchers is on the transfer of values and perceptions of different management cultures.

According to the cultural dimension theory (Hofstede, 1980), prevailing social values and beliefs - in other words, national cultures - influence organizations to accept something and justify them. There are many publications in the literature that authors point out to what level different HR management systems require to be adapted or modified under different local cultural circumstances to the local conditions. For example, diversity can be mentioned (Peretz et al., 2015).

Emerging Issues

Here are some of the emerging influencing factors:

- **Industry 4.0 and robotization:** According to some opinions, nowadays labor shortages will soon be eliminated by the new type of robotization (Ford, 2016). Recent research shows that 47% of jobs in the US are "in danger" due to robotization (Hess and Ludwig, 2017). It must also be borne in mind that, as a result of new digital technologies, we will have less and less demand, not only in the field of physical work but also in intellectual work, for expert work done by doctors, lawyers and various experts (Susskind & Susskind, 2015 and Geoffroy & Schulz, 2015). In his book *Superintelligence*, Bolstrom (2014) believes that machine intelligence can outsmart human brain in all respects, he defines it as a superintelligence. Over the past 250 years, mechanization has changed significantly. According to some opinions, the 5th Industrial Revolution (Industry 5.0) is coming soon, which offers more human and environmentally oriented solutions for humanity. (Figure 1.5)

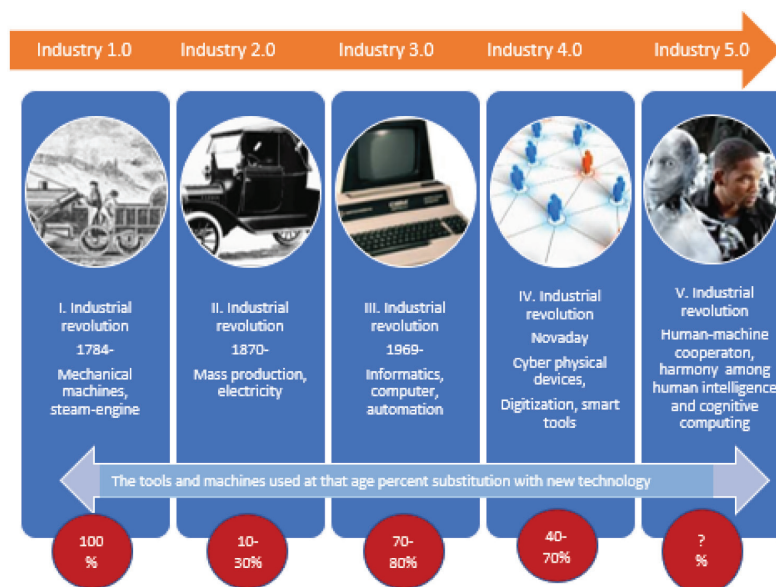


Figure 1.5: The major stages of industrial revolutions

Source: Némethy K. & Poór J. (2018): *Future workplace at the threshold of Industry 5.0. Munkaügyi Szemle* (Pending publication, in Hungarian)

- **Flexibility:** HR practices increasingly include measures to facilitate the work and non-work balance of the workforce. The definition of flexible HRM is that organizations provide their employees with the ability to decide when and how to work (Hill et al., 2008) and what kind of benefits to choose (László et al., 2013). The importance of flexibility is often emphasized only for women and young people. In the former case,

flexible adaptation to the parenting needs is essential while for younger generations such opportunities are more appreciative. Older people, however, use it to preserve their health and performance (Bal-De Lange, 2015).

- *Corporate Social Responsibility (CSR)*: Several models have emerged for companies for the role of HR in this activity. In companies with independent CSR organizations, HR only has marginal functions. Another group of companies, however, recognized that HRM could play an important role in managing internal efforts to exploit the unique resources and competences of the company to create Corporate Social Responsibility (Porter-Kramer, 2011).
- *The guaranteed basic income* was first outlined by Hayek (1979), for the reason, that the state should provide adequate support to people in difficulty (Ford, 2016). Similarly, the moguls leading the Silicon Valley innovation in digitalization in (Why ..., 2016) think similarly about this issue. However, in a study Csath (2016) cites the opinion of The Economist which suggests that the basic income should be forgotten, and the existing tools should be used by the governments more effectively.

1.2 BENCHMARKING IN HR

1.2.1 BASICS OF BENCHMARKING AND ITS INTERPRETATION

The rapidly changing economic environment of the past decades has highlighted the need for organizations to keep pace with developments and changes in order to maintain competitiveness. Changes in the traditional business environment require a review of corporate processes (Hammer & Champy, 1993), defining and comparing the strengths and weaknesses of our own organization based on an assessment of the results of industry players, which is the most effective way of catching up and improving performance (Urgureanu, 2011). Knowing the practice of the best companies within the modern business environment, utilizing the experience gained and integrating good practice creates the opportunity to audit, develop, and increase the productivity of the organization.

The concept of benchmarking is very difficult to define, different definitions exist, which are presented below. The dissemination of benchmarking as a form of management method can be traced back to the '80s, linked to the name of Robert Camp. Camp (1989) sees benchmarking as a process that seeks out the best practices of the industry, best solutions, and identifies the best qualities of the organization, taking into account the corporate success factors. According to Chang and Kelly (1994), benchmarking is the selection of the best roads that will help us achieve our goals. G. H. Watson (1993) regards benchmarking as a collection of knowledge to help improve business processes and competitiveness. In Csath's definition (2001), benchmarking is much more than competitive analysis, it is a general comparison whereby the hard points of the results of others are evaluated and the organization's own values and problems are identified with the intention and openness of a creative learner. Benchmarking is a definition of organizational performance assessment that identifies organizational competencies and encourages organizations to have a broader perspective and think differently about the challenges. The achievement of successful benchmarking processes is influenced by various factors. The most important factors are the identification and understanding of the performance improvement of organizational processes', defining objectives to be achieved, selecting, adopting and implementing processes that are most appropriate, and best practice. This means that during the implementation the observed best practices will be applied for the company's specific development. This does not mean, however, that the best solutions will be copied. Benchmarking covers and examines all processes of the company. When analyzing the processes, not only the financial results are placed in the focus, but those factors are sought after, which promote development and maintain competitiveness (Csath, 2004; Jelen & Mészáros, 2008). In Komáromi (2006), the method used for systematic comparison of benchmarking products, services and processes, which is a means of continuous improvement of the organization.

According to Watson (1992), benchmarking as a method has the most important goal and result of achieving the goals set by the organization, making measurements in the competitive results, resulting in obtaining new capabilities. The advantage of benchmarking as a method is that good practice is demonstrated, no new experiment is needed, which means low cost, and during the application fast results can be achieved. Another advantage is that the organization understands the operation and relationship of their own processes more deeply by comparing the organization it can spot its own mistakes. All these helps the organization open up to

new ideas, develop and enhance market competitiveness. The disadvantages of the benchmarking application include the fact that if an inappropriate benchmarking is chosen, the organization does not get a sensible result, becomes cost-intensive and time-consuming, however, the evaluation depends on the person who evaluates.

Compared to benchmarking, a negative opinion was also expressed, according to many organizations it was a waste of time. Stapenhurst (2009) argues that benchmarking is an art of manipulation with statistical data that the head of that organization wants to hear. A professional comparison of the organization with the implementation processes of the results achieved by a carefully selected other organization, that the organization would like to achieve before starting benchmarking processes. First, we need to determine what benchmarking is and what is not. Benchmarking is not a set of industry excursions to other organizations it does not provide objective comparisons or accurate analysis, but a planned prospect that will show high returns in the future. Furthermore, it is not a tool in the hands of employees but it helps determine the direction and the way of processes. It is not a set of copied processes it is a potential opportunity to discover and develop ideal information, methods, practices that can be adapted to the organization's operation. It is not a one-off event that helps the best and the most active way of achieving today's "best practice" solutions but part of a culture that is the best, or the best solution your organization can find to solve a specific problem or situation.

Benchmarking processes can be grouped according to different criteria. There is a need to look at the appearance of benchmarking, on the basis of which two types of benchmarking exist internal benchmarking and external benchmarking. Internal benchmarking is the definition of best practices and benchmarking, which aims at identifying and comparing the competences of an organization, and in many cases, it contains the results of outcome measurements. In the ongoing assessment of the organization's own performance, it identifies and reveals the timely changes and performance of its key business activities. Such a key factor is the definition of the proportion of the most important financial performance, the identification of the market share or the examination of the costs and changes in the volume of production and sales. In addition to material data, there are quality indicators of benchmarking processes that relate to internal benchmarking processes. Internal benchmarking has fewer tangible features such as attitude to consumers, customer satisfaction, job brand building, and employee engagement surveys and measures. External benchmarking processes include comparing performances with other organizations, where you need to determine what organizational activity and results are compared with results from other organizations. In addition, it is necessary to determine which organizations will be the objects of the comparison within or outside of the industry. Obtaining external benchmarking data is a very time-consuming process that can hinder the acquisition of relevant information. But still, most organizations favor the use of external benchmarking processes and want to measure their performance compared to the norms of organizations within the industry or across cross-border organizations. It is true, that the comparison of cross-border industries is hampered by the different market, economic and political environment. There are additional hazards in the industry's standard analysis and comparison if the industry itself performs poorly. The comparison will not contain relevant data that promotes the organization's development and the finding and development of best practice (Horváth & Gritsch, 1996).

The literature also recognizes another classification of benchmarking that puts benchmarking processes into four groups:

1. Internal benchmarking when the organization makes comparisons between its organizational units,
2. Competitive benchmarking, where the comparison is based on the results of competitors in the sector,
3. Territorial/Functional benchmarking when comparable functions and processes of organizations are compared within their organization but with different activities,
4. Process /Generative Benchmarking in which comparable processes of organizations operating in completely different fields are compared (Karlóf, 1995; Evans, 1997; Camp, 1998).

Watson (1992) distinguishes strategic benchmarking from operational benchmarking, where strategic benchmarking provides a better understanding of strategic business performance by collaborating with organizations and establishing long-term relationships.

Successful performance and performance development have many prerequisites which aim at improvement of the effectiveness, efficiency, flexibility and adaptability of the organization.

1.2.2 BENCHMARKING PROCESS

Using benchmarking, organizations receive information that will help determine which areas of other organizations are better and what steps they need to take and what to change, in order to become the best. Urgureanu (2011) believes that benchmarking should be based on thorough research, qualitative and quantitative analysis, which requires accurate knowledge of intra-corporate processes, requiring professionals of appropriate quality and professional knowledge and knowledge of international results, to make proper comparisons. Therefore, organizations work out benchmarking workflows in several steps. The number of steps depends on the organization goals, business processes and objectives to be solved. Urgureanu (2011) breaks down benchmarking into eight steps (Figure 1.6), in which direction, control and data collection play an important role. In the course of data collection, the examination of trends, short-term goals, aspiration to achieve the stated results and the incorporation of changes into the organization's system play a prominent role.

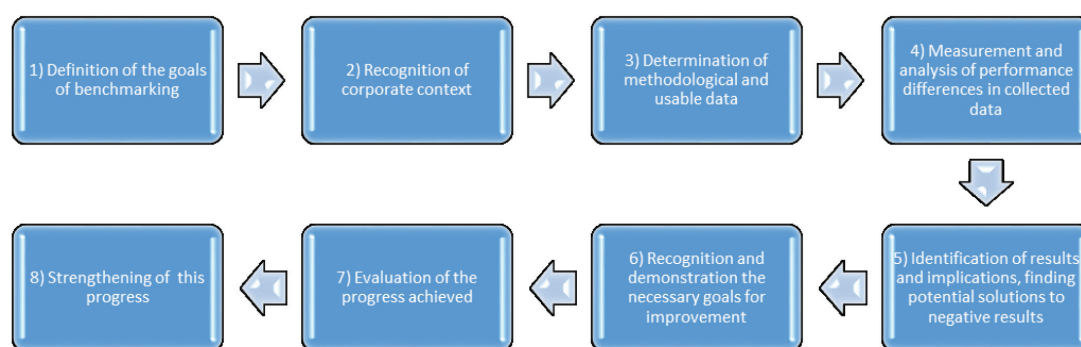


Figure 1.6: Stages of benchmarking

Source: Urgureanu, M. (2011): *Benchmarking - between traditional & modern business environment Central for European Studies (CES) Working Papers, 3 (3), 440-451.*

Camp (1998) considers that the whole benchmarking can be divided into two processes and three phases. The two processes are user process and management process. Its phases include creating a benchmarking process, setting up steps, maintaining and feedback. During the user process, a benchmarking test is performed, the process modeling of which is determined by the complexity of the test. This includes “n” numbers of steps, followed by the benchmarking team. The management process involves the creation of an organizational environment, provides training and support, determines the direction and rank of comparisons.

Table 1.1 presents the benchmarking process models. The first phase of the benchmarking process is to establish a benchmarking process, where it is necessary to obtain the right number of supporters and determine the goals to be achieved. The second is the phase of support during which the steps of benchmarking processes, working groups, and the number of steps will be determined. The third phase is maintenance and feedback during which the organization moves to the path of continuous learning.

Benchmarking processes are defined as a means of short-term cost reduction, but the process is a basic practice in the innovation and ecological development, improvement and renewal of a company.

Table 1.1.: Benchmarking process models

Task	Four steps	Six steps	Seven steps	Eight steps	Ten steps
Plans for study	1. Prepare to measure	1. Plan	1. Determination of comparison functions and processes 2. Identifying key performance variables 3. Identifying the best companies within same class	1. Definition of business question 2. Determination the measurement 3. Determination of coefficient of measurement 4. Determination who you measure with	1. Identify process 2. Identify partner
Collect process data	2. Research process	2. Research 3. Observation	4. Performance measurement	5. Data acquisition	3. Data collection
Data analysis for results	3. Document good practice	4. Analysis	5. Output, appreciation, estimates of gaps	6. Output comparison 7. Determine the activities to eliminate the gap	4. Determine the gap 5. Forecasting future output
Adaptation of development	4. Report and implementation	5. Adaptation 6. Development	6. Definition of development programs 7. Realization, follow results with attention	8. Implementations and follow-up of results	6. Obtain support 7. Goals, set-ups 8. Development of plans 9. Realization of plans 10. Measurement, fund re-authentication

Source: Camp, R.C. (1995). Business Process Benchmarking: Finding and Implementing Best Practices, Wisconsin: APQC Quality Press.

1.2.3 PROCESS BENCHMARKING AS A BENCHMARKING SUCCESS CRITERION

In examining benchmarking processes, the first step is to identify the problem areas of the organization, the areas in which activities or functions need to be improved. The next issue of investigations is how organizations measure what methods to use for comparison. The condition for an objective comparison is measurability and analyzability of the data that organizations want to compare and analyze. The next step is to determine who or what the organization wants to compare its own data with, using the internal or external sample. Data collection is aided by the development of digital technology and data storage capabilities that provide and allow access to a broad spectrum of global data to organizations. This type of development enables companies to make analyzes that help organizations develop quickly, at low cost, using global data and business data. The use of comparable data becomes the most successful in a company if the results are used in learning processes, taking into account our own capabilities, our environment, our goals, and our opportunities, where the “best practice” solutions of the sample organizations are improved, developed and used for finding new solutions. Through the use and implementation of repair ideas, the organization connects with the reengineering processes and becomes a changing, learning organization (Figure 1.7).

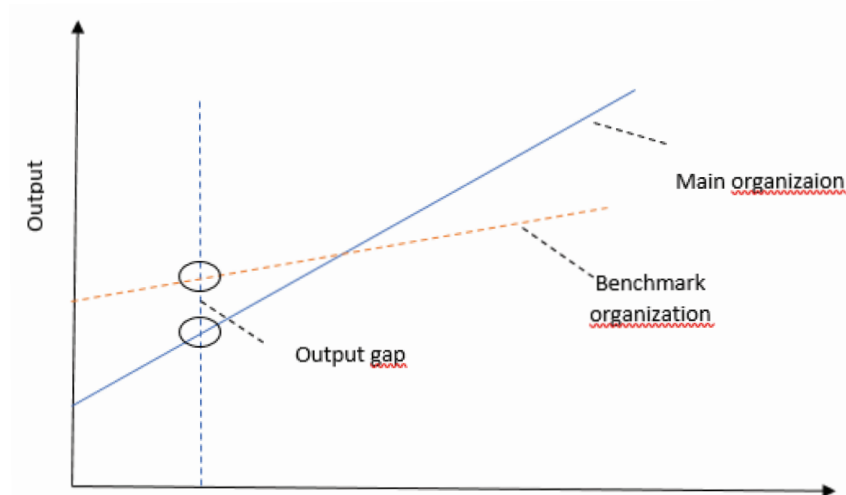


Figure 1.7: Csath, M. (2001). *Strategic Change-Management, (In Hungarian)* Budapest: Aula Publishing House, Budapest, p. 86

While using benchmarking as a means of evaluation and management processes, it is important to define the content of changes and the vision and the company's objectives to be achieved, which will appear in corporate strategy and lead to competitive performance (Smith, 1995).

Successful performance and performance development have many prerequisites which aim at increasing the effectiveness, efficiency, flexibility and adaptability of the organization, helping the organization progress. Recognizing the necessity of organizational development and conducting environmental studies is the first step. The test results determine which area and direction the organization needs to develop, which is the basis for future operations and goals. Preparations for change are made by defining and involving the areas concerned, based on commitment. Drawing up development plans and collaborating with stakeholders is the key to successful development. Monitoring the results of the changes is the basis for developing and institutionalizing the new rules of operation. Successful operation development is described in Section 1.5. which is the process of organizational learning. Benchmarking alongside corporate potential development encourages the organization to become better than the best (Taraniuk, 2016), where performance and performance improvements play a more prominent role.

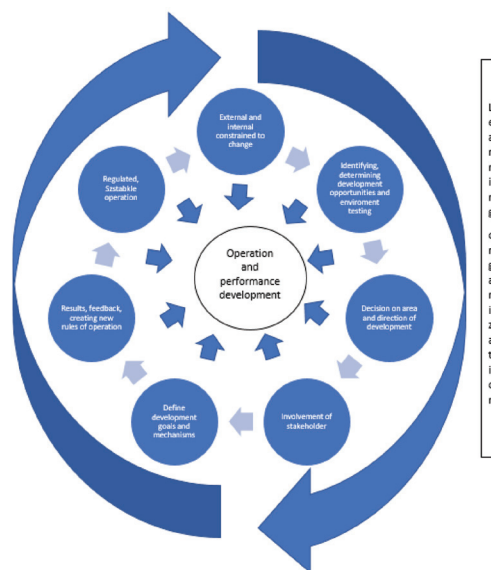


Figure 1.8: Performance-improvement relationship

Source: Taraniuk, L. M., Taraniuk, K. V., Shimko, V. Y. & Marchenko, T. V. (2016). *Organizational and economic aspects of benchmarking innovative products at the automobile industry enterprises.*

Marketing and Innovation Management 2. 108–116.

1.2.4 HR BENCHMARKING

Benchmarking can be applied to all enterprise processes, whether it is marketing, logistics, sales, or HR activities. At the beginning of the 1980s, the Saratoga Institute created the basis for the strategic analysis and measurement of human capital before the large organizations could not measure whether their own human resources activities were working well or badly. In the early stages of benchmarking, it applied static comparative data in the HR area that were older than two years but at that time these data were relevant as trading markets were more predictable and industries were developing slower.

An organization's capital is the human resource in the organization and the values it provides. Benchmarking helps determine and maximize its performance (Morris, 2016). This means that benchmarking can be interpreted as part of a process of organizational change in the relationship between HR activities, where the intent of continuous improvement is the decisive factor for which comparison and repair is based on the outstanding HR activity of leading companies.

The proper use of benchmarking transforms the organization's human resources strategy and influences the organization's performance and boosts organizational change. Understanding best practices and comparative data means saving resources to the organization and giving the opportunity to avoid initial difficulties and problems. During the benchmarking activity, all aspects of human resources management are to be investigated (Reider, 2000), which, starting from the analysis of the work of the Human Resources department, includes human resource control throughout the company. (Swist, 2000).

During the comparison, HR professionals deal with comparative evaluation of data, analyze the costs associated with selection and training that provide information on the success of the operation. According to Swist (2002), HR benchmarking consists of two steps, the first step is the audit of the functional areas of human resources management, the second step is to compare human resources management practices for continuous improvement. The individual measures are not enough in themselves, and successful benchmarking processes involve the common result of a combination of several measures and developments. Maintaining enterprise competitiveness is supported by the use of new analytical and data collection systems that are available globally through global reference data (Buzády, 2017).

Buzády (2017) considers planning as the first step in benchmarking, which defines successful human resource processes. Getting the information you need is achieved by documenting the entire process, as the organizations have a fundamental interest in regular monitoring and repair. Benchmarking projects are not completed with the preparation and implementation of action plans, the preparation of the analyzes and the follow-up of the results are integral parts of the project. When comparing benchmarking data, the data and information obtained is necessary to be managed and used as a decision-making tool, not as an absolute standard. Checking, analyzing, and back testing processes provide the organization with information on the effectiveness of benchmarking processes and the impact of changes and the discovery of potential shortcomings. In the case of emerging new needs obtained results and data are the basis for further benchmarking processes, but decisions should not be based on the results of a single study or data. Definition of benchmarking reports and reference value is a difficult task, you need to know the background of the benchmarking data and the basis for its content. Knowledge of all these is necessary for the data to meet the measurement criteria and to form the basis for comparison in a proper position, manner and time. Appropriate comparisons are becoming increasingly difficult because companies differentiate themselves from competitors and thus the quality of the data content of the benchmarking reports can be questioned (Peristeris, 2015). HR professionals who use benchmarking reports have a clear vision of their organization strategy and they use the results of the data to realize their own goals.

HR benchmarking activities cover the various areas of the organization's work, including employee performance appraisal, organizational culture development, HR process assessment, talent management, training and training efficiency audits that can contribute to the organization's strategy. Benchmarking data obtained year after year forms the basis for the development of organizational culture, which plays an important role in the implementation processes of successful changes.

Following the precise definition of the strategic objectives of the organizations, human resources have the greatest role to play in achieving the goals. Therefore, a continuous measurement and improvement of human resources and management play a major role in the business ecology that allows the organization to coordinate the achievement of the organization's short-term goals with employee performance (Ramon et al., 2018). In the course of the investigation, a survey of staff commitment is made, showing how the action plans and strategies prepared on the basis of the previous year's survey have influenced the performance and organizational loyalty of the staff. For HR benchmarking, it is important for the data to be real and relevant, as business environment changes very rapidly (Dervitsiotis, 2000). In addition, it is advisable to use HR activities and results not only within the industry. Comparison with other the data of other industries can be a good guide and can provide ideas for further development and achieving short-term goals.

Clear, short-term goal-setting helps the company in development and understanding and acceptance of all these are important both for organizations and individuals (Haddar et al., 2014). For these, performance evaluation is required, the success of which is influenced by the following factors:

1. Authentic management, which collectively assists, encourages, morally supports staff to understand goals and expectations. Strengthening expectations increases staff performance.
2. Continuous education and knowledge of industry indices will help the staff work properly and develop.
3. Monitoring performance through benchmarking processes, draws the organization's attention to changing corporate performance indicators. Through this we measure the knowledge and abilities within the organization that we attribute to the realization of its goals.

As a summary, the HR benchmarking process can be defined as follows:

1. The first step is to identify the subject and area of benchmarking, an important factor in which all of the corporate needs with different characteristics should be fully manageable in the new unified processes to be set up.
2. The second step defines the elements and processes to be tested, in which each of the defined aspects can be objectively described.
3. The third step is to select the benchmarking method. For external benchmarking, the organization participating in the comparison is determined, internal benchmarking determines which workgroups and workflow comparisons within the organization.
4. Collecting data is the fourth step that can be achieved through internal benchmarking through your own data, observations, and questionnaire queries. When using external benchmarking, the goal is to obtain relevant data for the company using external databases and resources.
5. In the fifth step, the data obtained is homogenized in a comparable form and analyzed.
6. The next step will be to define the short and long-term strategic and action plans of the company that help the organization's development and the employee retention, for enhancement of competitiveness.
7. The seventh step is monitoring of processes, performance appraisal, checking and analyzing the data, carrying out the necessary corrections.

Benchmarking can thus be one of the tools for employee retention, as it is necessary to know, in addition to competitive payments, additional tools, programs and HR policies of competitive organizations. Benchmarking can help employers with talent management, increase employee commitment and developing effective employee relations.

1.3 RESEARCH METHODOLOGY

1.3.1 CRANET

We have mentioned earlier that the question is often raised in human resources management - especially in multinational companies or during the application of a rule of the EU – whether the most effective method or rule would be the universal choice or a country-specific solution. For a long time, the universal logic of the Americans was the standard. The followers of this way of thinking thought that HR solutions developed and applied in

the United States could be used anywhere in the world (Beer et al., 1984; Fombrun et al., 1984). In this context, researchers have conducted a number of more complex comparisons on the use of US HRM models in different cultures and in exploring the causes of similarities and differences (Budhwar-Sparrow 2002).

First, the Cranet non-profit research network provided scientific facts about the contextual nature of HRM (Dewettinck & Remue, 2011). Brewster, the Founder of Cranet published a milestone article in 1995 on the issue, questioning the universality of the US HRM and raising the justification of the European HRM model (Gooderham & Nordhaug, 2010).

The authors have been arguing for the existence of the contextual nature of HRM based on a variety of strong reasons. Among other things, they emphasized the existence of several macro models of capitalism (e.g., liberal-market capitalism and coordinated market capitalism) in Anglo-Saxon or Continental Northern, or Latin countries. They emphasized that the management of companies in European countries is not as independent as in US companies. The organization and different development of the trade unions also have a significant impact on the divergence of HR work (Mayrhofer-Brewster, 2005)

Based on the basic assumption that national cultural values, attitudes and behaviors have an impact on business and leadership styles and HR practices, (Hofstede 1998, Bandura 2001; Fisher 2008), different cultural contexts of many countries have been explored, usefully summarized and evaluated in the world (Reiche et al., 2012).

The Cranet network, which has been operating for more than thirty years now, is one of the few international research organizations whose recurring surveys offer not only spatial but also time-based comparisons, i.e. longitudinal analyzes (Lazarova et al., 2008). Today, this network involves almost every country in Europe (including Hungary), so that the opportunities of exploring Western European HR practices in the early decades and identifying the different features of the American model (Brewster 1994) are expanding.

The Cranet research, founded in 1989, was the pioneer in the research of the HRM model of European and by now it has grown over the old continent and become global. At the beginning, only the universities of the Western European countries were members of the research network. Founded in 1988 by Cranfield Network (CRANET) (the European Human Resource Research Network, founded and operated by the Cranfield Business School in England, Cranfield (UK) (Lazarova et al., 2008) on the initiative of ILO. On our initiative, the Faculty of Economics at the University of Pécs has been a member of this research network since 2004. Since the year 2011, the Faculty of Economics and Social Sciences of the Szent István University has been involved in Hungarian coordination.

Today, researchers from 41 countries are compiled by the world's largest non-profit HR research network. The methodology of Cranet research compared to the beginnings (Brewster et al., 1991 and Brewster, 1994) has not changed significantly until now, but widened. In the focus of the research, there were differences between comparative HRM and country differences, committed to identifying European HRM trends (Brewster et al., 2010). The questionnaire, consisting of seven main parts, and about sixty questions of factual data - and not reflecting on opinions - ensures not only the spatial – between countries and regions - but also the temporal comparison and longitudinal analysis (Karoliny et al., 2010).

Table 1.2.: Member States participating in each Cranet research (1989-2016)

Number	Countries	Years of the Cranet research							
		1989	1990/1991	1992/1993	1995/1996	1999/2000	2004/2005	2008/ 2010	2014/2016
1.	Australia					•	•	•	•
2.	Austria			•		•	•	•	•
3.	Belgium					•	•	•	•
4.	Bulgaria					•	•	•	
5.	Cyprus					•	•	•	•
6.	Czech Republic			•		•	•	•	
7.	Denmark		•	•	•	•	•	•	•
8.	South Africa							•	•
9.	United Kingdom	•	•	•	•	•	•	•	•
10.	Estonia						•	•	•
11.	Finland			•	•	•	•	•	•
12.	France	•	•	•	•	•	•	•	•
13.	Philippines						•	•	•
14.	Greece			•		•	•	•	•
15.	Holland		•	•	•	•	•	•	•
16.	Ireland			•	•	•		•	
17.	Iceland						•	•	•
18.	Israel					•	•	•	•
19.	Japan					•		•	
20.	Canada						•		
21.	Lithuania							•	•
22.	Hungary						•	•	•
23.	Germany	•	•	•	•	•	•	•	•
24.	Nepal						•		
25.	Norway		•	•	•	•	•	•	
26.	Italy		•		•	•	•		•
27.	Russia							•	•
28.	Portugal			•	•	•			
29.	Spain	•	•	•	•	•	•		•
31.	Switzerland		•		•	•	•	•	•
32.	Sweden	•	•	•	•	•	•	•	•
33.	Serbia							•	•
34.	Slovakia						•	•	•
35.	Slovenia						•	•	•
36.	Taiwan							•	
37.	Turkish Cypriot Community						•	•	
38.	Turkey			•	•	•	•		•
39.	Tunisia					•	•		
40.	New Zealand						•		
41.	USA						•	•	•

Source: Cranet (2011): *International Executive Report 2011, Cranet Survey on Comparative Human Resource Management*. Cranfield: Cranet-Cranfield University, p. 7.

From the first period of 1990, the research aggregated data from more than 50,000 respondents through eight research cycles, providing comparative and longitudinal studies between countries and regions.

Table 1.3.: Number of respondents in the Cranet research (1989-2016)

Year	Number of respondents	Average of respondents in organizations %
1989	5.268	17-22%
1990/1991	5.511	
1992/1993	6.426	
1995/1996	6.342	
1999/2000	9.394	
2004/2005	7.952	
2008/2010	6.039	
2014/2016	7.300	

Source: The authors' own research

In the first investigation period, responses came in a very high number from organizations of the founding five countries, with a total of 5268 respondent organizations. With the increasing number of respondent countries, the number of participating organizations has also increased, but less than the number of countries expanding. During the research period 1999/2000, the number of respondents was 9394, coming from 24 countries. The number of organizations filling in the questionnaire decreased in the following study periods. For the period of the 2008 economic crisis, the lowest participation can be observed, because of the transformation and disappearance of organizations as the organizations focused primarily on solving operational problems during the given period. In the last investigation period, interest in the questionnaire increased, with nearly 20% increase in number of respondent organizations, with answers from 28 countries, including South Africa, Russia, the USA, Australia, the Philippines and 20 countries of Europe. The responding preference is to reach the data of the pre-crisis period.

The Faculty of Economics at the University of Pécs and the Faculty of Economics and Social Sciences at Szent István University, as members of the international research network of Cranet, have conducted a third survey of human resources management in Hungary, which is part of international comparative studies.

The survey is descriptive, in each case it builds on objective data. In most cases, the questionnaire uses closed questions to facilitate statistical analysis. Among the most pre-defined responses which cover most topics, we ask the respondents to mark the most typical ones.

The Cranet International Research Questionnaire includes more than 60 questions. The worldwide questionnaire consists of seven main parts:

- The first section investigates the main characteristics of the Human Resources Management (HRM) department of the organizations surveyed;
- The second examines the sourcing strategy and practices;
- The third deals with issues relating to employee and career development;
- The fourth surveys the methods used in compensation and benefits practices;
- The fifth looks for answers to questions of employee relations within the organization and the existence and forms of communication with employees;
- The sixth features general questions on organizational data;
- The seventh records personal information on the respondent.

The findings of the report are based on the use of general statistical methods (mean, frequency, distribution).

1.3.2 CLUSTERING

Surveys related to the subject of our book were conducted between 2004-2005, 2008-2010 and 2014-2016. In our handbook, we will show country data in the following grouping:

- Global cluster (Glob): This sample contains all respondents from the Cranet surveys at three different times, a very heterogeneous population. Nearly all continental European countries, Anglo-Saxon respondents from close and far parts of the world, and an increasing number of Asian countries can be found in it.
- Former Eastern Bloc countries (CEECs): This is a breakdown of countries in each country or successor that can be classified as “Old Eastern Bloc” or, in other words, Socialist countries. Six of the eight CEE countries in the Cranet sample are six EU members and one candidate. It is only Russia that is not part of this socio-economic form.
- From the point of view of human resources management, the management of the Eastern European Country cluster (CEECs) as a separate cluster can be explained by the following in the literature. Due to the traditions, the level of economic development of each single country and the different centralization of the previous economic and political system, differences in development can be observed in the HRM practice of the various Central and Eastern European countries (Erutku-Valtee, 1997; Poór 2008). In these countries within the framework of the previous system, there were only traces of the features of modern HRM (Brewster et al., 2010, Poczowski, 2011). In most cases, there were some approaches to the science management method. The human resources management function was largely over politicized in the case of “white-collar jobs” (Poór, 2013; Morley et al., 2016). Since the change of regime, major changes in human resources management have taken place. Ownership structure has been transformed in these countries. The dominance of state and cooperative property has ceased, large foreign capital has flown into the region. It has been a constant problem what HRM practice would be the best. Especially in the case of local subsidiaries of multinational companies, significant changes could be observed. According to Lewis (2005), these companies have redefined the map of the labor market of the former socialist countries in many respects. Thus, among others, they have pulled down equation and introduced the basic salary according to the importance of the jobs. Exceptionally high performances have been rewarded with exceptionally high pay. In addition to technical knowledge, the importance of foreign languages has come into view. However, it is important to emphasize that, apart from key jobs (managers, specialists, etc.), local wage earnings are far below the levels available in the Western European labor market. For average payouts, the differences are 2-3 times (Average, EU; 2018), while these differences are 3-4 times in the case of minimum wages (Eurofound, 2017). The human resources management practices of organizations operating in the Central and Eastern European region have changed significantly since the change of regime - influencing factors varying from country to country and driven by incentive forces (Morley et al., 2008). Many of the common features of the forty-year-long socialist era that dominated the management of people's issues in many respects, have still had an impact even after more than two decades of transformation on today's HR practices - many believe, including the authors of this handbook.
- Global clustering without the countries of the “Old Eastern Bloc” (non-CCE countries). This group does not include the so-called “Former socialist countries” indicated in the previous subsection.
- Hungary (HU): As we previously reported on our country, we collected data on all three occasions (2004-2005, 2008-2010 and 2014-2016).

The contextual research paradigm of the comparative HRM research is applied here - which is fundamentally different from the previously commonly used universalist best practice approaches in HRM - which is based on the situational “good practice” relationship where the connection with the organizational performance is less important than what the differences are caused by, under different organizational conditions and different training practice. (Brewster 1999, 2007). The representatives of the trend do not deal with the test of a priori theories, but in search in the patterns of the data they what it makes (here is the practice of organizational training) unique in a given context. For this purpose, simple, descriptive statistical methods are used (Martín & Alcázar et al., 2005).

1.4 OTHER SURVEYS

With various Cranet surveys from 1989 to date, we have a lot of other similar scientific research (Lawler-Boudreau, 2018) in HR and other management areas. The second source for examining applied HR practices is consultants and IT providers. Without completeness, we should highlight the following: Saratoga; PWC Saratoga; Towers Perrin - IBM Survey; Harvey - Nash HR Survey. Likewise, it is worth mentioning the names of consulting companies that specialize in employee surveys (Gallup, Hay, Mercer, etc.) that also offer similar comparisons. Software and IT services companies that are cloud-based can use their computing systems to analyze cloud-based HR data.

1.4.1 CEO HR RESEARCH REPORTS

Located in downtown Los Angeles, California, the Marshall Business Faculty of the University of Southern California, which has been the Center for Effective Organizations (CEO) since 1979. With the help of internationally renowned researchers from the Center, Edward E. Lawler III and John W. Boudreau, three of the “Efficient Human Resource Management - Global Research Reports” have been published three times since 1995, which has been published in several books (Lawler-Boudreau, 2012, 2018).

These research reports track changes in the global pattern of companies that show that HR differs in Europe, the United States and Asia. The reported researches provide an international benchmark for measuring the HR practices of companies and demonstrating how HR adapts to our fast-changing world.

1.4.2 SARATOGA BENCHMARKING

The Saratoga Institute was founded in 1977 by Dr. Jac Fitz-ether, who is also referred to as the father of human capital measurement (Peaszt, 2008). Founded as the founder of Saratoga Institute in 1980, he developed the first international HR benchmarking service that eventually covered 2000 companies in a dozen countries (Fitz-enz, 1995, 2000). The research center was later transferred to the PricewaterhouseCoopers (PWC) Consulting and Auditing Firm in the first years of the millennium. During the corporate rationalization of the global financial crisis, IBM was the owner of the research center. The institute has been operating under PWC for many years now. Based on nearly 2,600 companies and institutions, more than 300 general and HR indicators are analyzed on a regular basis.

1.4.3 TOWERS PERRIN-IBM SURVEY

Towers Perrin (1992) -IBM survey provides the basis for international comparison. Five major HRM policies and practices were identified during the survey, the groups of which were determined on the basis of literature, namely: culture; organizational structure; performance management; personnel sourcing; communication and corporate responsibility. In the research 2,961 respondents participated from around the world (Sparrow et al, 1994):

- 81% of the respondents were organizations and 19% researchers, consultants and trainers.
- Distribution of the respondents by country was as follows: Argentina (42), Brazil (159), Mexico (67), France (81), Germany (295), Italy (212), United Kingdom (261), Canada (120), United Kingdom States (1,174), Australia (94), Japan (387) and Korea (69).
- 68 percent of respondent companies employ more than 1,000 employees.
- The research highlighted that convergence is greater than divergence in human resources management.

1.4.4 HARVEY-NASH HR SURVEY

The survey monitors growth, change and value creation in the lives of organizations’.

In the survey in 2017, 820 organizations from 38 countries from Saudi Arabia to Sweden, filled out questionnaires by 127 HR professionals in different positions. The survey focuses on sourcing as the most important HR issue, highlighting the development of leadership skills and increasing employee engagement. According to the study, the development and implementation of performance management programs have also improved in organizations compared to the previous year’s survey. Employer branding has a very important role in recruitment processes and employers strive for complexity, long term retainment of employees, which appears as added value in the operation of organizations.

1.4.5 OTHER MANAGEMENT AREAS

In this context, it is worth highlighting the following studies, as development and technological development have a growing role to play.

- High Performance Manufacturing (HPM) Project, which has been conducted four times since 1998. Currently, 500 factories in 18 countries are involved in the survey. 12 executives from all respondent companies are asked to fill in the questionnaires. This survey provides the basis for examining production management and answering a number of issues related to the relationship between production management and management practices. (Note: This survey is also discussed in Chapter 4 of our book.)

1.5 CLOSING COMMENTS

Changes in recent years, the effects of globalization have highlighted that, besides traditional production factors, the management of human resources plays an important role in the success of the companies and the preservation of domestic and international competitiveness (Ulrich et al., 2009; Karoliny et al., 2003 and 2010). As a result of the changed organizational structures and models, the techniques of human resources management have also changed, and to this day, human resources have become operationally-strategically important. In addition to traditional HRM activities, the organizational renewal of the company and the use of quality-oriented management systems are becoming increasingly important. As a result of the changes in organizational environment, human resources management has been supplemented with traditional management tasks, including newer functions of knowledge management, which will be further illustrated below, which contributes to the transformation and strengthening of the organizational structure of companies and according to the requirements of the organization’s employees and line managers (Ulrich, et al 2009) it increases the company’s social, cultural and knowledge capital (Galbraith, 2000). There are differences between the HRM practices in the regions and in the single countries, stemming from traditions, economic development, economic situation, employment and the situation of the labor market, and dominant management approaches. HRM changes were also influenced by local subsidiaries of multinational corporations as they created new expectations in human resource management areas. All these changes are to establish the use of external service providers that are increasingly involved in various areas of the organization, including headhunting, training and training services or HR-specialized IT services (Briscoe-Schuler, 2004).

In addition to external factors, internal factors also have a strong impact on the human resources management activities and development of companies. Such influencing factors include organizational structure, ownership structure, organizational culture, employee characteristics and the organization’s life cycle.

The transformation of economic life, globalization and technological development also have an impact on the public sector and necessitated the modernization of the management of public/administrative human resources, the introduction of reforms required by the structural changes and the application of New Public

Management (NPM) methods (Karoliny - Poór, 2007). Globalization impacts are also present in this area, as sharing of HR management principles, models and technologies between private and public-sector organizations has become a more and more common practice. All of these changes appear to be challenging and influencing factors in relation to human resource management.

One of the emerging issues of today is Industrial 4.0 and robotization as an influencing factor affecting labor markets as labor shortages occur in some areas, and in some areas, there is over-supply of labor. The structure of employment is being transformed, new professions are emerging, and certain jobs are eliminating. In Corporate Social Responsibility (CSR), HRM plays an important role in exploiting the company's unique resources and competencies. The changes also have an impact on the corporate HR practices and measures, and the issue of flexibility is becoming more and more important in terms of work and non-work. a proper balance of privacy, in which the importance of flexibility is highlighted by women and young workers in the first place.

Changes in the traditional business environment require the examination of corporate processes, the determination of strong and weak points, and the comparison of the practice of the company to the players of the industry. In Morris (2016), one of the most important assets of the organization is the in-company human resources, the values and knowledge that they create, to help the company achieve maximum performance for which it is necessary to study human resource activity. Evaluating the results can help the company apply best practices to acquire new capabilities that will enable the company to catch up within the industry, increase its performance and competitiveness in the industry. Benchmarking can be considered to be the most effective way of development, which allows to keep costs low and achieve rapid results. This enables companies to become more familiar with their own processes and operations, become more open to the application of new ideas and to create the opportunity for changes.

Based on these, HR benchmarking can be interpreted as a process of organizational change that aims at continuous improvement and provides the opportunity of high-quality HR activities. Managing, retaining, training, recruiting new staff and maintaining low levels of fluctuation costs are a key factor in the success of companies. Changes, globalization impacts, business barriers will contribute to raising the level of HR profession, developing proper HR strategies, increasing business engagement, using skilled labor force, and developing human resources management competencies. These impacts and megatrends focus on man by increasing satisfaction and cooperation, taking into account real needs, by developing knowledge and expertise.

2 CONTEXTUAL CHARACTERISTICS OF RESPONDENT ORGANIZATIONS BY COUNTRY GROUPS STUDIED (NEMANJA BERBER, ÉVA ILDIKÓ KOVÁCS, NORBERT SIPOS, GYÖRGYI GÁBRIEL TÓZSÉRNÉ, ERIKA VARGA AND DENISE JEPSEN)

Human resources management is influenced by a number of factors. In the first chapter, we also discussed theoretical considerations and empirical research that deal with the effects of the national-cultural environment and the resulting institutional structure on the different aspects of HRM. In addition to the national embeddedness of HRM, the "rank" and role of HR in organizations, and the nature of HR activity are also influenced by the internal features of organizations. The integration into the environmental context can be discussed in connection three main groups of factors: social (institutional and cultural), sectoral (private and public sector) and industrial (agriculture, industry, service, etc.) and organizational (staff, life cycle, competition strategy, etc.) characteristics (Karoliny - Balogh, 2017). All of these have a significant influence on the different HR variables, that is, the functioning of HRM systems, so their discussion is essential for the understanding of HR operation.

It is difficult to capture the effects of a single element, and it is also almost impossible to identify a HR organization model with a general validity, which is the framework for HR operation, in the knowledge of each of these factors. Nonetheless, it is important to try to present the most detailed description of all these factors. We believe that contingency organization theory is also valid for HR, that is, the organizational features also define the operating framework of this organizational unit. In the case of side-by-side factors, we focus on those for which Cranet surveys contain information.

This chapter provides the basis for the other sections that show the results of the three survey periods: it is important to understand, what the differences we see are caused by. On the one hand, there may be a systemic change, that means the actual characteristics of each organization have changed. On the other hand, of course, we must consider it as a significant factor that neither the respondents' willingness, nor how overlapping the respondents in each survey period is can be influenced. This could only be achieved by a systematic data collection and a very difficult and costly sample definition for many countries.

However, apart from the identified distortion factors, it can be stated that in most cases it is not expected to eliminate them and there are very few data collections (even by statistical offices) where they do not appear at all. Taking these into account, the data are suitable for identifying trends, so the changes in the factors influencing organizational structure, as outlined in this chapter, are most likely to actually appear in the very area / sector / company.

2.1 CHARACTERISTICS OF THE OPERATION OF ORGANIZATIONS

There is no single theory which is suitable for giving a single explanation to any social or organizational phenomenon, and it is also true that there are none that can demonstrate a certain phenomenon in all respects. Consequently, some theories and models can always capture only certain aspects of an area or event. Sharing Alfred Kieser's approach, we regard it as an important starting point for presenting organizational features (Kieser, 1995). In the modern world, organizations are the cornerstone of the structure of societies, since they have a significant role in all areas and levels of social existence, and decisions given within organizational frameworks determine the future of the whole country. At the micro level, they are basic areas of work and earnings, and, in many cases, the useful spending of leisure time is also organized within the organization. Throughout our daily lives, we keep in touch with organizations from the hospital, through the school and the workplace to the various offices. The complex phenomenon of the organizations' operation and all the relevant characteristics of the organism, together with the existing relationships between them, would be impossible to present in a single theory. Consequently, there are a variety of theories that try to capture the operation of organizations along a wide range of aspects. Think of the Indian parable of the elephant and the six blind men. (Once a group of blind men met an elephant. One of them touched his trunk, another one his ear, the third one his belly, the fourth his

leg, the fifth his tusk and the sixth his tail. The one who grasped his trunk thought the animal was like a snake. “It is like a fan” – stated that one, who touched his ear. That one, who touched his belly said: “It feels as if I were touching a wall”. That one, who was standing at his leg was amazed: “There are huge pillars in front of me”. “As if a pointed sword was being stabbed into my palm” screamed that one, who was standing at the tusk. “It is like a rope” said the man, who touched the tail. – What does an elephant look like? They did not become any smarter there. Sure enough, people often become enemies for each other because of their imperfect knowledge and stubbornness.)

2.1.1 MAJOR APPROACHES

In this connection there are two main approaches: explaining and understanding organizations. Regarding the former one, researchers do not see any difference between the explanatory principles of natural and social sciences, that is, they start from methodological monism. An individual event is considered to be explained by providing antecedents and by general laws, assuming a clear cause and effect relationship between them (Lawrence-Lorsch, 1969, Lorsch, 1976). However, these are not deterministic relationships. We work with limited, probability factors that imply the use of certain general laws (created by inductive or deductive logic) for a case to be explained.

The latter, that means *understanding*, is a completely different kind of research approach: unlike the above, we can only understand the spiritual life of the workers and the resulting behavior and action (Dilthey, 1924). We assume that individuals’ actions are shaped by subjective intellect, convictions, values, ideas, and perceptions, which can change over time due to new considerations, so it cannot be assumed that there is a legal relationship between them. People create and communicate social reality to the others through different symbols and systems. Therefore, in terms of understanding, we assume a methodological dualism, a different approach is needed than in the case of natural sciences. The in-depth analysis, the document analysis and the less operationalized research approach work here.

The applicability of the two approaches depends on what problem we are facing, and what we are actually looking for. The approach to all organizational operations started from a practical situation that was answered with the creation of a theory. Nonetheless, it depends on the users how they put it into practice when confronted with a similar situation. By analogy with this, management and human resources management start with the “what” idea, we face a problem and then we focus on it while finding a solution.

Explanation and understanding are complementary in many areas, and even it is true that one cannot exist without the other, we considered it important to present both theoretical approaches. The Cranet survey primarily focuses on quantitative analyzes, so it provides an opportunity for explanation while keeping in mind the other possible approach. In other words, we strive to understand the underlying processes besides each structural element and factor influencing it. We believe that *a more detailed description of changes in organizational features contributes to a broader picture of the conclusions and trends in the other chapters.*

Contingency theory is considered to be a modern trend in the evolutionary history of management, focusing on organizational structure. According to this, the developed organizational structure firstly influences the effectiveness of the organization significantly; secondly, it is necessary to adapt its structure to environmental conditions which depends on the question of correct choice.

The contingency approach in HRM represents a micro-orientation focus and concentrates on integrating HRM practices with business strategy (Martín-Alcázar et al., 2005). In addition, the relationship between relevant independent variables (such as HRM policies and practices) and dependent variables (performance) will change as the impact of factors such as contingency variables such as company size, technology, or organization degree of representation of interest, industry, and the like (Paauwe, 2004). The focus of the configuration viewpoint is how the pattern of independent variables describing HR practices relate to organizational performance as a dependent variable (Armstrong - Taylor, 2014). It considers the interactions and synergy between the different elements of the HRM system to be important and, in contrast to the ideas that emphasize the universality of best practices, believes that different configurations of HRM practices can be also effective.

Brewster (1999; Brewster et al., 2012), however, goes further with these ideas and emphasizes the contextual approach and the importance of environmental factors in HRM research based on the fact that HRM is always embedded in a specific organizational and external environmental context, including the impact of social, institutional and political constraints. These are not simply regarded as contingency variables but, beyond organizational level, they integrate the HR function into the macro-society framework that it interacts with. Environmental context sets conditions for HRM strategies, but they can also react to the environment. The contextual approach was an important step in expanding the concept of strategic HRM (Martín-Alcázar et al., 2005). Accordingly, not only the HRM's internal function has a determining role in helping achieve business goals but also the external and internal organizational context in which management decisions are made (Brewster, 1999).

Brewster et al. (2012) in their *multi-level contextual model* differentiate between the following four levels:

- *HRM Chain*: the interactions between HRM, HRM policies and HRM practices;
- *Internal Context*, with internal stakeholders (owners, managers, different groups of workers, trade unions, etc.) including individual employees and organizational features (including HRM systems as well);
- *External Context*, with external stakeholders and institutional, cultural and socio-economic factors;
- *The Outcomes* of HRM at different levels of social complexity, from individuals, through their organizations to national, regional and global levels.

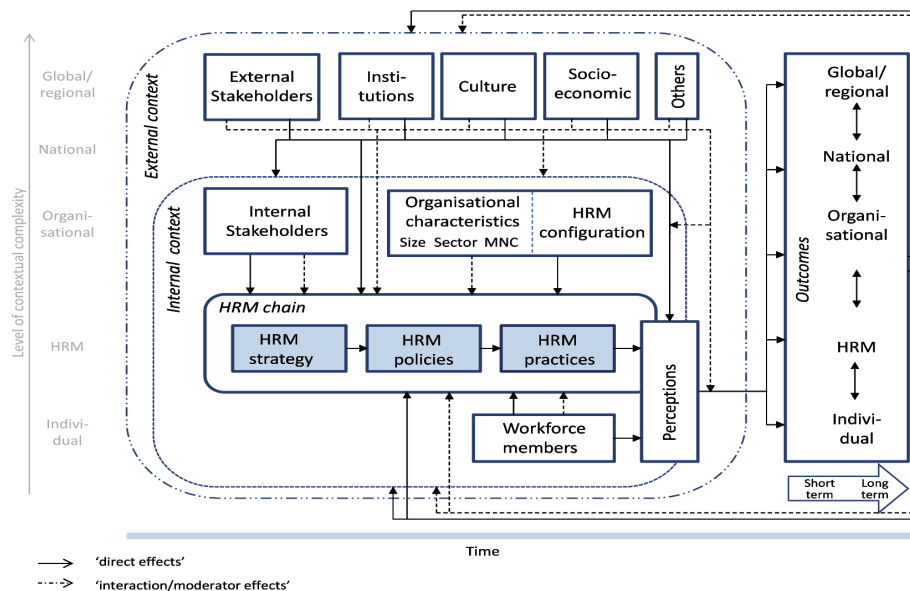


Figure 2.1: The multi-level contextual model of HRM

Source: Brewster, C. , Gooderham, P. & Mayrhofer, W. (2012). *HRM Practices: A multi-level contextual model*. (unpublished manuscript) Cranet Meeting Limerick June 15, 2012, 12.

2.1.2 ANALYZED CLUSTERS

Chapter 1 describes the countries involved in the Cranet survey we processed at three different times and the groupings we set up, giving a detailed justification for this. We also recall that the Central and Eastern European region is characterized by significant structural, institutional and configuration differences, which, in comparison with other regions, are accompanied by significant differences in HRM practices (Morley et al., 2009). In our region, the common features of the forty-year-long socialist era, which define human resources management in many respects, still have an influence on today's HR practices even after more than two decades of transition. All this means the external factors of the above model, the level of the "external context" defined by the specific cultural, socio-economic environment and institutional arrangements.

All of this, implicitly, raises the need for systematic HRM studies in the countries of the region to reveal what characteristics of the HRM practice of our region have compared to the global trends, to what extent the domestic and Central-Eastern European characteristics and the influencing factors of human resources management practices are captured.

At the same time, we can see that, *apart from the external factors, the significance of internal factors cannot be neglected for the operation of the HRM chain*. These include the internal organizational features that describe the overall market position of the organization (Jackson - Schuler, 2007), in addition to the internal stakeholders and the HRM configuration: the sector (private and public sector), scope of activity, sector (agriculture, industry, services, etc.), as well as the organization size, (headcount) life cycle, market position, etc. *The elements of internal environment have both direct and indirect effects on the HRM chain*. They all have a significant influence on the various HR variables, that is, on the operation of HRM systems, and that is why their discussion is essential for the understanding of the HR operation. Therefore, first, we deal with the distinctive features of the respondent organizations with the help of contextual variables describing their operation.

The following factors are presented in connection with the respondent organizations of the Cranet surveys:

- organizational size;
- sectoral and characteristics;
- the ratio of wage costs in relation to operating costs;
- change in gross sales;
- performance of the organization measured as service quality, productivity, profitability, innovation rate, stock market performance and environmental issues;
- major operational markets;
- year of foundation of the organization;
- composition of staff by age, rank and function;
- the rate of employee turnover.

2.2 DISTINCTIVE FEATURES OF THE RESPONDENT ORGANIZATIONS (CONTEXTUAL VARIABLES) IN THE LIGHT OF THE CRANET SURVEYS

Human resources management cannot be done in the same way for organizations operating under different internal and external conditions. In addition to the external context, various internal organizational factors, such as the size of the organization, the industry in which it operates, or the ownership circle are of decisive importance, have an impact on the various HR variables, that is, the functioning of the HRM. *Regional differences or even equivalences in the research results can thus arise from the contextual features of the organizations*.

In this chapter, we discuss the internal contextual factors of the organizations that make up the samples of the three examined periods (CEE, Non-CEE, Global, Hungary), presenting the distribution of the respondent organizations of the three surveys according to these organizational features. Before that, however, we first outline the distribution of the organizations participating in the three surveys by country-by-country and the characteristics of the data providers.

2.2.1 RESPONDING ORGANIZATIONS

The number of respondent organizations in the three surveys and their distribution by country group is shown in table 2.1. From this we can see that while the number of respondents representing the Non-CEE region has declined steadily, more and more organizations have joined the survey in the Non-CEE region: the number of participants in the first and last few years has more than doubled. Even more significant growth can be seen in the case of domestic organizations, where the number of participants in the third survey is nearly five times higher than that of the first respondents.

Among the organizations, business and public-sector representatives are equally represented; their distribution is presented in figure 2.4.

Table 2.1: Number of respondent organizations

2004–2005				2008–2010				2014–2016			
Glob	Non-CEE	CEE	HU	Glob	Non-CCE	CCE	HU	Glob	Non-CEE	CEE	HU
7809	6983	826	59	6415	5212	1203	139	6800	5065	1735	273

Source: Authors' own research

2.2.2 RESPONDENTS

In the following, we will first review the question of who were the first to assist in the questionnaires and in organizing the organizational responses who helped this international research with active participation in the last three rounds.

Human resources activities, that is, *HR work has long been considered as women's occupations in the countries of Central and Eastern Europe*. This can also be seen in the test sample, in all three study periods, compared to other countries in Europe, in the CEE region and in our country, women were more active than men in filling out questionnaires.

In the case of non-CEE countries there is a contrary result. The difference is most prominent in the research period of 2004–2005: in the sample of global and non-CEE countries, the number of male respondents – both in the private and public sectors – is much higher than in the Central-European countries. However, Hungarian data show a similar rate to the public sector in this period. In the third and final study period, the proportion of female respondents in the Hungarian and the Central-Eastern European countries increased both in comparison with the previous periods and in the non-CEE group. The increase is significant: compared to the first test period in Hungary, for example, in the public sector, an increase of almost 30% can be observed (Figure 2.2).

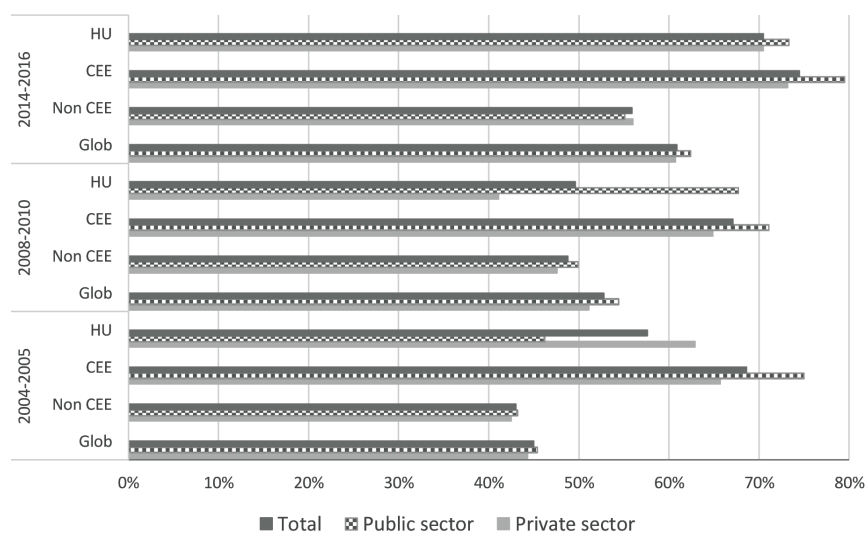


Figure 2.2: Proportion of women among the respondents (%)

Source: Authors' own research

The tasks of people working in human resources management are very complex, and it is indisputable that a high level of knowledge is required to successfully carry out their day-to-day work. From participation in strategy creation, through recruitment, training through to the law of the labor law, communication with

employees and top-level managers, they have to face up to countless areas every day. It is therefore becoming increasingly important to entrust this highly diversified work covering a wide range of activities to highly qualified professionals. Research results also indicate a trend in this direction: whether globally or regionally, the proportion of HRM staff with higher education qualifications is measured in the organizations, the proportion of those with a tertiary qualification in the last three studies shows an increase of nearly 15% (Figure 2.3).

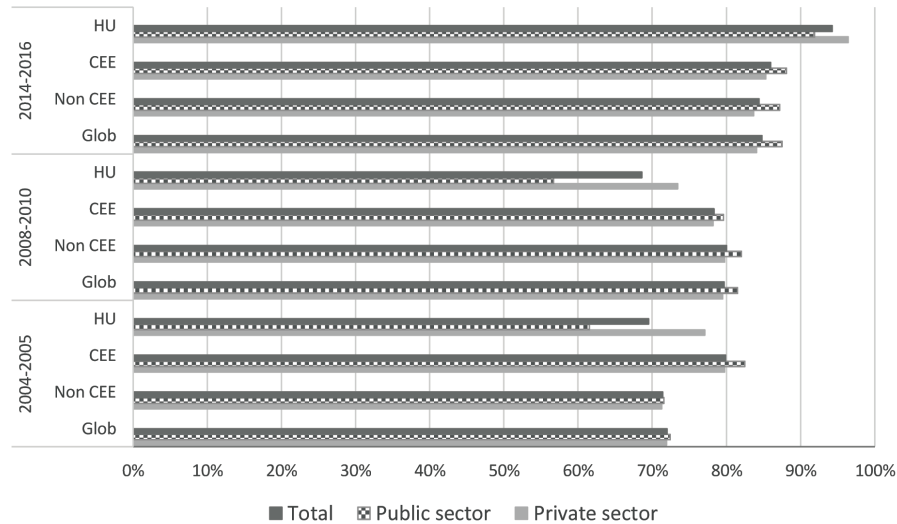


Figure 2.3: Proportion of respondents with a tertiary qualification (%)

Source: Authors' own research

Compared to the first study period, the proportion of job exchanges among the respondents decreased during the crisis, as the proportion of workers who worked less than three years in the global organization decreased by nearly 5% in the global sample. After the crisis, the proportion of people who were working for less than three years in their current workplace has increased in a very high proportion, by more than 10%, their numbers almost doubled compared to the first study period. Similar, but a steadily growing trend can be observed in the organization in the proportion of those who had been working for 3-5 years, however, the number of those who had spent more than 11 years in the organization significantly decreased by almost half. There are very similar tendencies in the CEE region, but in Hungary, the proportion of those who have been working less than 3 years at work (Figure 2.4) is extremely high during the last survey. All this suggests that the HR profession is increasingly characterized by greater movement and more frequent job change, which is clearly expressed by the Hungarian respondents.

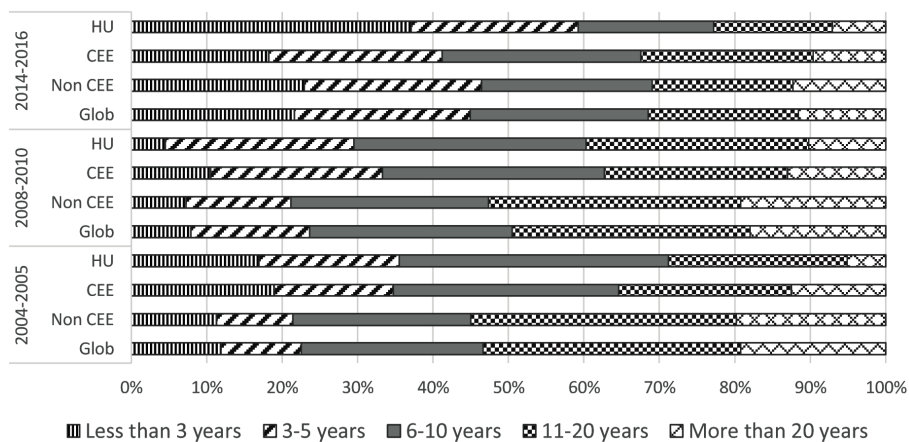


Figure 2.4: How long respondents have been working in the organization (%)

Source: Authors' own research

2.2.3 ORGANIZATIONAL SIZE AND FOUNDATION OF THE ORGANIZATION

Different internal organizational factors, such as the size of the organization (number of employees), the industry in which they operate or their ownership, have implications for different HR variables, i.e. the operation of the HRM (Dowling et al., 2013; Paauwe, 2004). Numerous studies support the fact that *differences in HR systems depend to a large extent on organizational size* (Poór, 2013). This is a natural process, since a micro, but even a small business management is much more direct than in big organizations, typically all the management's activities are in the owner's hand, and the function of HR activity is also no different. If there is a human resources management, it is often just one person, whose tasks include HRM, not a separate HR expert and not a structured HR department at all. Starting from medium to high, the professional management of current and future employees is becoming more and more important. However, the design of a separate HR-department does not necessarily mean integration into the strategic processes, but in this case the chance is much bigger (Barron et al., 1987; Hornsby-Kuratko, 1990). From this point of view, we first examine the size distribution of the organizations, then we move on to the other organizational features.

Regarding the organizational size characterized by the number of employees, the distribution of the entire sample in all three investigations is similar to the vast majority of the surveyed organizations (80%, 74% and 72%) below 1000 persons. In the Hungarian sample, in each of the examined periods the proportion of respondents (41%, 65% and 51%) with a lower headcount is outstanding to the total number of respondents, similarly to the CEE group. The proportion of companies and institutions over 1000 people in the CEE group is lower in all three surveys than in the global sample and in the non-CEE group. In the last two surveys this difference is significantly increased, 12% and 18% in the CEE, while 16% and 19% in Hungary.

This also significantly determines the evaluation of the individual surveys, as organizations with larger staff numbers represent a much larger proportion in the non-CEE countries and on global level of than the CEE group and Hungary (Table 2.2).

Table 2.2: Breakdown of employees by headcount

Size	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Upto 250 men	36,7%	35,9%	42,7%	40,6%	38,7%	33,0%	60,5%	64,7%	31,9%	27,8%	43,8%	51,5%
251-1000 men	43,1%	43,0%	43,2%	37,3%	35,5%	37,5%	27,8%	19,2%	40,2%	40,6%	38,7%	29,6%
1001-2000 men	9,5%	9,6%	8,3%	13,6%	10,7%	11,7%	6,8%	11,5%	11,3%	12,5%	8,1%	5,2%
2001-5000 men	6,6%	7,0%	4,3%	5,1%	8,3%	9,6%	3,5%	3,8%	9,1%	10,2%	6,0%	9,3%
Over 5000	4,1%	4,5%	1,5%	3,4%	6,8%	8,2%	1,4%	0,8%	7,5%	8,9%	3,4%	4,4%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

The date of foundation of the organization may be indicate the stability of organizational operation, but it can also provide important information about the range of problems occurring at each phase of natural growth phases. *In the case of organizations having been in existence for a long time, a higher level of implicit and explicit HR knowledge can be assumed, as well as the knowledge transfer processes related to their transmission* (Lorsch, 1976).

In all three periods, more than half (72%, 65% and 56%) of all respondents were established before 1988, but more than two thirds of respondents in the CEE region and in Hungary are companies which were founded after the change of regime. In the three surveys, their share in the CEE was 62%, 70% and 72%, and in Hungary 68%, 79%, 80%, respectively. This is by no means a surprising result since the opportunity to set up businesses before the 1990s was a much more limited and a clear and spectacular transformation happened in the economies of all the countries following the political changes. (In Hungary, for example, heavy industry was almost completely abolished, previously held by political considerations and not economic rationality). In addition, the artificially created internal market created a number of challenges for entrepreneurs, not to mention the big privatization waves in the '90s everywhere (Table 2.3).

Table 2.3: Foundation year of the organization

Year of foundation	2004-2005				2008-2010				2014-2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Before 1949	32,4%	35,1%	13,7%	10,2%	30,7%	36,1%	12,2%	9,4%	27,0%	33,4%	10,5%	6,6%
1949-1988	39,7%	41,8%	24,2%	22,0%	33,9%	38,6%	18,3%	12,0%	28,7%	33,1%	17,1%	13,7%
1989-1994	13,0%	9,8%	35,7%	44,1%	12,9%	8,8%	26,9%	35,8%	11,6%	7,0%	23,5%	26,3%
1995-1999	9,4%	8,3%	17,5%	16,9%	10,8%	7,8%	20,8%	27,4%	10,9%	8,7%	16,7%	11,8%
2000-2004	5,5%	5,0%	8,9%	6,8%	8,2%	6,1%	15,2%	12,8%	10,0%	7,4%	16,8%	15,1%
2005-2009					3,5%	2,6%	6,6%	2,6%	7,4%	6,2%	10,5%	14,2%
After 2010					0,0%	0,0%	0,0%	0,0%	4,4%	4,2%	4,9%	12,3%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

2.2.4 SECTORAL CHARACTERISTICS

The determining factor for HR work is whether the organization is active in the profit-oriented, public or non-profit sector. From this point of view, we can consider Cranet surveys to be relatively balanced, as we can see similar distributions of the same order of magnitude, but it is worth pointing out the differences between each group. According to ownership, slightly more than two-thirds of the respondents (67%, 74% and 70%) belonged to the private sector in all three surveys, while nonprofit and mixed-owned organizations represented a negligible 7-8% ratio in all three surveys. In the CEE group, the proportion of private respondents (72%, 77% and 72%) is a bit higher than in the total sample in all three periods, but lower in Hungary (60%, 69% and 64% respectively). At the same time, in our country, in the last two surveys, public sector organizations represent a more significant proportion with one third of respondents (Figure 2.5).

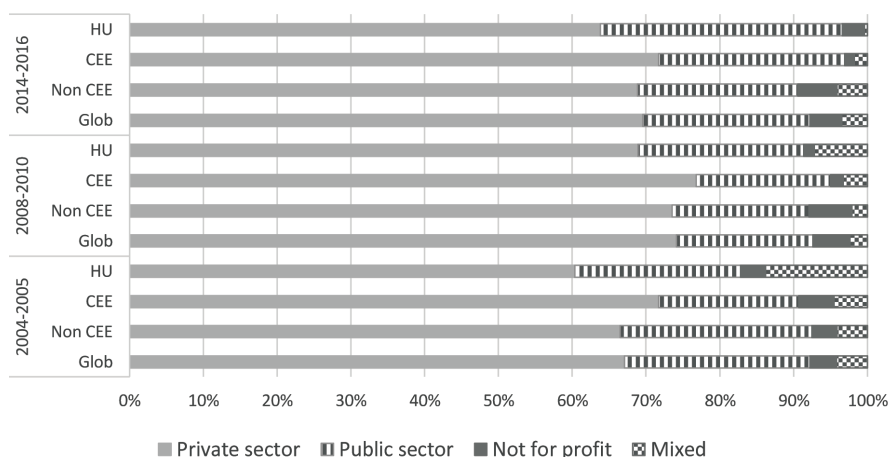


Figure 2.5: Distribution of respondents by sector (%)

Source: Authors' own research

Besides the size, it is the sector of responding organizations which also clearly influences the development of HR. There is a completely different need for an organization dealing with agriculture, different from those who are engaged in industrial activity and in the service sector. It is important to emphasize that the highest level of proactivity is expected in service companies (Delery-Doty, 1996), since they have the most direct contact with the final consumers, while the other two sectors primarily deliver the product indirectly through other channels and organizations.

In terms of industry breakdown, the largest share is represented by industrial and manufacturing companies in all three periods (32%, 28% and 24% respectively). In the Hungarian sample, their proportion was slightly lower in all three periods (29%, 24%, 22%), but in the latest survey, compared to many, there was a significant proportion of transport and IT (17%), financial services (19%) as well as representatives of public administration (15%), while others have a significant proportion of other categories. Globally, in all three surveys, the lowest proportion was represented by the following activities: agricultural production (2-3%), energy industry (3-4%), construction industry (4-5%) and education (4-6%).

In the more detailed context of the sectors, differences in industry and tertiary sectors can be identified in each survey period. Industrial enterprises were over-represented in the CEE group and in Hungary in the period 2004-2005, but in 2008-2010 only in CEE countries could higher rates be identified. In 2014-2016, however, compared to other groups, Hungary has become under-represented in this respect (24%). There are significant differences between the three surveys in the proportion of the individual sectors, some of that can partly be attributed to changes between the periods (Table 2.4).

Table 2.4: Distribution by sector

	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	KKE	HU	Glob	Non-CEE	CEE	HU
Agriculture, hunting, forestry, fishing	2,2%	2,2%	2,3%	0,0%	2,0%	1,5%	3,8%	1,4%	3,1%	2,5%	4,9%	1,9%
Manufacturing, processing industry	31,8%	31,2%	39,7%	28,8%	28,4%	27,7%	30,7%	23,7%	24,4%	23,5%	26,9%	22,5%
Energy and water supply	3,7%	3,4%	7,3%	16,9%	3,3%	3,0%	4,1%	6,5%	3,5%	3,4%	3,7%	1,9%
Construction industry	3,5%	3,3%	6,1%	1,7%	4,3%	3,7%	6,5%	5,0%	4,2%	4,1%	4,6%	0,0%
Transport, telecommunication and IT services	4,7%	4,5%	7,1%	6,8%	5,8%	5,2%	7,9%	7,2%	9,9%	9,1%	12,3%	16,8%
Finance, insurance, business services	8,3%	8,4%	7,1%	5,1%	10,7%	12,0%	5,9%	7,2%	10,1%	10,4%	9,1%	18,7%
Public administration	7,1%	7,1%	6,6%	8,5%	8,7%	9,2%	6,9%	12,2%	9,3%	10,2%	7,0%	15,3%
Education	6,0%	6,4%	1,8%	0,0%	4,5%	4,5%	4,6%	5,8%	4,3%	4,6%	3,5%	4,8%
Human health services, social care	11,9%	12,3%	6,4%	5,1%	7,3%	7,4%	6,7%	4,3%	6,9%	6,5%	8,0%	8,1%
Other	20,8%	21,2%	15,6%	27,1%	25,0%	25,8%	22,9%	26,7%	24,3%	25,7%	20,0%	10,0%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

An important indicator of organizational operation is the proportion of wage costs within operating costs. High labor costs imply a labor-intensive operating model coupled with intensive human resources management. All this is relevant to the determining area of operation of the organization, with the sector in which it operates. In all three surveys, only about half of the respondents answered this question, and on this basis, we can conclude that the highest rates are represented on the three occasions by the companies with the highest wage costs, over 50% (44%, 44%, 36%), the first two surveys in the CEE group (18% and 27%) and Hungary (16% and 28% respectively) are significantly lower. In the last survey at regional level, the situation is similar to that of the former (27%), while the domestic ratios already correspond to the rates experienced in countries outside the region (40%). In the 2004-2005 and 2008-2010 surveys, regionally and nationally, there is a significant proportion of organizations in the lowest two categories (below 10% and 10-20%) (47% and 33% respectively 52% and 27%), well above the global values. In the last survey, the regional and national ratios already correspond to the non-CEE countries outside the region (Figure 2.6).

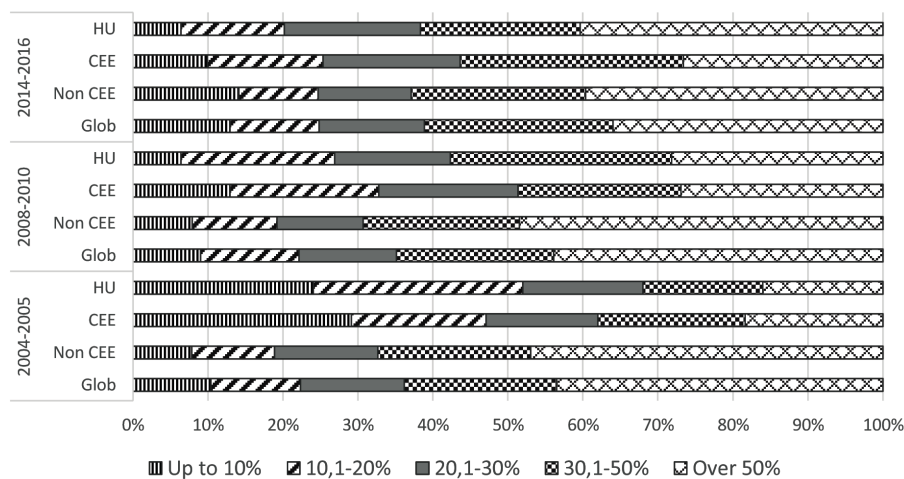


Figure 2.6: Rate of wage costs within operating costs (%)

Source: Authors' own research

2.2.5 COMPLEXITY OF THE EMPLOYEE GROUPS

The *diversity of workforce* is closely linked to those we have discussed so far. Cranet allows breakdown by age, the questionnaire focuses on young people under 25 on the one hand, and on the other hand, on the group of people who are retired. Both are important for creating a healthy organization in the long-term. Young, highly qualified workers bring fresh academic knowledge and willingness to act, but they do not yet have enough experience to cope with any unknown situation. It is important to note that the needs of newer generations may be different, i.e. they can be accessed through other channels. In connection with this, the issue of gamification and the opportunities offered by employer branding have become increasingly important today (Abshire, 2013; Sengupta et al., 2015). In addition to young people, proper management of the knowledge and experience of older people is also a very important task for HR. In addition to the above-mentioned transfer of knowledge and the ability to solve unknown situations, it is worth involving them in the mentoring activity, even after retirement. Older people, in addition, require a different attitude from HR. At present, active employment with retirement is a priority due to the shortage of labor in nearly all areas. Physical health is only one of the preconditions for that, it is also important the willingness to work and to provide personalized working conditions (Pál et al., 2017). At the same time, however, difficult conflict situations may arise from generational differences of the two priority age groups. In order to handle this, HR should provide appropriate internal training and sensitization training.

Besides the young and the elderly, the higher education qualification is an important organizational factor. Behind the already mentioned academic knowledge of young people, there is a set of competences, which are specified in the training and outcome requirements of each BA / BSc and MA / MSc major. This, on the one hand, makes it easier for HR to work, as it is easier to tailor personalized services to employees with the same training background, and on the other hand, makes it more difficult because higher levels of skill, knowledge, competence, attitudes and autonomy can easily lead to more complex problems.

These processes are related to the efficiency of handling these issues, which is shown by the rate of fluctuation. If there are good strategies or operational action plans available to the problems that have been discussed so far, we will certainly face a lower labor fluctuation. Otherwise, its degree will surely be higher (Tóth, 2017).

The *composition of employees according to job groups* may also be of interest. The proportion of leaders in the second two surveys is slightly above 10%, less than 10% in the first survey. Their share in the CEE and Hungary groups in 2004-2005 was some percentage points lower, while the by third period the picture is fully balanced.

The ratio of clerical workers and professionals in the first two surveys is slightly more than a quarter of the total number of employees, while in the last survey it is over one-third. Typically, there is a gradual increase in the first and third periods (from the initial 27% to 37%). For Hungary, in the third period, an exceptionally high rate (48%) is visible, which can be related to the sectoral composition of respondent organizations and the overrepresentation of knowledge-intensive industries in the Hungarian sample.

Office / administrative and physical workers were included separately in the first two surveys, while in the third category they were merged, so for comparisons it is worth considering them together. Regarding the two categories together, a clear decrease can be observed. A significant dominance identified in the first survey period (almost all over 60%), in the second one remarkably decreased to 52-60%, and up to 50% in the latest survey. In Hungary, the difference is huge, i.e. from the initial 60% there is a decrease to 40% in the composition of these employee categories of companies participating in the survey, which is clearly related to a considerable increase in the ratio of professional employees (discussed above) (Figure 2.7).

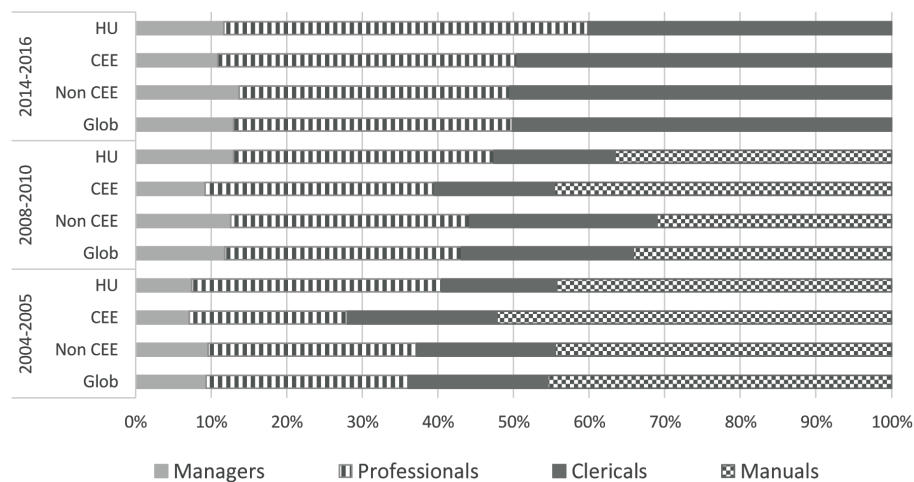


Figure 2.7: Composition of employees by job groups (%)

Source: Authors' own research

The proportion of young people under the age of 25 in most of the organizations (around 90%) does not account for 25% of all employees, not even 10% in the half of those surveyed. This is quite understandable if we consider that in this age group the majority is still doing their studies and does not appear in the labor market. While in the period of crisis, the ratio of young people decreased, at the time of the last survey the number of organizations with higher employment rates of young people slightly increased (Figure 2.8). This is supposed to be related to the restrictive measures (such as 'zero growth in staff') and the rising unemployment in times of crisis, as young people are the ones with the least work experience, so they were the most affected by them. The post-crisis boom, however, also gave them opportunities in the labor market.

Analyzing the employment of young people by sector we get a slightly sharper picture. In the public sector, there is a higher proportion of organizations where younger age-group representatives are not present at all or, if so, only a very small percentage of workers. During the crisis, this was very true (globally, more than 80% of the organizations belonged to these categories) and especially referred to public institutions in Central and Eastern Europe and Hungary, where this ratio has already reached nearly 90%. However, by the time of the last survey, the employment situation of young people has improved a lot: globally and in the non-CEE region as well. The proportion of organizations where the ratio of young employees reaches more than a quarter of the headcount is much higher. (At the one fifth of the respondents.) There is some improvement in our region, too, but this is far behind the non-CEE region but, at the same time, the Hungarian results are far above the regional values. In Hungary, the employment rate of young workers is much higher in the institutions of the public sector (tables 2.5 and 2.6).

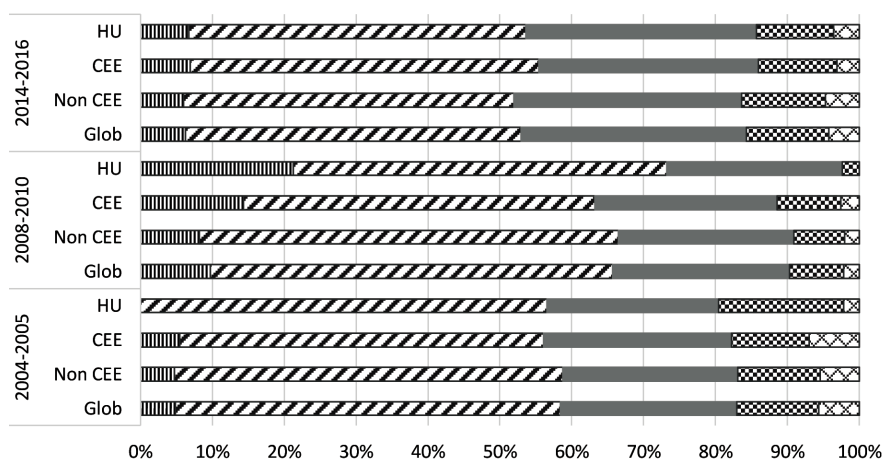


Figure 2.8: Percentage of workers under the age of 25 (%)

Source: Authors' own research

Table 2.5: Proportion of employees under 25yrs in the private sector

Proportion of employees under 25	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0 %	3,9%	3,8%	4,6%	0,0%	8,6%	7,0%	13,2%	20,7%	4,9%	5,0%	4,7%	7,4%
1-10%	47,7%	48,0%	45,9%	46,4%	52,5%	55,4%	43,7%	44,9%	43,3%	43,1%	43,9%	42,9%
11-25%	27,8%	27,4%	30,1%	32,1%	27,0%	26,6%	28,6%	31,0%	33,8%	33,9%	33,7%	33,1%
26-50%	13,7%	14,0%	11,7%	17,9%	9,1%	8,4%	11,1%	3,4%	13,1%	12,8%	13,6%	11,7%
Over 50%	6,9%	6,8%	7,7%	3,6%	2,8%	2,6%	3,4%	0,0%	4,9%	5,2%	4,1%	4,9%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

Table 2.6: Proportion of employees under 25yrs in the public sector

Proportion of employees under 25	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0 %	7,4%	7,4%	7,8%	0,0%	13,3%	12,0%	17,5%	21,4%	7,7%	7,0%	14,3%	3,8%
1-10%	68,8%	69,2%	64,2%	80,0%	68,3%	68,7%	67,2%	67,9%	47,2%	46,3%	57,1%	56,1%
11-25%	15,4%	15,6%	14,0%	0,0%	15,6%	16,2%	13,6%	10,7%	28,1%	28,5%	23,8%	30,0%
26-50%	6,2%	5,8%	10,1%	20,0%	2,3%	2,4%	1,7%	0,0%	12,3%	13,1%	4,8%	8,8%
Over 50%	2,2%	2,0%	3,9%	0,0%	0,5%	0,7%	0,0%	0,0%	4,7%	5,1%	0,0%	1,3%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

Considering the ratio of older workers, it should be noted that while the first and second surveys included a 45-year age limit, that was the age of 50 in the last one. In the first two surveys, in nearly two-thirds of the respondents, the proportion of people over the age of 45 was more than one quarter of all workers and accounted for about one-fifth of all employees. The results show that the crisis did not have a significant impact on the employment of this group of workers: the first and second surveys also show very similar ratios in each category in each country group.

In the last survey, about 40% of all respondents stated that the proportion of people aged 50 or over was more than one quarter of all employees and 10% indicated that the proportion of this age group is higher than half of the employed. At the same time, in our region and especially in our country, these ratios are lower than

in other countries studied. This means that in the employment of older people at regional and national level there is still a lot of work to be done for human resource managers and HR professionals (Figure 2.9).

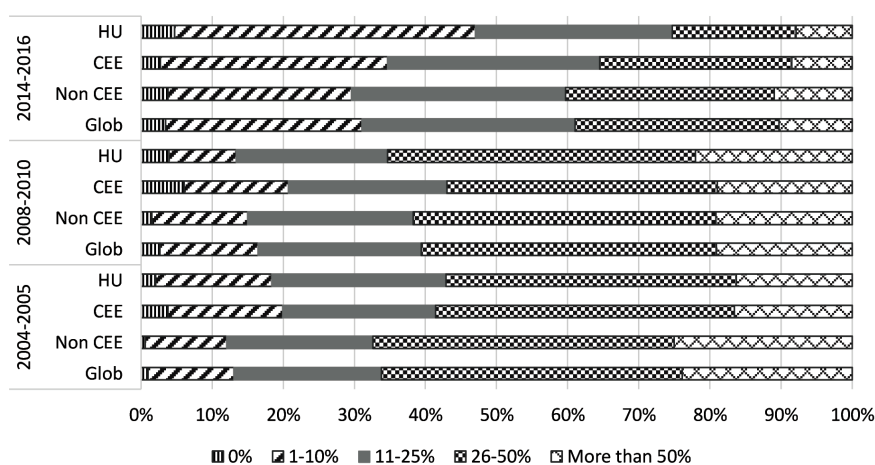


Figure 2.9: Percentage of workers aged 45 and 50yrs and over (%)

Source: Authors' own research

Surveying the data separately sector by sector, it is immediately noticeable that there is hardly any public-sector organization where older people would not be present among the employees, and there is no significant difference between country groups or individual surveys. At the same time, in the private sector – in all three surveys – the proportion of organizations where more than half of the workers would represent the older generations is much lower. This rate declined from 20% to 13% in the global and non-CEE countries during the crisis, while in the region it did not change significantly. This also shows that in many countries the impact of the crisis on the labor market was also sensitive to this age group.

In the public sector, however, we have a somewhat different situation: in the global and non-CEE countries, the crisis did not bring any significant change in the numbers of employment of this age group, but in the CEE region and in Hungary, the proportion of those where this age group represents more than half of the employees raised significantly.

In the last survey, the proportion of people over the age of 50 in the private sector is similar in the non-CEE and CEE groups as well, while the domestic values differ considerably from these. Namely, compared to the other groups, those who do not employ people aged 50 or above at all, or just below 10% build the majority, their number is one and a half times higher than in the global or non-CEE sample (which means nearly 60% of the respondents). Domestic data also show similar differences in the public sector from the other groups, with the difference that there is a much lower rate among the domestic and the global organizations, where there are no or less than 10% of workers over 50 years of age. (In the Hungarian sample this is almost 30%). (Tables 2.7 and 2.8)

Table 2.7: Proportion of employees aged 45-50 and above in the public sector

Proportion of employees above 45-50 years of age	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0 %	1,3%	0,8%	4,0%	0,0%	3,2%	1,7%	7,7%	5,7%	4,3%	4,6%	3,7%	6,6%
1-10%	15,1%	14,3%	19,6%	23,4%	17,2%	16,6%	18,9%	12,6%	33,9%	31,4%	39,7%	50,7%
11-25%	24,9%	25,2%	23,4%	33,3%	27,0%	27,5%	25,5%	28,8%	32,7%	33,3%	31,4%	25,3%
26-50%	39,1%	39,2%	38,6%	33,3%	39,4%	41,1%	34,3%	40,3%	22,7%	24,2%	19,0%	10,8%
More than 50%	19,6%	20,5%	14,4%	10,0%	13,2%	13,1%	13,6%	12,6%	6,4%	6,5%	6,2%	6,6%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

Table 2.8: The proportion of employees aged 45-50 and above in the private sector

Proportion of employees aged 45-50 and above	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0%	0,3%	0,1%	2,3%	0,0%	1,2%	1,2%	1,1%	0,0%	0,3%	0,5%	0,0%	0,0%
1-10%	5,5%	5,2%	7,6%	0,0%	5,3%	6,3%	2,3%	3,6%	11,9%	12,0%	11,7%	27,8%
11-25%	10,1%	9,5%	15,3%	10,0%	10,4%	9,9%	12,0%	3,6%	22,8%	21,4%	25,7%	30,4%
26-50%	48,7%	48,2%	53,4%	70,0%	44,5%	42,8%	49,7%	42,8%	45,0%	43,5%	48,1%	31,7%
More than 50%	35,4%	37,0%	21,4%	20,0%	38,6%	39,8%	34,9%	50,0%	20,0%	22,6%	14,5%	10,1%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

In the last two surveys, roughly in one third of organizations was the proportion of employees with higher education over 50%. In the last survey, domestic companies represented a much higher proportion in this area: almost 50% of them said that more than half of their employees had higher education. Obviously, the industry composition of the surveyed companies plays a significant role: in the Hungarian sample telecommunications and IT companies, financial, insurance and business service providers, but also public administration are overrepresented, which can be an explanation for the difference (Figure 2.10).

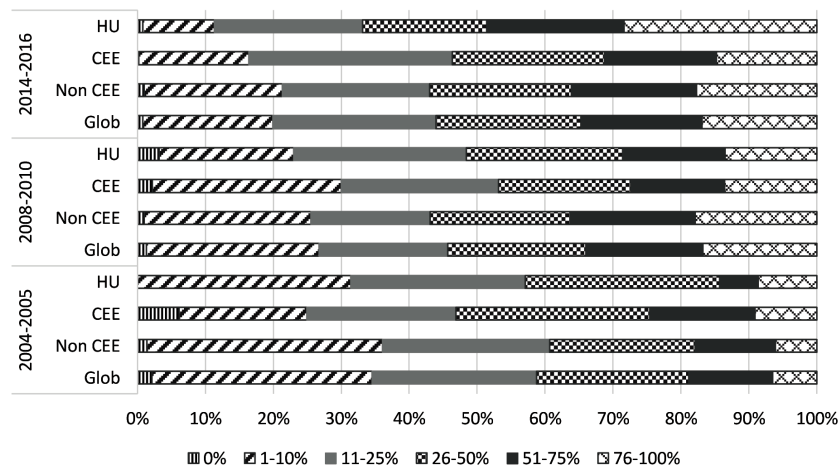


Figure 2.10: Proportion of employees with higher education (%)

Source: Authors' own research

In the public sector, in all three surveys, there is a clearly bigger proportion of employees with higher education than in the private sector. More than 40% of the respondent organizations in the last two surveys (what is more, in the very last survey nearly half of them) indicated that more than the half of their employees had higher education. (Tables 2.9-2.10).

Table 2.9: Proportion of employees with higher education – private sector

Employees with higher education private sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0 %	2,6%	1,8%	7,4%	0,00%	1,4%	1,1%	2,5%	4,7%	0,8%	1,1%	0,2%	0,6%
1–10%	37,4%	40,4%	20,4%	36,4%	27,1%	26,0%	30,5%	22,4%	22,5%	23,7%	19,6%	13,4%
11–25%	24,7%	25,1%	22,3%	22,7%	20,8%	19,2%	25,5%	28,2%	26,3%	23,1%	34,2%	22,0%
26–50%	19,3%	17,8%	27,8%	31,8%	20,1%	20,7%	18,3%	20,0%	20,3%	20,2%	20,4%	15,2%
51–75%	10,0%	9,5%	12,8%	0,0%	15,0%	16,2%	11,3%	9,4%	14,7%	15,4%	12,8%	18,9%
76–100%	6,0%	5,4%	9,3%	9,1%	15,6%	16,8%	11,9%	15,3%	15,4%	16,5%	12,8%	29,9%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

Table 2.10: Proportion of employees with higher education – public sector

Employees with higher education public sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0 %	0,7%	0,5%	2,7%	0,0%	0,3%	0,2%	0,6%	0,0%	0,2%	0,4%	0,0%	0,0%
1–10%	18,7%	20,3%	7,1%	0,0%	20,7%	23,5%	12,2%	13,8%	8,6%	9,4%	7,2%	3,8%
11–25%	23,1%	23,7%	18,6%	37,5%	16,2%	15,0%	19,9%	17,2%	19,2%	19,8%	17,8%	21,3%
26–50%	30,5%	30,3%	31,8%	37,5%	21,6%	21,7%	21,5%	27,7%	25,9%	24,7%	28,2%	23,7%
51–75%	19,4%	18,1%	28,3%	12,5%	23,5%	23,2%	24,3%	37,9%	25,4%	24,5%	27,2%	25,0%
76–100%	7,6%	7,1%	11,5%	12,5%	17,7%	16,4%	21,5%	3,4%	20,7%	21,2%	19,6%	26,2%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

The indicator directly linked to the employees, which is significantly influenced by the organization's operation, is the fluctuation rate. The fluctuation rates of the first and third periods are quite similar, globally two thirds of organizations fall to the lowest segment below 10%. At the same time, in the 2008-2010 survey, the proportion of over 10% segment increased in the region and in Hungary, too, above global values. This can certainly be associated with the economic crisis and its effects on employment (Figure 2.11).

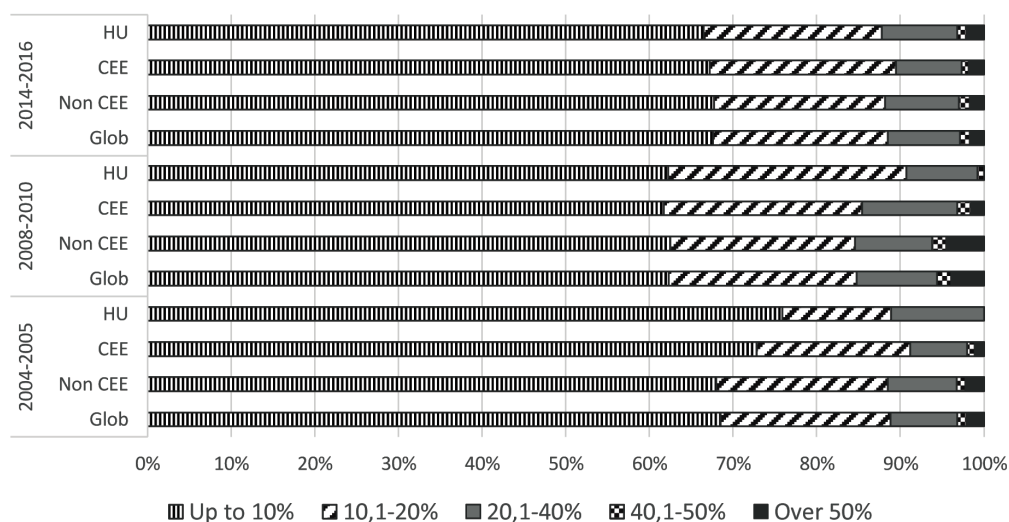


Figure 2.11: Turnover (%)

Source: Authors' own research

2.2.6 ORGANIZATIONAL PERFORMANCE AND MARKET DIVERSITY

The HR structure of responding organizations is also determined by their performance, ranging from innovation, profitability to environmental issues.

The degree of change in sales revenue is foretelling the market success of a given organization, behind which a well-functioning HR department can be hiding. Different aspects of organizational performance, on the one hand, show the level of financial prudence, but also highlight the environmental embeddedness and the direct and indirect factors influencing the organizational structure. Market diversity shows the activities of the organization and the extent of its internationalization, the significance of which is not negligible in terms of HR. In the light of these challenges, it is necessary to develop reasonable training, succession and talent management systems for organizations.

An important indicator for describing the operation of the private sector is the change in sales revenue. We can see that the crisis globally did not have a major impact, and in all three periods, the vast majority of respondents (77%, 78%, 70%) could realize more or less profits, while our region and Hungary were lagging behind in this respect (77% and 82%, 81% and 76%, 64% and 78%). We have to emphasize that the economic crisis had different rates in each country, and in Europe there was a two-year delay in its impact. Consequently, Cranet surveys were able to capture an operation in a “wait-and-see” period in the second survey, while the 2014-2016 period is already characterized by a “normal” return to market operation. Nevertheless, a very positive result is that in the third period, the CEE Group and Hungary report similar performance as the non-CEE Group companies, and that a negligible proportion of the respondents reported significant losses on all three occasions (0-4 %). This may also mean that unsuccessful companies are less likely to fill in the questionnaire, which is completely acceptable and understandable, as they are likely to put other activities into the focus of their current work. Overall, reporting over two-thirds profit-sharing ratios certainly indicates that the circle of respondent companies of the Cranet surveys has a stable operating background (Figure 2.12).

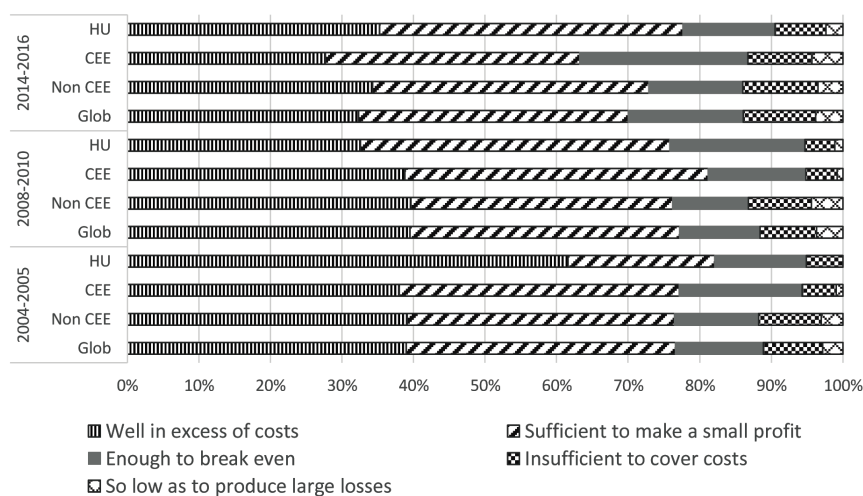


Figure 2.12: Characteristics of sales revenues change over the past three years in the private sector
Source: Author's own research

Compared to the other organizations in the sector, negligible percentage of organizations interviewed (0-4%) on *the quality of the service* rated their average performance below average. Comparison is somewhat complicated by the change in question assumption, but we can see that around a quarter or one fifth of the organizations in the last two surveys rated their own performance as average. In the last but one survey overall, also one-fifth of them rated themselves excellent, while in the very last survey they were close to one-third, while Hungarian values were somewhat higher in both cases (31% and 36%, respectively) (Table 2.11).

If you assign scale values to each performance (1 is below average, 4 is excellent, and 0 is not evaluable) then we can sharpen the picture a bit more. However, we point out that in the first survey there was a slightly different content for each of the scales value (see comment on Table 2.14), therefore comparison of averages is limited. Consequently, the results of the second and third surveys can be correlated with each other, whereas in 2004-2005, it is worth examining the direction of the differences between the groups.

In the first period Hungary has an outstanding average value (3.57), while the other groups are about three tenths behind. During the second period, as we have already mentioned, the methodology of the survey was changed, so we can only show changes in the last two surveys. In the 2008-2010 survey, the performance of Hungarian organizations is still more significant (3.03 compared to the other average scores of 2.88-2.89), while in the last period there is no deviation in the quality of the services, which means the situation between the examined country groups seems to be more balanced.

Table 2.11: Performance of the organization: The quality of service

Quality of service	2004–2005*				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Average	4,3%	4,3%	3,9%	1,8%	2,9%	3,2%	1,2%	0,0%	2,7%	3,2%	1,2%	2,9%
Average/Equal with the competitors	No data available in table				26,7%	26,8%	26,3%	22,7%	20,5%	20,1%	21,8%	23,8%
Better than average	45,3%	45,2%	45,8%	37,5%	49,4%	48,5%	53,6%	50,8%	45,4%	45,8%	44,2%	36,9%
Excellent	47,1%	47,4%	45,1%	60,7%	21,0%	21,5%	18,9%	26,5%	31,4%	30,9%	32,8%	36,4%
Not evaluable	3,3%	3,1%	5,2%	0,0%	No data available.in table				No data available in table			
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

*Note: In the 2004–2005 questionnaire there were four options for evaluation, which were answered as follows: Top 10% = Excellent, Top half = Better than average, Lower half = Below average, Not evaluable.

Source: Authors' own research

For the level of productivity, a higher percentage of respondents said that they were below the average (3–11%). Comparison is also made difficult by the change in question assumption. We can see that in the last two surveys, about one third of organizations considered their productivity level to be average, about 40% above the average. In the last but one survey 13% considered their own performance excellent; in the last-already 20%. In one case, there are no significant differences between the examined groups in any cases, but it can be seen that the proportion of the average decreased, while the excellent one increased somewhat in the last survey (Table 2.12).

We also calculated the average of the scale values. Based on these, we experience the same thing as in the case of quality of services, i.e. Hungary is somewhat higher in the first survey: in the CCE group it is 2.80, 3.02 in Hungary, 2.93 in the non-CEE group, while the global average is 2.94. In contrast to the foregoing, in the second period, Hungary somewhat underperformed (2.51 compared with 2.60 for the other groups), while in the third one there was some discrepancy in favor of the CEE and Hungary (2.83–2.86, which mean approximately one tenth higher averages than others).

Table 2.12: Organizational performance: Level of productivity

Level of productivity	2004–2005*				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Below average	10,7%	10,8%	10,4%	5,4%	7,8%	8,3%	5,6%	11,0%	6,0%	7,0%	3,2%	3,5%
Average/Equal with -the competitors	No data available in table				37,5%	36,5%	41,6%	38,6%	32,9%	32,9%	33,0%	29,8%
Better than average	51,6%	51,9%	49,2%	46,4%	41,4%	41,8%	40,2%	38,6%	40,9%	40,9%	40,8%	43,5%
Excellent	31,8%	31,9%	30,5%	39,3%	13,3%	13,4%	12,6%	11,8%	20,2%	19,2%	23,0%	23,2%
Not evaluable	5,9%	5,4%	9,9%	8,9%	No data available in table				No data available in table			
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

* Note: In the 2004–2005 questionnaire there were four options for evaluation, which were answered as follows: Top 10% = Excellent, Upper half = Better than average, Lower half = Under average, Not evaluable.

Source: Authors' own research

In terms of profitability, the number of organizations who regard themselves below average (in the three periods 19%, 15% and 13%) is decreasing, while in the last two examined periods the proportion of those who regarded themselves average declined (39% to 35%), the most significant decline was identified in the CEE group (from 45% to 38%). Consequently, the ratio of 'better than the average' (33% and 35%) and the 'excellent' (12% and 17%) somewhat increased (Table 2.13).

As for the scale-based calculation, similarly to the previous ones, Hungary's first self-assessment in the first period is much more positive. The 2.93 average significantly (by 0.6) precedes the other groups, though none reaches 3. In the second period, as in the case of productivity, Hungary's average was lower, but much more (by 0.2 with an average of 2.19). In the 2014–2016 survey, each group can be characterized by the same averages. Overall,

it can be stated that some improvement was made globally for the non-CEE and KKE groups, but in Hungary the performance was quite fluctuating.

Between the second and the third surveys, there is generally a one-tenth improvement, but in the CEE group it is almost two decimal places while in Hungary it is 0.3. It is important to point to the economic crisis with regard to the observed changes. As we have already explained, Europe felt its impact much later, but at the “wait-and-see” stage of 2008-2010 organizations turned their attention to world market trends. This is due to the fact that the CEE and Hungarian companies managed to reach the world average by 2014-2016.

Table 2.13: Performance of the organization: Profitability

Profitability	2004–2005*				2008–2010				2014–2016			
	Global	Non-CEE	CEE	HU	Global	Non-CEE	CEE	HU	Global	Non-CEE	CEE	HU
Below average	18,8%	18,6%	20,5%	10,9%	15,3%	15,7%	13,8%	24,6%	13,3%	14,1%	10,9%	10,7%
Average/Equal with the competitors	No data available in table				39,4%	37,9%	45,2%	42,1%	35,4%	34,5%	38,2%	40,3%
Better than the average	38,3%	38,0%	40,7%	38,2%	32,9%	33,6%	30,4%	23,0%	34,7%	34,6%	34,8%	34,2%
Excellent	27,0%	27,4%	24,0%	41,8%	12,4%	12,8%	10,6%	10,3%	16,6%	16,8%	16,1%	14,8%
Not evaluable	15,9%	16,0%	14,8%	9,1%	No data available in table				No data available in table			
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

* Note: In the 2004-2005 questionnaire there were four options for evaluation, which were answered as follows: Top 10% = Excellent, Upper half = Better than average, Lower half = Under average, Not evaluable.

Source: Authors' own research

Regarding the *rate of innovation*, companies reported a performance ‘below average’ in a similar proportion, with only 18%, 15% and 14% in the three survey periods, in the global sample. In the last two surveys, companies represented a similar proportion with ‘average’ (38% and 32%), ‘better than the average’ (33% and 35%) and ‘excellent’ (14% and 19%) performance. In the last but one survey, the Hungarian rates are significantly different from those of the others: the ratio of ‘below average’ and ‘average’ performance is higher (25% and 44%) while the ratio of ‘better than average’ and ‘excellent’ is lower (23% and 9%) although, in the last survey there is no significant difference (Table 2.14).

In relation to the scale-based average, the average value (2.43) in the CEE group was somewhat lower in 2004-2005, and slightly higher in Hungary (2.71). In the second period, the CEE group has a similar degree of disadvantage (0.1) compared to the non-CEE and global levels. In Hungary, however, there is a negative deviation of about 3 decimals (2.15). In the most recent survey, the same is true for profitability, that is, the group averages are more balanced in this respect. The innovation rate between 2008-2010 and 2014-2016 does not show any significant improvement, overall it is one tenth higher. In the non-CEE group there is a growth of two decimals while in Hungary, the average is by 0.4 better. This suggests that in the post-crisis period, investment into innovation might have been more important for Central and Eastern European countries.

Table 2.14: Performance of the organization: Rate of innovation

Innovation rate	2004–2005*				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Below average	18,4%	18,0%	20,8%	13,0%	15,1%	14,7%	17,0%	25,0%	14,5%	14,8%	13,1%	13,0%
Average/Equal with the competitors	No data available in table.				38,1%	37,4%	40,7%	43,5%	31,4%	30,4%	34,6%	35,3%
Better than the average	41,1%	41,6%	37,9%	38,8%	32,8%	33,4%	30,3%	22,6%	35,0%	35,4%	34,0%	31,3%
Excellent	30,2%	30,6%	27,2%	35,2%	14,0%	14,5%	12,0%	8,9%	19,1%	19,4%	18,3%	20,4%
Not evaluable	10,3%	9,8%	14,1%	13,0%	No data available in table				No data available in table.			
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

* Note: In the 2004-2005 questionnaire there were four options for evaluation, which were answered as follows: Top 10% = Excellent, Upper half = Better than average, Lower half = Under average, Not evaluable.

Source: Authors' own research

For the stock market performance, the last two surveys show a steep development in ‘above average’ and ‘excellent’ performance: in the first case there is a rise from 23% to 29%, while in the latter it doubled from 8% to 16%. Growth is even more visible in the CEE region and in Hungary: the share of companies with over-average performance in the region increased from 17% to 27%, while in the case of Hungary it rose from 9% to 24% and the share of ‘excellent’ in the region increased from 7% to 13%, in Hungary from 5% to 15%. Meanwhile, the ratio of ‘below average’ performance radically reduced to half (Table 2.15).

In the first period, the average of Hungary was outstanding at 1.78, which is almost double the number of other companies in the group. The CEE Group has a somewhat lower stock market performance (0.85) than the non-CEE (0.96) and compared to the global group 0.95), as well. During the 2008-2010 survey period the pattern is repeated, to a much greater extent. The global value is 2.11 while the non-CEE group has an average of 2.18. In comparison, the performance of the CEE companies is much lower (1.86) but the Hungarian value is even weaker (1.51). A relative leveling was achieved for the 2014-2016 period, i.e. the CEE and Hungarian values (2.28-2.28) came closer to the other respondents’ averages (2.40).

Overall, in the second and third periods, an increase of three decimals can be observed in relation to stock market performance globally. Both the CEE (0.4) and the Hungarian (0.77) values show a stronger growth. It is likely that as a result of the global economic crisis, from a lower level, the growth is stronger, and diversification of risks contributed to this to the greatest extent.

Table 2.15: Performance of the organization: Stock market performance

Stock market performance	2004–2005*				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Below average	8,1%	8,2%	7,4%	12,2%	27,7%	23,3%	44,7%	67,3%	20,6%	19,8%	23,3%	25,7%
Average/Equal with the competitors	No data available in table				41,5%	44,1%	31,5%	18,7%	34,4%	33,6%	37,5%	35,1%
Better than the average	14,0%	14,3%	11,6%	14,3%	22,8%	24,4%	16,7%	9,3%	29,0%	29,6%	26,7%	24,3%
Excellent	11,2%	11,3%	10,6%	30,6%	8,0%	8,2%	7,1%	4,7%	16,0%	17,0%	12,5%	14,9%
Not evaluable	66,7%	66,2%	70,4%	42,9%	No data available in table				No data available in table			
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

* Note: In the 2004-2005 questionnaire there were four options for evaluation, which were answered as follows: Top 10% = Excellent, Upper half = Better than average, Lower half = Under average, Not evaluable.

Source: Authors’ own research

A question about *environmental issues* was raised only in the last two surveys. Overall, about one third of the respondents considered themselves to be better in both periods than ‘average’, and the percentage of ‘excellent’ rose from 13% to 20%. ‘Better than average’ and ‘excellent’ together in the region and in Hungary are similar to the others and show even better proportions (Table 2.16).

We used a slightly different methodology in our scale-based average survey, since in this case we had to transform the values into a 5-point scale. Differences (far higher averages) to date can be attributed to this. In the 2008-10 period, the situation is relatively balanced; the average values of companies in the different groups are between 3.38 and 3.44. For the third time this increased considerably suggesting that companies were becoming more aware in each group. The global average grew to 3.62 while the CEE group was even more noticeable (3.70). In Hungary, the improvement was also similar, but from a lower level, so the latest average value is also lower (3.54).

Table 2.16: Performance of the organization. Environmental issues

Environmental issues	2008–2010				2014–2016			
	Global	Non-CEE	CEE	HU	Global	Non-CEE	CEE	HU
Poor, last in the industry	3,1%	2,4%	6,0%	10,5%	2,6%	2,9%	1,6%	3,8%
Below average	8,4%	9,0%	6,0%	4,8%	6,5%	7,2%	4,3%	7,0%
Average/Equal with the competitors	44,5%	45,7%	40,0%	38,8%	36,7%	35,9%	38,9%	40,8%
Better than the average	31,5%	30,8%	34,0%	28,2%	34,5%	35,1%	33,0%	28,7%
Excellent	12,5%	12,1%	14,0%	17,7%	19,7%	18,9%	22,2%	19,7%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

On issues related to the performance of organizations we can conclude that Hungary and the CEE group have significant improvements and, in many cases, higher levels than in the non-CEE group and globally. On the one hand, it can be traced back to the fact that Hungarian and regional organizations have a different degree of self-evaluation and that they are not properly able to assess their position compared to a competitor. On the other hand, after the 'wait-and-see' period of the post-crisis recovery of the economic crisis may mean reaching the rest of the world. Thirdly, the distorting effect of the different respondents can be a factor in the results but we believe that such shifts cannot be traced back solely to this latter factor.

Overall, 13-15% of the respondent organizations work exclusively for the local market in their immediate neighborhood. In Hungary this ratio is higher, 24% and 220%, respectively, in the first two surveys. The beyond borders market is characterized by only the smaller half of the organizations (43%, 42% and 38%), 47%, 37% and 35% in the CEE region, respectively. Sales to the world market are considerably lower than those of the CEE and Hungary groups compared to non-CEE and on global level. In Hungary, this rate is fluctuating and in the second survey we find an exceptionally low value (Figure 2.13).

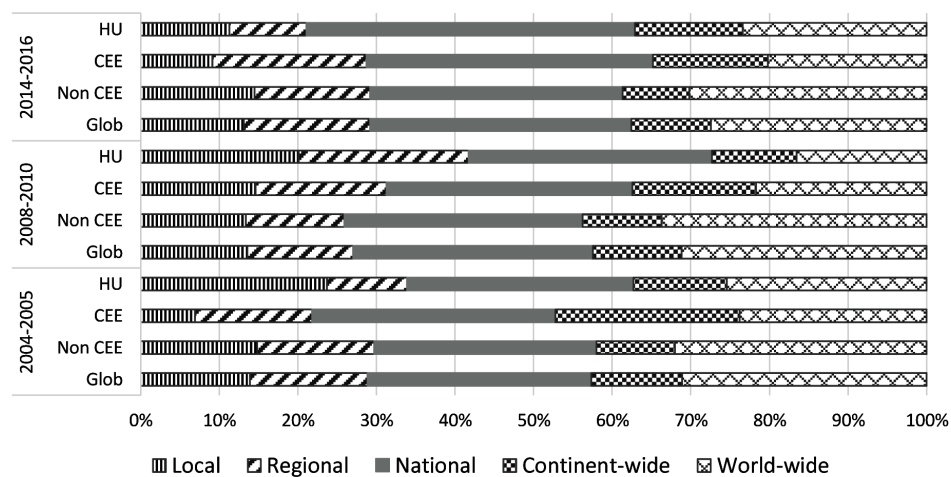


Figure 2.13: Breakdown of major markets served by organizations (%)

Source: Authors' own research

The market served by organizations does not change for nearly a third of all the organizations surveyed, it is expanding nearly half of them. In the CEE region and in Hungary, in the last survey, organizations reported about an unchanged market (41% and 47%) and a slightly expanding market (38% and 41%) (Table 2.17).

Table 2.17: *Change of the markets served by the organizations*

Change of markets	2004–2005				2008–2010				2014–2016			
	Global	Non-CEE	CEE	HU	Global	Non-CEE	CEE	HU	Global	Non-CEE	CEE	HU
Decline	16,1%	16,6%	11,9%	11,9%	18,4%	17,9%	20,0%	16,5%	21,4%	21,6%	20,6%	11,9%
No change	35,2%	35,2%	35,0%	40,7%	35,0%	35,3%	34,0%	36,7%	34,5%	31,9%	41,3%	47,4%
Expansion	48,7%	48,2%	53,1%	47,4%	46,6%	46,8%	46,0%	46,8%	44,1%	46,5%	38,1%	40,7%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

2.3 CLOSING COMMENTS

Human resources management activities of the organizations are influenced not only by external, national, cultural, and institutional factors, but also by internal, and organizational ones. In our chapter, we examined the internal, and contextual characteristics of the organizations participating in the Cranet surveys, reporting the composition of the sample in terms of these factors.

Numerous research supports the fact that *differences in HR systems depend to a large extent on organizational size*. Regarding the organizational size characterized by the number of staff, the distribution of the entire sample is similar in all three surveys: the vast majority of the organizations surveyed are under 1000 employees. In the CEE countries and in the Hungarian sample, the number of organizations with fewer than 250 employees is higher in each of the examined period, and the proportion of those with more than 1000 employees is lower than in the global sample and non-CEE group. It can be stated, therefore, that in non-CEE countries and at global level there is a much higher proportion in our sample of organizations with a higher number of employees than in the CEE group and Hungary. Certainly, all of this has an impact on the evaluation of the results of some surveys.

From the point of view of HR, it is also important to consider whether an organization operates in the public sector or the profit sector. In all three surveys, the surveyed organizations accounted for roughly $\frac{2}{3}$ – $\frac{3}{4}$ to the private sector while private companies accounted for similar proportions in the CEE group. In the last two surveys public-sector organizations have a somewhat larger proportion in relation to the others. In terms of the activity area and the sectoral classification of the organizations, the largest proportion in the global sample is represented by the production companies operating in the industrial sector in each of the three periods. However, there are significant differences between the three surveys in the proportions of the other sectors. For the interpretation of the results, it is also important that the respondents from the Hungarian sample of the most recent survey had a higher proportion of representatives of transport, IT and financial services, related to previous (in our survey included) surveys and to other groups.

In all three periods, more than half of respondents in the global sample were established before 1988. In the CEE region and in Hungary, however, the vast majority of respondent organizations were founded after the change of regime - which is not surprising since in this region the big wave of company establishment and privatization started at that time.

An important indicator of organizational operation is the proportion of wage costs within operating costs. In all three surveys, the highest share of companies with over 50% wage costs represents the highest ratio, but the first two surveys in the CEE group and in Hungary also show a considerable share of organizations belonging to the lowest two categories. In the last survey at regional level, the situation is similar to the one before while the Hungarian ratios already correspond to the proportions of countries outside the region.

Looking at *the distribution of job groups*, the proportion of leaders in the second two surveys is slightly above 10% globally, slightly below 10% in the first survey, and somewhat lower in our region and in Hungary. The proportion of intellectual workers and professionals shows a gradual increase in the 3 periods, in the last

survey it is globally above one third. In Hungary, in the third period, they account for nearly 50%, probably due to the sectoral composition (over-representation of knowledge-intensive industries). At the same time, there is a decrease in office/administrative and physical workers by the time of the last survey their share is just about to reach 50% in the global sample.

There are employee age groups who deserve special attention from the point of view of HR, such as young people and older generations. The proportion of young people under the age of 25 represent neither 25% of all employees in the vast majority of respondent organizations, nor about 10% in the half of them. What is not surprising is when we think that a significant part of this age group has not yet appeared in the labor market. In the first two surveys, more than a quarter of all workers were over 45 years in 2/3 of the respondent organizations, and only in one-fifth of them this age group exceeded the half of the employees. In the last survey, the proportion of people aged 50 or over represented more than a quarter of all employees in 40% of organizations. In the CEE region, and especially in Hungary, the proportion of the older generation is lower among the employees.

In the last two surveys, about one-third of the organizations are represented over 50% of those with *tertiary education*. The Hungarian sample of the last survey had even higher proportions: nearly half of the organizations had more than half of their employees with tertiary education. This can be attributed to the industrial composition of the respondent organizations and, the relatively higher proportion of respondents from knowledge-intensive industries (telecommunications and IT firms, financial, insurance, business service providers). In the *public sector*, *employees with higher education are more involved than in the private sector*.

The degree of fluctuation in the organization is an important indicator of the performance of the human resources activity in the organization. An increasing fluctuation also highlights the factors that hinder the effective operation of the organization. Managing fluctuation problems is therefore a central issue for managers and HR professionals. In the first and third period, the fluctuation of the two-thirds of organizations is low (below 10%) while in the 2008-2010 period the proportion of those over 10% increased. This suggests the impact of the economic crisis on employment.

One important indicator for describing the success of the private sector is the tendency in the change of revenue. In this sense, the crisis did not have a negative impact on the respondents' organizations: the overwhelming majority of them, including the regional and Hungarian organizations, could realize more, or less profits in all three periods. However, the results may be distorted by the fact that more successful companies might have filled out the questionnaire, hence they can be over-represented in the sample.

The evaluation of organizational performance can be based on 6 performance factors by comparing them with other organizations in the given sector. *The quality of own service* was judged 'below average' by a negligible percentage of organizations. In the last two surveys, one-quarter, and one-fifth of the organizations rated their own performance as average, and in the last one nearly one-third of them considered themselves excellent and their proportion in Hungarian organizations exceeded global and regional averages. *The level of productivity* was judged by the respondent organizations in a slightly higher proportion as 'below average'. In the last two surveys, one-third considered their productivity level to be 'average' and about 40% 'better than the average'. In the most recent survey, the proportion of the 'average' fell somewhat, while 'excellent' grew somewhat and there was no significant difference between the examined groups at one time. From the point of view of profitability, fewer and fewer organizations consider themselves 'below average'. In the last two examined periods dropped the proportion of those who estimated themselves as 'average'. The most significant decrease can be observed in the CEE group. As a result of them, the ratio of 'better than average' and 'excellent' increased a little. The companies of the region and Hungary, in the last period, caught up with the others in terms of profitability. The results of *the innovation rate* are very similar in the three surveys. About half of the respondent companies reported about 'better than the average' and 'excellent' performances. In the last survey there are no major differences between the country groups. In the last two surveys the ratio of companies reporting about 'better than the average' as well as 'excellent' *stock market performances* rose significantly. In our region and in Hungary this tendency is even more prominent, but in this shift from the lower level the economic crisis might have played a significant role. For environmental issues, the proportion of organizations

who considered themselves ‘excellent’ and ‘better than the average’ grew to over 50%, and tendency in our region and in Hungary is similar. All this shows that environmental issues play an important role in more and more companies around the world. Overall, the result is remarkable that both in Hungary and in the region, we can see a significant improvement in organizational performance compared to the non-CEE group. It is a question, however, of whether these self-assessments are indeed a real performance improvement, that is, whether the organizations realistically measured their position compared to their competitors.

Market diversity is a measure of corporate activity and internationalization, the significance of which is not negligible in HR. The beyond border market characterized a smaller proportion of organizations in all three periods, while the share of those selling in the world market in the CEE and Hungary groups was a bit lower than in other countries.

3 THE IMPORTANCE, SIGNIFICANCE, ACTORS, AND SUPPORTERS OF HR IN ORGANIZATIONAL LIFE (RUTA KAZAKLAUSTE, ZSUZSANNA KAROLINY, GÁBOR BALOGH, ILDIKÓ ÉVA KOVÁCS, VINOGRADOV SZERGEJ JULIANNA NÉMETH AND DENISE JEPSEN)

Organizations – as the first chapter of this book refers – cannot work without the fundamental factors of production, including human beings. In the economically developed regions of the world, the new approaches of management of people appeared in the last decades of the 20th century. It resulted in the changes in previous practices. In the 21st century, not only the researchers but the practicing managers started to emphasize the importance of practices and decisions connected to human resources. It is important to consider human resources as long-term investments not only as cost factors.

Human resources management (HRM) is one of *the areas of continuous change*. The results of the organizational performance of human resources management promise a strengthening position to the participants of the process. Until the millennium, the management of the employees of the organization became a single, prestigious and influential *profession*. Today, the HR professionals with their value-creating contribution are part of the top management team not only in implementing the business strategy but during the establishment, as well. Besides them, *top management and every member of the leadership hierarchy plays an essential role in managing employees*, while in some other places outside providers are also involved in the planning and executing processes. All of this takes place, while the primarily administrative nature of it becomes a more and more strategy supporting role as well. Meanwhile, the expectation of efficiency improvement is valid in this work, which requires the regular development of information systems and solutions.

These above statements are – probably well-known phrases for a lot of readers. On the other hand, the questions about the organizational’ practice of where, and in what way it verifies or refutes these allegations are not always at hand. This book tries to follow a unique approach. First, it introduces the results of empirical investigations what can be found in the literature. After that, it reports about the status of organizational practices and changes, directions based on the recent round of responses from the last three Cranet surveys.

3.1 ASSUMPTIONS AND EMPIRICAL EVIDENCE ABOUT STRENGTHENING INFLUENCE, ACTORS AND SUPPORTERS OF HR

The purpose of the subchapter is to introduce the researches which were conducted in similar topics. This means the surveys which were connected to the action, efficiency, size, location, function, results and strategic position of the operating department of human resources management (HR department, division, board, etc.). In the last decade(s), numerous international comparative studies were born. A lot of them is available in the international, relevant literature. These researches approached some of those countries and organizations which were investigated by the Cranet research group. This subchapter is about the strengthening influence, actors, and supporters of HR in the light of the world-wide empirical surveys. In the followings, it is apparent that at the global level, how widely and extensively these have been previously dealt with.

The primary purpose of the literature review is to present the main objectives, problems, hypotheses or queries of the research. In addition, it introduces the methods used, the most important properties of the sample, the country of origin, the organizational features of the sector (size, sector, industry, structure). It outlines the most important results, conclusions, and possible effects. Below, we briefly present the main features of the most critical current studies and surveys based on the criteria mentioned above.

Ulrich and Grochowski (2018) emphasize the fact that in their surveys, analyzing the changes of the last 30 years, the center is the contribution of HR to business effectiveness while in a lot of other researches the focus turned to the effective organization of the HR department. They believe that the latter one would be a too tight approximation for analyzing efficiency measurements of human resources management. The authors did the empirical survey with more than 100 thousand respondents. Due to that, they identified nine dimensions in connection with the operations of an effective HR department. These are the followings:

1. HR reputation: What is the reputation of the HR department like?
2. HR context: What kind of conditions has configured the HR job?
3. HR strategy: What is the mission and strategy of HR department? To what extent is it focusing on skills and abilities?
4. HR planning (processes, roles, structure): How is the HR department organized?
5. HR and organizational capabilities: How does the HR department encourage the definition and creation of organizational capabilities?
6. HR analytics: How can we make better HR investments and decisions?
7. HR practices: How can we create new HR practices?
8. HR professionals: What does the HR expert needs, what do they have to know and how can they be efficient?
9. HR work style: How does the HR department its job?

The criteria mentioned above about HR departments may create value in four stages. These are an administrative stage (the focus of HR effectiveness), functional (best practices), strategical and focusing outside (taking into considerations the needs of the outside stakeholders). We can develop a full audit matrix which investigates the effectiveness of the HR department by using the nine criteria with the help of the above mentioned four stages (see in Table 3.1.). According to Ulrich and Grochowski (2018) during the complete due diligence of the matrix, we should evaluate the joint sections, you need to find the largest value center of gravity, and it is worth removing the activities which do not contribute directly to business success. The authors do not suggest that the focus and weights of HR departments should be split equally between each point.

There is much debate in the international literature, about the shared roles of HR, and about how the collaboration can be more effective between the various HR concerned actors (Ulrich – Brockbank, 2005). From the strategic viewpoint, the collaboration between line managers and HR managers is crucial to achieving business goals (Bondarouk et al., 2017; McCracken et al., 2017). Many experts suggest that HR professionals should focus on persuading other functional leaders in order to accomplish their conception and to get support for their proposals. Based on the experience of others (such as Guest – King, 2004), sometimes it is essential to prove the necessity of the HR department because other leaders see them only as an over-bureaucratic organization.

Table 3.1: Auditing the effectiveness of HR department

	Fundamental/ administrative	Functional	Strategic	„Outside in”
HR reputation	HR efficiency	HR functional excellence	Strategic HR	Taking into account the interests of external effects and stakeholders
HR context	Service	Create	Integrate	Influence
HR strategy	Basic services	Proactivity and innovations	Create a connection between business and HR solutions	Creating business value to outside stakeholders
HR planning	Optimal costs and standards	HR offers services	Optimization of business results	HR is a market-oriented ecosystem
HR and organizational capabilities	Structure focus	System focus	Alignment	Capabilities
HR analytics	Scorecards	HR insights	HR interventions	Business impact
HR practices	Excellent HR practices	Best experts	Solutions integrated with business strategy	Integration of the needs of investors and customers
HR professionals	Trusted employees (operators)	Trusted experts	Credible partners	Credible activists and strategic positioners
HR workstyle	Keeping deadlines and budgets	Technical expertise	The architecture of HR is connected to the other organizational functions	HR detects the business challenges and solution opportunities

Source: Ulrich, D. – Grochowski, J. (2018): *Auditing the Effectiveness of your HR Department* [online]. <https://rbl.net/blog/post/auditing-the-effectiveness-of-your-hr-department> (Accessed: April 28, 2018)

Bredin – Soderlund (2011) investigated the effects of cooperations between HR specialists, line managers, project managers and project workers in connection with the implementation of HR practices. Many others think of HR as a shared function in which the HR coordination can be interpreted as a contribution of multiple actors. These are the HR managers (Kohont – Brewster, 2014), or in other places HR business partners (Caldwell, 2008), project managers (Keegan et al., 2012), line, middle or top managers (Gilbert et al., 2015; Townsend et al., 2012; Purcell – Hutchinson, 2007). There are outside actors of HR services (such as in the form of outsourcing (Patel et al., 2017) who are also involved, and it is the trade union representatives who are becoming less and less significant. With the spreading of self-serving e-HRM systems, even the employees became important members of the HR job (Bondarouk et al., 2017). These assumptions mean essential theoretical and empirical viewpoints in connection with the roles of HR professionals in practices. Many researchers know the importance of understanding the practices and the area of responsibility, developing the efficiency of interactions between the actors and investigating the influential strengths of contextual factors.

Fejfarová – Urbancová (2016) investigated the position and roles of human resources management at Czech small and medium-sized companies. They stated that HR has a crucial role in the case of these firms in achieving success because these companies employ two-thirds of the employed population in the Czech Republic and these companies represent 99% of business companies. They investigated the role of the HR function and department with the help of an almost 500-people sample questionnaire. They concluded that HR systems play a significant role in competitiveness. The well-designed HR processes contribute to the development of employment branding. The role of HR depends equally on internal and external factors. The internal factors consist of organizational size, the position of HR managers in top managerial boards, the existence of the HR department, separate work of the HR department and the financial situation of the given company. They mentioned the status of the labor market as the a most important external factor. The most important results of the survey are the followings:

- In most of the Czech small companies HR department is not separated (only in 15%)
- Only half of the Czech small companies have a business strategy, but only one-third have an HR strategy. Two-thirds of medium-sized companies have a business and HR strategy, too.

- The Czech small and medium-sized companies do not deal with outplacement practices, most of them do not manage talented people in separated programs, and they do not analyze organizational culture.
- The most important results of the survey of Czech small and medium-sized companies about HR related questions can be found in Figure 3.1.



Figure 3.1. The HRM profile of small and medium-sized enterprises

Source: Fejfarová, M. – Urbancová, H. (2016): *Human Resource Management in Small and Medium-Sized Enterprises in the Czech Republic. Scientific Papers of the University of Pardubice*, 36 (1)

Trullen et al. (2016) made a case study processing among large Spanish companies in which they investigated how effective are the implementation of HR practices during the cooperation with line managers. They identified, based on the unsuccessful cases, which of the AMO (abilities, motivation, opportunity) model's part was deficient during the initiation. It has been proven based on the characteristics of the analyzed sample, that HR departments play an essential role in the organization's life. This means that in many cases the top management sees them as strategic partners because they contribute to the improvement of organizational performance. With the introduction of efficient HR practices and the support of their uses, they stepped out to the critical aspects of business success. Based on these, the authors suggest the active involvement of HR departments into strategic processes.

Jørgensen – Becker (2017) analyzed Danish companies which operate in the public or the private sector. The purpose of the research was to explore the duality (exploitation vs. exploration) of the reaction of HR departments to the present situation and the forecasts of the future. The authors found two distinctive approaches how human resources management can support the duality of workgroups. The first one is the relationship-oriented HRM, which contributed in a contextual way to the balance of the two periods through HR functions such as job design, recruitment, learning and development, remuneration and performance appraisal. Due to it, the HR department focuses more on the creation and development of good working relationships. Against this, a second type is an expert-oriented approach, which prefers temporal duality, which in this case means the necessary knowledge should be available usable when demand arises. For this, they need another focus on recruitment, job design, and personal performance based wages, because this can help the operation of the company which does not show the long-term orientation.

Ivašković (2015) analyzed the human resources management of Sports Associations of four south-eastern European countries. The investigation was about what kind of relationship can exist between the noticed efficiency of the HR department and trust between athletes. The author stated that we could distinguish between different kinds of effects. However, the operation of the HR department has no direct effect on the level of trust and group cohesion, but through line managers and coaches it can amplify the trust and cohesion within the teams and groups.

Phua (2012) analyzed the effects of national cultural differences on HR practices in relation to remuneration questions and job autonomy in working companies in Australia and Hong Kong. The uniqueness of the investigation was that it reviewed the American approaches which ignore the cultural context, and it focused on the construction sector which was not analyzed before in the chosen countries. The results showed significant differences between the Australian and Hong Kong answers in connection with HR practices (autonomy, job satisfaction, remuneration systems. Based on these, the author highlighted that it is worthwhile to take into consideration the cultural differences because the HR departments can be more efficient in attracting, recruiting, and retaining scarcely available talents.

Rode et al. (2016) accepted the culturally diverse and various HR methods and techniques as the starting point of their research that has been showed previously in many HR practice-based analysis. Based on their empirical surveys they compared what kind of effects HR practices in different cultures have on organizational and individual results. In connection with that, Rode et al. (2016) made a questionnaire with 2,424 people and 120 companies, in four countries and three sectors. Like in the GLOBE investigation, they sorted the four countries (Japan, Sweden, Germany, and Austria) into two groups: high and low organizational collectivism. The results of the survey show significant differences in the effect of organizational level human resources management on personal, organizational commitment. The cultural differences were identified in the field of learning and group work.

Cho – Poister (2013) analyzed the roles of HR practices in the field of the public sector in the United States. They analyzed how human resources management can contribute to the increase of trust in the transportation sector. They asked the employees of transportation companies in Georgia State what the respondents think about the impacts of HR techniques on trust. They measured the trust levels towards department leaders, group leaders, and direct supervisors in case of HR practices which focus on autonomy, remuneration, communication, performance evaluation, and career planning.

Cozzarin – Jeffrey (2014) did their research on the impact of human resources management practices on organizational performance in Canada. Many people think that the use of new coherent systems of HR practices will result in higher production level – extensive use of flexible work time, training, work groups, motivating wages – comparing with the previous traditional HR practices. The authors refer to many articles and papers which confirms the correlation, strong relationship between HR systems and the production rate of the workforce. The result of the survey shows that the salaries of the employees had the most significant impact on the performance factor. Their primary conclusion was that the HR department could reduce efficiency as well if their work is not characterized by coherent systems in which employees can see their clear benefits.

Vaidman – Brewster (2015) examined the phenomenon of human resources management (cultural differences, institutional elements) from a theoretical point of view that can be found in the international practices. Based on the characteristics of the world-observable phenomena, which were broken down to countries by the authors, they stated that if the influential institutional factors are less forceful, less coercive along the operation of a particular rule, then cultural differences and characteristics shape the course of action for the HR practices of the organizations.

Baskar (2016) analyzed Indian Financial Institutes, within this he examined the compensation packages, remuneration, career development, mobility opportunities, training, motivation and employment accountability in the bank sector. The author stated that HR politics has direct impacts not only on job satisfaction but on the performance of banks, as well. They proved by means of a regression analysis that performance management

has the most significant impact within the examined dimensions on the Indian bank sector. Communication, clear remuneration systems and wages played a significant role in the positive results. The HR communication policies toward unions had a negative impact on job satisfaction.

Gomes et al. (2015) examined and compared HR practices in four subsidiary companies (operating in South African countries) of Indian and European multinational companies. They studied the country-of-origin effects along influential company factors of institutional strengths. Based on an 865 sample they stated that the employment costs of Indian multinational companies are higher than European companies', Indian organizations sign fixed-term contracts of employment more often, and they invest less money in learning and development than European companies. The paper also stated that the impact of the country-of-origin is decreasing if it is not consistent with the ideology of the receiving country and these processes can be seen in the case practices of HR policies.

Chang – Chang (2015) investigated the evolution and impact of human resource management and the roles of HR managers in multinational companies, in international perspectives. The authors found that multinational companies use different types of international HR practices and that HR function shows powerfully specific activity while they need to take into consideration the expectations of different cultures and market segments. Because of that, the HR managers, who work for organizations which try to achieve success outside the national market, needs to focus on the strategic level to understand the national differences and have to develop the most suitable response action plans.

Guzman et al. (2011) analyzed the effective ways toward achieving organizational goals from the viewpoint of human capital, which is related to the fundamental principles of talent management. The authors stated that the importance of HR departments in many organizations is still undervalued. They identified the differences between ideal HR roles and the applied practices of HR managers as an underlying problem. The survey was carried out with 377 HR managers in Asian countries (India, Indonesia, Malaysia, Philippine Islands) and it confirmed differences between the typical embodiment and applied practices of HR systems. It is also an important statement that organizational size, organizational type, the relationship of HR department toward other functions of the organizational and its location has an (empirically proven) influence on the work of HR managers.

Stankevicien et al. (2017) think that HR departments have gained greater significance and because strategic actors within the life of the organizations til the companies realized that human resources are the most valuable factor in achieving organizational success. The authors examined how the functions, roles, and attitudes of HR specialists can appear in the future of HR departments. More precisely, they put the relationship of human resources management and organizational performance into the focus of the investigation. They involved Latvian companies in the empirical survey. The results show identifiable differences in the attitudes of HR managers toward HR department and HR specialists which affect organizational performance, as well. According to the study, managers of smaller companies evaluate less positively the contribution of HR departments to organizational performance than the manager of bigger companies. . This phenomenon can be explained by the fact that smaller companies have a limited amount of resources, especially financial resources. While bigger companies can integrate HR departments and specialists into the organizational strategy and structure more successfully, smaller companies are less successful in it. Middle managers have the most positive attitudes in relation to the contribution impact of HR departments to organizational performance. The leaders of the productive sector think less positively about the valuation of HR departments than the managers of companies in the service sector.

Templer et al. (1997) did an international comparative study about the activities and purposes of human resources management of different companies. They surveyed HR professionals in Canada, South-Africa, and Zimbabwe. They asked the respondents to share their opinion which areas, what kind of challenges the HR departments shall face, and therefore what kind of changes should the companies of the different countries face. Based on the results, every one of the analyzed countries needs to have flexibility and cost efficiency, but there are differences in priorities and other activities. The most significant differences were noticeable in

the middle and long-term purposes and priorities. There was a consensus on the fact that HR activities are essential. This shows a convergent approximation method in a changing world where diversity, cooperation, and change are the most critical characteristics of HR practices. More than one company which was involved in the study has subsidiaries in all of the three countries. Therefore, the sharing of HR related ideas, the development of a new way of studies, the valuation and acceptance of developed techniques in the different companies were observable. International cooperation and knowledge sharing led toward an efficient HR development. It was evident from the research that HR professionals are going to have critical roles in the international knowledge sharing in case of the spreading of the globalization process. The experiences which come from strategic planning and environmental analysis focusing on new trends are going to play a significant role in HR activities, as well.

Pudelko (2006) also did an international comparative study about HR practices and the systems of American (USA), Japanese and German companies. They involved the 500 most prominent organizations from the companies mentioned above in the research. The basis of the test point system was the mechanisms of actions of leader, economic, social and cultural context and the investigation of these in relation to the applied HR systems. The paper concludes that social aspects show the two opposite sides of the spectrum between the Japanese and American HR practices. The USA and Japan are the two extreme values while Germany represents the middle position, which shows that this approach is essential and relevant in the development of HR systems. This context should be taken into account for effective operation. This result does not rule out that HR models from other countries cannot be used and implemented into the operations of home companies. The conclusion is noteworthy from the aspect of social learning potential: the application of those models is more successful which are the best fit for the social environment in the international comparison.

Ma et al. (2016), in their paper, stated that the number of analyses which investigate the differences between controls of human resources management systems over employees and the engagement-promoting effect of human resources management. In their research, they examined the opinions of highly trained professionals who worked in multinational or national companies which operate in China by means of unique sampling. Altogether 311 people answered the questions of the survey. The paper investigated the control and engagement perceived by the employees that can be seen in the case of HR practices. Beyond this, the survey was extended to job satisfaction and efficiency, as well. The results show that those who work for multinational companies perceived the engagement promoting effects of HR practices more positively than the employees who work for Chinese companies, which led to higher loyalty factor because the companies perceived lower turnover rates. In the case of Chinese (domestic) companies, the lack of application of HR practices showed higher turnover rates.

Karami et al., (2015) analyzed the impact of applied practices of HR departments on the business strategy in the bank sector in Iran. They examined the relationship between business strategy and organizational performance through six fundamental functions (learning and development, teamwork, motivation, HR planning, employment security, and performance evaluation) of human resources management. They collected the data from employees and HR leaders of banks operating in Iran. The results of the survey show that there is a strong relationship between business strategy and the realization of HR practices. The operation of HR departments has a positive effect on organizational performance. The paper concludes that the implementations of those HR practices, which accommodate to business strategy, naturally, improve the performance of the company.

Alonderiené – Sabaliauskaitė (2017) examined informal learning and experience opportunities for HR professionals in the Latvian aviation sector. Qualitative empirical research was the research method; they did structured interviews with HR professionals and technical workers of the most prominent Latvian Aviation. The main conclusion of the paper was that although they qualified the learning conditions as good at the investigated company; there was a considerable gap between the development need perceived by the HR department and the experiences of the technical workers. This was especially true in the case of the perception of change readiness and the responsibility levels of direct leaders. At airlines, there is a high-level learning intensity generating environment. In more than one field, there is a need for continuous learning and development. For these, it is indispensable to have feedback from direct supervisors, development of professional relationships and a remuneration system which focuses on proficiency.

Halim – Che-Ha (2011) investigated the strategy, costs and budgets and outsourcing characteristics of HR departments of production companies in Malaysia. The central question of the paper is what kind of context and relationship exist between different types of human resources management strategies, outsourcing opportunities, and sizes of HR departments. The three analyzed HR strategy were support, accumulation, and utilization. The data came from a questionnaire-based survey which was filled out at 232 organizations from which 113 companies were involved in HR outsourcing. We can see from the results of the investigation that in the case of support for utilization HR strategy, organizations turned to HR functions outsourcing with more trust. At the same time, the companies which applied HR outsourcing decreased the size of HR departments based on the gathered information. It is significant for the analyzed companies to understand the consequences of outsourced HR functions better. Due to that, they were given the opportunity to focus on the question of how they can implement HR practices in a way that it fits HR strategy while the outsourced part of the functions helps to reduce the size of the HR department.

The purpose of Nanzin – Hussain (2016) was to decrease the lack of definition of the strategic value of HR function. Their goal was to investigate the evolution process of HR departments from the bureaucratic roles till the strategic efficiency increasing role. Fundamentally, they collected information from secondary data sources and literature reviews, and analyzed the causes and motivations of significantly developed roles of HR departments. In addition to the above-described evolution, in many cases HR departments have to fight against organizational resistance. They have to prove how HR strategy contributes to the support of the business strategy, moreover, how the measurement and management of human resource planning and organizational competencies can help the operation of the company. The paper evaluates the changing roles of HR departments and professionals. They stated that HR professionals are still facing traditional stereotypes in relation to HR departments from top management with their image that HR exists only for administrative functions. Because of that, only a few HR professionals fight for involvement in business planning and strategic decision making. There are examples in which the HR contribution to business success is crucial. HR becomes the engine of the business model and plays an integral role between the different parts of the business strategy. They are drawing attention to the broad scale of HR methods and systems, and they can strengthen their argument with concrete financial indexes. HR departments can create the highest value for the organizations with this most efficiently.

Cardoso et al. (2018) investigated the HR practices of Portuguese daughter companies of German multinational organizations. They look for the answer to the question of what kind of opportunities Portuguese organizations have to develop efficient HR departments which can contribute to the implementation of HR systems and practices which lead to the introduction of business strategy. It is characteristic for multinational organizations that it has to take into consideration multiple contexts, which means they have to integrate different cultural, social, economic, political background of different countries to the everyday practices. According to the authors, the biggest challenge in human resources management is cultural diversity. The most significant task within the cultural aspect is to find mutual goals and introduce cooperation conditions. Germany and Portugal are different, along with some values the two countries have a different cultural background. Due to that, the analysis of Portuguese daughter companies of German organizations created an exciting research area for the survey from the point of view of human resources management. Based on the results, it can be seen that the daughter companies emphasize HR practices. Mainly the soft methods were in the center but they did not ignore the importance of hard organizational (financial, business) goals, strengthening empowerment, knowledge, and motivation.

Piwowar-Sulej (2017) examined the question of how one can manage HR functions efficiently in project-oriented organizations. The management of human capital is a crucial question from the point of view of the project and the organization because of that they introduce the learning, remuneration, and performance valuation aspects. One of the most crucial characteristics of project organizations is that they often operate in a matrix structure. Like this, the operation of the HR department is unique because they have to work as a general HR function and within borders of individual projects. They investigated in 100 project-oriented organizations between 2014 and 2015 stating that the general consistency of HR departments has a higher level than the roles within the projects. The study draws attention to the special care of unique project characteristic, management problems of project organizations, the needs for improvement of related knowledge that you can experience during project operation.

Lazarova et al. (2013) made research with the help of four consecutive Cranet surveys and five other variables in six regions of Europe. During their research, they could identify trends about the strengthening of the organizational position of HR. These trends involve the formalization of HR strategy, the spread of phrasing otherwise the increase of the proportion of HR leaders in the top management which meant the development of organizational status (power) of HR professionals. They were not able to clearly identify and prove the enhancement of the integration of HR strategy.

Overall, it can be seen that it is possible to find surveys from all over the world in which there was scientific research about the phenomenon and characteristics of HR departments. One can identify many international comparative studies from the last decade. Above, we tried to show the latest possible empirical evidence about the topic. It can be seen from the related problem focuses, methodologies and results how widely researched, well-questioned studies one can find. The investigations which cover many countries, issues and samples are very valuable, relevant, timely and useful but they lack common ground. In this case, it means there is no standard method which can be used to collectively and globally evaluate the tendencies and trends of HR. The following subchapter introduces the detailed organizational roles of the HR function and HR departments based on the Cranet database by covering all the participating countries.

3.2 THE ROLE, IMPORTANCE OF HR FUNCTION AND DEPARTMENT, HR DECISION-MAKERS AND SUPPORTERS IN THE LIFE OF ORGANIZATIONS IN THE LIGHT OF CRANET SURVEY

In the first more significant segment of the questionnaire, used in Cranet survey, the authors are trying to uncover the existence, size, position in the organizational structure, characteristics of employees and leaders of the HR function or HR department (division, management, etc.). With the help of these through the series of the survey, they intend to keep track of where, to what extent the HR function or the strategic role, integration, and strengthening of the organizational influence of HR professionals is realized. In the first subchapter, you can read about these aspects of HR practices.

One of the characteristics of HR that it is a functional area with shared responsibility, this is hardly valid in case of other organizational functions. Besides HR professionals, other players are also participating in decision making and the implementation processes. Top managers of organizations and institutions play significant roles as developers of the human resource politics and division of labor. The members of the management hierarchy exist not only as decision makers of HR functions but as effective implementators of processes. The confirmation of actors and the roles show individual differences in different countries, regions, the hierarchy levels of organizational sizes about HR decisions can further nuance this. The second subchapter introduces the characteristics and changes of the development of actors and roles of HR.

The HR job and its implementation is not the privilege of actors within the organization only. Moreover, in the time of the outsourcing tide, it was characteristic that outside HR service providers, information technologies and the areas of learning and development became significant players of wage administration. They can be remarkable elements of the implementation of the HR function if we investigate the formation of their roles during the time about the technical and informational support of HR. Because of that, the Cranet survey analyses the characteristics of them. The last subchapter introduces the development of HR practices at different times based on the answers.

3.2.1 THE CHARACTERISTICS AND ORGANIZATIONAL POSITION OF HR DEPARTMENTS AND PROFESSIONALS

Does an independent HR position or HR department exist? If the answer to the last question is yes, then what is the size of it, that is to say, how many HR professionals are employed within these companies? Is HR a feminine or a male profession? How strong is the professional background of the HR leader in order to endorse his or her influence and increase the rate of integration with the help of his or her position within the organizational hierarchy? We can get answers to many similar questions in this subchapter with the help of the analysis of characteristics of HR practices.

3.2.1.1. Independent HR professional or HR department and its size

As the previous chapters described and we can know from the methodology of Cranet survey and the organizational size categories, the lowest size of organizations which answered is 100 people. It is expected that in practice they will establish individual HR position or HR department which will be clearly influenced by sectoral and regional uniqueness. As you can see from Table 3.2 the previously explained thumb rule (size limit is 100 employees), seems to prevail in case of all three Cranet surveys what we examine in this book. In the *global sample*, 80-90% of the organizations with more than 100 employees (who answered) *hired an individual HR professional or established an HR department*.

Besides the high levels, the global values show definite fluctuation over time. In the survey which was asked between 2004 and 2005 the ratio was just above 90%, it decreased below 84% during the financial crisis, and in the last survey, it increased again above 90%. The decrease in the second round was the consequence of the decline in the Central East European companies (CEE) and within the relatively sharp decrease in the number of Hungarian companies with HR professionals. These developments suggest that economic situations and the organizational size profoundly influence the existence of an independent HR presence in the competitive sector.

The sectoral analysis of global values shows that the ratio of yes answers arrived from the private sector is slightly higher than the ratio of the public sector in the majority (9 out of 12) of the time-related groups and country-groups. Two out of the three exceptions are related to Hungary and into the decline of CEE-s in private sector in the crisis period.

Based on these, we can state that the organizations of the competitive sector put a higher emphasis on the HR professionals and departments than the organizations from the public sector within the same country. The institutions' HR support of the public sector has a slightly lower proportion than in case of private companies, but they have a more stable background due to which it can be less exposed to the economic prosperity.

Table 3.2: The ratio of companies with independent HR professional of the HR department

	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Private sector	90.8%	91.2%	87.6%	100.0%	85.2%	91.0%	63.3%	54.7%	92.8%	95.9%	84.5%	78.7%
Public sector	89.6%	90.1%	84.2%	80.0%	80.9%	83.7%	70.1%	74.2%	84.7%	88.9%	74.3%	83.9%
All organizations	90.5%	90.9%	87.4%	96.2%	83.7%	88.5%	65.1%	59.7%	90.7%	93.9%	81.6%	79.6%

Source: Authors' own research

We can state from Figure 3.2 that the number of employees of the HR department in the global sample in the three analyzed periods has multi-directional changes and there are specifics such as the following:

- The size of the typical HR department is between one and four employees. Most of the answerers (35-40%) during the analyzed ten years are part of this category. This size category decreased from the beginning rate which was higher than 40% to 35% in the crisis which could not go back to the original level but somehow stayed at a more reduced level.

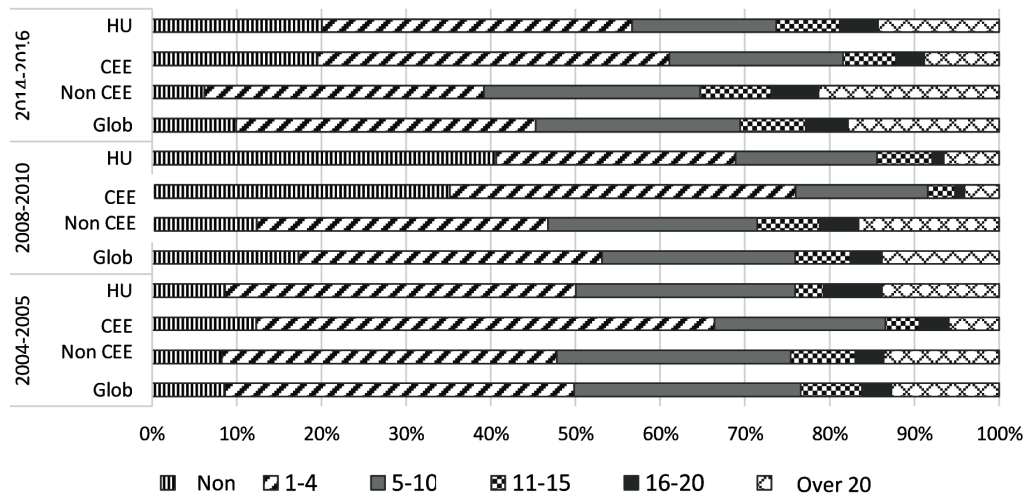


Figure 3.2: The ratio of HR departments based on size categories (number of HR professionals) within the whole sample (in %)

Source: Authors' own research

- The second most characteristic HR department category contains 5-10 employees. The global sample started at a little bit above 26%, in the second round it decreased below 23%, but it increased back to above 24% for the third round.

The winners of the typical size category over time in the global sample can be found in the extreme values of the size scale because in the second round which was during the crisis:

- Almost 1/5 of the answerers were operated without HR professionals, while
- the HR departments with the biggest (employs more than 20 HR professionals) size category can increase their proportion with just 1%.

Meanwhile, the proportion of companies which work without independent HR professionals decreased to 10% in the third round. The proportion of the biggest size category increased, and because of that they almost reached the 18%, which qualifies them to the third most significant size category of organizational HR.

The above-introduced changes of the size of the HR departments suggest that although most of the analyzed (by Cranet) organizations have only small sized (1-4 HR professionals) HR departments during the examined decade, there is a *definite tendency toward the strengthening of the number of institutions where the size of HR departments is bigger*.

The analysis mentioned above examined the global sample in which there are country and time-related specifics. These specifics show definite differences in country group levels, as follows:

- In the non-Central-East European countries, we can find evidence for the negative impact of the crisis on the HR departments. With the decline in the two typical sizes of HR departments (1-4 and 5-10 employed HR professionals), the number of institutions without HR professionals increased by 4%, and the number of organizations with bigger HR departments is increasing with 3%, as well. Based on the analysis of the third round it can state that the proportion of organizations without HR professionals decreased from the starting level (first round 8.2%) to 6.2% while the penetration of companies with bigger sized HR departments (5-10 professionals and above) intensifies. The proportion of companies with more than 20 HR professionals is increasing within the global sample to a more than 21% level.

Based on the examination of the characteristics and development of the global and Non-CEE companies, it is expected that the specific time-related tendencies of CEE and Hungarian companies will show a different picture in all of the three examined rounds:

- During the first round (2004-2005) the institutions (who answered) in CEE in all of the smaller sized categories have a higher proportion, and in the case of the more significant HR department sized category, they have a lower proportion than in the global sample. In these organizations either they do not employ any HR professional (12.3%), or the size of the HR departments do not exceed the upper limit of the smallest sized category between (1-4 HR professionals) in more than the half (54%) of the respondents. The proportion of the organizations which have bigger HR departments barely exceeded 30%. In this first round, the size categories within the Hungarian sample are similar to the global sample.
- During the crisis (the second examined round) the proportion in every HR department sized category is decreasing in the case of CEE companies. The most potent decrease was detected in the lowest size category (1-4 people) with its almost 13%. Due to these tendencies, the proportion of companies without an HR position increased significantly above 35%. In this examined period the Hungarian companies have an entirely different proportion than the global or CEE countries. The proportion of Hungarian companies without an HR professional was 40.6%.
- The results of the third examined round show that the proportion of organizations without HR professionals decreased significantly compared to the previous round in the CEE region. Its rate exceeds the previously low proportional level of this region and other regions, as well.

It is still true that the *professional HR support of CEE's organizations and institutions are relatively low*. This is due to the fact that the proportion of organizations which operates without HR professionals is high and the HR departments are typically smaller in size; they employ fewer HR professionals than the institutions which operate in other regions of the Cranet survey.

The HR department size characteristics of the Hungarian respondents in this examined period have a really similar proportion to the CEE region. The individual values were improving as of the previous round, but the achieved level is still relatively low.

As you can see from the analysis mentioned above, the essential differences in the case of country-groups can be identified in the HR practices between CEE and non-CEE countries. Because of that in the following, during the text analysis, we introduce sectoral specifics by focusing on these two groups.

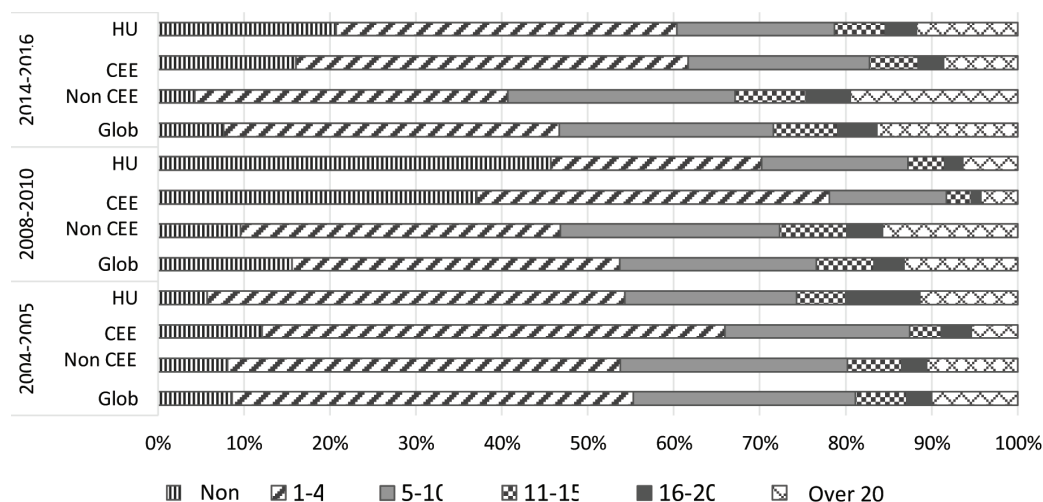


Figure 3.3: The proportion of size categories (number of HR professionals) of HR departments in the private sector (%)

Source: Authors' own research

We can identify the following about size characteristic of HR departments in the private sector, namely during the analyzed three periods based on the values of Figure 3.3:

- At the beginning of the examined period (2004-2005), we can identify only a small difference between the size characteristics of HR departments of the private sector of the two country groups. The typical HR departments in both groups are the small (1-4 people), and middle (5-10 people) category and the proportion of the CEE countries differ in smaller sizes.
- In the second period, we can witness the decomposition of similarities. Because in the non-CEE countries, in the crisis years, the middle sized HR departments' proportion and weights remain the same at their second place. The biggest sized HR departments with more than 20 employees reach the third place along with the slightly decreasing small (1-4 people) divisions. Against these developments in the CEE countries, the medium-sized HR departments became smaller, or even independent HR positions disappeared.
- Until the middle of the second decade in non-CEE countries, the rate of organizations without HR professionals within the private sector decreased to a low (5%) level. The proportion of small and medium-sized HR divisions stabilized on a previous similar level, while the ratio of the bigger ones increased. In CEE countries, the proportion of medium-sized divisions strengthened back until this period while the ratio of organizations without HR professionals was still above 15%.

Based on the analysis of size characteristics of HR departments of the public sector that you can see in Figure 3.4 the characteristics in the two examined country groups are the following:

- In the first period, there are significant differences in the public sector compared to the private sector. While in the public sector of the non-CEE countries medium and bigger even the most significant HR department sizes are more likely characteristic, in the biggest proportion of the respondents of the CEE countries it was stated that countries there is no independent HR position of only a small HR division can be found.
- In the second round, the proportion of organizations without HR professionals increased by 10% in the public sector of Non-CEE countries, but this could happen besides the fact that the companies with the biggest sized HR departments were able to increase their proportion. Due to this, the three most characteristic HR department size – with almost the same proportion – were the small, the medium and the biggest. Meanwhile, in the CEE countries there were only a small improvement in the case of medium-sized HR departments and eroding in the case of small-sized HR divisions. With this, the second most characteristic category of organizations have no independent HR position.
- In the third round, the changing trend which started in the Non-CEE countries proceeds and improves, as a result of the typical size of the HR department in the public sector is the biggest (with 28% ratio), namely with more than 20 professional HR, the second (23.4%) is the medium one. The proportion of the smallest sized HR department, with its 1-4 people in the HR division in CEE countries showed only a slight consolidation.

As a result of these, the experienced differences of the public sector in the two country group changed or intensified during the ten years.

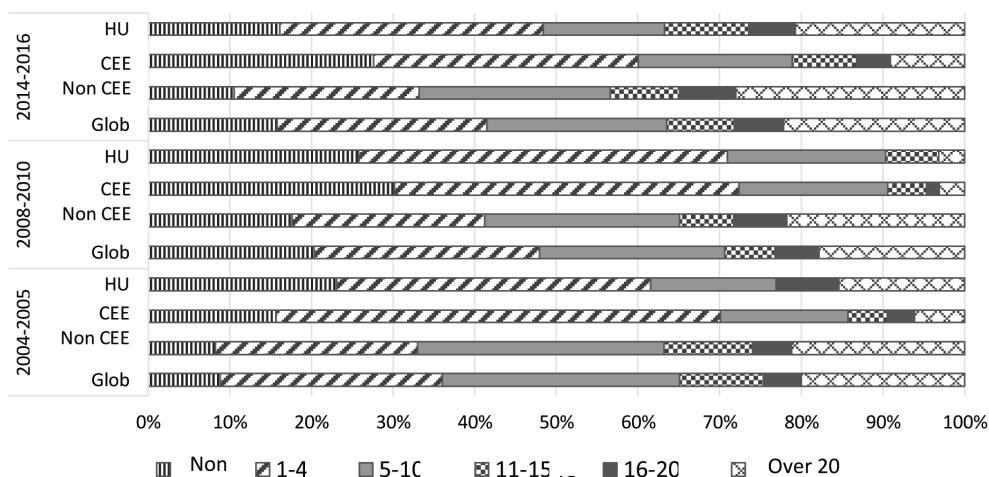


Figure 3.4: The proportion of size categories (number of HR professionals) of HR departments in the public sector (%)
Source: Authors' own research

Based on these we can state that if we analyze the employment of HR professionals and the changes in the size of HR departments, there are differences between the organizations of Non-CEE and CEE countries, even if we separately examine the private and the public sector:

- At the beginning of the examined periods, the similarities that we can define in the private sector disappear during the crisis period. The new tendencies which appear in the third round intensify the differences because while in the non-CEE countries, the sizes of HR departments increase and develop, in CEE regions they are not able to reposition their pre-crisis situation.
- There were significant differences even at the beginning of the tenyear period in the case of supporting public institutions with HR professionals. The crisis period resulted in a different degree of weakening. The HR departments of Non-CEE countries were able to step out of this with a general size increasing until the end of the period. The CEE countries - similar to private sector companies - were not able to achieve re-strengthening. The proportion of Hungarian public companies shows different values comparing to the CEE region. In Hungary, after the crisis, companies were able to strengthen their original position and this development is more similar to the practices of Non-CEE countries.

3.2.1.2. The organizational background and gender proportion of the leaders, managers of HR departments

After the introduction of the analysis of HR practices in connection with the existence of HR departments, numbers of people employed for the HR department this subchapter shows some of the specific characteristics of HR professionals. For this analysis, they used three elements from the Cranet survey. The first one of them examines the professional and organizational background of leaders of HR departments. The second one investigates whether the HR profession is a female profession with the help of the changes of the different gender proportions within HR workers. Besides this, they analyze how we can define the whereabouts of gender ratio in the first decades of the twenty-first century.

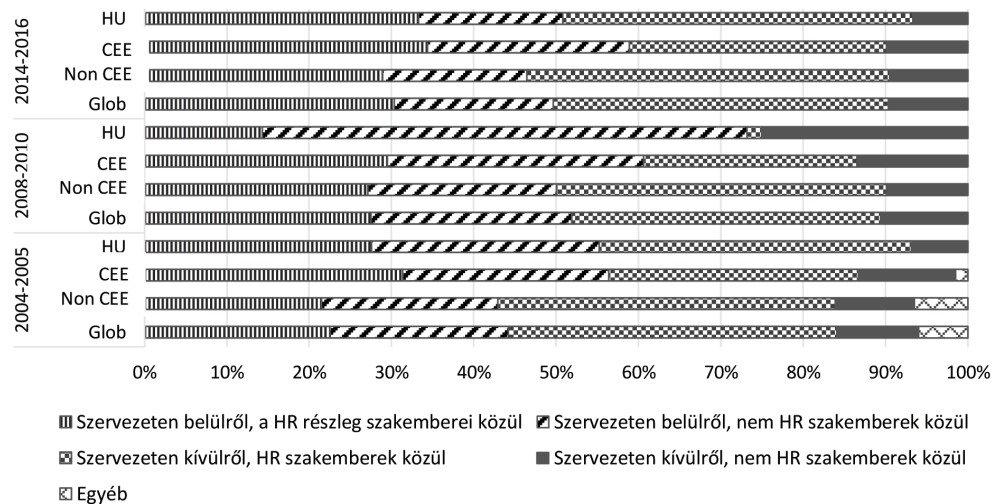


Figure 3.5.: The proportion of different sources of recruiting and selection of HR leaders within the answerer organizations (%)

Source: Authors' own research

Based on the global data of Figure 3.5 we can state that HR leaders are typically recruited and selected (quasi 60-70% of the respondents) from the circle of HR professionals mostly (around 40%) from outside the organization. The time-related evolution of this practice shows that during the crisis years in comparison to the first round, the use of internal recruiting strengthened at the expense of external recruiting. The internal promotion has a slightly increasing tendency even in the third round.

The characteristics of the HR practices of the global sample in Non-CEE countries are similar to the previous one. Data show that they use external sources more often than internal ones, which shows the more powerful aspect of professional competence.

This altogether means that in the global sample and Non-CEE countries, HR leaders who recruited from external sources and not from the circle of professionals are successful only in the case of less than 10% of the respondents. We can find HR leaders, who have been recruited inside the organization but not from the circle of HR professionals, in the case of a little bit above 20% of the respondents at the beginning of the examined period. Their proportion increased in the middle of the examined periods, but at the end, it decreased slightly below 20%.

At the beginning of the examined period in CEE countries, the combined ratios of recruitment and selection from the circle of HR professionals just above 60%, internal recruiting is slightly ahead of the external sources. In the middle of the period, in the crisis years, more than 30% of the respondents recruit HR leader within the company but not by promoting HR professionals. As a result of this, the ratio of organizations which adopt recruitment from HR professionals in this round decreased below 60%. At the end of the examined period, this practice declines to the level almost ten years earlier. Internal recruiting with selecting from the circle of HR professionals is slightly ahead of external recruiting while the combined ratio of selecting from HR professionals is characteristic 65% of the respondents.

At the beginning of the ten years and at the end, the practices of Hungarian companies are more similar to the global sample than to the CEE countries. During the crisis years, the respondents recruit and select HR leaders more within inside than external sources but not from HR professionals, which is entirely different from other country groups.

Based on the analysis of the two focus country groups we can state that while the organizations of the Non-CEE countries operate more important HR divisions with higher chances than CEE countries. Non-CEE countries select HR leaders while focusing on professional competence, CEE countries focus and build more strongly on organizational commitment and loyalty.

Besides the number of workers on the HR departments, it often considers to analyze the *gender ratio of employees*, as well. The evolution of the gender ratio of the profession raises the questions of effeminating the profession, and about the weights of the impacts. The empirically based knowledge about the tendencies of the twenty-first century creates a basis for any further investigation. That is why the Cranet survey involves continuous data collecting about the gender ratios of HR professionals. In the following, we analyze three tendencies.

As you can see in Figure 3.6, at the beginning of the millennium on a global level, the proportion of female HR professionals (59%) was higher than the male workers in the HR departments (41%). Female predominance increased with more than 13% until the middle of the period, and for the middle of the second decades of the twenty-first century, it stabilized.

By analyzing the previous ones with focusing on the country groups, we can state that in the case of the direction of the tendency there is a substantial similarity between them, the level differences from the beginning of the period does not decrease. This means that in the countries of the CEE region and within Hungary it is more accurate than in other regions that HR is a female profession because from the middle of the examined period more than $\frac{3}{4}$, in Hungary 85% of the employed HR professionals are female.

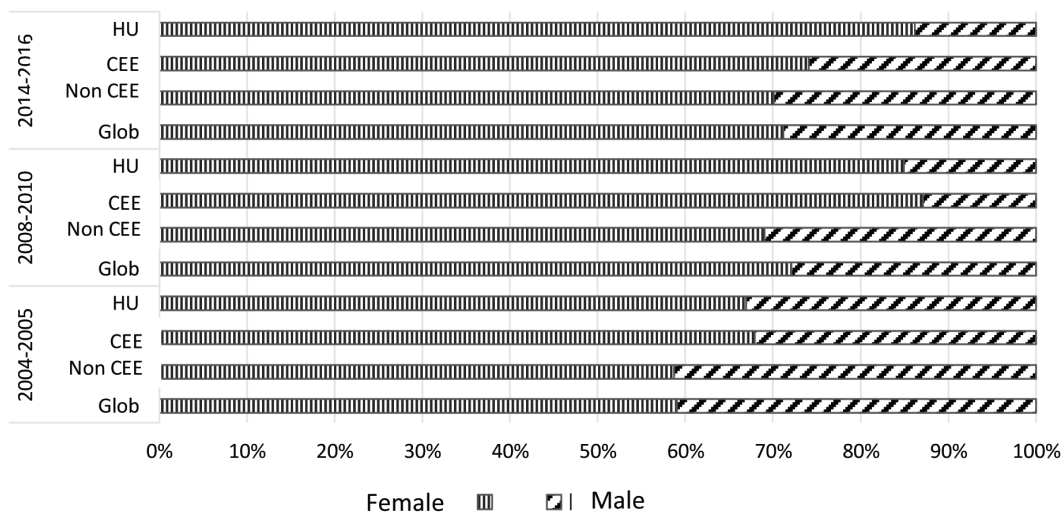


Figure 3.6 Gender proportion of employees of the HR department (%)

Source: Authors' own research

3.2.1.3. Organizational hierarchical position and strategic involvement of HR professionals

The position of the HR department within the organizational hierarchy is one of the most commonly used indicators which refers to the role and importance of human resources management in the organizational life. This analyzes whether the person who is responsible for HR practices or the leader of the HR department is the member of the top management team or it is only a lower level position in the organizational structure.

According to the data of Table 3.3, at the beginning of the examined period, the HR leader (or the person who is responsible for HR) *represents HR cases on the top level of the organizational hierarchy*, because he or she is the part of the top management in more than half of the organizations in the global sample. Later this proportion increased above 60%.

As a result of the sectoral comparison, we can state that the private sector is more open than the public sector in lifting the HR departments into higher hierarchical levels, in every single examined period although the size of the HR departments is slightly more prominent in the public sector than in the private sector.

The country group analysis shows that the level of organizational results was increased by the proportion of characteristics of Non-CEE countries while the characteristics of CEE countries - primarily because of the practice of public institutions at the beginning of the examined period – decreased.

Another frequently used indicator about the integration, the organizational influence of the HR function, the representative of HR affairs, namely the HR leaders shows whether this person is involved into the process of organizational strategy making or not. Based on the answers in Table 3.3, the statements based on the previous indicator are partly confirmed and partly modulate.

Based on the indicators of written organizational strategy, almost $\frac{3}{4}$ of the respondent of the global sample had a written document even at the beginning of the period. The number of people who use this seemed to halt during the crisis, in the latest examined phase more than 80% of the respondents make use of this management tool. The question about the influence of the HR leader tries to find out the role of an HR leader in the development of this document, whether he or she is involved in what phase of the process of leading strategy creating (long-term goals of the institution, direction toward these goals).

Table 3.3: Enforcement rate of indicators about the organizational position of the HR department and degree of formalization of HR

	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
The HR professional/leader is part of the top management												
All organizations	56.9%	57.1%	54.8%	43.9%	67.3%	68.6%	61.9%	87.5%	63.2%	67.5%	51.2%	57.4%
Involvement of HR professionals into the process of strategy making												
From the beginning	52.3%	53.4%	42.9%	58.2%	49.4%	50.1%	46.7%	60.9%	50.8%	53.4%	43.1%	44.0%
From later phases*	24.4%	24.4%	24.3%	7.3%	26.7%	28.5%	21.5%	14.8%	22.9%	22.6%	23.8%	18.7%
At implementation	13.1%	12.0%	22.1%	12.7%	14.3%	12.5%	19.8%	15.7%	16.5%	14.7%	21.7%	29.3%
Not included	10.2%	10.1%	10.7%	11.8%	9.5%	8.9%	12.0%	8.7%	9.8%	9.3%	11.3%	9.0%
Respondents with written strategy												
Business/Service strategy	74.5%	74.4%	75.0%	79.7%	69.5%	73.0%	55.7%	74.6%	83.2%	85.1%	77.4%	65.7%
HR strategy	56.4%	57.3%	49.7%	57.6%	52.7%	56.2%	39.2%	43.3%	67.9%	70.3%	61.1%	55.1%

*2004–2005: „During the next consultation.”

Source: Authors' own research

The answers of the three examined periods of the Cranet survey, confirm the statements and assumptions of professional literature about HR and strategic integration of HR. 90% of the answerers involve the representative of HR into the process of selecting the direction of the organizational strategy. If we investigate the answers of all country groups in all the three periods, we barely find no for an answer above the proportion of 10%.

Almost half of the respondent said that the HR professionals are represented in the strategy-making process from the starting phase. They represent all employment, broader HR aspects, and considerations. In this regard, an interesting phenomenon can be observed that this approximately 50% proportion shows only a slight fluctuation over time, while the difference between the country-groups – the integration is stronger in Non-CEE countries and weaker in the CEE region - does not diminish substantially although the signs from Hungarian companies shows trends toward global sample in the first two period.

Finally, we can read from Table 3.3 that the incidence rate of written HR strategy does not reach the level of organizational/service strategy but its fluctuation over time shows similar modifications. At the end of the investigation, the formalization level is high in the case of the HR goals and about the ways how we achieve them. The CEE proportions are lower than in the case of Non-CEE countries that you could identify during the whole subchapter when the focus of the analysis was on the examination of country-groups.

The Cranet survey introduced a new indicator during the analysis period of 2008-2010. This indicator investigates the existing level of the evaluation and the assessment of HR performance because these refer to the importance and integration level of HR within organizational life. This practice became important during the process of strengthening the influence, role and organizational recognition of the significance of the HR function and division. The examination of this indicator can be useful and can play a fundamental role in establishing a positive changing purpose.

There is a five-grade scale in the Cranet survey about the characteristics of performance evaluation of the HR function/division; the answers can differ from 0 (not at all) to 4 (characterized to a large extent).

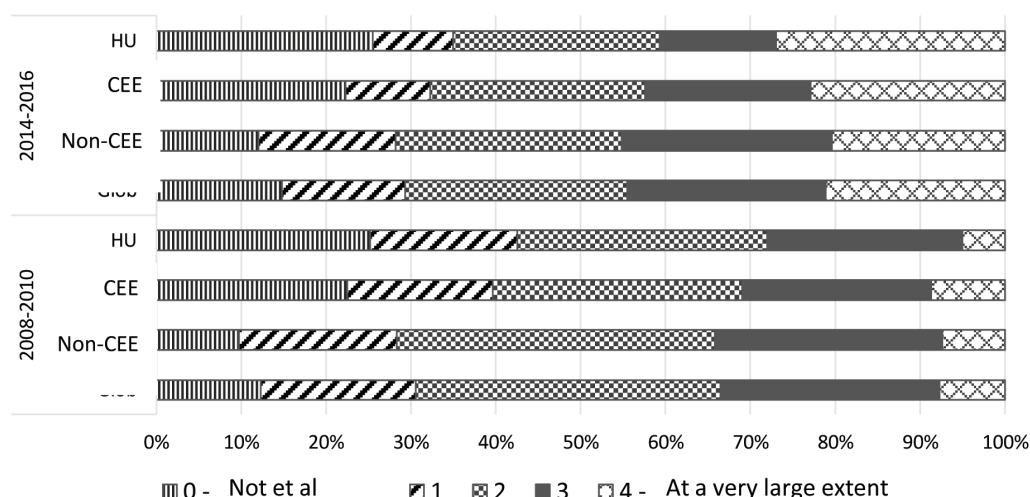


Figure 3.7.: The characteristic proportions of evaluation of HR performances of the respondents (%)

Source: Authors' own research

Based on these questions Figure 3.7 was created. Based on the proportions of the global sample we can state that during the first phase, the crisis years the practice of evaluating the performance of HR function/ professionals is not strong because the ratio of those organizations is the lowest (below 8%) that evaluates the HR performance in large measure within their institution. We can find out from the answers received after the crisis years that 20% of the answering organizations characterize the evaluation of HR performance to a large extent. We could find barely differences between the country-groups.

The powerful changes during the examined periods can be explained by the differences between country-groups. There were vast differences between the proportions of those who did not evaluate at all because the ratio of CEE countries was higher in this segment. Besides the upper re-structuring tendency in the middle ranges, we can experience definite headway in the highest range in every country-group.

On the one hand, it could be highlighted from the sectoral specificities that at the beginning, the evaluation of HR is a more characteristic practice in the public sector than in the private sector. In the private sector, the proportion of those who denote not at all is the highest. Till the end of the examined period, the changes in the private sector seemed stronger because the proportion of the respondents who did not estimate – especially in the companies of the CEE region – definitely decreased while in the public sector it had increasing values. On the other hand – within the respondents who characterize to a large extent – the tendency is opposite because in every country-group the public sector shows development from a low level, but this result is nothing compared to the public sector. In each segment of the private sector, the proportion was increasing during the examined periods.

3.2.2 PARTICIPANTS, LEVELS, AND METHODS OF DECISION-MAKING IN KEY HR FUNCTIONS

In this subchapter, we describe the development of HR practice over time, focusing on the decision-making roles of members of HR professionals. We look for the potential players, kind of methods, and in which hierarchical levels of more prominent organizations decisions are made concerning key HR functions.

3.2.2.1. The decision makers of key HR functions

In the previous subchapter, we analyze the indicators of the importance of HR in organizational life. Based in these we showed what kind of changes they indicated over time in the subsample of the Cranet survey. The investigation introduced the importance of assessment, the roles that HR professionals and leaders play.

Not only HR professionals practice HR within the organizations, the top leaders and the members of the top hierarchy often take part, moreover not rarely they choose the applied principles and methods.

The following subchapter starts with an overview about how and who applies the decision making solutions, who are the decision makers of the key HR functions (remuneration, recruitment, and selection, employment expansion and reduction, learning and development, labor relations).

Below, we make our analysis by differentiating the two central country-group cluster (CEE and Non-CEE countries) because they have already shown definite differences within the global sample.

Table 3.4: The proportion of decision making roles in major questions of crucial HR functions at the answerers

	Remunerations			Recruitment and selection			Employment expansion, reduction			Learning and development			Labor relations		
	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016
Non-CEE countries															
Leaders	16.1%	12.2%	11.9%	15.1%	11.9%	9.9%	19.7%	16.1%	15.3%	14.7%	12.9%	9.9%	19.0%	14.0%	10.1%
Leaders consulting with HR professionals	30.9%	26.9%	25.2%	40.3%	38.4%	37.0%	44.8%	39.3%	39.9%	33.3%	32.6%	37.0%	35.5%	18.1%	16.2%
HR professionals consulting with leaders	37.7%	35.1%	38.0%	35.5%	35.9%	38.3%	27.3%	30.9%	32.2%	40.9%	39.6%	38.3%	35.3%	30.3%	32.1%
HR professionals	15.3%	25.9%	24.9%	9.2%	13.9%	14.7%	8.1%	13.7%	12.6%	11.2%	14.9%	14.7%	10.2%	37.5%	41.6%
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
CEE countries															
Leaders	42.0%	51.7%	43.6%	16.4%	31.3%	19.0%	31.9%	42.6%	38.6%	18.0%	30.3%	19.0%	31.3%	39.3%	28.0%
Leaders consulting with HR professionals	31.7%	24.4%	33.9%	37.7%	29.5%	35.5%	40.8%	27.7%	36.9%	29.6%	26.1%	35.5%	26.6%	17.2%	24.8%
HR professionals consulting with leaders	18.7%	17.9%	17.4%	35.6%	30.4%	35.3%	20.9%	22.4%	19.5%	39.1%	34.0%	35.3%	27.4%	20.9%	20.6%
HR professionals	7.6%	6.1%	5.1%	10.3%	8.8%	10.2%	6.4%	7.3%	5.1%	13.3%	9.6%	10.2%	14.7%	22.6%	26.6%
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Authors' own research

From Table 3.4 it can be concluded that HR decisions are typically the results of the process of mutual conciliation, consultation between the two concerned party – leaders and HR professionals. Almost half of the respondents from the CEE region and almost 70% of the Non-CEE countries stated that even during the crisis years it is true for the decisions of HR principals. That is why they regard HR as an area with shared responsibility.

As it can also be seen from Table 3.4, HR decisions do not always need exclusive HR competence. Only a few respondents have as a common practice decision making authority. Only 10% of HR department professionals of the CEE region decide about the HR decisions in four out of five essential HR functions. The proportion of independent decision making is higher in the case of the HR professionals of Non-CEE countries, but they are similar to the CEE partners in that in most of the functions typically, they do not decide alone. There are different differences between the two country-group during the ten years examined period, and that is why their characterization happens separately:

- In the *Non-CEE countries*, *individual decision making is very rare*, namely when only one potentially affected party decides principals of the critical function of HR *independently* the proportion of those respondents who stated that decisions made by exclusively a leader of HR professional in most of the HR functions during all three examined period the is just around 10%.

- Regarding the changing direction, it can be stated almost about all HR functions, that the decision making (independent and after consultation) role of leaders is continuously decreasing to a small scale while the role of HR professionals is strengthening. After the consolidation and consultation with the other party in the case of employment expansion and reduction, recruitment and selection managers decide about the principal questions. In the themes of remuneration and benefits, learning and development and labor relations the final decision is made mostly by HR professionals.
- In the determined amount of respondents of the CEE region, the leaders (managers) are those who make decisions in major questions of crucial HR functions independently of after consultation with HR professionals, which is different from the previously analyzed practice. We can state that there is a fluctuation about the determining role of leaders of the HR functions however the proportion of their role is relatively similar at the beginning and the end of the examined period. During the crisis years, the respondents marked a strong change in all of the analyzed functional areas into the direction of decisions made independently by leaders. The decision-making freedom of HR professionals is very limited in this region because less than 10% of the respondents stated that HR professionals make independent decisions about any of the HR functions in any periods. The only exception is the area of the labor relations where the proportion of opportunity for independent decision making is increasing until the end of the period it affected almost $\frac{1}{4}$ of the respondents. This level is good and improving value only by comparing it to the ratio of other HR function. Their partners, the leaders made an independent decision about labor relations in more than 40% of the respondents during the two examined period. The HR professionals of the respondents of Non-CEE countries made use of this possibility in at least 10-15%-point more in the last two periods.
- There was no separate column for the Hungarian data in Table 3.4. Their information is part of the CEE countries data. We can state that the role of leaders in decision making about employment and remuneration even in learning and development is more strong and the role of HR professionals is weaker in decision making than previously.

3.2.2.2. Decision-making levels of HR policy development in big-sized organizations

The above-introduced HR players and roles revolve, change and further differentiate when we analyze big-sized organizations, institutions which has a nationwide or international network, center or daughter companies, divisions, or even parks. We can have a picture of the typical decision-making levels of HR functions of these big-sized organizations with the help of global data of Table 3.5.

The proportion of companies whose decisions are made *in international centers* is the lowest and the changing tendency during the crisis years showed a strengthening centralization in the case of almost all HR function. The most striking among these with its around 20% proportion are those respondents who stated central decisions about leader-development.

The ratio is the highest (around 40-50%) for the respondents who indicated HR decision making *in national centers*. The fluctuations over time for these can be neglected, but they report the highest proportionate central HR decisions about remunerations and benefits.

On the second place in the occurrence ranking of the respondents with the varying variable, we can find the *lowest organizational level*. From the HR functions that can be marked, in strengthening proportion they decide about learning and development, labor relations and recruitment and selection on this level.

The proportion of the respondents who marked *daughter companies and divisions* as the place where decision making is happening is slightly below from the above mentioned lowest organizational level. Almost 1/5 of the respondents stated that the questions about recruitment and selection and learning and development are handled at this level.

The tendencies and proportions are very similar in the different regions and Hungary in most of the cases.

Table 3.5: The proportion of decision-making levels of HR policy development in respondents of the big organizations

	Remunerations			Recruitment and selection			Employment expansion, reduction			Learning and development			Leadership development			Labor relations		
	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016	2004–2005	2008–2010	2014–2016
In the international center	13.0%	16.6%	16.0%	16.0%	7.4%	8.1%	14.1%	17.7%	14.2%	7.8%	11.3%	10.5%	18.6%	20.3%	18.5%	5.3%	7.6%	6.3%
In national center	54.2%	52.1%	52.0%	52.0%	41.2%	41.7%	41.1%	40.4%	44.1%	40.1%	40.8%	41.5%	44.6%	46.0%	44.9%	45.6%	45.6%	47.1%
In subsidiary company/division	14.5%	15.2%	13.7%	13.7%	23.2%	21.2%	19.6%	21.1%	18.3%	21.5%	22.3%	20.8%	15.1%	15.6%	15.3%	19.2%	20.7%	20.3%
In the organization. local office	18.3%	16.1%	18.3%	18.3%	28.3%	29.0%	25.2%	20.7%	23.4%	30.6%	25.6%	27.2%	21.7%	18.1%	21.3%	29.9%	26.2%	26.4%
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Authors' own research

3.2.3 INFORMATIONAL AND EXTERNAL SUPPORT OF HR JOB

The focus of the previous subchapter was that who, in which way and how much can influence HR practice with their decisions. In the followings part, we will introduce the characteristics of the implementers, supporters and the technical apparatus.

3.2.3.1. The external providers of HR, the role of outsourcing in HR

Around the millennium, organizations and institutions see outsourcing as one of the practical solutions for efficiency-improvement. The circle of the people who participate in carrying out HR works is also increasing because the outsourcing practice appeared in the case of non- strategic mostly administrative HR works. Because of this, it became characteristic for one part of HR jobs to involve external providers. In the first (2004-2005) examined round of Cranet survey, the researchers investigated the application measurements of external providers during HR practices such as payrolls, pensions, learning and development, outplacement, development, implementation, and operations of HR informational systems. During the analysis, they examined different tendencies and characteristics of HR areas within the different country-groups. In the second analyzed round, the list of examination revolves with recruitment and selection and between 2014 and 2016 it even asked about the HR Call Centers. Not only the number of asked areas expanded but also the answering methods were changed within the surveys. Because of the uniform interpretation and analyzing opportunities of the answers, Table 3.6 shows the sample weight and proportion of the respondents who work on the given HR area without the help of external service providers.

Thus, based on the interpreted answers by analyzing the global sample, it can be stated that in the middle of the first decade of the millennium, typically there was relatively large diversity in the case of service types and HR areas. Most of the respondents (60-90% of the respondents) used some help from external service providers because only the 10-40% of the respondents were able to operate HR without any kind of outsourcing. The characteristic HR functions in which companies asked for external help were the learning and development

and HR informational systems, only 11.4% of the respondents worked without external help for learning and development, and 25.9% of them worked without the outsourcing of HR information systems.

We can state from the above-explained characteristics of the global sample that it showed the tendencies of the Non-CEE countries as well – in a slightly modified way. The CEE countries, except from the top two areas of the ranking (learning and development and HR information system), can be characterized with a much lower level of outsourcing. 50-60% of the respondent – in Hungary it is a little bit lower – handle all the other HR functions inside the organizations.

Table 3.6: Proportion of respondents of the sample who operates HR functions without outsourcing

HR functions	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Payroll	41.1%	39.6%	54.5%	60.3%	69.3%	66.8%	79.4%	53.0%	71.7%	69.1%	78.8%	51.5%
Pensions	33.1%	29.3%	64.5%	65.5%	51.3%	45.3%	76.0%	50.4%	56.8%	48.3%	80.1%	61.8%
Benefits	36.4%	34.4%	52.3%	50.0%	66.8%	64.1%	77.9%	67.4%	68.9%	64.4%	81.1%	73.8%
Learning and development	11.4%	11.2%	13.3%	12.1%	36.4%	36.5%	36.0%	32.3%	37.3%	36.7%	39.2%	50.9%
Axe/outplacement	43.3%	41.3%	60.5%	62.1%	73.0%	69.4%	87.2%	87.1%	73.1%	68.2%	86.2%	88.6%
HR Information System HRIS	25.9%	25.3%	30.9%	19.0%	58.5%	58.5%	58.9%	65.9%	55.5%	54.9%	57.2%	72.1%
Recruitment	n.d.	n.d.	n.d.	n.d.	47.2%	46.4%	50.6%	56.6%	51.1%	48.3%	58.9%	61.9%
Selection	n.d.	n.d.	n.d.	n.d.	68.2%	67.6%	70.2%	72.4%	69.5%	67.9%	73.9%	76.7%
HR Call Center	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	86.5%	86.9%	85.3%	90.3%

Source: Authors' own research

During the examined crisis years there has been a fundamental change in the above-explained characteristics and proportions. Meanwhile the ranking of the HR areas, which were affected by the outsourcing, just barely changed the proportion of respondents without any kind of external HR service providers drastically increased. 60-70% of the companies of the global sample operates HR areas without the support of external HR organization except in the case of the areas of learning and development, pension and recruitment. While the direction of the change is the same for both of the two main country-group, the proportion of companies without any outsourcing activities are significantly more extensive in CEE countries than in the Non-CEE countries.

In the last phase of the analyzing cycle, the ratios did not change back to the pre-crisis proportions. Moreover, it will be more characteristic for respondent organizations to operate HR areas without outsourcing. The practical solutions caused by the outsourcing tide did not return until the middle of the second decade of the millennium.

3.2.3.2. The modern parts of the HR information system

The modern information equipment and solutions offer support for decision-making processes through more precise and fast, accessible information and by this, they offer a more efficient operation and goal achievement. With the help of modern information communication tools, the effectiveness of traditional HR functions can be increased, some of them can be entirely replaced (such as self-serving HR solutions) while other can be supported in significant extent and their efficiency can be enhanced.

The *information technology support* of HR helps to manage the organizations in numerous areas. This can be the analysis of the composition of labor, finding the future employee with appropriate qualifications, doing transparent and reliable accounting functions about human resources. IT supports the further training, the assessment of career plans, the forecasting of migration. Because of this most of the previously manually recorded data is handled with the support of electronic HR information systems. In addition to this, new

equipment helps the work of employees and leaders by offering self-service, direct access, more efficient application support, faster and more efficient access to up-to-date HR databases and they are spreading fast.

These fast-changing trends are happening with the help of changing questions in the Cranet survey. The questions from the beginning of the millennium were asked about the level of computerization of HR information systems and whether these systems are integrated or work independently. These improved by further opportunities in the second examined period (2008–2010). In the last period, the respondents had to answer only to one question whether they use computer-based electronic HR information systems or self-service systems for leader and/or workers.

Table 3.7: Usage proportion of HR information systems in case of the different respondents

	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
IT based/ electronical HR information system	80.2%	80.4%	78.4%	62.1%	81.8%	84.1%	73.2%	56.3%	70.8%	72.1%	67.3%	66.3%
Self-service system of leaders	n.d.	n.d.	n.d.	n.d.	48.3%	51.6%	33.2%	33.3%	41.7%	47.7%	25.8%	27.4%
Self-service system of employees	n.d.	n.d.	n.d.	n.d.	39.3%	43.8%	18.4%	17.1%	44.0%	51.8%	22.9%	28.5%

Source: Authors' own research

In the global sample of the twenty-first-century analysis, the data of the first row of Table 3.7 shows that the *vast majority (70–80%) of the respondents use their HR information system with the support of electronic equipment*. The difference between the country-groups shows the so-called common direction because the proportion of the Non-CEE countries who do not have modern information support exceed the CEE countries'. The differences between the examined country-groups increased in the middle of the period because while in Non-CEE countries the proportion of respondents who said yes increased than in the CEE region it slightly decreased. The non-significant differences between the answers in the two examined periods can be the results of the changes in the questioning technique. The decrease in the data of both of the two big country-group in the last examined period was a surprise, and it is hardly explainable except with the differences in the sample of respondents or with the different method of questioning.

This decreasing tendency realized during the last two periods, appears in two other modern information support systems – self-service solutions for leaders and workers. In these cases, the circle of those who use it is relatively narrow because their proportion within the global sample is only between 40–50%. In the first examined period, the ratio of respondents who used self-service solutions for leaders was higher while during the latest examination the proportion of those respondents are higher who use self-service systems for workers. The proportion of users are higher in Non-CEE countries than in the CEE region. The ratio of respondents of Hungary shows a slightly different direction from the CEE level in the last period.

We show the HR practice about the informational support of HR work in Table 3.8 where we introduce the similarities and differences between the private and public sector.

Table 3.8: The proportion of usage of HR information system in respondents of the private and public sector

	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Private sector								
IT based/electronic HR information system	81.1%	83.9%	70.7%	50.5%	70.1%	71.5%	66.4%	60.4%
Self-service system of leaders	47.9%	50.6%	35.2%	40.4%	41.0%	45.9%	28.5%	34.9%
Self-service system of employees	36.8%	40.6%	19.3%	21.3%	41.7%	48.6%	23.5%	33.5%
Public sector								
IT based/electronic HR information system	85.5%	87.9%	75.8%	69.0%	72.2%	73.7%	69.0%	79.1%
Self-service system of leaders	52.9%	58.3%	26.1%	20.0%	43.3%	53.5%	20.0%	14.1%
Self-service system of employees	50.6%	57.0%	19.9%	15.0%	50.0%	61.9%	22.9%	21.4%

Source: Authors' own research

The first conspicuous characteristic difference for both periods and all examined country-group can be found in the institutions of the public sector. In the public sector, the proportion of electronic support of HR systems is higher. In the global sample and Non-CEE countries, the difference between the sectors has similar directions in the case of those who use both self-service systems. The ratio of users did not reach 60% in the first period. In the beginning, the self-service systems for leaders were spreading based on the answers of the respondents of the public sector. Later, the ratio of those who operate with self-service systems for workers increased above 60%.

In the CEE countries including Hungary, the previous trend of higher rate in the usage of self-service systems in the public sector does not exceed the proportion of the private sector. In CEE countries the private sector's user has a higher proportion than in the public sector, but they still significantly lag behind the Non-CEE countries.

3.3 CLOSING COMMENTS

One of the determining factors of human resources management is the position of HR job, the importance of HR within an institution, namely the organizational position of the HR function and department. From this point of view, it is especially exciting to analyze the situation of the emerging Central and Eastern European countries. In these countries after the change of regime – primarily because of the spreading of the appearing multinational companies – the human resources management has undergone an enormous transformation. Previously HR was characterized with political intentions and administrative work in this region, but after the change of regime, a new way of HRM started increasingly spreading, which has the economic orientation in mind and focusing on performance.

The inflow of working capital, management knowledge and practice had a significant impact on the mode of operations of the region's organizations. From the '90, HRM became an essential part of corporate management. The Central-Eastern-European region can be characterized by significant structural, institutional and configurationally differences in comparison with other regions. It shows significant differences in HRM practices, as well (Morley et al., 2009). While it is evident that from where the region countries developed but we do not know precisely the future direction of them, whether they represent the new form of the capitalist economy while the recent economic crisis strengthened the differences between the countries (Brewster et al., 2010). This makes the analysis of human resource practices and the comparison with other regions reasonable and relevant.

Characteristics and organizational positions of HR departments and HR professionals

The most fundamental question about the organizational position of HR whether there is an independent HR position or HR department within the organization. If they have, how big it was, how many HR professionals were employed. Fejfarová and Urbancová (2016) analyzed Czech small and medium-sized companies in order to investigate the relationship between competitiveness and HR. They confirmed that from a competitive point of view of the company it is significant whether they operate a separate HR division and what kind of positions HR managers have within top management.

Based on the global sample of Cranet we can state that 80-90% of the respondent organizations have independent HR professional of the HR department, but this proportion slightly decreased during the crisis. The reason behind this is probably the economic difficulties. The drawback was unconscionable primarily in the private sector in CEE countries involving Hungary. It introduced the fact that the HR area – especially in an economically less developed region – is impacted by the changes caused by different economic situations. Until today, 1/5 of the organizations of Cranet survey (based on the survey method, they employed at least 100 people) operate without HR professional in the CEE region and Hungary. In the other examined countries only 6% of the respondents do not employ HR professionals. Beside this, we can state that in CEE countries, even if the respondent has an HR department (or employs HR professionals), they employ fewer professionals than in other regions. In Non-CEE countries, during the crisis, the number of people employed by HR departments had a fallback both in the private and public sector, as well. In the last period, this showed an increasing tendency while in CEE countries it showed a decrease in comparison to the situation before the crisis. The organizations of the Hungarian public sector are an exception because they have similar changes as the Non-CEE countries after the crisis years.

The results of the survey show that there is an escalating predominance of females within the HR profession, 3/4 of all HR professionals are females nowadays. This is true for the CEE countries, and because of that, it is more accurate in Hungary. 2/3 of the respondent HR leaders are promoted from the circle of HR professionals and primarily from external sources. This is especially true in Non-CEE country-groups where in the process of leader selection professional background is a more prominent aspect than in the organizations of the CEE region. In CEE countries it is more deterministic to select people or promote employees from inside the company because they build on organizational loyalty more strongly than on professional competence. Because of that, the question arises beside these conditions how much space is left for the application of world-class, professionally appropriate and well-tried HR practices.

Ulrich and Grochowski (2018) analyzed the HR practices of the last 30 years. They identified HR reputation (recognition of HR department) as the primary dimension of HR contribution to business success. One of the most crucial aspects of this whether the leader of the HR department (the person who is responsible for HR cases) has a position within the circle of top management or not. This shows the taken position of HR department within the organizational hierarchy and the significance, role of human resources management within the operation of the organization. Nowadays, more than 60% of the organizations within the Cranet survey, the leader of the HR department is part of the top management who they can represent professional HR views on the top level. In the examined periods most of the leaders of HR departments within the private sector this is characteristic. The CEE countries are lagging behind: the proportion of HR leader within top management is lower in all three examined period than in Non-CEE countries.

Karami et al. (2015) concluded in their paper that the application of HR practices that fit the business strategy could improve the success rate of the company unequivocally. Many other types of research stated that from a strategic point of view the cooperation as partners between line managers and HR leaders plays a crucial role in achieving business goals (Bondarouk et al., 2017, McCracken et al., 2017). Trullen et al., (2016) made a conclusion based on the research what they did with big Spanish companies, that if top management handles HR as a strategic partner, then it contributes to the increase of organizational performance. That is why the authors offer the active involvement of the HR department into strategic processes. The involvement starts with another critical indicator about the organizational role of HR is whether it HR or the leader of HR is involved

in the development of organizational strategy or not and if yes in which phase the involvement happens. 90% of the respondents of the examined organizations of the Cranet survey involve HR to some extent in some phase in both of the country groups. Only 10% of the companies do not involve HR in any level. In our region and Hungary, it is barely characteristic to involve – HR perspectives will not validate in strategy making - the responsible HR professional from the starting point. This means that the countries of the region are lack behind than the others in HR integration, and we can state this as a fact – as we saw before – that this alone can have a severe impact on organizational performance and business success. All of this suggests that the statement of Nanzin and Hussain (2016) is relevant in our region. HR departments have to fight against organizational resistance, and they have to prove how HR strategy contributes to the support of business strategy. We can agree with the authors' proposal to achieve this, HR professionals have to convince primarily top managers about the importance of HR professionals' involvement in the process of strategic decision making and business planning.

In relation with the efficient operation of the HR department, Ulrich and Grochowski (2018) identified HR strategy as the most critical dimension. The proportion of companies with written HR strategy and because of this high formalization of implementing the purposes of HR jobs was higher in the last examined period than in the previous one in both of the analyzed country groups. In the CEE region the changing rate was even higher than in non-CEE countries. Although our region (CEE) is still behind, the differenced are clearly decreasing because of that we can state that the region is catching up. This is in line with the previous results of Lazarova et al. (2013), and this shows the continuity of the identified trend.

In the period after the crisis, the proportion of those organizations where it is characteristic to evaluate HR performance significantly increased in comparison to the previous periods in both country-groups. Nowadays 1/5 of the organizations have some kind of performance evaluation. The changes are stronger in the private sector than in the other sectors. The proportion of those who do not evaluate at all is deterministically decreasing mostly in the CEE region. In the public sector, the proportion of the non-evaluators are slightly increasing. The tendency is the opposite in the case of organizations which use performance appraisals to a great extent. This means that in the public sector, and even in our region, the evaluation of the performance of HR job comes into prominence. This can play a significant role in strengthening the influence, recognition, and significance of the organizational HR function.

Levels and players of decision-making in key HR

In the previous subchapters we showed that project (Keegan et al., 2012), line, middle managers and top leaders are essential players of the HR coordination besides HR professionals Gilbert et al., 2015; Townsend et al., 2012; Purcell – Hutchinson, 2007).

The decision making and its implementation of human resources management is not exclusively the job and competence of HR professionals; necessarily others have to participate in it, as well. Because of that, we should see HR as a shared function, which can be explained as a common contribution of many players. The top leaders of organizations, institutions and the employees from the different levels of leadership hierarchy equally play an important role. Without their active contribution, the development and implementation of human organizational policy are unthinkable.

In this chapter, the examination also covered whether is there any consultation, conciliation process between the leaders and HR professionals during decision making about key HR functions (such as remunerations and benefits, recruitment and selections, employment expansion and reduction, learning and development, labor relations) or the HR professionals have some kind of autonomy.

We have seen that, in 2/3 of the respondent organization of non-CEE countries, in most of the key HR functions these decisions are made as a result of a common consultation process. Because of that the role of leaders within decision making is slightly but continuously decreasing while the role of HR professionals is strengthening. We can see a different tendency in the CEE region. The decisions are primarily in the hands of the leaders in most of the HR areas, and they make their decisions independently or after consultation of HR professionals.

In the period of the crisis, it can be observed particularly that in a significant proportion of the organizations, leaders took in entirely the decision right about HR areas. In Hungary, the decision role of leaders is more strongly appears than in the total sample of CEE in the case of HR decisions about employment, remuneration, learning, and development.

External and information support of HR job

In our fast-changing work, the possession of information has become a critical part of obtaining a competitive advantage for the organizations which are impossible without using modern informational solutions. Because of that, the level of information support of the HR department within the organization is a crucial factor. Nowadays, 2/3 of the respondent organizations of Cranet survey use electronic HR information systems. In this area, there is no significant fall back in our region nor Hungary in comparison to the other countries. The proportion of non-CEE countries which use HRIS is slightly higher than the ratio in CEE countries. If we take into consideration that the companies with a small number of employees have a more significant proportion within the Hungarian and CEE sample, we can count this result as sound. Bondarouk et al. (2017) stated that with the spreading of self-service e- HRM systems even the employees became important HR players. The relatively new leader and employee self-service solutions are mostly used in non-CEE countries. 50% of the organizations use self-service solutions in non-CEE countries while in our region only around ¼ of the institutions use this new opportunity. External players can also participate in the implementation of HR works. HR consultants and other external service providers (Patel et al., 2017) became significant supporters of organizational HR jobs, and with this, they became a deterministic market participant. HR consulting is a specialized area of management consulting. It consists of headhunters, training and development companies, HR administrators, employment agencies, informational service providers who specialized in HR, and outsourcing providers whose proportion has increased in the last years. In the Middle Eastern European region – including Hungary – human resource consulting became a typical professional service only after the regime change. They were able to reach the level of developed countries only after these years which meant a greater pace of development.

The impact of the crisis strongly appeared in the results of the Cranet survey. The proportion of respondents who used external service providers decreased – to the half or two third – in most of the HR areas until 2008-2009. Based on the last survey we can state that there were in total no changes in most of the service areas: even today external providers provide services in high proportion in the area of learning and development. This is not surprising if we think over that the implementation of a given training needs unique competencies and knowledge and that is why it is more valuable to employ specialized institutions and professionals rather than internal experts. In the CEE countries, the circle of organizations who do not employ external consultants is rather more extensive than in the other country group. The lagging of our region in this area is continuously increasing. The values of Hungary are significantly higher than the regional average, and it is still showing some fall back. The lagging in case of pieces of training is especially trivial and critical in our region and Hungary.

Training means an enormous cost for the companies that is why if they had problems, they often decreased their costs in this area. In a more extended time period, this is unprofitable because by this the knowledge and human assets, capital of the organization is not increasing but decreasing. That is why those managers who do not understand the importance of learning and development will decrease the value of the shareholders (Kotler – Caslione, 2011). Another interesting fact that the employment rate of HR information consultants just merely changed, in every examined country groups, the number of the consultants stayed at a lower level which was the result of the financial crisis. This is probably the results of the fact that the significant HRIS developments as part of the integrated ERP systems have previously implemented a significant proportion of the companies. Because of the intensive application of these systems at the beginning of 2000, their usage is no longer critical.

Although the HR activities are not merely and not primarily the work of HR professionals and employees, it is also a managerial task. It is desired for the professional knowledge of HR professionals to take place and play an essential role in the top management of the company and strategy development. With this, the viewpoint of top management will take part in the operation of HR (Bakacsi et al., 2000). If we start from the role model

of Ulrich (1998), we need to strengthen the role of HR as a strategic partner in the organizations of the region and not least in Hungary. Our opinion is that the appropriate training and further developments of HR professionals and CEOs can be an essential factor for the regional companies in order to catch up with the practice of the economically developed regions. To achieve this, it is necessary to change the attitudes of the small and medium-sized companies namely the SME sector. In this segment, the most pressing task is mastering the modern HR and management knowledge and techniques because our previous surveys also demonstrated that the larger the company, the stronger the HR position and strategic role. The advisory profession should be highlighted as well because for them – outside the circle of multinational and big-sized companies – it is an enormous opportunity and challenge to spread modern HR knowledge and practices more widely. It would be essential to get over the situation that HR professionals in Hungarian companies are mostly dealing with administration, and HR function does not play a strategic role within the organizations based on the research results of today's surveys (Chikán, 2008:297).

4 STAFFING PRACTICE AND ATYPICAL FORMS OF EMPLOYMENT

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Organizational performance can only arise as a result of the performance of individual people, so it is indisputable: the value creation ability of the organization depends on the people working in organizations, their work performance, their knowledge, their skills, their attitude to work. Peoples' professional knowledge, value-creating ability can also be regarded as the human capital available to organizations. Human capital can therefore be interpreted as a combination of intangible resources owned by the members of the organization. Representatives of human capital theory emphasize the economic importance of human capital, and this is said to play an increasingly important role in the modernizing economy. This includes competencies, attitudes (such as motivation), but also the ability to innovate. On the basis of these, human knowledge manifested in the organization's activities and outputs is one of the most important, if not the most important, guarantees of long-term survival of the organization.

From the point of view of management, it is therefore crucial for an organization to find, attract and retain the employees with the competencies it needs to meet its goals. Thus, HR activities such as finding, selecting and optimal employment of workforce with the right skills and motivation have become not only essential but also a strategic issue. However, inadequate recruitment and selection work can have negative effects. Employees who do not match optimally with organizational values, goals, and job expectations, and the inadequate quality of work resulting from them hinder the organization's purposeful operation. This ultimately affects the satisfaction of customers and clients and the market position of the organization. Therefore, any decision and activity that is directed to meeting the human resource needs of the organization can be considered a critical area of HRM.

Our chapter focuses on input elements of recruitment, recruitment and selection, as well as various forms of flexible or otherwise atypical forms of employment.

4.1 STAFFING PRACTICE AND THE USE OF ATYPICAL FORMS OF EMPLOYMENT

Our chapter is specific in relation to the other topics discussed in this book, that in addition to empirical research on corporate practice, also results of global and regional macro-level studies are available for certain topics in this chapter.

Since the change in the number of employees at the macroeconomic level and atypical employment are topics that are at the heart of domestic and international employment policies, it is worth examining them in comparison with the comprehensive data of labor organizations. As a result, we will see to what extent the patterns of the organizations participating in the Cranet survey follow general economic trends. The other major topic in this chapter are the sources and methods of recruitment and selection. We do not have full-scale empirical research, as described above, so connected with these HR activities we will highlight the most relevant, best-comparable research available in domestic and international literature.

4.2 CHANGES IN THE NUMBER OF EMPLOYEES IN THE ECONOMY

The International Labor Organization (ILO) publishes global and regional employment data that are comparable to the period and territorial classification of the Cranet research (ILO, 2017) reviewed in our book, in a worldwide publication on employment, social prospects and trends. The data refer to the period 2000-2018, the last years of the period include ILO forecasts.

At the global level, it can be observed during the period under review that employment is showing a steady upward trend, almost independently from local phenomena, either in larger regional areas, or from global phenomena (Figure 4.1). The ILO expects the number of employees to rise from 2.7 billion in 2000 to about 3.4 billion in 2018. The impact of the 2008 economic crisis on the chart is seen in the 2009-2010 stagnation, with the exception of these years, there is a world-wide growth in employment. In parallel, a significant increase in unemployment can be observed between 2007 and 2010.

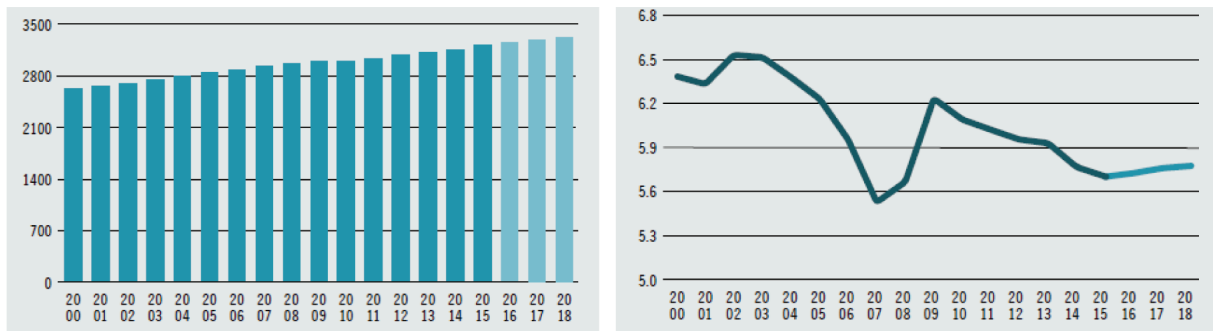


Figure 4.1: World's Total employment (millions) and unemployment rate (%), 2000–2018
Source: World Employment and Social Outlook: Trends 2017. International Labour Office. Genf, 41.

In connection with global data, it is worth mentioning the relationships between macro-level employment data and specific corporate HR processes. The US central bank, FED which is the bank of issue, examines one of the key areas of corporate fluctuation, the issue of voluntary departure of organizations based on individual decision making. The number of those who voluntarily leave an enterprise depends on macroeconomic indicators, thus primarily on unemployment: higher labor demand (lower unemployment) at macro level leads to an increase of those who voluntarily abandon, while in a labor market characterized by high unemployment and shrinking labor opportunities, the number of workers who voluntarily leave an organization has a decreasing tendency (Klein, 2017).

Returning to the territorial focus of studies, when we look at employment in Northern, Southern and Western Europe, we can see a significantly different pattern from global processes (Figure 4.2). Between 2000 and 2008, there is a steady increase in the number of employees. Subsequently, employment decreases between 2009 and 2013, while unemployment rises sharply. The post-2014 period, according to observed data and ILO estimates, shows a much lower, but similarly, steady growth that we experienced in the pre-crisis period. The authors of the ILO study note that growth in the region will slow down after 2016, with lower growth prospects in the near future (ILO, 2017).

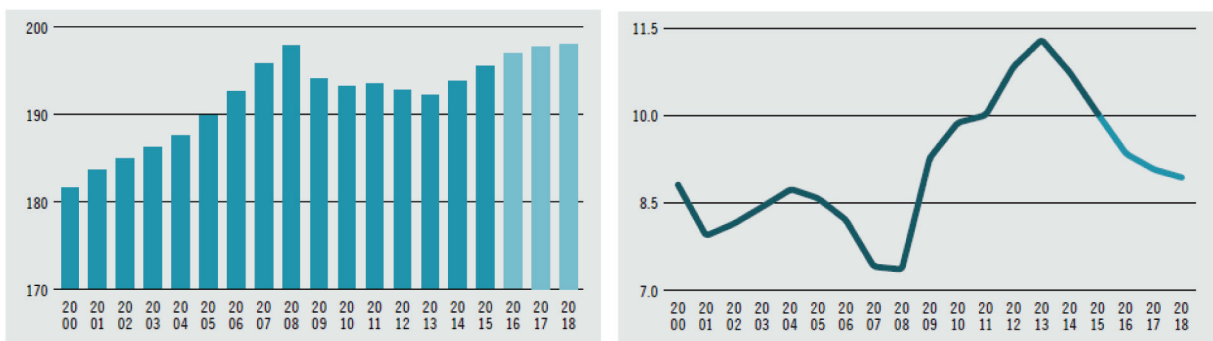


Figure 4.2: Total employment (millions) and unemployment rate (%) in Northern, Southern and Western Europe, 2000–2018
Source: World Employment and Social Outlook: Trends 2017. International Labour Office. Genf, p. 50.

It is interesting to compare the Eastern European data with these. (In the ILO classification this region includes the following countries: Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russian Federation, Slovakia and the Ukraine). Here, between 2001 and 2008, with one year's difference compared to what was observed in the other half of Europe, the number of employed people continued to increase, while unemployment declined (Figure 4.3). After a one-year intensive downturn, the 2008 crisis resulted in a less protracted decline in employment data, followed by stabilization and a slight increase in the number of employees (although the pre-crisis level was not achieved by 2014). Economic growth prospects and employment prospects in the short term (2014-2018) are negative in the region.

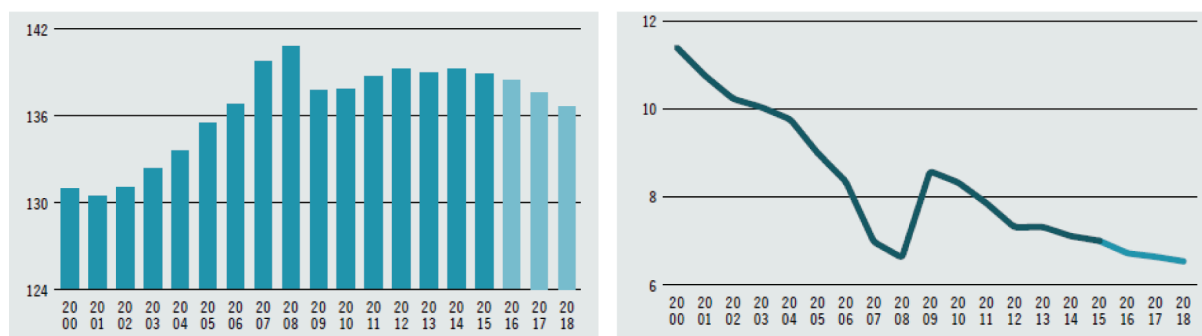


Figure 4.3: Total employment (millions) and unemployment rate (%) in Eastern Europe, 2000–2018
Source: *World Employment and Social Outlook: Trends 2017*. International Labour Office. Genf, p. 51.

In terms of the number of employees in the Eastern European region, Hungary had a special track in the three Cranet surveys examined. In Hungary, the slowdown in the number of employees started already in 2006, which lasted until 2010 (Figure 4.4). In the subsequent period, a part of the rapid employment growth occurred in the market sector, but at the same time the increase in the number of public employees also represented a significant proportion.

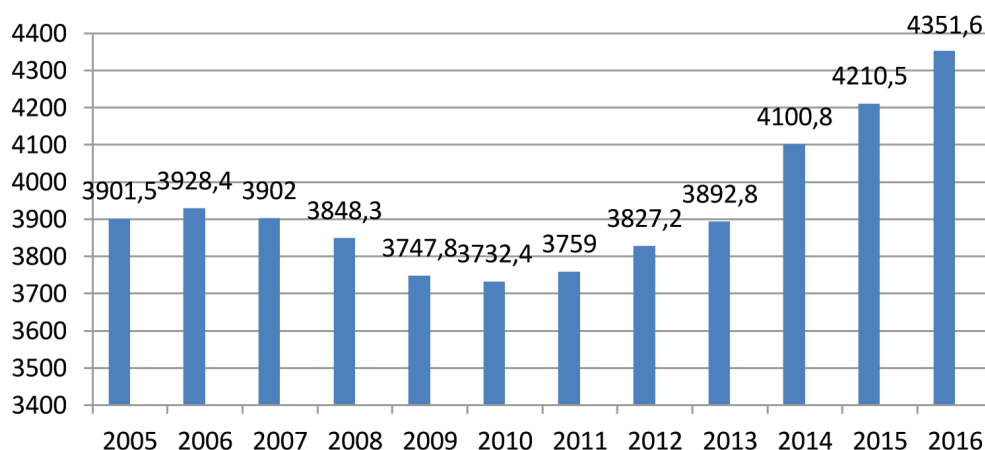


Figure 4.4: Change in the Total employment (thousands) in Hungary between 2005 and 2016
Source: Nemeskéri Zs. (2018): *Foglalkoztatáspolitikai Magyarországon (Employment policy in Hungary)*. In Sebők M. (ed.): *A munka világa a 21. század elején (The world of work at the beginning of the 21st century)*. Saxum Kiadó. Budapest, p. 197.

In addition to the publications of the Hungarian Central Statistical Office (HCSO) for Hungarian HR professionals, the Institute for Economic and Enterprise Research of the Hungarian Chamber of Commerce and Industry – hereinafter IEER – also provides annual short-term labor market forecasts from 2006 if you want to follow the tendencies of changes in the number of employees. The IEER large-sample analysis based on enterprise queries, with the help of a survey of 6,000-8,000 companies, presents the processes of change

in the number of employees and related recruitment problems. As a curiosity, we only highlight one statement here: the studies well document that the labor shortage in the domestic competitive sector was constantly present even with a lower number of employees. True, while in 2006, 17% of companies indicated that they were suffering from a persistent shortage of labor, in 2017 it already increased to 44%. Figure 4.5 shows that the proportion of companies that detect labor shortages is increasing from 2013, which is followed by the start of the growth trend for the employees with an approx. two-year delay.

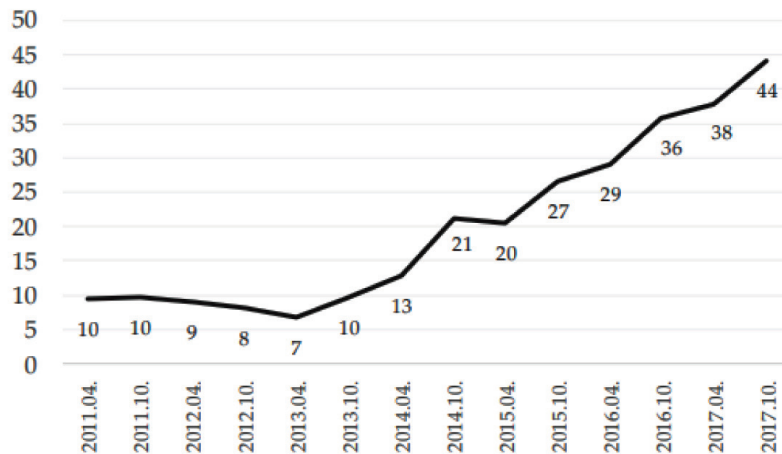


Figure 4.5: Proportion of firms detecting skill gaps and labour shortages according to the half-yearly Economic Situation Report of the GVI (%)

Source: Rövidtávú munkaerő-piaci prognózis (Short-term labour market forecast) – 2018. Magyar Kereskedelmi és Iparkamara Gazdaság- és Vállalkozáselemző Intézet (The Hungarian Chamber of Commerce and Industry, Institute for Economic and Business Analysis (GVI)). Budapest. p. 86.

Knowledge of this type of relationship is especially useful for corporate HR professionals in determining the tools of retention, recruitment and selection in a changing economic environment. The Cranet research also examines trends in headcount change to prove these links. In the next section, therefore, we will present the results of research into ways of handling the changes in the number of employees.

4.3 DEVELOPMENT OF METHODS USED IN RECRUITMENT

The main aim of our literature research in this field was to present the extremely diverse international and domestic literature sources and consultancy studies that contain results that are comparable to the Cranet research in terms of content and structure. (Over the past 10 years, thousands of articles have been published in specialized journals.) We have a lot of accessible data on external service providers in recruitment and selection. Some of these, such as those in the Manpower Total Workforce Index, are not comparable to Cranet research data, and are not included in this chapter - despite the fact that they show the trends of the last decade in the field of recruitment well. For our readers who are curious about the actual, theoretical knowledge of the topic while studying the practical experience, we recommend another paper of our team (see Karoliny - Ásványi - Bálint, 2017).

As the first of the surveys we review the data of the 2017 survey of SilkRoad strategic personnel recruitment software company with the title “Sources of Hire” (SilkRoad, 2017). The size of databases accessible and processed for research by the company offering IT solutions is well illustrated by the fact that the global sample underlying the study includes data from over 14 million applicants, 655,000 interviews and 329,000 registered employees; these have been collected from more than a thousand companies. The primary aim of this study is to identify data-based recruitment methods and good practices. The importance of this topic is indicated by the fact that, according to industrial actors, 92% of all employers expect in 2018 that their recruitment activities would be conducted in a more competitive market than ever before (Mercer, 2017).

Unlike general research, the scope of recruitment resources is interpreted by the resources used by companies for recruitment. In the case of internal resources, the company carries out the recruitment activities relying on its internal resources - including the selection from existing employees, the recommendations of the employees, the candidates recruited by the recruitment company staff, and the applicants through the corporate website. Accordingly, external resources represent recruitment activities using external resources. In the division, consulting firms, job portals and social media appear as external sources.

In terms of the comparison of the external and internal recruitment resources thus determined, the study concludes that while 62% of all interviewed candidates come from external sources (i.e. only 38% from internal ones), the ratio is now reversed by companies: 52% of the candidates from their sources fill the vacant positions, while only 48% of the posts are filled from external sources. In recent years, the most important source of internal resources has been employee recommendations, with only 5% increase in job vacancies over this year. In 2017, the ranking of internal recruitment resources based on the proportion of employees recruited was as follows:

- 45% employee recommendations
- 21% of existing employees
- 19% HR department recruitment activity
- 14% corporate career website,
- 1% other.

According to the research, the order of the external job portals is: Indeed, Craigslist, Monster, LinkedIn, Glassdoor, CareerBuilder. An interesting finding in the study is that recruitment from external sources is much less time and cost effective. While recruiting with an external source for a single recruitment needs 33 candidates and 3 interviews, those relying on internal resources require 9 candidates and 2 interviews. That is, in case of an external source search, four times as much data must be dealt with and twice as many interviews are needed to find the right candidate. Similar trends can be observed in the comparison of online and offline methods: while 86% of the reviewed interviews were conducted online and only 14% were personally, these figures were 72% and 28% in the case of the employed workers.

Another research (GRS, 2016) examined the current practice of 998 recruitment specialists. According to the respondents, in 2016, the following recruitment channels and methods were used to find most of the recruits:

- 37% social media
- 26% paid job portals
- 11% corporate websites, apps and career portals
- 9% internal recommendations or former employees
- 3% recruiting agencies
- 3% free job portals.
- 1% other.

In spite of the clear superiority of internet methods regarding resources, the study showed that 72% of such hits are generally irrelevant, 72% of potential candidates do not respond to the request and 73% of respondents say immediately no to the job offer or does not go to the interview.

A 2016 research of the Society for Human Resource Management (SHRM) on recruitment difficulties and skills shortages reinforces the above. According to this, despite the fact that the most widely used recruitment tool in the field of typical, full-time employment is social media, in the opinion of HR professionals the training of existing employees is most effective in the case of recruiting for hard-to-fill jobs. According to their research, recently, large-scale organizations, especially those with an American headquarters, put this solution at the forefront of dealing with recruitment difficulties. The HR managers of smaller organizations, on the other hand, rely on the development of the benefit package. According to the opinion of the interviewed professionals, the recruitment strategies considered to be most effective are shown in table 4.1. 68% of those in the research said they had difficulties in the field of recruitment, an increase of 18% compared to the 2013 survey.

Table 4.1: Strategies for dealing with recruitment difficulties

Most effective recruitment strategies for organizations	Proportion of responses
Training existing employees to take on hard-to-fill positions (n = 1,229)	48%
Using social media (n = 2,066)	47%
Using a recruitment agency (n = 1300)	47%
Expanding advertising efforts (n = 1446)	44%
Improving compensation (n = 1,052)	42%
Targeting passive job seekers (n = 1,207)	40%
Offering more flexible work arrangements (n = 846)	39%
Using/enhancing employee referral program (n = 1,028)	37%
Increasing retention efforts (n = 1,274)	34%
Collaborating with educational institutions (n = 1720)	34%
Expanding training programs to help improve skills of new hires (n = 1,190)	32%
Expanding geographic search region (n = 1,011)	29%
Improving benefits package (n = 651)	29%
Providing monetary incentives to candidates (e.g., signing bonus) (n = 778)	27%
Seeking talent from nontraditional sources (e.g., veterans, retirees) (n = 1,039)	23%
Offering new job perks (n = 320)	12%
Other (n = 92)	26%

Source: *The New Talent Landscape: Recruiting Difficulty and Skills Shortages*. Society for Human Resource Management, USA, 2016. p. 33.

Based on the analysis of international literature, it can be concluded that in the period of the three Cranet research analyzed in our book, the world has changed dramatically in terms of recruitment methods on a global scale. Due to the digital explosion recruitment methods supported by IT tools have also spread to the HR field, and moreover, have become dominant. Companies receive the largest share of applications from external sources through these channels. Together with the generally visible shortage of labor at the end of the period, this means that organizations need to rethink their recruitment strategy. The presence of social media is already seen by many as compulsory, and it is expected that video and mobile applications will be more widely used in the near future (Randstad, 2017).

LinkedIn's research in 39 countries and around 9,000 HR experts suggests that four areas of future recruitment are expected to come out clearly:

Diversity (complemented with the concepts of inclusion and cohesion),

- Redefining the interview method
- New data analysis procedures, and
- Use of artificial intelligence (LinkedIn, 2018).

The importance of the fourth industrial revolution is reinforced by all research in the field of recruitment. Not only in terms of recruitment methods, but also in the change of structure of recruitment needs. If we look at recruitment needs in Cranet research as per employee categories, Figure 4.6 shows an interesting picture.

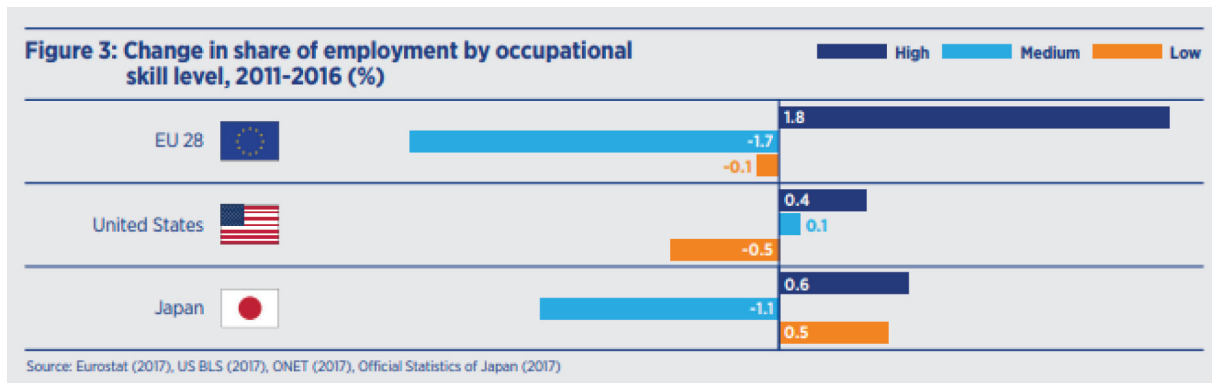


Figure 4.6: Change in share of employment by occupational skill level in some regions, 2011–2016 (%)

Source: Hays Global Skills Index, 2017. p. 9.

The results shown in Figure 4.6 are confirmed by the PEW Research Center's survey of the future of work. The latter research examined how robotics and the spread of artificial intelligence will change work by 2025 (PEW Research Center, 2014). In accordance with the trends shown in the figure above, two findings are highlighted in the study. The PEW Research Center mentions among the factors that give rise to confidence that although technological progress will mean the end of some occupations, historically, it can be stated that the impact of technological development on employment has always been positive (creating more jobs than it has ceased). Among the factors of concern, it is important to note that while previous industrial revolutions affected the development of technology (blue-collar work), industry 4.0 is already threatening highly qualified (white-collar) intellectual occupations (Krisztián, 2018).

At global level, it is difficult to find the right candidates and to meet the recruitment needs of the organizations. Therefore, by the end of the period covered by Cranet research, the interest of recruitment specialists turned to retirees and other disadvantaged groups in the labor market. The diversity trend in LinkedIn (2018) research is also related to this topic, 71% of the organizations involved in the study of the company develop their programs in gender, 49% ethnic, 48% generation, 43% educational, 32% disabled. and finally, 19% in the direction of religious diversity. This trend is proved by the data of the SHRM research presented in Table 4.1: there is a quarter of respondents who have already developed a program for the so-called. non-conventional labor resources. A further study presents the peculiarities of the employment of candidates with a criminal record (SHRM - Koch Institute, 2018).

From this point of view, we find a similar situation in Hungary. A number of theoretical studies (Star - Hidegh, 2011, Kenderfi, 2011, Dajnoki, 2014) and several practical compilations were prepared in connection with the involvement of the disadvantaged groups in the labor market. Among the latter the 2009 work of Garadnay - Koltai can be highlighted, which examines employment opportunities and frameworks for seven disadvantaged groups. A toolkit specifically designed for the recruitment and selection of people with disabilities has been developed under the care of the Equal Opportunities for Disabled Persons Ltd. (Klein et al., 2015). The business practice of the South Transdanubian organizations was researched by Ásványi - Nemeskéri (2017) according to which 65% of the 239 organizations surveyed employed disabled workers. The reason for this was partly the change in the legal environment (a significant increase in the amount of the rehabilitation contribution), which necessarily led to an increase in employment from the cost side. It is a positive development that the majority of companies think of value-creating employment, 39% of them want to expand this special circle of employees after good initial experience. The favorable attitude was partly due to recruitment difficulties in traditional areas. Turning to the national recruitment peculiarities, we examine the Hungarian situation on the basis of two studies. Firstly, the National Human Resource Management Association's 2016 research will be presented. In the questionnaire, the researchers asked about the organizations' recruitment practices, how they were looking for the missing workforce. The "struggle" for the acquisition of workers is well symbolized by the complexity of the tools that some organizations are trying to address potential candidates. A total of 242 responses were received from 80 respondents. In addition to the distribution of responses, it is also interesting to see how many choices

have come from different groups on average. Most of the methods are employed by international large companies in Transdanubia, with the status of “developing”, which is in harmony with the territorial appearance of labor problems. The distribution of responses is presented in table 4.2 (Szűts - Sebők, 2016).

Table 4.2: Possibilities for replacing the missing workforce

How are you looking for the missing workforce?	Yes	No
Vacancies on internet (commercial job websites, Social Media, company website)	82,5%	17,5%
Vacancies in traditional media (newspapers, free newsletters)	41,3%	58,8%
Using temporary work agencies	28,8%	71,3%
Using a recruitment agency	42,5%	57,5%
Career Fairs	21,3%	78,8%
High school scholarship program	8,8%	91,3%
Using employee referral program	67,5%	32,5%

Source: Szűts I. – Sebők M. (2016): *Stratégiát befolyásoló munkaerő-piaci és foglalkoztatási tényezők Magyarországon (Labour market and employment factors affecting the strategy in Hungary)*.

OHE-NEXON. Budapest. pp. 35–36.

The most common method for sample organizations is to post advertisements, more than 4/5 of the companies continue to use the modernized version of the classic solution, the Internet and the help of social media to find workforce. The internal recommendation program, which also uses the interest of colleagues, is a method used by two thirds of organizations, partly relieving the organizations’ HR resources. The following methods, which are used in nearly similar proportions, are somewhat surprising. Despite the loss of importance of traditional advertising surfaces, around 40% of organizations still employ paper-based searches and outsourcing to external recruitment enterprises has a similar proportion. (We note that this proportion was considered excessive by the researchers based on their own experience.) The least applied method is the secondary school scholarship program (Szűts - Sebők, 2016).

We have a broader analysis of the Hungarian public service sector than the previous one (Szabó, 2013). The sample examined contained 4485 persons, and the majority of respondents (about 80%) came from the state administration, and in a smaller part from the law enforcement agencies and local governments. Similarly, to the Cranet methodology, in the research, data are available on the use of recruitment sources by employee groups, in our case two levels of leadership (senior- and middle manager) and three subordinate levels (employees with higher, secondary and primary education) (Table 4.3).

Overall, looking at top-level recruitment, the Internet application system typically introduced in the public service sector is the most widely used tool (22.58%). This means that the Public Service Job Portal, where applications from government officials, civil servants and public servants within the public sector can be reached, is specifically characterized by access to senior executives. In addition, internal tender opportunities are typical (12.81%). Due to the closed nature of organizations, the use of other methods that are common in other managerial recruits, such as, the use of an external service provider (headhunter) or a database of spontaneous applications. Other categories are not relevant due to the nature of the position. Similar features can be experienced with middle managers.

The HR activity for recruiting higher education graduates for the public administration corresponding to the category of Cranet (professional) employees can be said to involve multiple channels, being the most typical: Internet search, personal recommendations and the use of internal resources. In these positions, external providers and institutionalized resources related to studies are generally not used. The use of the services of a headhunting company or personnel advisor is not relevant here either. In the case of jobs with lower qualifications and/or physical characteristics, the use of simpler and more cost-effective recruitment sources is typical (spontaneous applications, recommendations), while the number of simultaneously used channels is lower.

Table 4.3: Applying recruitment methods to candidates with different grades and qualifications (%)

Recruitment methods/Education	Top manager	Middle manager	University degree	Secondary education	Primary education
Reorganizations, relocations	7,90	11,29	18,07	17,06	8,97
Opportunities offered by enforcement and defence faculty secondary school courses	0,56	0,75	1,57	2,07	0,82
Self-organized recruitment	1,19	1,25	3,76	3,45	2,07
Career Fairs, public events	0,69	1,19	5,83	4,45	2,51
Speculative applications/walk-ins	1,82	2,57	14,93	15,75	10,54
Recommendations of relatives, friends, employee and other acquaintances	8,91	11,10	18,01	19,51	12,55
Vacancies in newspapers	6,02	7,40	11,10	11,92	6,71
Using external provider (consultancies, executive search)	3,39	2,2	2,38	1,69	0,69
Vacancies on internet	4,77	6,52	12,67	11,42	7,72
Internal recruitment	12,23	17,44	15,75	11,67	5,96
KÖZIGÁLLÁS application system on internet	23,46	22,02	28,54	20,83	12,8

Source: Authors' own research based on Szabó Sz. (2013): *A közszolgálati életpálya modell – Emberi erőforrás áramlás a közszolgálatban (The public service career model - Human resource flow in public service)*. Magyar Közlöny Lap- és Könyvkiadó, Budapest. pp. 17–21.

4.4 DEVELOPMENT OF METHODS USED IN SELECTION

The popularity of selection methods is addressed by many international studies. These include those that are based on their own original research and those that carry out comparative analysis of previously published research. Comparative studies show that in general, CVs, interviews and references are the most popular methods of selection (Szabo, 2014). However, the results also reveal differences between countries and groups of countries.

However, before going into the research results, it is worth noting that surveys with different methodologies in different countries can produce contradictory results. Experience shows a close correlation between the size of the companies surveyed and the frequency of application of selection methods. In general, the process of selecting small and medium-sized enterprises (SMEs) is simple and cheap (most often with CVs, interviews and references). Not surprisingly, if SMEs are predominant in the samples tested, researchers report lower numbers for more complex, time-consuming or expensive methods. Similarly, if large companies dominate in the sample that are spending a significant budget on their selection, the results show that respondents use more expensive methods more often: assessment centers and more detailed personality testing. Cook (2016) also draws attention to the fact that, in order to interpret the results, the response rate should be taken into account along with the number of elements of the sample, as the lower response rate can greatly distort the reliability of the query. In addition, of course, the different methodology and purpose of research should be evaluated before drawing conclusions from comparisons.

For these reasons, research such as the Cranet study presented in our book is of great importance, as the data obtained from the same methodology and the quality assurance of research become comparable between countries. Therefore, when looking for reliable comparative analyzes in international literature, there are usually few such research. One of them is PriceWaterhouse Cranfield survey, a predecessor of Cranet research (with a number of elements of about 15,000 units and a response rate of 20%), which confirmed that there were significant differences between countries in the popularity of selection methods. This research was carried out before our current investigation period and published in the latest 2016 edition of Mark Cook's "Personing Selection: Adding Value Through People - Changing Relationships", which is a milestone in the field. (Table 4.4).

Table 4.4: Applying different selection methods by countries (Percentage of employers using method)

Country	Year	Application forms	Interview panel	Psychometric testing	Graphology	Reference	Aptitude test	AC	Group
Great-Britain	1994	97	71	46	1	92	45	18	13
Ireland	1994	91	87	28	1	91	41	7	8
France	1994	95	92	22	57	73	28	9	10
Portugal	1994	83	97	58	2	55	17	2	18
Spain	1994	87	85	60	8	54	72	18	22
Germany	1994	96	86	6	6	66	8	13	4
Germany	1993	98	60/63	21	9	71	34	39	51
Germany	2007	99	73/42	20	2	57	30	58	42
Switzerland	2010	100	99	32	16	89	19	26	No data
Nederland	1994	94	69	31	2	47	53	27	2
Denmark	1994	48	99	38	2	79	17	4	8
Finland	1994	82	99	74	2	63	42	16	8
Norway	1994	59	78	11	0	92	19	5	1
Sweden	1994	No data	69	24	0	96	14	5	3
Turkey	1994	95	64	8	0	69	33	4	23

Legend: No data – no data available, AC – Assessment centre, Group – Group selection methods

Source: Cook, M. (2016): Personnel Selection: Adding Value Through People – A Changing Picture. John Wiley & Sons. Oxford, p. 20.

Based on the data in the table, some national characteristics can be determined in the application of selection techniques. It can be seen that in Europe almost exclusively in France (and according to the data of 2010 - although much less - in Switzerland too) - the use of graphology has spread. References are widely used in all countries, although Spain, Portugal and the Netherlands show lower values in this respect. In contrast, psychometric studies are the most widespread in Spain and Portugal, while in Turkey and Germany they are hardly used. (Recent German surveys show only a relatively lower but increasing level of prevalence.) It is instructive that the prevalence of more expensive assessment centers and group practices is low on the basis of the original survey, but recent studies already show a wider use of these methods. Cook (2016) also presents the results of three further studies on the situation in Great Britain (Table 4.5).

All the three research confirm the earlier picture that British companies continue to apply extensively the various types of interviews, references and psychological tests - sometimes in online versions. However, only half of the respondents used an assessment center or group practice in the selection. A study, also quoted by Cook, suggests that mental abilities tests are now more widely used in Europe than in the United States. US research (151 companies from the Fortune 1000 list) has shown that US employers apply application forms, CVs and reference examinations in almost every single case. Half of the respondents use aptitude testing, less is the proportion of those who use personality tests. Interestingly, some companies in the US use drug testing in the selection process.

Table 4.6: Applying selection methods in Great Britain

	CIPD 2006	IRS 2006	Z&W 2010
% Return rate			10
Sample size	804	100	579
Application forms		85	60
CV		20	85
Criminal check			27
Interview			
- Unstructured			42
- Face-to-face		98	
- Panel		28	
- Structured			69
- Structured panel	88		
- Structured one-to-one	81		
- Competency based	85		
- Telephone	56	32	
References		85	72
- Employment ref (pre interview)	49		
- Academic ref (pre interview)	36		
Tests			
- Test for specific skills	82		
- General ability tests	75		39
- Literacy/numeracy	72		28
- Personality/aptitude Qs	60		26
- Psychometric tests (mostly PQs)		64	
- Online tests	25		
- Biodata		4	27
- Work sample			19
Behavioural			
- Assessment Centre	48	35	17
- Group exercise	48		15

Legend: Z&W – Zibarras-Woods, 2010

Source: Cook, M. (2016): *Personnel Selection: Adding Value Through People – A Changing Picture*. John Wiley & Sons. Oxford, p. 18.

The Global Assessment Barometer (GAB, 2016) provides instructive findings for each country group. The research primarily focuses on the use of psychological methods in the HR field, and provides valuable insights into the proliferation of these types of selection tools. (The study of non-psychological selection tools is not included in this research.) One of the main findings of the 2016 study was that the use of psychometric methods was widening between 2010 and 2016. In the application of the tools, the differences between the more developed markets and the countries with moderate development and those considered to be developing in this respect have narrowed. 60-70% of approximately 1000 respondent companies use this type of method (almost independently from territorial differences). During this period, this research shows a particularly rapid spread of combined methods, while between 2010 and 2016, the use of individual evaluations increased from 61% to 86%, while using the evaluation center method from 38% to 84% (!). Among the countries participating in the research, the use of assessment centers (ACs) was highest in Sweden, Slovakia and Spain, while personality questionnaires were the most widespread in China, Great Britain and Ireland. Overall, Norwegian organizations are using psychometrics the most widely, and their use is already 82% online.

LinkedIn (2018) has already been mentioned in the recruitment subsection. This study considers the rediscovery of the interview as one of the most important challenges facing us in terms of selection methods. We just mention by that in the mentioned study among other things, the online evaluation of soft skills, the use of virtual reality and video interviews are meant. From the point of view of our topic, it is more important that the survey revealed the following features by interviewing about 9000 HR professionals (Table 4.7).

Table 4.7: Using interview types and their effectiveness (%)

Interview types	Frequency of use	Effectiveness
Structured interview	74%	88%
Behavioral interview	73%	89%
Telephone interview	57%	70%
Interview panel	48%	79%

Source: Authors' own research based on LinkedIn Global Recruiting Trends 2018. p. 21.

Research data confirm previous findings that interviews are a widely used and effective method of selection in practice. Another vision of the study is the spread of the use of artificial intelligence in the field of HR, which is primarily linked to the recruitment selection process. According to the respondents, artificial intelligence can help HR professionals to the highest rate with the search for potential applicants (58%), pre-screening of applicants (56%), communication (55%) and making appointments with them (42%). Much fewer (just 6%) think that artificial intelligence can implement the interview itself.

In addition to the methods used in the selection studies, another most characteristic topic is the study of validity and reliability. Since Cranet does not collect data on the reliability of the methods during the surveys, because of their nature, we only refer here to the fact that this topic is generally covered by work-psychological processing (such as the works of Schmidt-Hunter, 1998 or Klein, 2018). Turning to the introduction of domestic research, we can face a similar problem here as we look at international literature. Small-scale, unrepresentative studies have been conducted in several domestic workshops, but their reliability is often questionable for the reasons mentioned at the beginning of this chapter. At the same time, a significant part of domestic publications (similarly to Cook, 2016) is based on republishing the Cranet research data, when it examines the frequency of application of selection tools. An exception to this is Szabó's (2013) public sector study, whose recruitment results have already been presented. The section on public sector selection practice is based on similarly wide-ranging (4485 people) interviews.

According to the study, several types of selection tools are used in the recruitment process in the public sector, in which the elements of organizational culture are mandatory. Different aptitude and screening tests are part of this, and they show first of all a predominant practice in public service in terms of certain professions. In addition, we meet other tools in the labor market, such as CV and motivation letter, or the use of competency-based selection techniques. In the civil service, compliance with legal requirements (49.77%) is a priority. Among the aptitude tests, health fitness (40.38%) and medical/health screening (26.52%) are more typical. Almost only the autobiography (47.57%) and the accompanying letter of motivation (24.66%) are the elements of the selection process (Szabó, 2013).

Top management selection relies primarily on traditional tool and does not include tools that characterize a strategic competence-based modern human resources management system model. Interviews also take place in an informal conversation, and in the private sector, we do not encounter a high percentage of complex selections in the selection of senior executives. The selection practices of the other categories of employees work with the same elements as the senior management selection system, mainly using traditional tools, for less complicated positions almost exclusively with the reference to CVs, informal interviews and mandatory medical examinations (Szabó, 2013). The results of the research for each employee group can be found in table 4.8.

Table 4.8: Applying selection methods to candidates with different grades and qualifications (%)

Selection methods/Education	Top manager	Middle manager	University degree	Secondary education	Primary education
360 Degree internal selection	2,22	2,34	1,46	1,65	1,01
References and/or Recommendation request	9,88	9,63	7,79	5,64	3,99
Life-Way-Questionnaire	5,51	5,45	4,43	4,05	2,34
Cover Letter	25,14	27,3	30,91	26,35	18,56
CV	47,25	51,04	58,20	57,00	46,55
Assessment Centre	1,14	0,89	1,08	1,01	0,51
Other selection tests	1,77	1,96	2,72	2,66	2,15
Stress Interview	3,61	2,6	1,90	1,27	1,01
Structured interview	8,80	8,99	8,55	7,35	4,50
Informal interview	28,75	32,68	43,07	42,05	32,24
Check statutory requirements (e.g. checking any incompatibility, impeccable lifestyle, suitability for national security)	46,93	43,26	40,22	35,53	26,85
Age restrictions	4,50	3,61	4,18	4,24	3,48
Psychological testing	3,29	2,79	2,66	1,96	1,52
Health screening	11,91	11,90	25,97	25,33	22,36
Psychic fitness test	6,46	10,55	11,90	4,43	2,79
Physical fitness test	3,86	4,18	5,26	5,57	5,95
Health Fitness Test	36,92	38,32	40,72	40,47	35,4

Source: Authors' own research based on Szabó Sz. (2013): *A közszolgálati életpálya modell – Emberi erőforrás áramlás a közszolgálatban (The public service career model - Human Resources Flow in Public Service)*. Magyar Közlöny Lap- és Könyvkiadó. Budapest. pp. 23–28.

Cranet research addresses the use of redundancy tools after selection methods. These are usually techniques that are part of the 'normal' HR operation, but in some economic circumstances their significance increases. Just like the period after the second Cranet survey we analyzed, which was characterized by a global recession starting in 2008. The effects of which on the number of employees have already been presented at the beginning of this chapter, and we will now briefly examine how the management of recession has actually appeared in HR organizational practice.

To understand the effects, we present the data of the HR Barometer survey published regularly by Hewitt Associates (today: Aon Hewitt) and the European Human Resources Club (Hewitt 2009, 2011). The 2009 study relied on the query of 53 companies from 13 countries, employing a total of 3.5 million people (mainly a large enterprise sample). Respondents expressed negative expectations for employment, growth prospects and investment. The number of employees was expected to decrease in 71% of the companies in 2009, only 8% of them reported the creation of new jobs during the year, while 20% planned to maintain the same level of employment. In terms of revenue and investment, 50% of respondents expected a much more limited growth than before, while the other half expected a setback in revenue and a lack of investment. Only 4% of companies planned to increase their investments and only 11% planned double-digit growth. Respondents believed that the financial crisis and the economic slowdown would have an impact on business results (77%), HR programs (47%) and in a lower proportion on their living standards (21%). Only 2% replied that the recession would not affect HR activities.

Each respondent has already prepared several different measures to deal with the economic downturn. Most of them reduced production capacities and costs by reducing the total number of employees (72%) or launched a program to increase productivity (70%), and abolished non-permanent forms of employment. One third of the respondents gave a more comprehensive response to the problem, linking the reduction of the HR budget with finding excellent talents, targeted leadership development and new business acquisitions. According

to the survey, cost reduction was on the first place in HR's operational goals, from the seventh place in the previous year. Along with the fact that cost reduction has become the most important factor in the work of human resource professionals, the importance of attracting new talents, efficiency and business value assessment tools of HR have increased. By increasing operational efficiency, both of these tools enhance HR's added value. Cost reduction until the 2011 survey remained the number one goal. At that time, the skill level of the labor force and the difficulty of finding talents became the most important area (Hewitt, 2011). Cost-sensitivity was no longer the first, but for years it remained a very strong priority in the operation of HR organization.

In Hungary, in the same period, in January 2009, the DGS Global advisory firm carried out a crisis management research with the title "What do managers and HR professionals do in recession?" The research itself was based on an analysis of the responses of 349 companies, with a total of 200,000 employees. Unlike Hewitt's research, only half of Hungarian companies indicated that they had already prepared a program to deal with the economic crisis. Measures planned in the HR area are presented in Figure 4.7.



Figure 4.7: Measures planned in the HR area to deal with the economic crisis (%)

Source: Válságkezelési kutatás: Mit tesznek a vezetők és a HR-esek recesszióban? (Research on crisis management: What do managers and HRs do in recession?) Kutatási összefoglaló (Research summary). DGS Global, Budapest. 2009. február. p. 17.

Respondents ranked organizational restructuring (including but not limited to outsourcing) with over 45% of mentioning. It is an interesting result that approximately the same number of respondents (15–16%) handled the situation by reducing the lent workforce as many were planning to use it. Traditional layoffs appear within the category of headcount reduction, with a share of about 30%. In addition, early retirement (12%) is among the responses to the Cranet research.

4.5 USE OF ATYPICAL FORMS AND TYPES OF EMPLOYMENT IN EUROPE AND HUNGARY

On the basis of the study "Atypical employment in Europe 1996-2011" (quoted by Ásványi - Nemeskéri, 2017), it can be stated that, while examining 21 European countries, atypical employment differs significantly among EU member states even if they seem unitary. In 2011, for example, hardly more than one tenth of the population aged 15–64 worked in atypical form in Hungary and the Czech Republic, while in the Netherlands this figure was half of the population, in Germany, Switzerland and Denmark accounted for one third of the population. However, the following statements can be made as a common element:

- Women are more often employed in atypical forms than men, within typically in part-time work;
- Atypical employment is more common for people under 30 than for older ones;
- The use of non-typical employment is also more widespread among the less skilled workforce.

Internationally distributed forms of employment are also regulated by domestic law. Of course, it is also possible to use them in combination, e.g. a combination of job-sharing and teleworking. The range of options available is almost inexhaustible. That is why we can find an index with a wide range of names and content in international data services. The OECD keeps track of the number of part-time employees among the labor market indicators, with the latest available data of which is presented in Figure 4.8. From this it can be seen that the proportion of part-time workers is very low in Hungary, compared to the average of the OECD and the EU28, it accounts for only about one quarter of them.

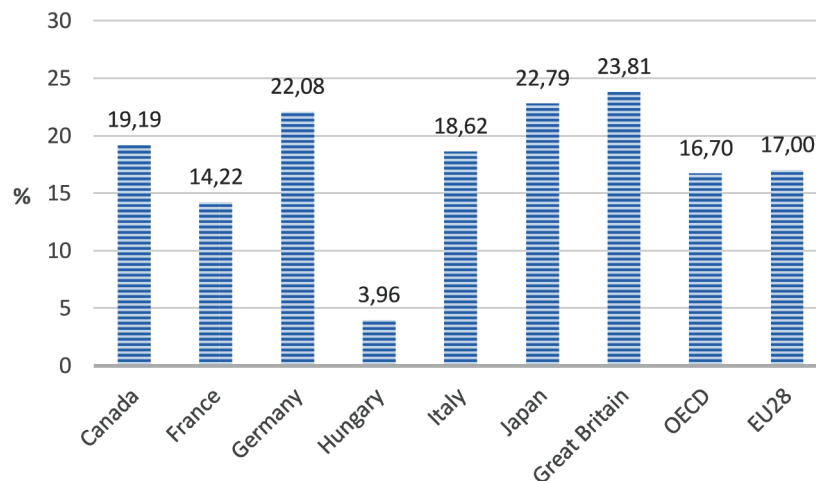


Figure 4.8: Part-time employment rate in 2016 in selected countries as a percentage of total employment
Source: Authors' own research based on OECD Part-time employment rate (indicator) 2018.

Examining EU data Figure 4.9 shows that in 2014 the most typical type of employment was a traditional full-time, permanent contract with a rate of employment of 59%. However, the trend is towards a decrease in the number of such contracts. The self-employed accounted for 15% of the workers, with a declining trend over time. The share of part-time employment is steadily increasing, at 16%, as we have seen from OECD data. Fixed-term employment amounted to 7%, the trend was stable, while employee lending was only 1% of employment, with a steady trend. Traineeships or training contracts accounted for 2% of employment, with a constant level (EP, 2016).

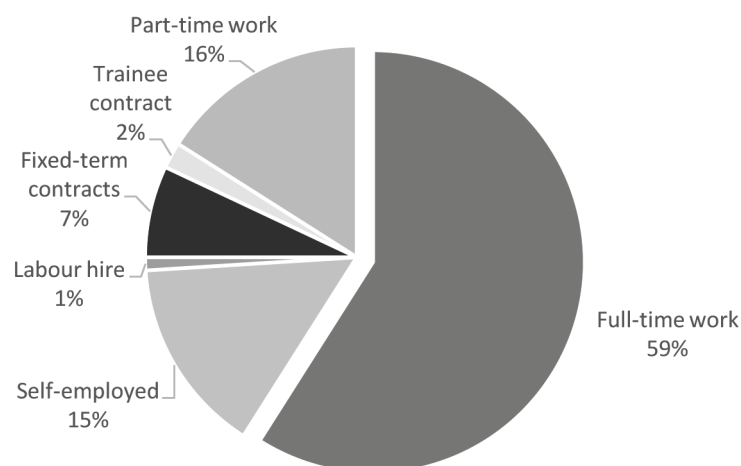


Figure 4.9: Proportion of different forms of employment, 2014
Source: Authors' own research based on *Precarious Employment in Europe: Patterns, Trends and Policy Strategies*. Directorate General for Internal Policies. European Parliament. 2016. p. 33.

In Hungary, Ágnes Hárs's 2013 study examined the situation of atypical employment on a larger sample by asking companies engaged in this type of employment. The results of the research are presented in Table 4.8. Examining how important, typical or very characteristic some forms of atypical employment in companies are, it was found that for 17% of the 111 companies in the sample part-time job was typical, or very characteristic, for 19% was the full-time job with a fixed-term contract important and for 5% of them part-time fixed-term contract. Application of full-time teleworking was characteristic for one company; full-time employee lending was typical of a small number of companies as well.

A separate indicator was used to study the intensity of atypical employment during the research. Taking this into account, the overall picture and significance of atypical employment is changing. The outstanding importance of part-time work is diminishing by the fact that part time worker can be often found in a few companies in a non-intensive but only in a scattered manner, while for example some forms of employee lending in some companies increase the value of the indicator. Atypical forms of employment can also accumulate: by examining the sample, it was observed that approx. 70% of companies had only one atypical form, about 25% of them had two atypical forms and only 5% had more than two (Hárs, 2013).

Table 4.9: Proportion of companies using different form of atypical employment

	Part-time work	Fixed-term contracts, full-time work	Fixed-term contracts, part-time work	Teleworking, full-time work	Teleworking, part-time work	Hired, full-time work	Hired, part-time work	Temporary/casual work
Not at all	15%	56%	81%	94%	97%	80%	96%	88%
Used, but not typical	55%	14%	11%	4%	1%	8%	2%	6%
Rather not typical	13%	10%	2%	-	-	5%	-	3%
Rather typical	12%	13%	3%	-	-	6%	-	3%
Very typical	5%	6%	2%	1%	-	-	-	-
Don't know	1%	1%	2%	2%	2%	2%	2%	1%
Ration of atypical employment	85%	44%	19%	6%	3%	20%	4%	12%
Intensity indicator of atypical	33,4	23,8	7,6	1,9	0,2	8,6	0,5	4,9
Company (N)	110	108	109	108	108	108	108	108

Source: Authors' own research based on Hárs, Á. (2013): *Az atipikus foglalkoztatás: mítoszok, lehetőségek és korlátok az atipikus foglalkoztatási formák lehetőségeinek kihasználásában (Atypical employment: Myths, Opportunities and Limits in Exploiting the Potential of Atypical Forms of Employment)*. *Kopint Konjunktúra Kutatási Alapítvány, Budapest. p. 19.*

4.6 DEVELOPMENT IN STAFFING PRACTICES IN THE LIGHT OF CRANET SURVEYS

We begin this subsection with introducing trends in headcount changes over the three-year period preceding each survey phase and the trends in their strength. This is how we build on the indicators in the Cranet surveys to find the focal points for each period's staffing practices. Whether the task of recruiting, selecting or downsizing is the main challenge. Knowing these, we are looking for an answer to the question which techniques and methods will be used by respondents to address the challenges they face.

In many cases, we also examine whether the sources and the methods used show any differences, if yes, in which direction and to what extent, if an organization wants to reach, select, retain, or remove the different layers of the main groups that make up the staff (managers, professionals, office workers, and/or physical workers).

In the recruitment process, we also look at an interesting aspect how respondents focus their recruitment and staffing practices on members from other points of view special, possibly disadvantaged group.

4.6.1 TRENDS OF HEADCOUNT CHANGES

Before exploring and interpreting the characteristics of the practice based on the answers, the first question in this questionnaire requires a preliminary presentation, which says: How did the total number of employees (expressed in full-time equivalent) change in your organization over the last three years? Thus, the responses show trends in headcount changes over the three-year period preceding the survey periods in the tables. Thus, the first survey period examined in this book refers to the first years of the millennium, the columns of the second survey period, before the outbreak of the crisis and its first years, while the third period is a slower or faster recovery from the crisis.

In the three survey periods, the categories used for responding have also changed, so the following tables convert the results using a conversion key using comparable categories.

As described in Table 4.9. In the global sample, barely a quarter of respondents said that their three to three-year operating periods would have been completed with an unchanged headcount number. In the years prior to the first survey, these ratios are very similar in country-by-country breakdowns. However, in the next two periods, the trend and extent of change trends in the non-CEE and CEE countries are different. The number of respondent organizations in the global sample change report drops below 15% before the second period, and then returns to the original level slightly above 20% before the third. This is due to the fact that in the second round of non-CEE countries, the number of those working with more or less unchanged staff is declining to just over 10%, while in CEE countries, their range is around 20%. However, in the third period of recovery from the crisis, the CEE countries, including those in Hungary, are growing at around 30% - and this is where the stagnant headquarters play a leading role.

By the way, in each country group of the three-year period before every survey, it is true that the proportion of growing organizations is somewhat higher than the number of respondents implementing the headcount reduction. Domestic values (from Hungary) of this tendency differ in all three periods. In fact, at the beginning of the millennium, the organizational practice that implements the headcount reduction is dominant. Prior to the second survey period, the highest and the strong highest proportion of the growing and highly-growing respondents were the highest, while the proportion of the size-reducing brackets was the lowest. In fact, this survey round was closed in Hungary in the autumn of 2008, practically in the “moment” of the outbreak of the global economic crisis, which could provide a good explanation for the optimistic directions of the previous three years. In the period prior to the third survey round, the combined proportions of domestic companies reporting on headcount growth are higher than those of non-CEE respondents, with the “significantly increased” category showing the highest proportion.

Table 4.10: Proportion of the organizations in terms of change in the total number of employees

Change in the total number of employees	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Decreased to a great extent					5,10%	4,60%	6,90%	5,00%	10,5%	10,3%	11,2%	10,3%
Decreased	35,0%	34,6%	38,9%	41,4%	27,10%	28,30%	22,10%	12,90%	22,3%	21,8%	23,6%	12,5%
Not changed	22,8%	23,0%	21,2%	24,1%	14,00%	12,40%	20,10%	21,60%	23,7%	21,4%	30,0%	30,4%
Increased	41,1%	41,3%	39,2%	32,8%	40,70%	42,40%	34,70%	43,20%	26,9%	28,7%	21,9%	25,1%
Increased to a great extent					13,10%	12,30%	16,20%	17,30%	16,6%	17,8%	13,3%	21,7%
Don't know	1,1%	1,1%	0,7%	1,7%								
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

There is no doubt, therefore, that the above-mentioned tendencies provide a good basis for finding out the means and methods used by the respondents in the organization for headcount and cost reduction, downsizing, recruitment and selection. As the application of the latter is wider, we start the overview of the development of the practice of respondents with the methods and techniques used in the staffing in the recruitment phase, which are not easy in the current situation of the labor market but still constructive.

4.6.2 DEVELOPMENT OF METHODS USED IN RECRUITMENT

Instead of reviewing the evolution of the usual three survey periods, we can only present and analyze the answers in the last two topics in a comparable way. Although the question is included in the first survey questionnaire, the answers were then marked on a different system scale. However, these parts of the questionnaire were further modified between the last two survey periods, namely the categories of employees involved in the study. While both executives and clerical (professional) workers were involved in both, the administrative and physical workers were included in the questionnaire separately by 2010, and then as a merged category, marked with “and/or” label. In addition to publishing the results in its mid-term research-organizing periods, the Cranet Network strives to balance temporal comparability and keeping pace with key changes, by analyzing the results of the returning questionnaires and discovering new solutions in practice. In this connection, for example, in the list of recruitment methods: social media, job fairs, and apprenticeship programs have become new elements.

The positive impact of the vacancy or the opening of a new position within the organization could be experienced by a broad range of respondents, *with almost 60% and even more than 70% of those who applied the internal recruitment* in any country group in the surveyed period.

It is easy to understand that *leaders are sought first within the organization*. As described in the first line of Table 4.10, about three-quarters of respondents have this practice. In the 2008–10 period, country-group respondents' rates represent only insignificant differences. This turning inward seems to be loosening at the time of recovery, and the percentage of respondents who build on this source falls back about 10 percentage points, especially among CEE and domestic organizations.

Recruitment agencies/head hunters and newspaper advertisements are ranked in the first two places in the global pattern of popularity ranking for leadership recruitment methods 2008–10 with nearly the same percentage of application (56.9–56.6%) (Table 4.10). Behind them are the job advertisements on the corporate website and the oral mediation of the employees.

For the period 2014-16, there will be so many changes in the global pattern that not only from the top, but from the first four positions will (newspaper) advertising also drop, so that the first two places will be electronic devices. Behind the corporate website, the job advertisements posted on recruitment agencies website will be ranked second.

From the above-mentioned characteristics of the global pattern, the practice of non-CEE respondents differs only so far that in leadership recruitment recruiting agencies/HR consultants, head hunters are obviously at the top of the popularity list of recruitment methods in this country group already in 2008-10.

Differences can be found among CEE respondents in comparison to the characteristics of the global pattern, but this is not in the top methods, but rather in the decline in the proportion of respondents using them. As a result, however, the order is changing in some cases, so that the role of the personal (oral mediation of the employees) channel is stronger, while the most expensive solution (headhunter) ends up at the end of the four-element popularity ranking considered here.

Domestic respondent practice, while based on the 2008–10 survey, shows similarities with the region in many respects; especially in the preference towards headhunters for leadership recruitment, which seems to follow the characteristic of the other country group.

Table 4.11: Proportion of organizations using different recruitment sources and methods for managers

Recruitment Sources and Methods	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Internally	76,5%	76,7%	75,9%	75,4%	73,3%	75,0%	68,5%	65,9%
Word of Mouth/employee referrals	42,7%	41,2%	48,9%	37,6%	45,2%	47,4%	38,9%	22,3%
Vacancies in news papers	56,6%	56,9%	55,7%	45,5%	36,0%	39,6%	25,7%	13,9%
Vacancy page on company website	49,3%	50,9%	42,8%	38,3%	60,5%	65,6%	45,6%	39,9%
Vacancies on commercial job websites	41,3%	41,7%	39,6%	22,4%	54,1%	58,6%	40,9%	24,5%
Social Media (e.g. Facebook)	No data available				26,8%	31,6%	13,6%	5,9%
Speculative applications/walk-ins	21,1%	21,2%	20,4%	26,4%	22,0%	22,7%	20,0%	17,6%
Career Fairs	No data available				15,6%	16,8%	12,3%	11,7%
Recruitment agencies/executive search	56,9%	60,3%	42,3%	44,0%	52,5%	59,4%	32,0%	33,0%
Job centres	12,6%	11,2%	18,5%	10,3%	14,0%	14,8%	11,9%	2,9%
Trainee program	No data available				13,1%	14,3%	9,5%	3,7%

Source: Authors' own research

Finally, the recent emergence of new *social media* among non-CEE countries' recruitment methods shows that the number of users is almost reaching that of the print media which shows a downward trend. This is a good way to get into the popular methods of the usual toolbox of leadership recruitment, while the other two new solutions do not primarily target this layer. To see who they are, the following tables show you.

Let us continue our previous survey focused on managers with reviewing the practice of looking for *office, administrative and physical workers* on the other side of the organizational pyramid. The explanation of the somewhat unusual header of Table 4.11 is again due to the change of the questionnaire: the previously separately examined administrative and physical workers were assigned in the same group from the 2014-16 survey period, marked by "and/or".

Compared the methods with those applied to managers, the first difference is already apparent from the first line of the table. While nearly three quarters of respondents - at least - at first - are recruiting leaders *within the organization*, this practice is not followed by *half of the respondents* in the case of physical workers in the 2008–10 period, so that in this respect the domestic response rates are below 40%. However, this proportion in the circle of *administrative and office workers* is higher, *almost 65%*, without differences between countries.

The results for 2014–16 show that internal recruitment habits of the non-CEE countries are growing in this employment range, and so are the CEE and domestic rates, but it is possible that this is only the consequence of the merger of the two employment groups.

Table 4.12: Proportion of organizations using different recruitment sources and methods for cognitives and/or manuals

Recruitment Sources and Methods	2008–2010*				2008–2010**				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Internally	66,2%	66,5%	64,9%	57,4%	48,3%	48,5%	47,3%	39,4%	67,8%	71,5%	56,9%	52,4%
Word of Mouth/ employee referrals	56,3%	56,1%	56,8%	51,4%	51,3%	49,2%	59,8%	50,9%	64,9%	64,8%	64,9%	60,1%
Vacancies in news papers	65,5%	63,9%	71,9%	75,7%	56,3%	52,5%	71,1%	61,3%	43,7%	42,8%	46,1%	43,6%
Vacancy page on company website	62,4%	64,7%	52,7%	64,5%	47,0%	47,8%	43,4%	45,3%	68,0%	71,3%	58,3%	60,8%
Vacancies on commercial job websites	49,7%	50,7%	45,5%	33,6%	32,2%	31,1%	36,4%	14,4%	54,5%	56,8%	48,2%	39,2%
Social Media (e.g. Facebook)	No data available				No data available				30,1%	34,3%	18,9%	22,3%
Speculative applications/walk-ins	45,5%	45,7%	45,0%	60,0%	17,6%	15,9%	24,6%	11,8%	46,6%	47,3%	44,9%	54,6%
Career Fairs	No data available				No data available				30,0%	30,9%	27,2%	26,7%
Recruitment agencies/ executive search	30,9%	31,9%	26,9%	24,5%	17,6%	15,9%	24,6%	11,8%	21,7%	25,1%	12,0%	12,5%
Job centres	38,0%	37,3%	40,8%	41,9%	45,6%	43,0%	56,1%	40,4%	42,5%	42,8%	41,7%	32,2%
Trainee program	No data available				No data available				32,4%	32,7%	31,4%	37,0%

*cognitives only **manuals only

Source: Authors' own research

In the following, we look for the characteristics of the global pattern of administrative staff practices, as described in Table 4.11. On the basis of the data of the table it can be concluded that similarly to the managers, more than two or three channels are used simultaneously in this circle which are ranked in 2008–10 as follows:

- newspaper advertisement
- the corporate website,
- oral mediation of the employees and
- job advertisements on commercial websites

However, *missing from the top*, and ranked at the end, but still there are more than 30% of the respondents who mark the application of recruitment agencies, HR consultants, or *headhunters*. While in the case of managers, the limit of the popularity of the user is a well-defined list of a few elements, the further elements show no significant differences in the circle of the administrative employees in the proportion of application. In fact, nearly half of the respondents advertise such jobs *on the website of recruitment agencies*, and many (38%) use the public employment agencies and labor centers as well. In addition to this, during this period of crisis, members of this employment group showed high activity in job search, so spontaneous inquiries might have occurred at half of the respondents, which is a specific passive from a corporate perspective.

In a global sample of the same period, about the use of recruiting tools for physical workers on the basis of the data of table 4.11 it can be stated that it practically relies on about four tools. These are newspaper, oral/employee mediation, corporate website and job center.

The global sample in 2014-16 handles the previously individually examined groups merged but its effects are not significant. The change we have experienced with the leaders - *the decline of the top-ranked newspaper advertising* - is happening also here. It is replaced by the websites of (corporate and agency companies) as well as the elements of *employees' activity* (oral mediation of the employees, spontaneous inquiries) and the use of labor centers.

The practice of respondents in non-CEE countries differs from the one seen in the global pattern outlined above in only one aspect in 2008-10, namely in the case of administrative staff, the newspaper was only ranked second in the ranking of the users. The change in 2014-16 did not concern the ranking, but the fact that *all three of the new elements in the questionnaire were rapidly becoming known and used*, with traditional channels close to 30-30%.

Based on the 2008–10 survey, among the CEE characteristics, it should be emphasized that, in comparison with the previous models, in the case of *administrative* and office staff, employee activity (oral mediation, spontaneous inquiries) and the role of *labor centers* are somehow stronger. The traditional channel (newspaper ad) and personal solutions (oral mediation) seem to be more powerful than the physical ones. Among the features of the second period, it must be mentioned that from the new channels, *internship program* has almost the same application circle as in the non-CEE countries. However, the proportion of the use of job fairs does not reach their level, but the proportion of the use of Facebook for recruitment purposes is 10 percentage points below the non-CEE countries.

Last but not least let us look at the practice of the respondents in Hungary.

Based on the responses gathered in 2008, it can be stated that in the case of *administrative staff*, the newspaper ad is at the top, which means that the proportion of those who seek for new employees use this channel in an amount that exceeds all other country groups (76%). The proportion of users of the *corporate website* is (also) higher than that of companies in the CEE region, practically representing the same proportion as the non-CEE countries. Only in our country is *spontaneous request* among the most popular solutions in the third place (with a 60% ratio). In the case of physical workers, there was no significant difference. Compared to the above-mentioned changes from 2014 to 2016, it is noticeable that new solutions, just like in the case of other CEE respondents, are spreading more slowly than in non-CEE countries.

In the questionnaire clerical (professional) employee group is placed between the top of the organizational pyramid built by the leaders and the administrative and/or physical staff which is base that provides the foundation. These names can be met frequently though they may sound strange for both the respondents and the readers of this book. However, the explanation of this can be easily understood - although it is a really challenging task for the producers and translators of the text of the questionnaire - as the goal is in each survey period to use always such terminologies and categories which are interpreted in 30-40 multilingual countries possibly the same way.

Turning back to the presentation of the recruitment sources and methods applied to reach (professional) clerical workers besides whose name the questionnaire of the last survey also contains the category of “non-leaders” we start with the survey of the amount of the internal recruitment referring to this circle of employees and go on with the characteristics found in the global sample.

Although the number of respondents using *internal recruitment* is slightly below the three-quarters ratio experienced by managers, but especially at CCE respondents it is much higher than in the case of physical and administrative staff. Thus, in terms of the ratios, 70% +/- 3–5% range, which shows a rather high popularity. Periodic and country group differences are not significant (Figure 4.10).

Elements at the top of the popularity list of the global sample in 2008-10 based on ratios:

- *newspaper advertisement*
- *job advertisement on the corporate website*
- *job advertisements on commercial websites*
- *employees' oral mediation*

As we have seen above, we can experience the differences in the top-ranked recruitment methods on the basis of the different employee groups. In addition, there was another type of feature that emerged among the (professional) employees. Except one method from the choice of the questionnaire, which is popular with the recruiters of physical- and clerical workers: the state-run recruitment center which has here a low ratio (26%) all recruitment channels and methods included in the questionnaire has a very high circle of application (over 40%). On the basis of all this, it can be stated as a *peculiarity of the recruitment work* seeking to reach the (professional) employees already in the first survey - which we should not forget - falls during the period of crisis – *shows an image of an active search intent, which mobilizes multiple channels and simultaneously imposes them.*

One and the first element of the changes in the global sample for 2014-16 - so far in all employee groups - is that *newspaper advertising* slips back to the fourth-fifth position in the application ranking, while *electronic solutions, primarily the corporate website*, take over leading position. Due to the changes in the questionnaire, too, three new methods (social media, job fair, internship programs) show immediately an application rate over 30-30%, while the share of the others is hardly reduced, except for the newspaper ad. All this suggests that during this period, in this group of employees, a *fight for talents* is really starting, indicated by the further growth of the channels which intend to achieve them.

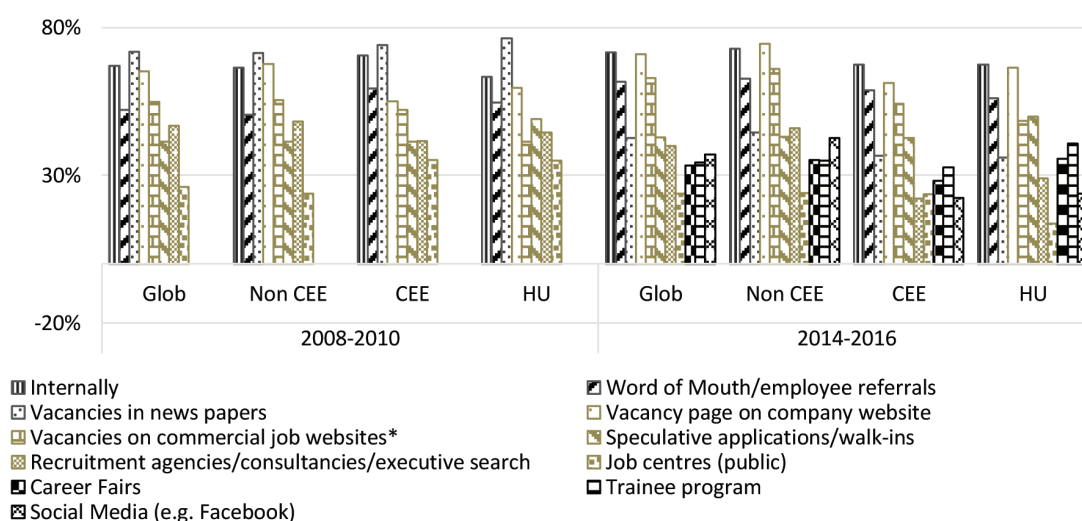


Figure 4.10: Proportion of organizations using different recruitment sources and methods for professional employees (%)
Source: Authors' own research

The 2008-10 practice among non-CEE respondents hardly differs from their global model. If it does, then it is not the sequence of application showing the popularity of the methods, but rather *the high application rate of almost every element*. The difference between the 2014 and 16 developments is *the higher prevalence of new methods*, while the use of other solutions does not decrease apart from newspaper advertising.

The CEE peculiarities are illustrated by the fact that while the short-list boundaries of the applied methodologies are almost indispensable in the country-group characterization so far, here in both periods, but mainly on the basis of the answers of the 2014-16 survey, after the four methods at the beginning of the ranking a fairly clear line can be drawn. Incidentally, these alternately include electronic solutions and others, which primarily build on the activity of the employees:

- corporate website
- oral mediation of the employees
- recruitment websites
- spontaneous inquiries.

However, compared with non-CEE countries, it is not primarily the ranking difference in the use of recruitment tools that is conspicuous, but the lack of their application. This does not indicate that use of multiple recruitment methods/channels that has prevailed elsewhere after the recover from the crisis would have triggered a real fight for professionals, i.e. knowledge here as well. In the countries of the CEE region, *all individual tools* are *significantly* less used, and the new methods are only employed by around 20% compared with the 35% of the non-CEE group.

About *the situation in Hungary*, it can be said that it is similar to the CEE region *in terms of rankings* in both periods. The deviations from the additional tools are not always significant, but in some cases, they tend to approach the non-CEE group rather than the characteristics of the own region. On the one hand, we have a higher proportion of corporate website and head hunters, and on the other hand, *the number of respondents using internship programs is the highest among us* (41%), while the employment rate (35%) of the job market is exactly the same as in non-CEE countries. It also suggests that the struggle for talented (professional) employees has started also in our country and has more perspectives than other countries in the region.

From the point of view of the practice of recruiting, we can look at one more aspect on the basis of the answers. We can also highlight whether we can find complementary action programs besides the differences of the main occupational groups analyzed above, and if so, where, and in what proportion are workers in potentially problematic situations like gender, age, ethnicity, health, etc. treated with special attention during recruitment. When analyzing the ratios shown in Figure 4.11 we can find the answer to the question whether the respondent organizations have recruitment action programs aimed at prioritizing and strengthening any of the layers (5-7) listed there.

The analysis of the responses of the global sample received in the 2004-2005 round also had a lesson to the content and methodology. In terms of content, the picture is somewhat depressing about the fact that the problems of these layers *do not cause more than 20-25% of respondents to start targeted activity*. The methodological lesson is the omission of the “other” category used in this round, due to high response rates, and the addition of three further categories (women returning to work, low-skilled workers, young people under 25) to the questionnaire.

Although the changes in the questionnaire made the respondent’s practice, of course, unlikely to change, a clearer picture could be formed of those who were concerned. The first element of this is that most have reported on actions involving a group of young people (under the age of 25). To explain this, it is not difficult to recall the very high rate of youth unemployment caused by the crisis. In spite of all this, the overall picture is not more positive than in the previous period, as in only three groups the proportion of positive responders is slightly above 20%:

- young people (24.2%),
- women (23.6%), and
- people with disabilities (22.9%).

For the period of recovery from the crisis (2014-2016), in the global sample, we can see a somewhat improved situation (by 1 to 5 percentage points) for almost all groups, where new causes (emerging and worsening labor shortages) trigger targeted activity to reach young people, more than 31% of respondents care about the target group with special attention in recruiting. It should also be noted that the decline observed in the period of the crisis in the case of ethnic minorities, close to 20% in 2004-2005, pushes the proportion of respondents working to strengthen their participation.

Compared to those presented on the basis of the global sample, the practice of non-CEE countries is somewhat better according to the responses of the first survey round but reflects a status with a difference no more than

2 to 3 percentage points per group. In the 2008–10 round, respondents using special action programs for each group *exceed global values for almost all groups*. For women and people with disabilities, the difference for non-CEE countries is the most conspicuous, but it is only around + 3%.

For the third survey round, the further spread of good practices to respondents' practice is now more pronounced, as three groups (women, young people, and people with disabilities) can also show over 30% respondents and (except for the elderly) attention and recruitment activity for all other groups seems to be increasing.

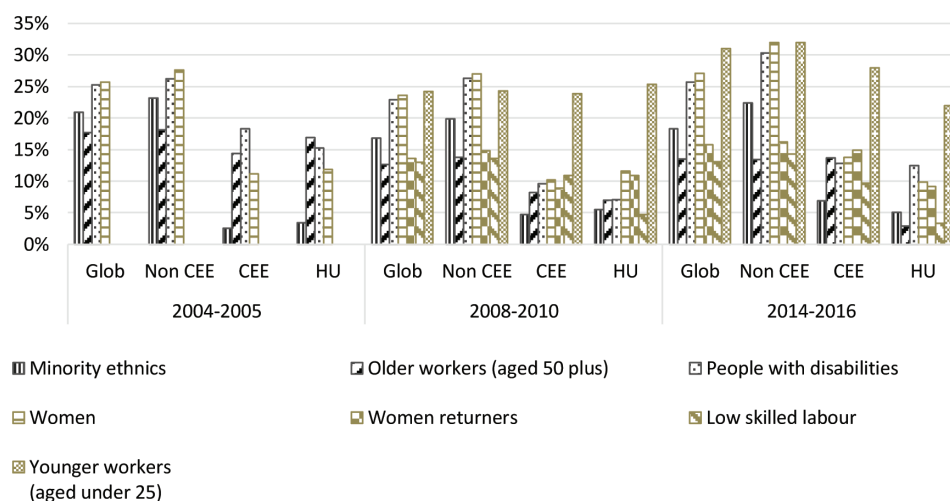


Figure 4.11: Proportion of organizations using recruitment action programs for special groups of people
Source: Authors' own research

On the basis of what has been reviewed so far, it is not very surprising, that the responses from the countries of the *CEE region* in the global and non-CEE countries are far below the exemplary situation. In the first survey period, the proportion of respondents related to a single group is close to 20% (the highest, 18.3% can be seen at people with disabilities), while in the case of ethnic minorities it does not reach 3%. In the second period, the relatively strong (and then 24%) attention to the youth, *as if it would distract the caring activity of respondents from the other potentially concerned groups*. Although the conditions for the third survey period show some improvement in their own situation, they are far behind the practices of non-CEE countries (which does not concern very many people).

Finally, let us look at the domestic characteristics, again comparing the respondents' practices of other country groups detailed above.

At the beginning of the reviewed ten-year period, *the domestic practice fits without any differences to the rather sluggish corporate interests in the CEE region*. There is hardly any noticeable change until the middle of this period. Unless it is less attention paid to low-skilled, while to young people it is slightly higher than the CEE ratio. Unfortunately, *by the end of the period, there is no change worth mentioning and especially not positive*.

Based on the above-mentioned organizational practices in the field of recruitment, externally encouraged by legislation, or based on the internal value system of the organizations or well-recognized self-interest, it can be said that while they are spreading in non-CEE countries, while the respondents from the CEE countries including our country can be characterized rather by passive resistance in this area.

4.6.3 METHODS USED IN SELECTION

As we did before the description of the development of recruiting practice, this sub-chapter is also started by presenting the questions and answers of the questionnaire also those ones which were changed between the survey periods.

As shown in Table 4.12 it is clear, that it has a relatively large number of “empty”, i.e. “no data (n. d.)” columns at first glance. In order to provide a more complete description of the practice, several selection methods were included in the successive survey periods. (6, then 8, and later 11). The other change to the reader already familiar with the recruitment sub-chapter does not require an explanation, as there we discussed in detail the changes in the examined employment categories. Physical and administrative jobs appear in the first two periods as separate categories, then from 2014-2016 they are used merged in the presentation of the selection methods applied to them, and in the following tables as well. The ratios in the individual columns show the practice of respondents who claimed about the given selection method that they are used in their choice of candidates for different categories of employees. The interpretation of the answers is that any number of elements could be marked in each round. Based on all these, the percentages in the table refer not only to their popularity but also to their prevalence. On the basis of all these, besides comparing the rankings of popularity by periods and country groups we look at the changes in their individual weight and role.

We begin our analysis in the usual way, by exploring and presenting identifiable features *among leaders*. Leaving the presentation of the global characteristics, we focus on the comparison of the CEE and the non-CEE characteristics and based on the indications of the Hungarian respondents, the Hungarian characteristics are outlined in this reference framework.

The selection takes place from persons who have been reached and applied for recruitment, from inside and/or outside the organization. There are several methods that can help with the selection of the potential applicants, but using them individually, their strength is not very significant. That is why there is a practice of using techniques (e.g. interviews) several times in different phases of the selection process or by more persons or panels. In addition, they usually seek to support the success of the selection by the use of additional techniques, depending on the importance of each position.

The selection of leaders can typically be categorized into such an important category of decision, as the influence of leaders on organizational life and results is generally strong. Confirmation of this statement is shown in Table 4.12 expressed in terms of ratios.

As in can be seen from the 2004-2005 response practice of non-CEE country in Table 4.13 at the top of the used three techniques in the selection for leaders are as follows:

- *references* and
- *panel interviews* before the committee, which is followed by
- *one-on-one interviews*

Table 4.13: Proportion of organizations using selection methods for managers

Selection methods	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Interview panel	60,7%	62,3%	47,6%	57,6% ^x	58,0%	60,7%	46,4%	28,1%	61,3%	63,2%	55,8%	48,4%
One-to-one interviews	56,0%	55,7%	58,2%	71,2% ^x	72,9%	72,5%	74,8%	70,5%	65,9%	67,4%	61,7%	53,8%
Application form	42,9%	44,4%	30,4%	20,3%	50,2%	51,5%	44,9%	36,0%	48,9%	51,5%	41,5%	19,0%
Psychometric test	35,2%	36,5%	24,8%	25,4%	34,7%	36,7%	26,0%	25,9%	37,8%	41,3%	27,8%	15,8%
Assessment Centre	18,9%	19,7%	11,6%	10,2%	10,8%	23,3%	16,4%	22,0%	24,7%	26,9%	18,5%	14,3%
Social media profiles	No data available				No data available				19,4%	21,3%	14,1%	8,8%
References	61,5%	63,4%	46,0%	45,8%	71,3%	71,2%	71,4%	70,5%	70,4%	74,4%	58,7%	55,7%
Ability tests	No data available				27,2%	26,4%	30,7%	22,3%	31,2%	33,6%	24,4%	8,8%
Technical test	No data available				13,9%	12,9%	17,9%	6,5%	16,3%	16,3%	16,5%	13,9%
Numeracy test	No data available				No data available				14,3%	15,4%	10,9%	4,8%
Online selection tests	No data available				No data available				13,2%	14,9%	8,7%	8,8%

Source: Authors' own research

Since the application of each of the above-mentioned unique techniques is indicated by more than half of the respondents, it can be stated that one of the three is used in combination. If we look at the proportions of three additional elements (application forms, psychological tests, and AC) which could be chosen in this survey period, we can state that at least one other method is part of the practice of leader selection, since their application is – even in the case of the most expensive technique, the assessment center – around 20%. On the basis of the first survey period, it can be concluded that respondents in non-CEE countries *use at least three selection methods at the same time for selection from the candidates for managerial positions*.

During the 2008–10 period, the practices are modified so that the number of users of two elements at the top of the popularity list: *one-on-one interview and references* grew (over 70%), while the ratio of the users of the *panel interviews and application forms* is also over 50%. However, this increase is due to an increase in other methods such as psychological and capability tests, and even the proportion of people using AC increased (to 20–30%).

There are hardly any noticeable changes in the ranking of the items in the above list until the survey period (unless the references - with 74.4% - regain their leading role), while the share of those who apply almost all previously used techniques increases. Among the new elements, *social media* can also have a share of over 20%.

All in all, on the evolution of the non-CEE countries' leadership-selection work, it can be concluded that they are trying to support the recruitment of newly appointed managers by employing more and more, by the end of the period 3 to 4 techniques at the same time.

On the leadership-selection practices of the respondents from the CEE region it can be stated that, the significant difference is not in the popularity ranking of the used techniques but in the frequency of their application. The proportion of people who use *references* and *panel interviews* is *much lower* in the period of 2004–2005, and even those using other techniques (apart from the one-on-one interview) are 10–15 percentage points lower. All in all, this means that in the selection process of these leaders, *only 1–2 techniques are used by the respondent organizations*.

In the tendency of the selection practice over time according to the ratios in Table 4.13 positive changes can be identified in relation to the region's own practices. At the same time, although some traditional and new methods

are growing, both individual and collective user rates are far below those of non-CEE countries. Consequently, it can be argued that in our region, besides a *slightly improving tendency, relatively few, only 2-3 techniques and no hard test methods* are used in the selection of managers in the region. Even today, one-on-one interview has the leading role.

In the light of all this, *the picture of the Hungarian practice* is as follows:

- In the first two study periods, *the Hungarian respondent practice basically fits the above-mentioned trends in the CEE* - including also the ratios that are mostly increasing in 2008-2010. However, in the region, for example, the range of AC users differs in a positive direction.
- In the 2014-2016 round, however, the relative *situation* compared to the CEE practice also *shows a strong decline*, where we can see from the ratios the lack of use of hard tests which would promise more success in selection. The reason for that may be the practice of the public sector which is slightly overrepresented in the sample.

As we did during the recruitment analysis, we look at the selection practice among those who stand at the other end of the organizational hierarchy as the counterpart. Here, in the case of administrative and physical jobs, the impact of individual decisions on organizational results is less direct, but due to the number of selection decisions, the choice of candidates for these posts can be significant. Although the values of the global sample are also shown in Table 4.14, we follow the same practice as we did in the case of the leaders and we omit the description.

Table 4.14: Proportion of organizations using selection methods for cognitives and manuals

Selection methods	2004–2005*				2008–2010*				2004–2005**				2018–2010**			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Interview panel	36,8%	37,8%	27,8%	50,8%	43,2%	45,2%	34,5%	27,3%	24,8%	25,8%	16,1%	32,2%	26,6%	28,1%	20,0%	18,0%
One-to-one interviews	62,3%	62,2%	63,4%	59,3%	77,4%	77,1%	78,6%	78,4%	54,4%	54,8%	51,5%	35,6%	64,7%	63,3%	70,4%	60,4%
Application form	52,0%	53,3%	41,6%	23,7%	59,5%	61,4%	51,4%	50,4%	47,3%	48,1%	40,1%	22,0%	54,6%	55,8%	49,7%	41,0%
Psychometric test	14,8%	15,4%	10,0%	11,9%	20,1%	22,3%	11,0%	11,5%	8,0%	8,2%	5,8%	5,1%	9,8%	10,6%	6,6%	5,0%
Assessment Centre	4,7%	4,9%	2,4%	8,5%	7,8%	8,6%	4,5%	5,8%	2,5%	2,6%	1,5%	0,0%	3,1%	3,4%	2,0%	2,9%
References	51,9%	54,2%	31,7%	22,0%	59,1%	58,9%	59,8%	47,5%	40,5%	42,4%	24,8%	10,2%	44,9%	44,2%	47,7%	31,7%
Technical tests	No data available				23,7%	23,9%	23,0%	18,0%	No data available				21,8%	21,8%	22,0%	18,0%

*cognitives only, **manuals only

Source: Authors' own research

Applicants for administrative posts participate in fewer selection rounds than leaders, using fewer methods to screen them. However, compared to the 2004–05 round, during the period of crisis, the number of methods used to select them is increasing for each country or group of countries examined. What is even more common in all categories is *the omission of AC in this category or the use of it in a very moderate ratio*.

Respondents from non-CEE countries during the 2004-2005 round use

- *interviewing and/or*
- *reference checking, or*
- *application form*

The use rate of each additional method is low (between 5 and 15%). This practice will be modified by 2008-2010, and the rates of use of individual methods will increase significantly (by around 5-10 percentage points). This, in turn, indicates that the choice between candidates for administrative posts is becoming typically two-fold, making the result more reliable.

In the CEE region - including the practice of our country - a maximum of one (application form or reference) method is used in the starting round, along with the interview. Domestic respondents hardly use the reference and application form, so here the main selection method is a kind of interview. By the 2008-2010 period, the Hungarian practice is strengthened by using the reference and application forms as part of the practice. Moreover, in the region, the range of professional tests is over 20%. In this way, the practice of the CEE countries – including the domestic practice with a slight setback – becomes similar in this period to that of non-CEE countries.

In the case of applicants for *physical jobs*, the selection practice is quite simple, since in 2004-2005, besides the interview and application form, the use of references is only typical in non-CEE countries. In the next period, as a result of the intensification of this, it can only be shown in this circle that besides the interview(s) and application form the use of references is also known in the practice of the respondent organizations of the CEE region, their application takes roots here as well. Moreover, the number of users of professional tests is around 20%. Despite all these developments, *the selection methods for physical job seekers are among those with simpler, cheaper, less well-established methods, and more than two of them are only used occasionally during a selection process.*

The previous findings can be applied to *the domestic situation* with the addition that in our case the range of users in the period of 2008-2010 is somewhat below the CEE ratio for each method.

Based on the results of the 2014-2016 round, only a merged picture can be drawn from the two job groups analyzed above due to changes in the questionnaire. This shows according to the data in Table 4.14 the spread of multiple use of methods, while the use of new elements (capability- and mathematical tests, and even social media) also appears in this circle. However, differences between country group practices continue to prevail, as discussed above.

Table 4.15: Proportion of organizations using selection methods for cognitives and/or manuals

Selection methods	2014–2016			
	Glob	Non-CEE	CEE	HU
Interview panel	40,9%	41,6%	38,9%	27,5%
One-to-one interviews	70,6%	71,4%	68,3%	63,7%
Application form	59,8%	62,0%	53,5%	46,9%
Psychometric test	20,5%	22,2%	15,8%	10,6%
Assessment Centre	11,4%	13,5%	5,4%	6,6%
Social media profiles	15,7%	16,9%	12,4%	11,0%
References	60,4%	63,3%	52,1%	33,0%
Ability tests	38,8%	40,2%	34,8%	39,6%
Technical test	29,6%	30,4%	27,4%	25,3%
Numeracy test	19,9%	22,8%	11,4%	9,5%
Online selection tests	12,1%	14,2%	6,2%	8,1%

Source: Authors' own research

Finally, let us see in the light of the proportions of the respondents presented in Table 4.16 below, what characteristics the methods have in practice used for selection from candidates for clerical (professional) jobs - the descriptive analysis of global values will be omitted here as well.

Table 4.16: Proportion of organizations using selection methods for professionals

Selection methods	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Interview panel	49,5%	50,6%	40,4%	40,7% ^x	53,8%	56,2%	43,7%	32,4%	57,0%	58,9%	51,7%	42,9%
One-to-one interviews	60,3%	59,7%	65,5%	64,4% ^x	76,1%	75,1%	80,0%	76,3%	70,0%	69,5%	71,3%	70,7%
Application form	49,1%	50,5%	37,8%	20,3%	56,8%	58,2%	51,1%	43,9%	56,0%	58,2%	49,7%	37,0%
Psychometric test	25,4%	26,2%	19,0%	18,6%	28,6%	30,8%	19,3%	19,4%	31,1%	33,7%	23,7%	12,8%
Assessment centre	10,4%	10,9%	5,7%	5,1%	14,7%	16,1%	8,7%	9,4%	18,9%	20,7%	14,0%	17,6%
Social media profiles	No data available				No data available				21,0%	22,6%	16,5%	16,1%
References	58,0%	59,7%	43,9%	27,1%	66,8%	65,7%	71,3%	64,0%	70,6%	73,0%	63,5%	54,6%
Ability tests	No data available				35,5%	35,5%	35,4%	30,2%	40,3%	41,3%	37,7%	33,7%
Technical test	No data available				33,0%	33,2%	32,2%	19,4%	34,7%	34,2%	36,0%	44,0%
Numeracy test	No data available				No data available				20,4%	20,9%	18,8%	15,4%
Online selection tests	No data available				No data available				15,2%	16,9%	10,4%	13,2%

Source: Authors' own research

Seeing the ratios shown in Table 4.15 and their evolution, it seems worthwhile to compare them with the characteristics of the selection of leaders, as a result of which *we see similar unique rates and tendency improvement confirmed by the rapid expansion of the application of new methods*. Moreover, the increasing practice of application for the period 2014–2016 shows, in several elements, *individual ratios that exceed the ones employed in the case of leaders*. Thus, when reviewing the recruitment practice, the situation perceived for this layer seems to come back in the selection phase. In addition to attracting talents, we can see that in the screening of candidates, a non-negligible range of respondents considers *the acquisition of the best of this layer to be of strategic importance*. They do not regret the elaboration and *application of a multiple (3 to 5-fold) selection method*, which requires attention, time and material spending, for its selection which may exceed the level used in the case of leaders. Finally, it should be mentioned that this can be most clearly identified in the practice of respondents in non-CEE countries. However, CEE and the domestic practice in it are somewhat weaker, but they follow this trend.

Reviewing *the methods used in the selection process* based on the Cranet questionnaire, it can be summarized that significant differences can be identified *in their use* in terms of *employment or job type*. In terms of the retention ratio and number of the methods used in the selection of candidates for (professional) positions the time course shows the most powerful output arc – while the multiple application of methods indicates also the *strategic significance* of this circle in the organizational life. This is followed by the practices of *leader selection* methods that are still *significant*. In the case of the *administrative* position, only the practice of selecting for physical jobs has a more modest, one-dimensional picture which shows hardly any significance about practical applications.

There were hardly identifiable differences in the trends of time over time in comparison with the country groups, but in terms of the number of methods. In the ranking, CEE countries are also preceded by the non-CEE group. The situation with the region was similar in many places to the Hungarian situation, and elsewhere it was positive, but several times we found practices which diverted rather in a negative direction.

4.6.4 DEVELOPMENTS IN THE USE OF DOWNSIZING AND COST-CUTTING TOOLS IN THE ORGANIZATION

The first two survey period questions - the solutions used for staff reduction - and the eight-point list of proposed answers are simpler and narrower than those in the most recent questionnaire, but the common presentation of the answers in 4.12. Figure and the combined overview of the developments still required some synchronization.

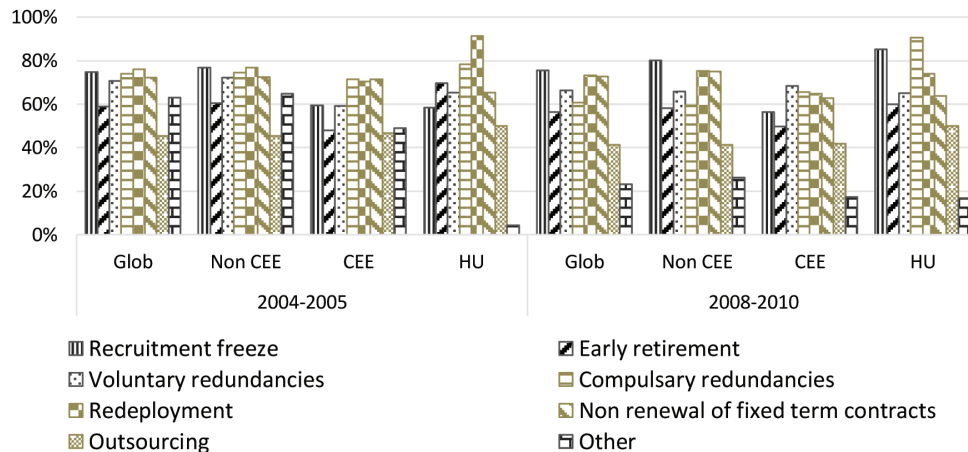


Figure 4.12: Proportion of organizations using methods to downsize the organization in the periods 2004-2005 and 2008-2010 (%)

Source: Authors' own research

Thus, in the first survey period, the respondents could choose from 8-point solutions. In the global sample, by choosing from these there is a ranking of solutions applied for the gentlest handling of redundant staff:

- *internal redeployment and*
- *hiring freeze*

After that, the most painful solution in the ranking is the dismissal.

The rates of use of these three methods are almost the same (74-76%) and only slightly ahead of the following two solutions in the rankings, the first of which concerns employees who are more precarious in atypical employment contracts, and the other offers a voluntary, "soft" choice for more flexible employees:

- *a ban on extending fixed-term employment contracts, and*
- *encouraging voluntary departure.*

The high-ranking (above 70%) of the methods in the above-mentioned five-point ranking suggests that their users use them in parallel, presumably to fit different employee segments. Just like other items at the end of the ranking: pre-retirement, outsourcing, and other.

In the global pattern, the solutions used in the period 2008-2010 (characterized by the downsizing of the crisis) surprisingly show hardly any discrepancies compared to those outlined above, except that their somewhat declining ratios seem to have a slight decline in more prudently thought-through solutions.

The practice of non-CEE countries in 2004-2005 shows little difference compared to global values. What is worth mentioning is the fact that the proportion of respondents using certain solutions is slightly higher here. The situation is very similar in the next period of 2008-2010.

As a result - and as usual in many respects - *the direction of global deviation of CEE solutions shows even now lower proportions*. In addition, internal redeployment items at the top of the 2004–05 ranking will also change slightly:

- *dismissal*,
- *prohibition of extension of fixed-term contracts*,
- *internal redeployment*

Each of them is just above 70%.

Compared to the global pattern or the practice of the non-CEE countries, neither the next elements of the ranking – *hiring freeze and encouragement of voluntary departure* - nor at the end- can be seen a significant difference. However, the application rates for 2008–2010 show *a bigger fallback* in almost every element compared to non-CEE countries.

In the light of the above, *the picture of the Hungarian practice* shows that the elements of the first and even the other three places are strong in both survey periods (with ratios of 65–90%). These are *internal redeployment, dismissal and pre-retirement* in 2004–2005. In 2008–2010, however, the most drastic solution is at the top followed by hiring freeze and internal redeployment. During this period, the application ratio of some of the other elements (e.g. pre-retirement, outsourcing) are still well above the non-CEE practice.

The questionnaire used in the last survey of the surveyed period, in addition to the *staff reduction solutions*, also asks for other organizational downsizing and cost-reducing solutions - for different groups of employees. The use of these is described by the ratios in Table 4.17. which are presented without a textual analysis of the global values - while the columns in the table provide further information for those who are interested.

Table 4.17: Proportion of organizations using methods to downsize the organization in the period 2014–2016

Methods to downsize the organization	Managers				Professionals				Cognitives and/or Manuals			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Recruitment freeze	30,9%	31,9%	28,1%	31,5%	32,9%	35,0%	27,1%	35,9%	36,9%	39,9%	28,8%	38,5%
Early retirement	15,8%	17,5%	11,0%	8,8%	18,4%	20,2%	13,5%	12,8%	22,0%	22,9%	19,5%	14,3%
Internal transfer (redeployment)	30,0%	31,0%	27,3%	23,4%	43,5%	43,6%	43,5%	54,6%	48,5%	48,3%	49,0%	54,2%
Voluntary redundancies/Attrition	27,3%	27,4%	27,3%	16,5%	34,7%	32,0%	42,2%	48,7%	40,4%	37,4%	48,6%	53,5%
No renewal of fixed term/temporary contracts	14,8%	16,4%	10,3%	4,8%	28,0%	30,2%	22,2%	15,8%	44,0%	44,9%	41,5%	18,7%
Unpaid study leaves/vacations	7,7%	7,9%	7,2%	10,3%	12,3%	12,1%	12,8%	25,6%	14,3%	14,9%	12,8%	16,5%
Outsourcing	5,8%	6,4%	4,4%	1,8%	12,9%	14,1%	9,8%	12,8%	19,9%	20,3%	18,9%	18,7%
Management pay-cut	13,3%	12,4%	15,7%	12,5%	5,1%	5,0%	5,4%	2,9%	4,8%	5,2%	3,7%	1,1%
Ban on overtime	10,8%	9,9%	13,4%	12,8%	16,9%	17,0%	16,7%	27,1%	24,9%	26,3%	21,2%	35,9%
Wage freeze	23,0%	23,3%	22,2%	21,6%	22,1%	21,9%	22,8%	24,5%	22,7%	22,5%	23,2%	28,2%
Reduced job proportions	7,9%	9,2%	4,3%	6,2%	10,7%	12,1%	7,1%	9,9%	14,3%	15,8%	10,3%	7,3%
Job sharing	8,7%	9,5%	6,8%	9,9%	14,3%	13,9%	15,4%	27,5%	16,1%	16,1%	15,9%	20,9%
Reduced benefits	16,3%	14,6%	21,2%	19,8%	15,9%	13,7%	21,9%	20,9%	16,2%	13,7%	22,9%	25,6%
Employee pay-cut	8,5%	6,5%	14,0%	4,0%	9,5%	7,1%	16,2%	7,0%	10,8%	8,5%	17,1%	8,4%
Individual layoffs	15,5%	16,7%	12,0%	12,5%	22,6%	23,1%	21,4%	27,5%	27,1%	26,8%	27,9%	30,8%
Concentrated layoffs	6,6%	7,7%	3,6%	4,4%	9,2%	10,2%	6,4%	9,9%	12,1%	13,2%	9,2%	11,7%
Mass layoffs/compulsory redundancies	4,0%	4,7%	2,1%	2,6%	5,9%	6,9%	3,2%	3,7%	7,3%	8,7%	3,6%	6,2%

Source: Authors' own research

Typical solutions for non-CEE countries include the use of softer, less drastic methods:

- *hiring freeze*
- *internal redeployment,*
- *natural attrition*

and solutions in connection with benefit packages such as:

- *wage freeze*
- *benefit reduction, or*
- *reduction of payments.*

In the countries of the CEE region, the solutions used in the circle of leaders follow the same order of precedence as the previous ones but not so sharply. It can be stated from the practice of the respondents of the Hungarian companies that the natural attrition is somewhat lower compared to the previous ones, while the application of the financial solutions is somewhat stronger.

The proportions of the solutions applied to (professional) employees by examining each country group suggest that there is a strong focus on retention, as among the top elements in this circle are as follows:

- *internal redeployment,*
- *natural attrition, drop out, and*
- *hiring freeze*

In this circle, in addition to individual lay-offs, wage freezes and benefit reductions are applied by each country group.

For *clerical and/or physical jobs*, there are also less drastic solutions (internal redeployment, natural attrition), which is accompanied by a *post-expiration ban on fixed-term contracts* that are more frequently used than in other employee groups. The proportion of those who apply wage freeze and *individual lay-offs* and *overtime restraints* is rather high among them, without a significant difference between the country-groups, *while respondents only moderately use the reduction of payments.*

According to the above analysis results, the practical solutions of the headcount reduction show peculiarities for both country and employee groups. Among them should be highlighted that there is a distinctive treatment of (professional) employees, which, even during the crisis, focuses not on their downsizing but rather on their retention.

4.7 DEVELOPMENTS IN THE USE OF ATYPICAL FORMS OF EMPLOYMENT AND TYPES OF EMPLOYMENT IN THE LIGHT OF CRANET SURVEYS

Labor law generally considers *a full-time employment with a permanent contract and work at the employer* to be typical. The name, on the one hand, expresses that these traditional forms of employment are typically applied solutions of the practice of organizations even at the beginning of the 21st century. On the other hand, it is to be understood that labor law considers this to be a standard, “normal” employment relationship, the rules of which are essentially written for these employment relationships. Any other solution that differs from the usual in any area is then classified into the atypical category. *Atypical* employment relationships can differ from the usual forms in many areas, so today not only in the world, but also in our country, there are many, even less mature ones, so occasionally changing solutions in the legal regulation.

Labor law therefore considers generally a *full-time employment* with a *permanent contract* to be *typical* and treats all else as *atypical*. Thus, the latter include e.g. employment for a fixed-term, part-time, employee lending and teleworking. In the employment contract, the parties may freely decide whether to conclude a *fixed* or a *permanent* contract of employment. A fixed-term contract is usually tied to an exact calendar date. Indefinite employment can be full-time and part-time. *Legal hours for full time* in Hungary are 8 hours a day and 40 hours a week. *Part-time* work at home is typically 1 to 7 hours a day.

The appearance of *atypical forms of employment* and their diverse solutions provide organizations with flexible and cost-effective employment opportunities in increasingly unpredictable market conditions. Legal forms for solving these needs exist in different countries of the world, including the European Union, but in different ways in different countries. There are some countries that allow e.g. employee lending and regulate it by labor rules. While others do not prohibit, but strictly rule on lending. In some countries, it may only be applied due to specific circumstances (e.g. substitution, seasonal work). For example, the practice has long been familiar with the form of employment where daily work is not at the employer's headquarters, but at the worker's residence. This solution was known for a long time as *outwork*, which made simple products or performed some operations at home. As a newer version of this, we can look at telework, one of the important additional features of which is that communication between the parties and the task to be performed itself is done by means of information technology.

As it can be seen from the above presentation, a list of solutions that can be explored on this subject, as well as the specific regulation of their country-specific practices, can only be more or less the same, but trends in the spread of atypical solutions often highlight them. Therefore, the Cranet questionnaire also includes an 11-item list (weekend work, shift work, overtime, annual work contract, part-time work, job sharing, flexible working hours, temporary/casual work, fixed-term employment, outwork, teleworking, compressed work week), to which respondents should also account for what proportion of their employees are employed in the given form. The first of the percentages of affected people is 0%, i.e. the answer is that *no one* is employed in the given form. The low values found here suggest that the group of those who employ these forms of employment is big. Atypical solutions will now be ordered according to the ranking of the first (no one) line *in the first global sample survey period* (2004-2005). So, among the first, we will review the development of the practices which are known and applied by the widest range of respondents.

In the first analysis group, there are employment forms and types of employment relationships (6 items), followed by an overview of the popularity ranking and coverage of atypical working time and work schedule (6 more items).

As shown in Table 4.18 at the top of the popularity list of atypical forms of employment and types of employment there are fixed-term employment and occasional work, as the proportion of respondents between 26% and 27% states that they do not employ anyone in this form. In other words, this means that these two solutions are used in practice *by three quarters of the responding employers*.

At the beginning of our analysis period, companies with *fixed-term employment* are mainly located in non-CEE countries. However, respondents typically *apply this solution* (about 40%) *only to the narrow* (1 to 5%) *layers of their employees*, so that its development over time in the second round also shows some decline. However, for the last survey round appears a group of respondents representing a quarter of all the countries surveyed in each category in whose life this practice is present concerning more than 10% of the employees.

Table 4.18: Proportion of organizations and employees on temporary/casual and fixed-term contracts

Proportion of employees	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Fixed-term contracts												
Not used	26,5%	24,8%	40,3%	23,7%	29,6%	28,9%	32,2%	31,7%	25,5%	27,1%	20,9%	28,4%
1–5%	46,0%	47,0%	37,5%	45,8%	39,1%	39,8%	36,3%	44,6%	35,1%	35,2%	34,9%	33,2%
6–10%	13,1%	13,3%	11,5%	16,9%	15,7%	16,0%	14,6%	12,2%	15,3%	14,5%	17,5%	14,9%
Over 10%	14,4%	14,9%	10,7%	13,6%	15,6%	15,3%	16,9%	11,5%	24,1%	23,2%	26,7%	23,5%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Temporary/casual contracts												
Not used	26,8%	24,6%	44,8%	59,3%	37,6%	33,6%	52,9%	66,9%	42,2%	34,7%	63,3%	75,3%
1–5%	43,6%	43,9%	41,4%	37,3%	39,7%	41,0%	34,8%	28,8%	31,8%	35,5%	21,4%	15,7%
6–10%	16,8%	17,8%	7,8%	1,7%	13,1%	14,6%	7,4%	2,9%	12,3%	14,4%	6,4%	4,5%
Over 10%	12,8%	13,7%	6,0%	1,7%	9,6%	10,8%	4,9%	1,4%	13,7%	15,4%	8,9%	4,5%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

Respondents who use temporary or occasional jobs in high proportions (close to 75%) are also more likely to be in non-CEE countries at the beginning of the analysis period, and their circle is slightly declining from the crisis period. However, the proportion of those who are affected is low, as most of the respondents using this solution are in the lowest (1-5%) band. According to the last survey, nearly two-thirds of respondents in CEE countries have not used this well-known solution for a long time, while the proportion of domestic respondents following this practice exceeds 75%.

Employers of the following two atypical forms of employment, *job-sharing* and *annual working hours*, represent a much narrower range of respondents, maximum 30-35% compared with the above two type's 75% at the top. However, these two forms also can have the 3rd and 4th places of the popularity list by this moderate usage ratio, which means they build a *moderately popular category* (Table 4.19).

Table 4.19: Proportion of organizations and employees on job sharing and annual hours contract

Proportion of employees	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Job sharing												
Not used	63,4%	63,5%	62,6%	83,1%	73,4%	73,7%	72,0%	73,4%	72,3%	70,2%	78,0%	65,4%
1–5%	27,4%	28,6%	17,3%	11,9%	18,1%	19,0%	14,3%	15,8%	15,8%	17,1%	12,2%	17,7%
6–10%	4,4%	4,2%	6,7%	5,0%	3,9%	3,7%	4,6%	3,6%	4,1%	4,3%	3,5%	5,3%
Over 10%	4,8%	3,7%	13,4%	0,0%	4,6%	3,6%	9,1%	7,2%	7,8%	8,4%	6,3%	11,6%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Annual hours contract												
Not used	68,9%	69,9%	60,8%	86,4%	68,1%	66,8%	73,2%	79,1%	67,6%	61,7%	83,5%	83,8%
1–5%	11,5%	9,9%	24,1%	6,8%	11,6%	11,2%	13,1%	9,4%	8,3%	9,7%	4,7%	2,3%
6–10%	3,5%	3,3%	5,8%	0,0%	3,9%	4,1%	3,3%	1,4%	4,1%	4,8%	2,2%	3,0%
11–50%	6,1%	6,1%	5,6%	1,7%	6,2%	6,5%	4,5%	0,7%	9,6%	11,5%	4,3%	4,9%
Over 50%	10,0%	10,8%	3,7%	5,1%	10,2%	11,4%	5,9%	9,4%	10,4%	12,3%	5,3%	6,0%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Authors' own research

However, the overwhelming majority (nearly 30% of the respondents) who apply *job sharing* in 2004-2005 in the global pattern (Table 4.18) indicates that this solution only affects a narrow (1–5%) layer of the workforce. They are more likely to be among the respondents in the non-CEE countries, but with the passage of time, the proportion of users is decreasing, and even in this narrow band of 1–5%, it falls below 20%. Meanwhile, the initially low interest in the CEE region continues to weaken, but in the practice of the *domestic respondents*, as a result of the regulation published in the 2012 Labor Code, the results of the third survey round were not only 1–5% but also in the higher bands above the results of all country groups.

The *annual hours contract* is a contract form based on an agreement between the employer and the employee, which gives the employer a rather flexible use of working time, similar to which is not really included in the domestic legal system, but in many other (e. g. European) countries' is, relatively for a long time. Thus, those who apply it are mainly found in non-CEE countries, where about 30-40% of respondents use the opportunity (Table 4.18). It has so far not been seen as A feature of the circle of those who are concerned which has not been experienced so far that it is used only in a narrow range (1 to 5% of employees) just like the three elements that have been known so far, or on the contrary, even more than half of the employees are employed in this form.

The similarity of the *two - with the respondents least popular - atypical forms of employment* belonging to the first group lies in the fact that working at the employer is replaced by working from home. Among them, the popularity of telework is already at the beginning of our investigation period higher than that of o utwork which is an *employee relationship for working from home* (Figures 4.13 and 4.14).

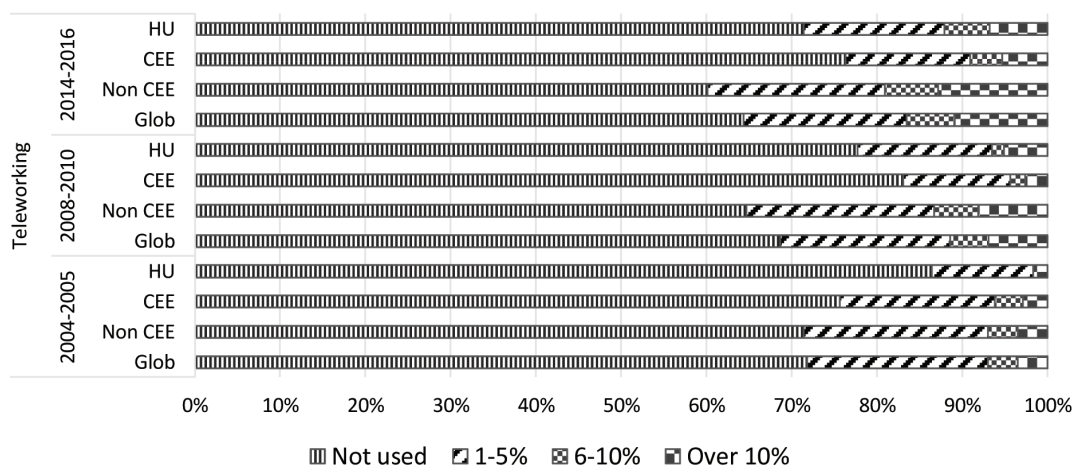


Figure 4.13: Proportion of organizations and employees on teleworking (%)

Source: Authors' own research

While the proportion of the users of telework in the global sample is moving slowly upwards from nearly 30% during the ten-year period under review, in non-CEE responding organizations it is already reaching 40% for the last period of the survey. The direction of change is similar in other countries, but the number of those who apply these solutions is in the CEE region and in Hungary lower. There is also a change in time among stakeholders, as while slightly over 20% of non-CEE respondents apply it only to a narrow (1–5%) layer, by the end of the analysis period, the proportion those who employ this option in the case of more than 10% of the employees also rises above 10%. The rates of employment reported by the Hungarian respondents are gradually rising from the lowest level at the start of the year and even in the middle of the survey period are higher than the CEE regional values. In the third survey period, the range of teleworkers is somewhat stronger in Hungary, as well as the percentage of respondents in the individual percentage lanes. Despite the developments, the 2014-2016 values outperform all previous CEE ratios, but they are still lagging behind the non-CEE group.

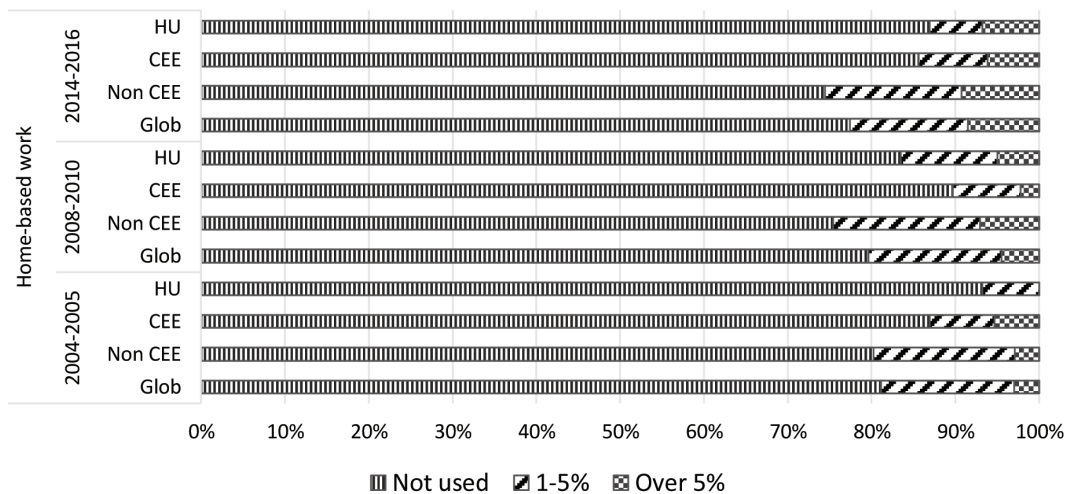


Figure 4.14: Proportion of organizations and employees on home-based work (%)

Source: Authors' own research

At the last place of the atypical employment relationships, there is a long-known, but not yet worn-out form of practice: *the outwork legal relationship*. The vast majority (75-80%) of the global sample respondents do not employ anyone in this form. The highest non-CEE ratios in the typical 1-5% band do not even reach 20%.

In the last part of our subchapter, you will find an overview of the stakeholders and the popularity ranking of atypical working times and work schedules (6 items) applied by the respondents. Among them, the application ranking which was produced in the same manner as the previous one, is headed by a traditional employment relationship, which has been a well-known element for a long time.

- overtime – followed by
- part-time,

since in 2004–05 only 14.1% and 16.5% of the respondents replied that they did not employ *anyone* in this form. In other words, the vast majority of respondents (80-85%) know and apply these solutions to a narrower or wider range of employees.

The leading position of *overtime* in the global sample is still slightly increasing over the period of more than 10 years of the survey, while the ratio of about 25% of those who use it only for a narrow (1-5%) layer is in the case of all tested country groups moderately and gradually declining. As described in Figure 4.15 next to them there are at least 10 to 20% of respondents included in each of the percentage band indicated in the questionnaire. Thus, there are also those who occasionally order the otherwise rather expensive solution, overtime, in the case of peak workload periods, sometimes even for over half of their employees.

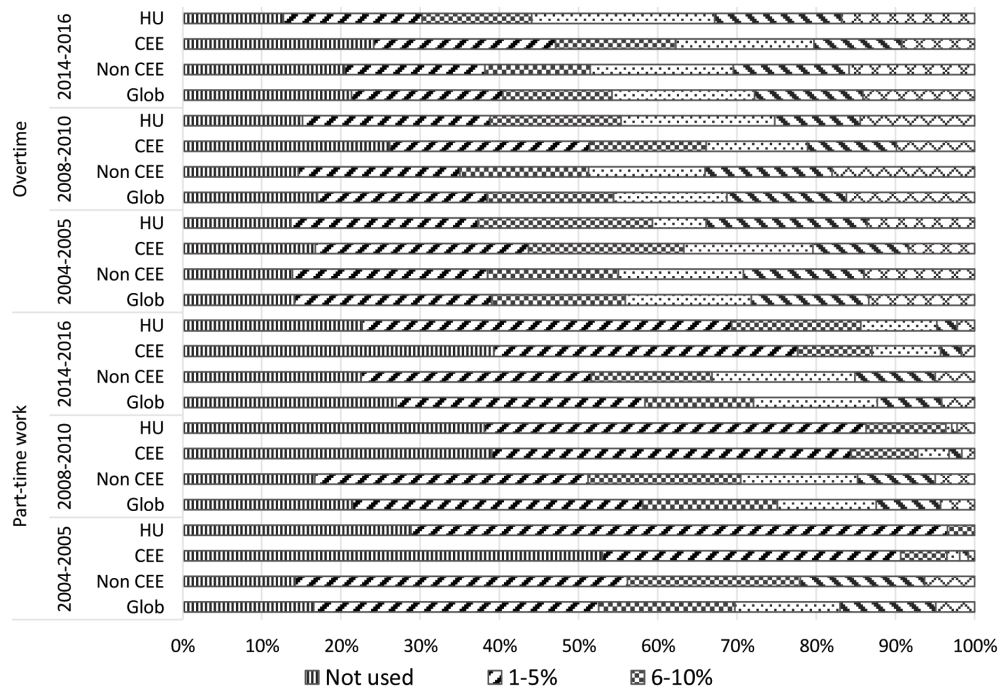


Figure 4.15: Proportion of organizations and employees on overtime and part-time work (%)

Source: Authors' own research

Part-time work is an atypical solution that promises less costly management of peak workload periods. Based on the values of the global sample, it occupies 2nd place in the popularity list, but the 85% application rate at the beginning of the period decreases by around 10 percentage points by the end of the period. However, its popularity is clear among the respondents of non-CEE countries but shows a somewhat declining trend over time. The CEE region's respondents have a reverse trend: the initially high rate of disinterest by the end of the period is reduced by about 10 percentage points but is still far below the practice of non-CEE countries. The typical %-bandwidth of users is the lowest, i.e. 1-5%. Those who can claim to apply part-time work, use this form only for 1–5% of their employees, or 6–10% of their workforce. While the distribution of ratios of the stakeholders in the percentage-band shown in Figure 4.15 is quite even in the case of overtime, part-time shows many low values in the bands over 20%.

In the next, *mid-popular category*, we can find two working hours and work schedules that belong to the traditional solutions and for technological or economic reasons have been used for decades:

- *shift and*
- *weekend work.*

It is characteristic of both elements that the global sample of the first survey value begins with a 'nobody' line that is slightly above 30%, which means that a relatively high (nearly 70%) ratio of respondents applies both versions (Figure 4.16).

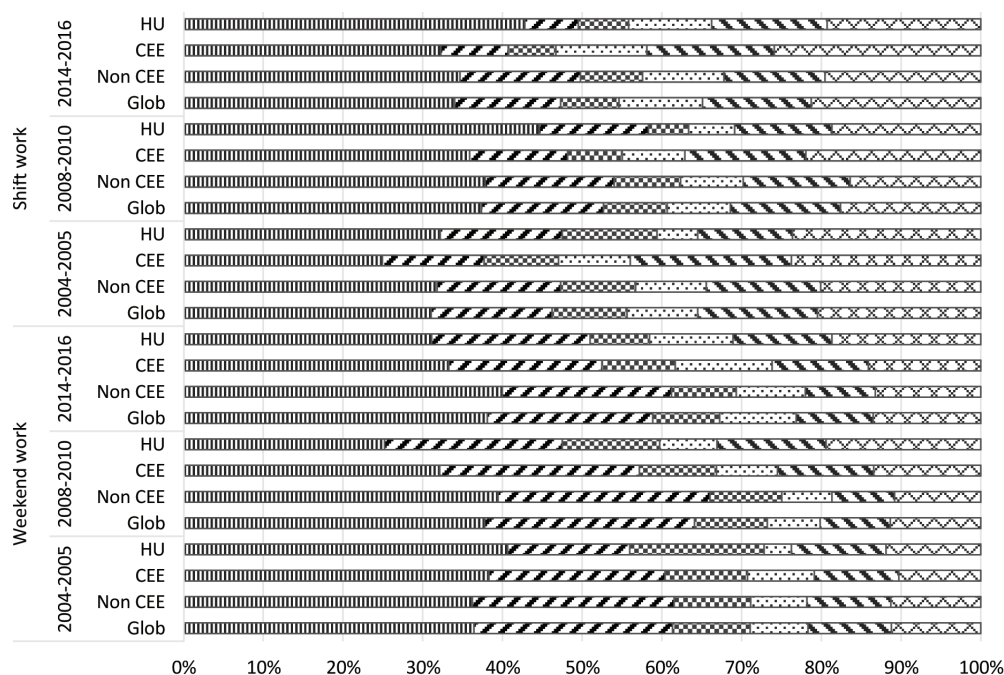


Figure 4.16: Proportion of organizations and employees on weekend work and shift work (%)

Source: Authors' own research

In the global sample in the circle of those who do not apply shift work a slight increase can be experienced during the crisis, the value of which is falling again by the end of the period. As described in Figure 4.16 3 this is an exceptional form compared to the previous ones which is not used by the employers for a narrow layer. What is more! Around 20% of those who use it do it the way that it affects more than 50% of their employees. For 15% of additional respondents appears a 21-50% coverage while the proportions of the users the of other bands are rather balanced.

The peculiarity of the *Hungarian sample* is that the proportion of those who do not apply shift work is higher in the second and third survey periods than in all other country groups. However, most of the users are typically in the three highest bands. That is, where this solution is used, it concerns a relatively broad layer of workers (over 10-20 and even 50%).

The proportion of respondents who do not use *weekend work* (on Saturday and/or Sunday) is around 30% (Figure 4.16). Thus, more than 60% of users of this solution put this solution in the mid-popular category. While the majority marked a narrow band the next, together 20% of respondents characterized their practice of employment by choosing the 21-50% or above 50% bands of their staff members.

Two atypical solutions at the end of the popularity ranking:

- flexible working hours and
- compressed work week.

It is common in them at least in comparison to the previous ones that the proportion of respondents who do not employ these solutions in their employment practice is relatively high (40-50% or 70-90%).

The practice of employer of *flexible working hours*, at least for non-CEE countries, is quite similar to shift work, as it is also characteristic of those who use flexible working hours that, if they use it, the affected workforce is significant and exceeds 50%. However, the practice of respondents from CEE countries is characterized by the fact that about half of the organizations use flexible working hours, but only by extending their staff to a narrow

(1–5%) range. In some cases, the national respondents tend to approach non-CEE responses, while in others they tend to approach CEE characteristics.

The form of the compressed work week which stands at the last place in the popularity ranking is not used at all by a rather high (75-95%) ratio of respondents. (Figure 4.17). Approximately 25% of the respondents operate primarily in non-CEE countries and at least half of this narrow circle applies the practice that the solution is used only to a low proportion of employees (1-5%).

In the group of *atypical forms of employment* and types of employment, we have also seen the most popular ones (e.g. fixed-term employment or teleworking) as *being used for a limited number of their employees* - and the proportions of non-CEE respondents in the surveyed period are typically higher than those of the CEE region. Certain solutions that offer flexibility to the employer (e.g. the annual working hours contract) are hardly known in the CEE region.

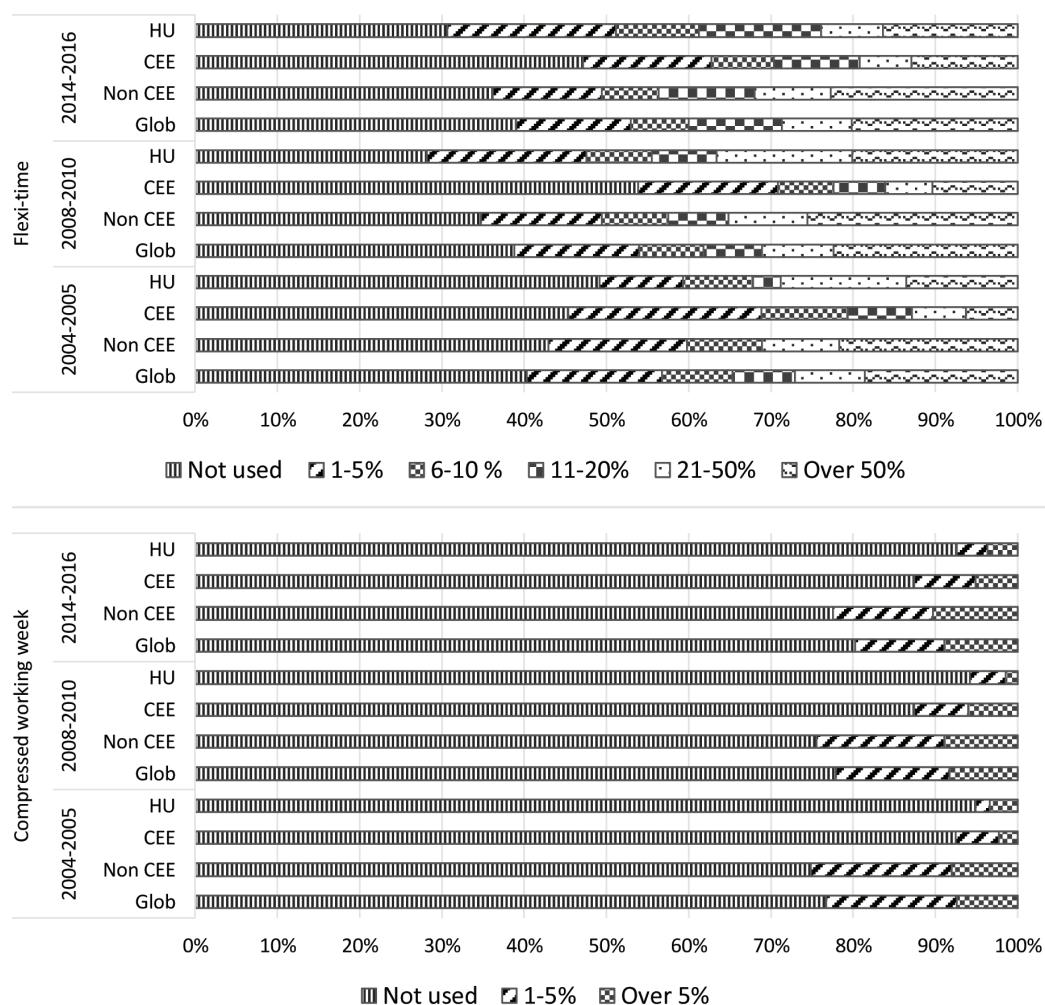


Figure 4. 17: Proportion of organizations and employees on flexi-time work and compressed working week (%)

Source: Authors' own research

In addition to the typical solutions for the use of working time, some of the methods used today (e.g. overtime or shift work) are a long-known and still used by a wide range of employers and the ratio of the affected employees is relatively high (even above 50%). The other part of the methods included in this group (e.g. compressed work week) is a novel solution whose users - and not only in CEE countries - are still rather limited today.

4.8 CLOSING COMMENTS

In this chapter, we have described in detail the trends of staff change trends based on the Cranet survey indicators and results, the characteristics of the staffing practices of a period, examining whether the tasks of recruitment, selection or redundancy are the main challenges for organizations. We were looking for answers to the questions which methods are used by respondents in which fields to address the challenges they face in general and for key employee groups, including members of special, or disadvantaged groups.

However, the change in the number of employees is a central issue not only at the level of individual organizations, but also from a macroeconomic point of view which determines employment policy measures. Thus, it is justified to compare the Cranet results on changes in the number of employees in the organization with those of the labor organizations, and to compare them with trends in macroeconomic data. We have seen that the specificities of national and regional processes related to the development of employment can also be well monitored on the basis of the Cranet sample.

Regarding the change in the headcount of organizations, it can be stated that while in the pre-crisis period there was a strong increase in the number of employees, more than half of the organizations reported this immediately before the crisis, and after the crisis this process stopped and the share of report on growth decreased, while those operating with unchanged staff increased. This trend has been more pronounced in the CEE region and in Hungary. This is similar to the global and Eastern European employment trends in the publications of the International Labor Organization (ILO, 2017). These show a continuous expansion of employment at a global level, before and after the crisis, and a halt in 2009-2011. In the Eastern European countries examined by the ILO (which only partially overlap the countries covered by the Cranet research), the 2008 crisis brought not only a stagnation, but a strong downturn after the previous rise. The pre-crisis level could not be reached until 2016, and further forecasts indicate a further decline. The data presented by Nemeskéri (2018) reflect that in Hungary, following a rise until 2006, there was a strong downturn in employment until 2013, while data for 2007 and 2013 hardly show any differences. Although data for the ups and downs are not available in the Cranet surveys, the previous rise and the return to previous levels are also followed by them.

According to a study by the Society for Human Resource Management in 2016, two thirds of professionals said they had difficulties in the field of staffing, and this represents an increase of 18% compared to the 2013 survey. Based on the above, it can be concluded that providing the right professionals for the organizations is becoming more and more difficult nowadays. The key to an efficient and competitive operation of an organization is that the skilled workforce is available at the right time and in the right number. SilkRoad (2017) research showed that, although recruitment methods used for staffing, only one third of applicants are internal, while more than half of the vacant positions are filled by applicants like that. The results of the Cranet survey confirm this: internal recruitment also plays a prominent role, especially in the case of leaders, in a very wide range - in three quarters of the interviewed organizations. In the quoted SilkRoad survey among the internal recruitment sources employee mediation has a leading role; in the case of executives nearly half of the organizations of the global Cranet sample use the opportunities offered by employee mediation. All this cannot be by chance if we think that the quoted research also found that recruiting from external sources is much less time-consuming and cost-effective than the internal one. In addition, recruitment agencies/head hunters and advertisement forms available on various websites (corporate website, recruitment companies) are also popular for recruiting leaders. Several studies have also shown that the use of online methods is now widely accepted, which is also supported by the Cranet results. According to this, electronic tools have become more important in the recent period of recruiting leaders, and besides the websites, social media appeared as well, while the number of newspaper advertisers decreased. In our region, however, there is a greater role for direct employee mediation, while the recruitment of leaders is much less entrusted to head hunters. This may indicate, in line with numerous value researches, that trust in this world through human, friendly and relative relationships is of paramount importance even nowadays.

The importance of the Fourth Industrial Revolution is indisputable, and we see signs that this is generating profound changes in the field of staffing. They go beyond recruitment methods and force the change in the structure of recruitment requirements, especially as more and more skilled workers become more important

(Hays, 2017). A similar picture emerges from the Cranet results discussed above and below. The methods used to recruit non-executive professionals have many similarities with those used to recruit leaders, with a somewhat smaller, albeit non-negligible role of head hunters, and a more prominent role play the websites of recruitment firms, and any further methods. The last survey also shows the strong spread of new methods (social media, job fair, internship). This multiplayer battle is also likely to promote the talent acquisition. However, in the countries of the CEE region, modern recruitment tools are even less used. It is a question, therefore, whether the organizations in our region consider the acquisition of talented professionals less critical or their strategies are different. Nonetheless, the widespread shortage of labor and the rapid spread of digitalisation are, however, developments that require organizations to reconsider their recruitment strategies, and predicts the widespread use of new technological solutions such as mobile applications (Randstad, 2017) or the use of artificial intelligence (LinkedIn, 2018).

If we survey recruitment practice by groups of employees, it is not surprising that organizations employ fewer headhunters among administrative and physical staff. However, the decline in newspaper advertising and the proliferation of electronic forms are typical as well. In CEE countries, personal solutions and verbal mediation play a greater role, while the use of social media in recruitment has a much smaller proportion in organizations surveyed than in the global sample.

Confirming the results of other domestic researches (Szűts - Sebők, 2016; Szabó, 2013), modern recruitment tools in Hungary are quite widespread and it is common for companies to use multiple methods for successful recruitment. In most cases, these results outweigh the regional aggregation, so in gaining talented workforce, our organizations in Hungary can take a better position compared to the region.

Significant changes have taken place in the world during the periods of Cranet research in this book: with the widespread use of digitalization, the use of IT-supported methods has become increasingly prevalent in the HR field, including social media. However, the research already cited by the Society for Human Resource Management has also shown that, despite the fact that social media is the most widely used recruitment tool, the most effective tool for overcoming recruitment difficulties in the case of hard-to-fill jobs is the training of existing employees in the practice of larger companies; while smaller organizations rather prefer the development of the benefit package (SHRM, 2016).

From the surveys presented in this chapter, we have seen that meeting the needs of organizations' workforce, finding candidates with the right qualifications, are bigger and bigger challenges all over the world. It is no coincidence, therefore, that the interest of HR professionals has increasingly turned to pensioners and other disadvantaged groups in the labor market. According to SHRM (2016), a quarter of respondents have already developed a program to include these non-conventional labor resources. The global results of the Cranet surveys also show a similar picture: three different groups of people (young people, women, and people with disabilities) are in special care during the crisis, among the different groups of workers with special attention in different situations (gender, age, ethnicity, health); about a quarter of respondents have already an action program for recruitment. During the period of recovery from the crisis, the spread of action programs shows an increase in attention towards these groups. Presumably, the recruitment programs targeting young people appear at the highest rate due to the growing labor shortage. While these programs are beyond the borders of our region, organizations in our region and in Hungary have little interest in them. At the regional level, we are particularly lagging behind in the case of ethnic minorities, people with disabilities and women, while in Hungary the group of older workers is most often treated worst. Unfortunately, the results of the Cranet surveys in the case of the other groups do not confirm the positive picture of the situation in Hungary published by Ásványi and Nemeskéri (2017). However, this may be due to the fact, that the last Cranet survey was recorded before the domestic legislative changes.

Leaders' activities and qualities have a decisive impact on organizational performance, so their *selection* requires care. Countries outside the CEE region prefer references, panel- and one-on-one interviews in this process. It can be observed that more costly methods such as psychological and capability tests and the costliest application

of AC also show a steadily increasing trend over the period under review. In the last survey, social media and the use of on-line tests appear as supportive tools in selection. All this also shows that organizations are increasingly using more techniques to support managerial selection and more successful engagement. Regarding their preferred techniques in leader selection, the CEE region shows a similar picture, but the proportion of those using them, apart from the one-on-one interview, is much lower. In our region to this day, this latter technique is decisive.

The characteristics of the selection of (professional) employees show a very similar picture to the leaders and the of recruiting practices experienced during the survey come up again, pointing out the strategic importance of this employee group in organizational life again. A large number of respondents seek to gain talent and guarantee their proficiency by using multiple selection methods, often devoting more time and effort to them than to selecting leaders. The growing tendency of using these methods is true for most of them in our region, although it is somewhat lower than that of the other group in terms of the proportion of users.

For administrative and physical workers, preferred preference selection methods are one-on-one interviews, application forms, and references, i.e., simpler, less costly, less good methods for future retention an engagement. The use of multiple selection tools in these employee groups is also increasing, and the spread of AC and electronic solutions, such as social media and online testing, can also be observed.

In line with previous research, the results of the Cranet surveys also show that interviews are a widely used method for selecting practice of organizations in both country groups surveyed. The ever-increasing tendency of more expensive methods (psychological and capability tests, AC), although with significant differences between different countries, is also confirmed by other studies (Cook, 2016; GAB, 2016). At the same time, in the case of psychological tests and AC, the results of the Cranet sample are well below the previously published high application rates. However, it should not be forgotten that, on the one hand, the significant differences resulting from the composition of the samples, on the other hand, due to the country grouping chosen, are difficult to compare.

A number of studies have confirmed the impact of the economic crisis starting in 2008 on the number of employees in organizations, and more specifically its impact on the increase of unemployment. However, in HR practices, recession management can occur in many ways. According to the Cranet surveys, organizations primarily use headcount and cost-cutting tools, albeit in different regions, albeit in different order, *internal redeployment, hiring freeze, dismissals, and prohibition of extension of expiring fixed-term contracts*. In the period of crisis, Hungarian companies - in comparison with others - used an extremely high rate (85-90%) of the redundancy and hiring freeze as a tool, which is a much higher rate than that of DGS's 2009 research. On the basis of the last survey, we can also see that while the hiring freeze is the determining method among managers, among (professional) employees it is the internal redeployment, which may cover the pursuit of their retention. This tendency is even more pronounced in Hungary, which is probably related to the growing shortage of professionals.

From the atypical or flexible employment and work arrangements, *overtime, fixed-term employment and part-time work* are the most widely used solutions, three quarters of the organizations surveyed apply them. However, while the first two are used in similarly high proportions in CEE countries, flexible working hours are much less used, but in Hungary they are as widespread as in non-CEE countries. In non-CEE countries, occasional work is widely used by and telework is becoming more widespread, while CEE organizations are much less likely to use these opportunities. All in all, the organizations of the Central and Eastern European countries are still far less able to use new, atypical employment opportunities than usual in the rest of the world, but there is also a catch-up process. At the level of our region, the spread of fixed-term employment, part-time work, outwork and telework have been observed since the crisis.

It would be in the interest of every organization to adapt its operation to the challenges of the external environment as quickly as possible, with flexible forms of employment. These forms of employment have significant potential for the region's organizations, and therefore their spread from this point of view is undoubtedly a welcome fact. However, we must not forget that we are still in a significant lag; their spread is

hindered by the current, rather negative attitude of employees and employers and by state- and legal regulations (Antalik et al., 2014). There would be a need for awareness-raising work, dissemination of knowledge about it in labor centers, among workers and employers, and in general in the public. Their use and application would certainly be facilitated if the benefits of flexible forms of employment and knowledge of their legal regulations and positive corporate practices were presented to potential employers in forums and events.

5 EMPLOYEE DEVELOPMENT (MARINA O. LATUKHA, GÁBOR BALOGH, JÓZSEF POÓR, VINOGRADOV SZERGEJ, CSABA ILLÉS B. AND KATALIN TÓTH)

The essential purpose of employee development is to enable the employees to fulfill the organizational job responsibilities to the highest possible fit. It is strategically crucial for the organizations to identify and survey the lack of fit in order to establish new development action plans to make sure that the employees are willing, capable and motivated to contribute to the improvement of the organizational performance. Employee development touches upon some functions of human resources management. Companies use performance evaluation systems to measure the knowledge, capability, skills, attitudes, behavior, and effectiveness of the employees. In the areas which need to be developed, the function of HR is of key importance. The third area is career management which aligns individual ambitions and aptitudes with organizational goals in order to achieve individual and organizational performance increase. Therefore, we discuss training and development and career management in Chapter 5 in connection with employee development Performance Evaluation System (PES). After having reviewed the literature of the most relevant international research on the subject we introduce the organizational responses to the questions of the Cranet survey. The connections of the empirical evidence concerning the literature review can be found in the summarizing part. We introduce company solutions from practice in the light of the central questions of the chapter based on the structure of the Cranet survey.

5.1 LITERATURE REVIEW

Employee development targets the necessary changes in skill, abilities, knowledge, motivation, attitude and behavior in a work environment at individual-, team- and organizational levels in order to make the performance of job responsibilities and operation more efficient. The performance evaluation system is among others designed to identify areas to be improved by training and development, which are organically linked to the career management function.

5.1.1 PERFORMANCE EVALUATION

Management of employee performance is connected in a certain sense with human resource management, being an area of significance with the most potential problems. The latter qualifying attribute is mainly due to the fact that the nature of the performance evaluation system is strongly related to performance itself and this has an impact on the self-evaluation of the employees, the relationship between leaders and employees (Szatmáriné, 2007), and ultimately on organizational culture.

In traditional HRM systems, the performance evaluation is qualitative and primarily related to the payroll and remuneration systems. A modern performance evaluation system does not consist of only evaluation subsystems, but integrates goal targeting, goal progress monitoring, training of employees and leaders, and developing career plans. (Fehér, 2011). The reason behind this integration is the fact that the individual performance is affected not only by the workers potential but also by the environment of performance (Karoliny - Balogh, 2017).

In the last fifteen years, numerous performance evaluation systems have appeared on the market that help domestic employees and employers to apply and integrate real experience – knowledge which has been used as a tool by national cultures for a long time. Frequently, there is a great need for immediate feedback for employees about their work behavior, and the quality and quantity of their work. A well-structured and developed performance evaluation system can offer valuable information for the employer in order to establish the proper directions for training and development, the correct remuneration system, to invest in individuals who are motivated and dedicated to the organization and organizational goals in the long run and are willing to contribute

to organizational performance. Numerous theoretical and practical questions must be thought over in order to fit the performance evaluation / performance management into the organizational subsystems.

For several decades Hungarian HR professionals have stressed the importance of operating performance evaluation systems for organizations, which operate in Hungary, based on the results of international research. In Hungary, the person-based remuneration system which is characterized the regime change years still has an impact on the development of performance evaluation systems that have already been formed or are being formed. Those who suffer from the system have low self-esteem, low self-confidence and a low personal effectiveness level, which can be identified as a psychological reaction. One of the reasons is lack of feedback about the real performance of workers.

In the receipt of a reward there was no explanation behind it. Equally with no reward, there was still no explanation for this such as the result of either poor performance or some unknown external event series (Pearce et al., 1994).

In the 2009, a FastReport from the Competitiveness Research Centre from the Corvinus University Faculty of Business Administration in Budapest published the results of a survey conducted by questionnaires, in which the application of formal performance evaluation systems in the area of human resources management were shown to have significantly decreased in 2009. Only 38% of the respondents indicated that they operated performance appraisal systems. In parallel, the proportion of performance-based remuneration systems declined but performance evaluation remained (in 90% of the companies) essential as a basis for determining remuneration. 93% of the companies who applied performance appraisal used the traditional evaluation made by the immediate superior. There is an increasing trend in the use of the 360-degree evaluation system (Antal et al., 2010 and Vállalati., 2010).

Another often examined question about performance evaluation is how a performance management system can support the achievement of strategic goals. Canadian researchers (Cozzarin – Jeffrey, 2014) investigated how human resources management and within it, certain parts of performance management influence productivity. In their research, they examined the practice of 10,974 organizations that operate in the industrial, transport, commercial and service sectors. They completed their sample based on the six-year longitudinal study of the Workplace Employee Survey. They stated that the complex system of modern HRM practices such as flexible job, re-training, teamwork and inspiring payroll systems resulted in significantly higher productivity than traditional HRM practices. The authors built up a regression model during their research. They stated that wage had the most significant impact on productivity. According to their research training expenditures were also linked to organizational performance.

Accenture Consulting (Brecher et al., 2016) introduced their analysis summary on their research of practices of performance evaluation in which they involved 2100 leaders and employees, in 2016. They established in the report that 94% of the leaders believed that performance management could contribute to the increase of organizational performance, but only 34% of the respondents thought that the current system supported the achievement of business goals. The development of future performance raises the question of what the most appropriate way for feedback might be. For the lean concept, they introduce the performance management solution of Bititci et al. (2016), which is based on visual signs. Moreover, they highlight in their paper how visual signs and products about organizational index systems can make feedback more efficient. Visual signs help in systematizing and understanding of information. Feedback becomes faster. Employees will immediately be informed about their performance, which can make work more effective. The research of the mentioned authors contributes to the clarifying of some theoretical and practical questions of performance appraisal by outlining the different areas where the visual strategy from planning to implementing and performance management can be useful. The authors conclude that visualization can be efficient in support of continuous strategic development and implementation; promotion of performance evaluation and measurement; improvement of internal and external communication; establishment of employment loyalty; the process of strategic thinking; strengthening the cooperation and integration between different functions; and promoting changes of organizational culture and innovation. At the same time, the generalization of their study is limited due to the fact that the opinions of the employees on the visual management system have not been investigated directly. Instead, the leaders

collected the reactions within the organization, and they gave feedback on their interpretation. Because of today's characteristic economic, legal, social and technological turbulence (Nemes, 2018), a question is raised of whether the applications we think to be modern performance management systems could serve organizational goals in the near future, as well.

Based on Deloitte research in 2015 (David et al., 2015), 89% of the respondents changed their performance appraisal process or were planning to change it in the coming period. Large companies that dictate the transformation do not do anything else other than re-interpret the setting of goals and the way they assess performance – with an emphasis on the importance of coaching and feedback. One of the primary hypotheses of the research and also one of the conclusions is that it is high time to change the processes of aging performance management: companies have already made the first steps towards modernization. Why has change become so urgent? One of the reasons can be that one of the biggest current challenges is increasing the engagement of employees and the retention of employees and this is not supported by the approach “perform well, or we do not need you.” Instead, we need leaders who do not label but support their employees with coaching and feedback. Besides this, the young generation of today expect continuous feedback and consulting. In Adoba, besides managers, the company pays special attention to the training of employees, and by this, they help them handle and control their development (David, 2015).

We can observe changes in the course of evaluation methods, as well. An enormous change is that more and more companies want to leave the forced distribution process behind. Feedback about performance between superiors and subordinates is continuous, from different dimensions and future-oriented. In the use of technology is worth considering simplifying the processes. If we investigate the question from the point of view of traditional and modern methods, we can state that traditional methods are being left behind or being changed permanently. This is evidenced by some 2015 research, according to which the majority of the respondents keep the essential elements of the traditional methods but leave behind the annual assessment circle and the rating method for performance. So, it is not about the introduction of an entirely new system, rather the renewal of the existing one (Krullaars – Visbeen, 2015).

In 2013, Mercer published their research report with the title Global Performance Management. They carried out their analysis with the involvement of 53 countries and 1056 organizations. They establish in their report that 95% of the examined organizations formulate individual objectives and 94% of them conduct formal year-end review interviews. 89% of the organizations stated that they made an overall performance evaluation, 86% of the respondents evaluate the competencies and behavior of the employees, 82% use self-assessment as an evaluation tool. 89% of the respondents indicated that individual assessment was linked to compensation. 57% of the organizations use a five-scale rating as an assessment solution, one-third of the organizations have non-formalized feedback from different sources. 22% of the respondents use the 360-degree performance evaluation technique and surprisingly only a few organizations consider performance management system to be an exceptional value. 59% of the organizations think that leaders are just partly prepared for managing and developing the careers of the employees. In terms of regional characteristics, three-quarter of the Eastern European and Asian countries break down the overall objectives to the level of business units. This proportion in the United States and Canada is 38% and 42%, respectively. In 88% of the organizations operating in Eastern Europe performance management is linked to training and development. In the other regions, the number of those companies who take the results of performance evaluation into consideration in development decisions is lower.

5.1.2 TRAINING AND DEVELOPMENT

Years after the crisis have brought changes in organizational training. There is a consensus that in order to achieve organizational success it is important that training has an impact on the performance of the company. For this to happen, it is necessary to fit training into the organizational needs and demands of employees within the organization. Training requires time and financial resources. Planning is the key to satisfy training needs, in connection with which reality, development tracking and feasibility are essential criteria.

In 2009, The Competitiveness Research Centre at the Corvinus University Faculty of Business Administration in Budapest collected information about 317 companies during their questionnaire-survey. The FastReport, based on the feedback results of the survey, states that there is an exceptional increase in the significance of human resources management within the organization. At the same time, the development perspectives of companies are not encouraging from the aspect that managers consider, from the listed 18 functions, research and development as the least essential and hardly more importance is attributed to organizational development. At the top of the list stand the traditional essential functions of ordinary operation (sales, marketing, cost management, production, etc.). Companies in 2009 spent on average 3.21% of their personal costs on training and development which required 6.73 working days from leaders and 9.33 from employees.

In comparison with the previous period, the time input reversed and in parallel the proportion of required other resources, as well. Partly this can be the reason behind the approximately 1% average increase in training budgets. By 2009 the remuneration packages of employees became “risky” in all aspects. Similar responses were given to the questions about the reasons for training, as in the previous surveys. Development needs are primarily driven by the need for skills development and knowledge expansion of technological and administrative changes. In comparison with the 2004 survey the roles of new economic partners, organizational changes, and internal career paths have significantly increased (Chikán et al., 2011).

In 2011, the Hungarian Central Statistical Office (KSH) made a data collection, for the third time, about professional training of companies based on the harmonized method of the European Union. The representative data collection, which included more than thirty thousand businesses, surveyed the training policy provided by the business organizations comprising their own professional training and the types and numbers of employees participating. In addition to this, it included questions about the quality assurance of training and training participation barriers. The results highlighted that the company size significantly influenced training willingness. 95% of the big companies, 74% of the middle companies and only 43% of the companies who employ less than 50 employees supported some kind of professional training. Small companies did so usually occasionally, in connection with personnel changes. For the majority of the large companies training is part of the general planning processes on the basis of a comprehensive preliminary needs assessment. More than 25% of the companies who provide training did not use quality assurance tools during their professional training. Half of the companies put up with just a certificate of participation for the evaluation of participants. The most common method is to compare the performance of participants with the training objectives. There was a widespread demand for certificates issued after a final examination and participant satisfaction measurements. In 2010, more than half of the companies did not support the participation of their employees in professional training. Frequently they argued with the costs and inappropriate training programs. 30% of the respondents – mostly large companies – preferred a new employee with appropriate qualifications instead of the development of their own employees (KSH, 2012).

A piece of research investigated the relative weight of the organizational training budgets, the HR functions and the practical solutions of subsidiaries of multinational companies settled in Central Eastern Europe. 26% of the respondent companies spend less than 1% on the training of their employees. 42.4% of companies indicated the band between 1 to 3 percent. 31.6% of the respondents pay more than 3% for training and development of their employees. The Central and Eastern European International Research Team (CEEIRT) – which joins researchers from universities of Central Eastern Europe – carried out empirical research in five Eastern European countries. The main statement is for one part the decisions connected with HR functions, mainly the members of the (local) leadership hierarchy have more responsibility or say while for the other part employees of the local HR department do so in the subsidiaries of multinational companies (Poór et al., 2014).

The International Manufacturing Strategy Survey carried out research in 2013–2014 with the participation of 57 Hungarian companies. On the basis of the domestic results, they issued a FastReport in which they stated that the productivity and efficiency of the Hungarian companies – in comparison with the international sample – was still behind the international average. The number of employees, sales revenue, and profitability were lower than abroad. The catching up odds are further reduced by the fact that the proportion of the revenue invests in research and development and employment training does not reach half of foreign averages spent on R&D (Matyusz et al., 2014).

In 2012, the European Commission, which employs approximately 33,000 employees, concluded in its special report in relation with employment development effectiveness that the employees need to learn and update specific skills in order to perform their responsibilities effectively. This is extremely important for the workforce which represents 68% of constant employees within the Commission through reason of low fluctuation and long-serving time. In a monitoring survey of the middle managers, 90% of the respondents stated that the training maps took into consideration the needs of the individual and of the organization, as well. According to the results of an employee survey in 2010, 75% of the respondents indicated that the training supply met their needs. However, in the light of organizational needs, based on the monitoring survey of the middle managers, training around personal evaluation was a bigger help for the previous performance assessment than for the identification of future development needs. Only 44% of the respondents thought that training around personal evaluation helped them in the process of development of employment training maps. Based on the personal survey of 2010 only 42% of the employees agreed with the statement that their superior helped them with the identification of their training and development needs. In 2010, the employees took part in only 35% of the training which was developed in their training maps. However, the employees of the Commission took part in training on average for 6.9 working days, 30% of them participated in less than two days of training. Higher ranking, older employees took part in less training than the younger, lower-ranking employees. Besides this, the proportion of drop-out and absenteeism is high on language courses. The Commission is not strictly monitoring whether employees participate in the planned training or not, and currently, they are not keeping track of the general mobility extent within the directorates. One part of the courses is held by the leaders and employees of the Commission, but this does not prove sufficiently that the organization properly values personal development. (Személyzetfejlesztés..., 2012).

In 2012, a survey from the oil sector (participants were primarily Americans, Canadians, Australians and British), supported by BP (British Petrol) highlighted that for an employee, who worked in this field, it was vital to have an employer who emphasized training and development opportunities. The purpose of the paper was to give an actual picture of the competency levels that are required for the engineering profession. To achieve the objectives of the study, they sent out the survey to the members of SPE (Society of Petroleum Engineers) with random selection. In the end, they concluded the views of 773 respondents. After career-starting the clear majority of employees (86.6%) demands some kind of training from the employer. Approximately 11% of the respondents think that satisfying the total training needs is the responsibility of the employer. The research highlights that organizing good training programs is essential for the companies because three-quarter of the employees consider it essential and more than 50% even consider termination when there is a training lack (Európai Számvevőszék, 2012; Farkas – Visztenvelt, 2016).

The Management and HR Research Center of Szent István University, the National University of Public Service and the Budapest Chamber of Commerce and Industry (BCCI) with the support of ARTudásmenedzsment Ltd conducted a questionnaire survey about the spreading and practical use of e-learning methods in Hungarian companies and institutions, in the first quarter of 2017. The proportion of Hungarian small and medium-sized companies was higher than 50% of the respondents (around 370 people). The proportion of large companies (with more than 500 employees) was smaller than 50%. There were public organizations among the respondents. Based on the results of the research we can state that the Hungarian organizational e-learning is not well-spread, and companies do not use it daily. One of the reasons can be lack of motivation: potential opportunities are not used properly, there are no extensive improvements, and financial resources lack. Companies mostly use a paid framework system where the training material is operated and developed with the help of internal employees. The investment rate for this system is low. Organizations use e-learning primarily because of its training effectiveness, better time- and cost-efficiency, and simplification of different educational processes. Consideration of employee needs is low. The target group is mainly professional/clerical workers who work mostly in an office environment. In manual jobs, employees preferably need practical training. Based on the results of the survey it can be stated that the two most significant barriers to the spreading of e-learning tools and methods are the organizational leaders – not because of negative feelings – but rather a lack of interest toward employment development and the application of modern digitalized information tools (Poór et al., 2017).

The working paper of Paksi and Petro (2017) introduces the present and future of education methods of leader development in public administration. The study draws attention to the efficient and cost-effective method of training of leaders in public administration (cc. 11,000 people). The idea comes from the fact that public administration should handle governmental financial resources with special prudence. This sector cannot afford time- and cost-consuming training systems. The self-learning method of leaders, which supplies them with simple training materials, supports the opportunity for self-development cost-effectively. The authors concluded that a self-development e-book for leaders is a one-time investment for an indefinite number of users, it needs only minor corrections, and it can decisively reduce the amount of training participation.

The CIPD (Chartered Institute of Personnel and Development) (2015) examined the training and development practices of more than 500 companies. They stated in their research paper that in most of the companies HR is responsible for training. At the same time, in less than two-fifths of the examined companies a single particular area handles human development. Based on the results we can conclude that in the majority of the companies training and development strategy is in harmony with the business needs, but 6% of the respondents said that the development objectives did not relate to the strategy. The most common training solutions are in-house on-the-job techniques, and coaching led by leaders. For the case of learning methods, large organizations apply e-learning in a bigger proportion, but the face-to-face solutions are still significant. We can state that for the assessment practice of training programs 14% of the organizations do not evaluate the programs. 37% of the respondents examine the satisfaction rate of the participants, 22% measure the studied knowledge, 21% examine the changes in behavior, and only 7% of the organizations investigate the impact of development programs on business performance. We can state that for the expenses that companies are willing to spend on training and development 63% of the examined organizations invest between £1 and £300 in an employee. In relation with training time, it can be concluded that on average, annually, 21% of the examined organizations spend between 1–10 hours, 22% between 11–20 hours, 18% between 21–30 hours, 15% between 31–40 hours and 23% over 40 hours on training per employee.

The Management and HR Research Center of Szent István University, “Grow” Organizational Development Consulting Ltd., Budapest Chamber of Commerce and Industry (BCCI) and the National Association of Human Professionals researched under the title of “Effectiveness of training and learning – 2016 Hungary”. They published a research report about the results of the empirical survey based on the feedback of 450 organizations. More than two-thirds of the respondents were private organizations, one-third of them operate in the fields of industry and construction industry. The research report concludes that organizations apply mostly instruction, coaching, team building training and conferences at the workplace from the possible training types. In the public sector developing training plans is more frequent than in the private sector. The most common length of these plans is between six and twelve months. Many less respondents identify personal development plans. More than 50% of the respondents apply a systematic needs assessment for training and development of employees. From the study, it is clearly visible that the higher the ranking of the employees, the more time they spend with training. This makes a difference of seven days per year on average divided between the training time of leaders and manuals. More than half of the respondents measure the effectiveness of training with some method. This proportion is 10% higher in the organizations of the private sector than in the public sector. The respondents highlighted from the assessment methods of training effectiveness the reaction assessment immediately after training, the informal feedback from the immediate superior, the informal feedback from the employees, and the satisfaction assessment. The least frequently used evaluation method is the measurement of return of training investment. The respondents stated two common reasons for the lack of training efficiency assessment: because “they are not used to it,” “there is no appropriate method for it.” The respondent organizations apply the results of an efficiency assessment of training for the development of the training plan and the performance evaluation. 35% of the companies from both the private and public sector give feedback after finishing training.

Belényesi and Dobos (2015) focus in their paper on the further training budget and practice of the Hungarian public administration. They compare the Hungarian practice with the federal education system of the United States which significantly differs geographically, in the civil service system and training traditions, as well. The examination of the framework and the practice of the further training show that there is a convergence

between the two systems in the areas of individualized development needs, competency-based training, application of info-communicational tools, and online courses. On the other hand, there are areas such as regulation, centralization, and public service career paths where particular divergence can be observed. “Organizations in the public sector of one country have unique traditions, values and philosophies while they cannot exclude themselves from the effects of global pressure and challenges. The analysis shows that the target systems behind the international challenges generate a change of attitude and the training systems of the public sectors even if based on totally different cultures and methodological solutions, are significantly approaching. In many areas, traditionally efficient American solutions can enrich the benchmarking opportunities of Hungarian development efforts” (Belényesi – Dobos, 2015).

5.1.3 CAREER MANAGEMENT

Content and scope of organizational career development programs vary by organization. There are organizations that develop detailed, comprehensive programs for all their employees concerned, and there are those who talk about career development issues in an ad-hoc manner or during the performance evaluation process.

According to a traditional career or, in other words, a career path model known from the literature, an employee is committed to the organization. The organization is responsible for the career and progress within the organization, salary and the position according to the organizational rank, which are determining factors in the evaluation of success. While in a varied career path model the employees are responsible for their careers, the freedom of internal growth is a decisive factor, and the emphasis is on psychological success, where satisfaction with work tasks means commitment. The literature on career management and career theories influenced by the above-mentioned changes and difficulties has formulated a varied career model without boundaries, which places the flexible individual at the forefront and sets a career path and way of thinking led by the individual and based on the inner values. Thus, employees primarily seek psychological, internal satisfaction in their daily work and place less emphasis on external material factors, such as the level of salary, the influence power of the position, or an assessment from the management (Batizi, 2017).

Training and development of human resources have always been central in organizations. In connection with this activity, development of career planning systems can now be interpreted as independent functions, like career- and knowledge management.

A survey of Fominiene and Svagzdiene (2017) took place in Lithuania and its research goal was to explore career management practices in human resources management in Lithuania, focusing specifically on organizations in the tourism sector. For a sector to work with the most suitable workforce, it is important to detect the career aspirations in the labor market, and what is more, that of students studying relevant university disciplines to identify and find the targeted employee candidates. The authors point out that tourism is one of the fastest growing industries worldwide. The practice of human resources management in the field of planning, training development and staffing is based on a systematic approach to the employment process and contributes to more effective organizational performance by tracking the performance of individuals in certain positions. The survey showed that potential candidates who would be eagerly applied in the sector deliberately majored in tourism and most of them would like to be employed in the tourism sector later, because they see this area as a very interesting, colorful, and with many new contacts promising job opportunities. The analysis also showed that more women would prefer to work in this sector than men, that is, they see more perspectives on the career opportunities offered by the tourism industry.

Research was conducted in 2015 among Chinese employees to explore how organizational career management and employee adaptability affect workers' attitudes to work and to variables that determine career success, such as pay and job satisfaction. 654 Chinese employees participated in the research. The results showed that employee adaptability was of paramount importance in salary development: the better the employee adapted himself/herself, the higher salary he/she had. Demographic variables and organizational career management goals play a role in adaptability. The study also found that organizational career management and employee adaptability

did not correlate with employee turnover, which was also reflected in job satisfaction. The results also showed that there was a positive correlation between employee adaptability, organizational career management and job satisfaction, so the workers who were more able to adapt themselves to their career expectations were more positive about organizational goals and ideas (Guan et al., 2015).

In 2010, AON Hewitt conducted a survey of organizational career management practices involving 193 employers. 77% of respondents thought career development was more important than the five years previous to the period under review. 83% of respondents said that providing career opportunities was one of the key factors for employee commitment. In connection with this, researchers found that 30% of respondents thought that career development was more important and 55% thought it was as important in engagement and talent retention as salary. Research also showed that a career management system was integrated with other HR subsystems: 85% of respondents said that career management in their organization was linked to performance management. In 47% of the investigated organizations, subsequent career opportunities were already examined during the selection. 32% of the respondents answered that career management was linked to the incentive subsystem (The current..., 2010).

In the 2014 survey, SelectHub asked 104 HR professionals in the United States about the relationship between lifelong learning (training / development) and career management. More than half of the experts agreed that continuous learning played a role in career development, but its impact was difficult to quantify. 58% of the respondents thought that group training could help to improve the career of employees. The research also looked at the obstacles to learning, career management, and HR and strategy integration. According to inquiries among experts, the process can be most hindered by a lack of organizational culture, budget, commitment and motivation. The study also reveals the potential benefits of lifelong learning and career development as part of HR strategy. The highest rate of respondents reported adaptability to changes, employees' competitive advantage in the labor market, rapid career progression, and increasing productivity and efficiency of employees (The survey result..., 2017).

Fajcikova et al. (2017) surveyed talent management practices of Czech organizations between 2014 and 2017. Over 300 organizations were analyzed on average each year. The data were collected by questionnaire technique. The vast majority of respondents came from the service sector and, to a lesser extent, from industry and agriculture. Most organizations examined operate in the private sector and a smaller percentage in the public sector. Based on organizational size, organizations employing 250 people represent, on average, one third in the sample. Based on the survey, the main finding is that the activities related to the management (care) of talents characterize those organizations in particular that participate in the international market and operate with a larger number (over 50) of employees. The authors examined which other areas related to human resources management are connected to talent management. In their research report they found that in most cases career management was related to training and development, staffing, performance evaluation, and incentive.

5.2 EMPLOYEE DEVELOPMENT IN THE LIGHT OF CRANET SURVEYS

The next main question group of the Cranet survey – after the analyses of organizational HR activities and retaining employees – puts employment development at the center of the investigation. In the following, during the introduction of the empirical results, we touch on a few functional human resources management areas in parallel with the question groups of the survey, which is similar to the structure of the literature review. In this case, the overall employment development involves all of the investigating areas which evaluate, develop and improve the knowledge, skills, abilities, competencies motivation, attitudes, behavioral and personality patterns of the staff at the individual and group level. Overall, the following subchapters describe the performance appraisal, training and development and career development practices of the participating companies of the Cranet survey in the light of empirical evidence.

5.2.1 PERFORMANCE EVALUATION

During the design of the performance evaluation systems, it is an important strategic choice whether – according to company size, sector, and activity profile – one can develop a formal performance evaluation system or not. The leader of a smaller company with only a few employees can oversee the contribution of the individual colleagues to the team performance or organizational processes. That is why it is not necessary to introduce a costly, time-consuming formalized performance evaluation system. The first question is related to the formalized form of performance evaluation in addition to the job families and their place in the organizational hierarchy.

The survey examined how frequently companies apply formal appraisal systems in the following categories of the workforce: management, professionals without managerial responsibility, cognitives and manuals. Based on the above-explained professional views and the Cranet database there is an opportunity to make a comparative analysis in the light of territorial aspects. The more prominent country groups created, based on the data recording, gives an opportunity for regional comparison. The Hungarian trends are deposable between the main examined macro-regions (global results, results of CEE and Non-CEE countries). The combined results of the private and public sector in the three examined periods (2004–2005; 2008–2010; 2014–2016) can be seen in Table 5.1.

Table 5.1: Frequency of Application of the Performance Evaluation System

Performance evaluation system – each organization	2004–2005				2008–2010				2014–2016*			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Management	75.1%	75.3%	73.7%	76.3%	71.3%	74.9%	57.1%	60.7%	76.1%	78.6%	69.1%	70.3%
Professional without managerial responsibility	75.3%	75.3%	75.4%	76.3%	70.5%	73.0%	60.6%	59.1%	75.0%	76.2%	71.6%	75.7%
Clericals*	72.8%	72.9%	71.7%	64.4%	62.6%	64.5%	55.0%	46.3%	70.8%	72.6%	65.8%	68.9%
Manuals*	62.3%	61.9%	65.4%	44.1%	47.1%	46.9%	47.9%	36.0%				

**In 2014–16 they were asked together*

Source: Authors' own research

The question which focuses on the formal performance appraisal systems shows the application frequency in a percentage form in the private and public sectors (Table 5.1). Based on this we can state that the proportion of those who use the formal performance evaluation system (PES) is the highest in the case of management and professionals without managerial responsibility. Globally when we collect the data of each participating countries, we can find that the formal performance evaluation of management is stagnated. While in the first examined period (2004–2005) 75.1% of the companies use formal performance appraisal for managers, this percentage increased to 76.1% until the latest period, 2014–2016. Between these two periods of examination, in the second period (2008–2010) we can find a decline, only 71.3% of the companies used formal performance evaluation in case of managers. The small changes can be the result of the sample composition, not the same respondent population, which is why a low percentage difference is not significant. However, it certainly appears that almost three-quarters of the companies use formal performance appraisals in the case of managers, and this is a relatively stable ratio all over the world.

By continuing the global comparison, we must highlight that the tendencies in the case of professionals without managerial responsibilities are very similar to the trends of management. The application proportion or formal performance appraisal systems remained around 75% in the first and last examined periods. In the case of cognitives, the proportion is approximately 5% lower than in those above-mentioned jobs and the decline in the second survey was higher (decreased to 62.6%). It can be stated that the proportion of the usage of formal performance evaluation is the lowest in the case of manuals. In comparison with the first survey's data (62.3%), the ratio significantly cognitives in the second period (to 47.1%). In the latest survey (2014–2016) there was no separation between clericals and manuals, but collectively the usage of formal performance appraisal is not less significant.

Analyzing the data through territorial aspects, we can see that Hungary follows the global trends in the case of professionals, but the performance appraisal of management is slightly behind the trends, and it shows a little decrease in formalization. Besides these, the formalization level of performance evaluation of cognitives and manuals strengthened, but this is still behind the results of management and professionals. It can also be seen that in 2008–2010, during the second examined period, the crisis had a more severe impact on Hungarian organizations than on the global institutions. The usage of formal performance appraisal decreased drastically, by this the ratio in the different job categories fell back by 15 or even 20%. In the CEE countries, the effects are similar, so Hungary organically fits within this international environment. In the CEE countries, the decline of 2008–2010 was experienced. In the most recent survey, we cannot realize that the frequency of the use of the above-mentioned HR method would increase back to that of the starting level.

Overall, regions in the surveyed countries do not differ widely, and in most cases, two-thirds or three-quarters of organizations use formal performance evaluation systems across all occupational groups, and this is somewhat more common among leaders and professionals. In all occupational groups and regions, there is a downturn in the period 2008–2010, which was – not fully, but compensated by companies based on the latest study results.

The above data can also be analyzed by the private and public sectors (Tables 5.2 and 5.3). From this it can be seen, that in the private sector it is more typical to use the formal PES in each territorial unit. There is no big difference between the private and public sectors for leaders and professionals, but for administrative and physical workers, there is a much lower application rate in the public sector. It is also important to point out that the CEE countries are even less likely to use a formal performance appraisal system for manual and cognitive workers of the public sector, and this trend is followed in Hungary. It is an interesting phenomenon, however, that in the case of professional/cognitive employees of the public-sector, Hungary has reached an extremely high level of 82.8%, which means that in their case a formal PES is more often used than for leaders in the private sector or for both.

Table 5.2: Frequency of Application of the Performance Evaluation System: Private Sector

Performance appraisal – private sector	2004–2005				2008–2010				2014–2016*			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Management	76.1%	76.1%	75.5%	77.1%	72.0%	76.9%	52.3%	52.7%	78.8%	82.0%	70.3%	66.5%
Professional without managerial responsibility	76.4%	76.4%	76.6%	77.1%	71.7%	75.4%	56.9%	60.6%	78.1%	80.2%	72.6%	73.5%
Clericals*	73.3%	73.3%	72.9%	65.7%	61.3%	63.8%	51.3%	48.4%	73.6%	75.1%	69.5%	72.1%
Manuals*	62.6%	61.7%	70.3%	51.4%	46.2%	45.7%	48.0%	39.8%				

* In 2014–16 they were asked together

Source: Authors' own research

When revealing the differences between the private and public sectors, it can also be stated that according to the average data based on data from non-CEE countries for 2014–2016, the private sector is more likely to use formal PES for managers (82%) and professional/cognitive employees (80.2%). In the public sector, this frequency is more than 10% lower than that of managers, and 13.7% for cognitive employees. In non-CEE countries, the frequency of application of the formal PES is lower for administrative and physical workers, while in the private sector this is 75.1%; in the public sector the same is 65.2%, which is also close to 10% difference.

Table 5.3: Frequency of Application of the Performance Evaluation System: Public Sector

Performance appraisal – public sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Management	72.9%	73.4%	67.4%	69.2%	69.1%	68.6%	71.4%	70.0%	69.8%	71.0%	67.1%	79.3%
Professional without managerial responsibility	73.1%	73.4%	68.5%	69.2%	67.1%	66.3%	70.6%	60.0%	67.7%	66.5%	70.7%	82.8%
Cognitives*	72.0%	72.1%	70.8%	69.2%	65.2%	65.5%	64.0%	43.3%	62.8%	65.2%	57.0%	67.8%
Manuals*	61.3%	62.3%	49.2%	23.1%	49.7%	50.5%	46.0%	26.7%				

* In 2014–16 they were asked together

Source: Authors' own research

Overall, the following trends can be identified based on the frequency of the application of the formal performance appraisal system:

- According to occupational categories, the frequency of application of the formal PES declines from managers through to cognitive employees and to manual workers;
- In the 2004–2005 survey, two-thirds to three-quarters of all organizations applied formal PES in different occupational groups, which decreased by the second period (2008–2010), and the typical values returned to the level measured in the first survey (2014–2016);
- In comparison with the private and public sectors, significant differences can be identified in each occupational group, with an average application rate of around 10–15% for the private sector, i.e., formal PES is less applied in the public sector;
- In regional comparison, the characteristics of the use of the formal PES in the single regional units are described in line with the above trends, with the addition that non-CEE countries use it more frequently in the private sector than CEE countries;
- Hungary approximately follows the tendencies of CEE countries, but according to the data of the new survey it achieved outstanding results in the application of the formal PES for the public sector.

1 Persons carrying out Performance Evaluation

One of the key strategic issues in developing performance appraisal systems is deciding who should participate in the evaluation, i.e., who the evaluators should be. For each employee category the person to be the evaluator may differ, but for the period 2004–2005 there were only aggregated data collected. The evaluator can be the direct supervisor, the supervisor's superior, the employee himself (self-assessment), the subordinate (qualification of the superior) or the staff (colleagues at the same level). The results are shown in Figure 5.1. From this it is clearly visible that the direct superior almost always participates in the evaluation process. There is no territorial difference in this, based on data from the 2004–2005 survey, as direct supervisors have a 98% participation both globally and in both non-CEE and CEE countries, and Hungary.

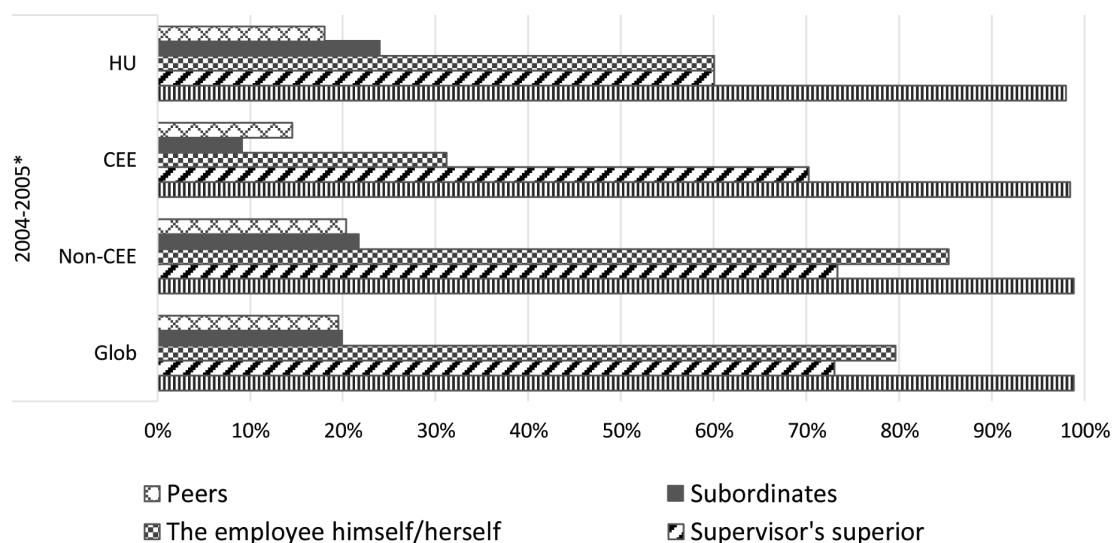


Figure 5.1: Evaluating Persons in 2004-2005 (%)

Source: Authors' own research

The supervisor's superiors are less likely to see the employee's (appraised) work, so his evaluation work is used to a lesser extent in performance assessment: globally, in CEE, but not in CEE, this ratio is between 70–73%, but in Hungary it is only 60%. Thus, it can be considered to be a Hungarian feature that senior leaders who represent a higher level in hierarchy are less involved according to the 2004–2005 data.

Employee self-assessment shows interesting results: in the non-CEE countries and globally, this method was used more frequently in 2004–2005, while in the CEE countries, less than one-third of the companies applied self-assessment. In this respect, Hungary is located between the two, with 60% of respondents using self-assessment.

Involvement of colleagues (at the same level) and subordinates as evaluators is also very low, typically one-fifth of organizations applied the qualification of the superior and employee feedback. Generally, organizations using a 360-degree rating would involve subordinates and colleagues in addition to executives and self-assessment, but companies rarely used it in 2004–2005. The method requires special, complex preparation so that the motivational and evaluation distorting factors do not weaken the reliability and usefulness of the information obtained from the 360-degree method, do not provoke conflicts or tensions between colleagues, and do not manipulate the system from the other side. It is important to add that as a Hungarian feature the role of subordinates as evaluators is overrepresented in Hungary: 24% of the organizations applied this in 2004–2005, while in CEE countries only 9.1% of companies involved them in the process of evaluation.

We also have more detailed data from the 2008–2010 and 2014–2016 surveys: it can be perceived which particular evaluators took part in which evaluations (from which employee group), so the abundance of information enables us to draw a more detailed picture of the current trends (Table 5.4).

Table 5.4: Evaluating Persons in 2008–10 and 2014–16

The evaluated person	The evaluating person	2008–2010				2014–2016			
		Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Management	Immediate supervisor	94.6%	95.2%	91.7%	96.3%	75.6%	79.2%	65.5%	65.2%
	Supervisor's superior	65.1%	67.2%	53.4%	35.1%	47.4%	52.6%	33.1%	32.6%
	The employee himself/herself	66.1%	70.2%	41.1%	49.4%	53.6%	61.5%	31.2%	44.0%
	Subordinates	23.0%	23.6%	19.5%	19.5%	24.6%	26.1%	20.4%	17.2%
	Peers	15.6%	19.9%	16.8%	19.4%	18.3%	19.3%	15.5%	14.3%
Professional without managerial responsibility	Immediate supervisor	93.8%	94.1%	92.2%	92.5%	64.7%	65.4%	62.8%	59.7%
	Supervisor's superior	61.1%	63.3%	49.5%	41.7%	35.5%	39.6%	24.1%	24.9%
	The employee himself/herself	65.4%	70.5%	36.8%	43.8%	46.6%	53.6%	27.0%	44.0%
	Subordinates	13.6%	14.6%	8.1%	5.6%	13.5%	15.6%	7.6%	10.3%
	Peers	15.3%	15.3%	15.2%	8.3%	12.5%	13.2%	10.8%	8.8%
Cognitives and/or Manuals	Immediate supervisor (Cognitives)	93.7%	93.9%	92.6%	93.8%	60.4%	61.7%	56.8%	57.1%
	Immediate supervisor (Manuals)	90.0%	89.9%	90.6%	90.2%				
	Supervisor's superior (Cognitives)	57.0%	59.2%	44.0%	39.0%	27.1%	30.3%	18.4%	17.6%
	Supervisor's superior (Manuals)	54.6%	57.3%	41.1%	28.9%				
	The employee himself/herself (Cognitives)	64.3%	68.9%	35.6%	49.2%	41.4%	48.6%	21.2%	37.0%
	The employee himself/herself (Manuals)	55.9%	61.7%	24.0%	29.8%				
	Subordinates (Cognitives)	11.4%	12.3%	6.1%	6.8%	10.2%	11.9%	5.4%	6.2%
	Subordinates (Manuals)	12.3%	13.6%	5.5%	6.5%				
	Peers (Cognitives)	13.4%	13.4%	13.5%	10.0%	10.9%	12.0%	8.0%	6.6%
	Peers (Manuals)	13.8%	13.9%	13.1%	10.9%				

Source: Authors' own research

Numerical differences between the two above surveys (2008–2010 and 2014–2016) can be attributed to the differences in the pattern, but similar conclusions can be drawn regarding the characteristics of the evaluators and the persons who were evaluated:

- in each employee group, direct supervisors perform the assessment most frequently in both periods globally and among the macro-regions as well;
- the superior of the supervisor is typically involved in the assessment of leaders, then he/she plays a lesser role in the case of professionals and has the lowest role of cognitives and manuals, but he/she still takes part in the process in a higher proportion than subordinates or colleagues;
- in addition to managerial assessment, self-assessment is a commonly used performance evaluation method, i.e., the employee is typically involved in the work of PES, supplementing the assessment of the managers;
- in a regional comparison, it can be stated that in the case of managers in non-CEE countries, workers are involved twice as often (61.5%) with their own assessment as in the CEE countries (31.2%). In this respect, Hungary is located between the two solutions (44%) according to the data for 2014–2016;
- in the case of professional employees, the superior of the supervisor rarely participates in the evaluation process in the CEE countries, and this is true in Hungary as well, since the approximate frequency between 24 and 25% is below the 35–40% level of global and non-CEE countries;
- interestingly, similar processes can be identified in the evaluation of professional employees as in the evaluation of leaders because CEE countries ask workers to perform their own self-esteem at a significantly lower level (27%), but at the same time Hungary fits the trends of global and non-CEE

countries, since the 44% application rate follows the global data of 47–53% and not that of non-CEE countries. An interesting area for studies may be further research into the reasons why such an importance is attached to the self-esteem of the employees in Hungary;

- from leaders to administrators in the organizational hierarchy, the individual categories of evaluators are less involved in the PES processes, and the involvement of subordinates and colleagues is even less typical.

5.2.1.2 Areas of Use of Information from Performance Evaluation

After examining the frequency of application of the formal performance evaluation systems (private and public) and the persons of the evaluated and evaluators, the following focuses on the areas of use of personal performance data as originated from an HR function.

In their workplace, leaders, professionals, administrative and physical workers can contribute to organizational processes with a variety of quality and effectiveness to overall organizational performance. Individual work performance can be measured in a number of ways: it is possible to evaluate the results of the activities performed by the employees and the outputs. The evaluation may include the evaluated input properties, competencies, characteristics, personality traits (input side) and the employee's conversion characteristics, i.e., how and by what work style, behavior, attitude, motivational level is used from existing competencies to achieve the desired result.

In outlining the strategic concept of performance appraisal systems, companies need to be aware of the purpose and why they want to use the above assessment experience. In what cases and from what point of view can the data of the evaluation be beneficial? Based on the relevant literature, PES can basically support development, rewards and strategic goals. At the same time, other HR functions can also use the data from the PES as input in further decision-making processes, such as career planning (career and talent management), which integrates different HR functions, focusing on individual development and life paths, and HR strategy planning, a very important element of which is workforce planning.

Consequently, the Cranet questionnaire asked in all three survey periods whether the assessment results were taken into account in different HR areas. It also reveals the key areas where the performance evaluation data are more strongly applied to make decisions, such as pay and reward, training and development, career movements, or workforce planning.

Table 5.5 shows the aggregated results that, by private and public sector, will be further analyzed.

Table 5.5: Utilization of the Performance Evaluation System's Results

Performance evaluation system utilization- every organization	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Pay	72.0%	71.1%	78.3%	80.9%	77.1%	76.9%	77.6%	70.5%	69.2%	69.2%	69.4%	77.2%
Training and development	87.2%	89.5%	70.1%	87.5%	77.9%	80.3%	68.1%	64.0%	75.7%	78.9%	67.0%	55.2%
Career moves	77.9%	80.8%	56.8%	76.2%	74.0%	76.0%	65.6%	46.0%	73.0%	75.5%	66.0%	65.3%
Workforce planning	57.7%	57.8%	56.6%	71.4%	55.5%	56.2%	52.6%	51.1%	53.4%	53.2%	54.1%	40.4%

Source: Authors' own research

Here are the connections and trends identified in the table above:

- On the basis of global data analysis, it can be concluded that training and development were the most typical use of performance appraisal in all three survey periods, and even in 2004–2005, the results of the PES were applied (by 87.2% of companies) to the creation of individual or organizational level training and development plans;

- Three quarters of companies used data from performance appraisal system in all three surveys to plan pay and reward, training and development, and career movements;
- Globally, workforce planning has a lower frequency of use in all three periods, slightly more than half of the respondents applied its results;
- Compared to 2004–2005 data, in each field of use receded in frequency by the period 2014–2016, although the decrease was not significant, this could also be due to sample variations;
- In the period 2008–2010, the sample with its characteristics and other composition, fits into the trend outlined above between the initial and final results of the three measurements. Small reductions can already be detected in the extent of use, but it should be emphasized that there was only one exception; namely, determining pay and reward. The reason for this may be the global financial crisis in 2008–2010 and its impact on individual organizations. During this period, performance evaluation results were more strongly considered when determining the level of salaries and rewards, which did not necessarily mean a rise; in certain cases, it might have been a good reason for managers to justify reducing salaries with accurate background documentation;
- The above assumption is also supported by the fact that it is possible to identify in the course of the temporal survey that the biggest fall in the use of the results was in the field of training and development from 2004–2005 to 2008–2010, when the use of PES results in training and development was reduced by 10%. This confirms the reasons for the crisis outlined above, because organizations often cut back on training development spending during a recession because they can save costs temporarily. This phenomenon is clearly outlined to be global across the above data;
- By examining Hungary separately, the following features can be identified: with regards to salary and reward in the first (80.9%) and last measurement period (77.2%) respondent companies used the results of PES above the level of global, CEE and non-CEE countries, while during this process the 2008–2010 survey is an exception, with a lower application frequency (70.5%). The frequency to be used in training development from 2004 to 2005 shows a steady and drastic decline (from 87.5% to 55.2%). While in 2004–2005, the results of the PES in training and development were considered in line with global trends, according to the latest survey data. Hungary lags far behind not only the global level, but also both CEE and non-CEE countries. In terms of career movements, also from the 2004–2005 results following global trends (76.2%), the application frequency almost halved between 2008 and 2010 (46%), while the use of PES results (65.3%) in career planning during the period 2014–2016 intensified again. Interestingly, in 2004, Hungary used the PES data more frequently (71.4%) in workforce planning than the global practice (57.7%). Then in Hungary it decreased by 2008 (51.1%), thus in this period the Hungarian organizations fitted with the international trends (55.5%). For the 2014–2016 period, the consideration of data in workforce planning (40.4%) further decreased, so the frequency specified by the Hungarian respondent organizations dropped below the global data (53.4%);
- While continuing the territorial comparison, it can be concluded that the frequency of use of CEE countries approached that of non-CEE countries, i.e. the difference between the two major regional units is always decreasing. It should be noted that there is still a relatively large discrepancy within the field of training and development: from the level of nearly 20% in 2004–2005 the difference dropped to around 10% by 2014–2016. The difference in training development has dropped to around 10%, which means that non-CEE countries use data from the PES 10% more frequently as input information for training and development plans.

5.2.1.3 Use of the Data of Performance Evaluation in the Private and Public Sectors

The following is a breakdown of the use of the performance evaluation results by private and public sector.

Generally, it can be stated based on the empirical evidence from the Cranet survey, that the use of PES data in the private sector is higher in all four areas, and it is true for all the three surveys. The private sector with a stronger business focus, and profit-oriented companies, invests more energy in collecting, using this kind of data, supporting HR processes, and integrating them into systems.

We also analyze the Hungarian respondents separately for each issue, in connection with which it is methodologically important to note, that the aggregated data of the global, CEE and non-CEE countries can be compensated by the averaging of smaller or higher scattering and distortion factors in each country. Thus, in some cases, Hungarian specifications may appear to be outstanding, but this may be true for other countries as well. Nevertheless, it is instructive to look at how Hungary follows the international trends, fits them or even diverts from them in relation to changes in the results seen in each period. Of course, considering the fact that the results of the three different measurements of different companies may differ depending on the data collection and the characteristics of the underlying population. When analyzing the private sector separately, the following features can be highlighted (Table 5.6):

- Globally, it can be seen, that in the private sector training and development are at the center of the utilization of the PES results, and even though compared to the situation of 2014 their importance declined, the respondents chose this option most significantly;
- From the point of view of training and development, Hungarian respondents showed a significant decline from the 90% level of 2004–2005, with almost 30% less use of the results of PES today for justifying the decisions of this HR function, which is kind of a disappointment. This is extremely interesting in the light of the fact that international trends – although the global use has also reduced – continue to show an application rate of over 80%. According to the data of a recent survey, Hungarian respondents in workforce planning lag 10% behind the typical data of the global and CEE countries (58%). Hungary has a 10% higher application rate than the 74–75% of both global, non-CEE- and CEE countries, in terms of salary and reward, and in this respect, considering the data of PES compared with the 2004 data, has even been strengthened;
- The use rate of 70–75% in salaries and training for private sector companies in the CEE countries is relatively stable, but it is important to note that in the case of career movements, the willingness to use increased (from 58.7% to 70.5%). between the first and last surveys). CEE countries also show a global value of around 58% in workforce planning;
- Overall, based on the results of the private sector, it can be stated that the PES data are used primarily for training-development support, followed by career movements, salary and reward and finally the establishment of workforce planning, and this is also true for the first and last surveys. In the 2008–2010 period, salaries and rewards were periodically at the forefront of use. It is also evident and important to conclude that while in some non-CEE countries there was a slight decrease in the support of the individual HR functions in the results of PES, it increased in the CEE countries, so it can be said that there is also a convergence in the frequency of use of PES data regarding all HR functions.

Table 5.6: Utilization of the Performance Evaluation System's Results in the Private Sector

Performance evaluation system utilization-private sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Pay	75.3%	74.8%	78.5%	82.1%	81.4%	82.1%	78.3%	72.6%	73.9%	73.5%	75.1%	84.6%
Training and development	89.4%	91.9%	72.0%	90.0%	80.1%	82.6%	69.0%	68.4%	79.8%	83.3%	70.4%	61.5%
Career moves	80.3%	83.4%	58.7%	75.0%	77.4%	79.9%	66.6%	45.3%	78.3%	81.2%	70.5%	75.7%
Workforce planning	60.7%	61.3%	56.6%	70.4%	59.2%	60.6%	53.1%	51.6%	57.5%	57.0%	58.9%	48.3%

Source: Authors' own research

Table 5.7 – similar to the above data – shows the frequency of using the results of performance evaluation in different HR areas when making management decisions in the public sector. Previously, we showed that it was less common for the public sector to use these data for pay and reward, training and development, career movements, and workforce planning than in the private sector, but their use is still not negligible.

Table 5.7: Utilization of the Performance Evaluation System's Results in the Public Sector

Performance evaluation system utilization- public sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Pay	64.0%	63.0%	73.9%	81.8%	67.2%	64.7%	76.6%	67.7%	58.0%	59.5%	54.8%	65.4%
Training and development	80.8%	82.9%	57.3%	70.0%	70.9%	73.8%	59.9%	54.8%	64.1%	66.8%	58.0%	45.5%
Career moves	71.9%	74.3%	47.4%	62.5%	63.0%	63.5%	60.9%	48.4%	57.8%	59.1%	54.8%	49.4%
Workforce planning	48.1%	48.1%	47.8%	42.9%	43.4%	42.3%	48.0%	51.6%	42.1%	42.6%	40.9%	27.3%

Source: Authors' own research

The use of PES results based on the characteristics of the public sector is presented below:

- Starting with the global characteristics, it can be stated that compared to the 2004–2005 data, the already low application rate went on decreasing in 2014–2016. The biggest change took place in the field of training development in the public sector, where the frequency of use of PES results decreased from 80.8% to 64.1%, i.e., more than 16%. There is also a significant drop in the use for career mobility, from 71.9% to 57.8%, with a difference of 14.1%. At the same time, training development is the most typical area in which to consider the PES results. The use for salary and reward decisions was also lower than the global result for 2014–2016 (58%) compared to 2004–2005 (64%), and mobility (58%). Workforce planning has been reduced from 48% to 42.1%, so it can be stated that the previously less data-demanding HR function still requires a lower level of PES results in making decisions than other areas. The above frequencies show that there is a generally lower need for the inclusion of PES data in different areas, while the ranking of each area is similar to that of data demand. An exception to this is the global demand for these data in the private sector in terms of career movements, with the same level of the field of salaries and rewards in the public sector;
- In Hungary, greater extremes can be observed than in the past; it can be seen also in the public sector that leaders require PES data primarily when determining salaries and bonuses. Hungary was also overrepresented in this respect in 2004–2005, with 81.8% of public sector organizations, while in 2014–2016 only 65.4% used the data in this field. The decline is significant (more than 16%), but the frequency of Hungarian organizations is still higher than in the global data. It is also interesting that the CEE countries show a lower trend in connection to determination of pay and reward in terms of data usage (54.8%) compared to the global one: thus, the Hungarian institutions and companies are an exception in this aspect as well. This area is followed by career movements (49.4%), then by training-development (45.5%) and finally workforce planning (27.3%). Workforce planning was already at a low level in 2004–2005 (42.9%), but the latest survey shows an approximate 15% drop in use of PES results. This value lags behind the global data and that of CEE and non-CEE countries. All in all, in Hungary, the PES results are used primarily to determine salaries and bonuses, and they are used less frequently for workforce planning than can be seen in international trends. At the same time, in the period 2008–2010, only the frequency of application in workforce planning increased in the Hungarian public sector (to 51.6%);
- In comparison between macro-regions, it can be seen that the application of PES results in workforce planning is roughly at the same level in CEE and non-CEE countries, where the ratio between 2004 and 2005 is around 48% and for 2014–2016 decreases to 41% in both territorial units. Bigger differences can be identified in 2004: in the CEE countries the frequency of use of these data (73.9%) was more than 10% higher in determining pay and reward than in non-CEE countries (63%). So, this was the most typical application area, and remained so in 2014–2016 (54.8%). On the other hand, in the field of training-development, in non-CEE countries the use of PES data was a much higher (82.9%) rate than CEE countries (57.3%). The difference is more than 25%, and non-CEE countries reached a higher level in 2014–2016 (66.8%), but the ratio slightly increased in CEE countries (to 58%), so the values moved closer to each other. However, the biggest change can be seen in career movements, where in 2004–2005 there was a ca. 27% difference between non-CEE countries (74.3%) and CEE countries (47.4%). This decreased to a difference of 4.3% by 2014–2016, because in the non-CEE countries, 59.1% of respondents had already used the results of PES in career decisions, while in CEE countries it increased to 54.8%. The above rearrangements also show that the regional differences in techniques used in the public sector have faded in terms of optimal use of information, i.e., they have levelled out with their relative positions have moving closer.

Summarizing private and public sector practices related to performance evaluation, with the help of the previous seven tables, we outlined the empirical peculiarities of the application of PES from a territorial perspective and the temporal changes of the period elapsed by the surveys between 2004–2005 and 2014–2016. Based on the questionnaire questions, the frequency of applying of formal performance evaluation systems for each category of employees (leaders, professionals, administrative and physical workers) was assessed, and then the role of the evaluators was investigated – depending on which group of employees they evaluated. Finally, the areas of utilization of the results of the performance evaluation were analyzed. The questions asked in the questionnaire investigated in which cases the frequency of use of the results of the performance evaluation in decision-making was higher or lower in the areas of salary and reward, training-development, career movements, and workforce planning.

Following a detailed description of the results, we highlight the most significant trends below:

- Approx. 60–75% of organizations use a formal performance evaluation system in each occupational group, so today the use of PES is a significant field of activity in the operation of organizational HR processes;
- Use of PES is more common among leaders and professional employees;
- There is a decline in all occupational groups and regions in the period 2008–2010, which, according to the latest survey results, has almost returned to the initial situation of 2004–2005;
- According to occupational categories, the frequency of application of the formal PES is reduced from leaders through professional employees, to administrative and physical workers;
- There are significant differences between private and public sectors in each occupational group (about 10–15%) in favor of the private sector;
- In each employee group, immediate supervisors perform the assessment most frequently in both periods globally and also in each macro-region;
- From managers to administrators in the employment structure, the individual evaluators are increasingly involved in the PES processes, and the involvement of the subordinates and employees in the assessment is even less characteristic;
- In all three surveys, training-development was the most typical field of use of performance evaluation results;
- Three quarters of companies applied data from performance evaluation in all three periods to plan pay and reward, training and development, and career movements;
- Analyzing most of the issues from regional aspect, a certain convergence can be seen between the practices of CEE and non-CEE countries, generally with a decrease in the intensity of non-CEE application and with increasing incidence of CEE countries in certain issues;
- In many cases, Hungary follows the international trends, but in terms of areas of utilization of PES results, extremely different aspects are considered compared to the CEE countries based on the opinion of the respondents.

In the next subchapter, we will continue with the analysis of the next set of questions in the questionnaire focusing on training development.

5.2.2 TRAINING & DEVELOPMENT

An important element of the so-called HR cycle, more specifically its function, is training and development. This HR function relies heavily on data from performance evaluation, activities focusing on individual and group development support, in parallel, organizational level productivity and individual career goals. Training and development are important for maintaining the organization's competitiveness, keeping it up to date and being a motivational force from the employee's point of view. Whether in attracting, developing, stimulating or retaining talented colleagues, they can play a crucial role in strategic, complex and well-developed training and development systems.

Strategic principles show important decision-making points in training and development, such as deciding how resource policies (recruitment or selection) are opposed or coordinated with HR policy makers' training and development. The company can obtain a more or less fitting workforce for the needs of the job (who later will be developed on the basis of the company's expectations, culture or organizational customs) or it can obtain an outstanding talent who already has all the competencies and knowledge that are needed to perform the job responsibilities maximally, and the company can "save" on training costs. The latter case is more typical of multinational companies with more bargaining power and creating more opportunities for talents (e.g. Google). The above phenomenon outlines the so-called "make or buy" problematics, according to which a company is more likely to recruit or buy the best or most fit employee from the labor market.

In addition to the performance evaluation discussed in detail in the previous subchapter, a lot of other information will need to be considered when developing a training development plan. Such tendencies that trigger training needs, are for example, technology change, legislative changes, new laws, new products, change in customer circle, organizational strategy change, organizational changes, job redesign, new employee insertion, and customer complaints and demands, etc. In setting up a training plan it is, therefore, targeting that is very important, which means an answer to the "why" question. That is, in order to determine whether it is necessary to introduce a training-development policy, to elaborate its details, a lot of information and data must be collected by HR leaders and professionals. For the "what" question, the content of the training-development must be articulated depending on the purpose, the range of those involved (age, experience, language, values, etc., i.e., the question of "whom"), their work, training needs, and performance evaluation results. Finally, when answering "when" and "where" questions, the circumstances, time and location of implementation can be specified.

The training cycle begins with the analysis when the necessary data are collected from the point of view of task, person, job, and organization. This is followed by planning (goal and content), implementation (place, time and training) and evaluation (what were its results and impact). The issue of training-development is usually discussed as a whole, which means that within a function we consider a number of techniques and methods to be potentially applicable, of which experts can choose optionally according to the objectives of the training plan. You can develop knowledge, skills, abilities, competencies, attitudes, group behavior, etc. To do this, it is necessary to take into account which methods are more effective in the learning process. These techniques can be on-the-job tools, such as planned instructions, supervisor advice, job rotation, transfer of responsibility, job extension, apprenticeship programs, etc. There may also be off-the-job techniques such as lecture, programmed education, conference method, case study, role play, simulation game, development center, coaching, and so on.

Accordingly, the questions of the questionnaire related to training-development cover the following areas: which organizations carry out a systematic needs assessment; how much the budget for training is – in relation to annual wage costs; how many training days colleagues from each employee category attend; the assessment of the training effectiveness and, if so, what methods; what action programs are implemented by the organizations surveyed.

To examine the empirical evidence of the above theoretical frameworks, we first show whether a systematic needs assessment is being developed for the training and development of staff at the respondent organizations in the countries participating in the Cranet survey. This question was only included in the latest survey questionnaire for 2014–2016, so we cannot make a temporal comparison in this regard. Figure 5.2 shows the difference between global and regional units and, in comparison, the data of Hungarian respondents, both aggregated by private and public sectors.

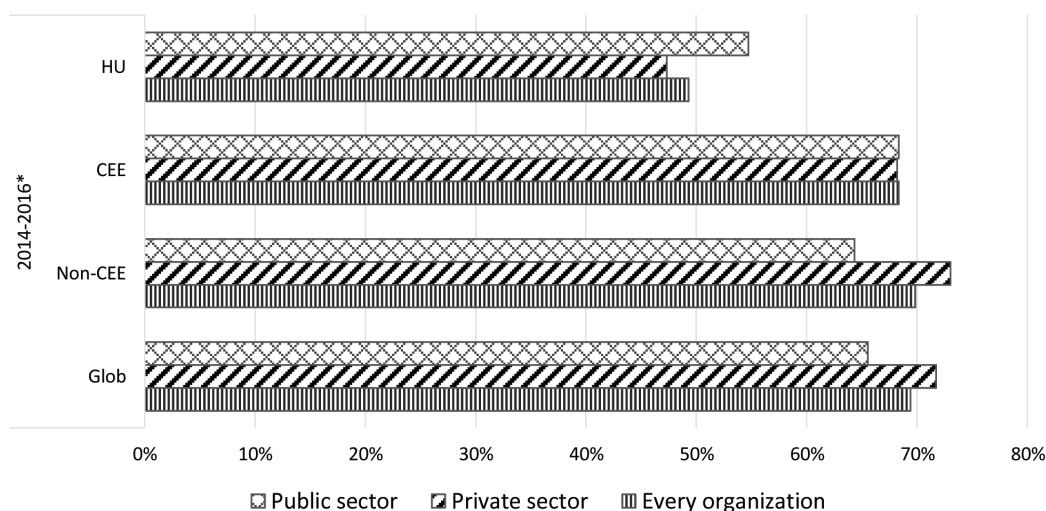


Figure 5.2: Systematic need estimation for training of personnel (%)
 *Question is missing from survey rounds of 2004-2015 and 2008-2010
 Source: Authors' own research

From the above data, it can be seen that slightly more than two-thirds of the respondents systematically collect needs assessment for staff training, 69.4% globally. In the private sector, this type of data collection is more common (71.7%) than in the public sector (65.5%), and it should also be noted that the gap between private and public sectors is even greater in non-CEE countries. It is interesting to note that there is practically no detectable difference in CEE, that is, approximately 68% carry out needs assessment. By highlighting Hungary in a special way in the private sector – compared to the previous ones – the survey shows a very low rate of 47.3%, while in the public sector the same is 54.7%, and overall, half of the companies collect such data compared to world trends Hungarian companies point in a different direction and attach less importance to this activity.

5.2.2.1. Costs spent on Training

In the following part we explain how companies in each region spend on training in relation to wage costs Table 5.8 shows the changes in 2004 to 2016.

Table 5.8: Proportion of the Annual Payroll Costs spent on Training

The proportion of the payroll costs – every organization	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0%	18.8%	1.0%	3.2%	0.0%	6.5%	3.3%	16.5%	3.5%	3.8%	3.7%	4.2%	6.7%
1-2%	40.4%	49.7%	48.5%	52.6%	44.6%	45.8%	40.7%	54.1%	45.6%	43.6%	51.0%	71.6%
3-5%	25.5%	36.1%	34.8%	34.2%	27.7%	29.5%	22.1%	23.5%	30.7%	31.5%	28.6%	14.9%
6-10%	10.6%	9.4%	9.5%	7.9%	12.4%	12.4%	12.5%	12.9%	13.6%	13.9%	12.9%	6.7%
Over 10%	4.8%	3.9%	4.0%	5.3%	8.8%	9.0%	8.2%	5.9%	6.2%	7.3%	3.4%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

Examining global data, it can be stated that respondents typically spent 1–2% of annual wage costs on training in 2004–05 (40.4%) and 2014–2016 (45.6%), and that this ratio also increased. There is also a significant 3–5% rate, which increased from 25.5% to 30.7% over the same period. Also, there is an increase

in the proportion of companies that spend 6–10% of their financial resources on training (from 10.6% to 13.6%) and in the proportion of those that spend more than 10% (from 4.8% to 6.2%). At the same time, the proportion of companies between the first and last surveys, which do not all allocate an amount for this purpose, decreased from 18.8% to 3.8%. On this basis, it can be stated that the importance of training development has increased significantly globally over the past 10–12 years, and that, in turn, the proportion of labor costs related to the training of the workforce has shifted upwards in relation to wages. This also shows that training needs are increasing, which in many cases may be due to the acceleration of environmental changes. The results of the 2008–2010 (second) survey period do not contain any outstanding data; they follow the ongoing global trend.

There are no major differences in territorial comparisons, and recent survey data show that respondents in non-CEE countries are moving slightly towards higher rates compared to CEE countries in terms of training costs related to wage costs. At the same time, it is important to emphasize that during the period 2008–2010, the proportion of companies that lowered their training costs to 0% greatly increased in CEE countries, which means that no resources were spent on this (from 3.2% in 2004–2005 to 16.5%), and it is also interesting that the share of over 10% jumped over this period (from 4% to 8.2%). This extreme reaction is probably due to the difference in samples.

By analyzing Hungary separately, there is a drastic decline in the wage-related costs of training between 2004–2005 and 2014–2016, which is contrary to international trends. While in 2004–2005 there was no respondent with a 0% rate, 5.3% was the ratio of those with over 10% wage-related costs for training and this ratio represented a relatively high level overall (in line with global data), this trend turned to the contrary within the period 2014–2016 due to an opposite change. The recent survey found no respondent in the Hungarian sample that would allocate more than 10% of training costs to its employees related to wages, while the rate of zero-budget companies (practically without training), increased to more than 6.7%, which is above global, CEE and non-CEE data. At the same time, a large percentage of Hungarian respondents spend only 1–2% of wages on training (71.6%). Overall, there is a large downturn in Hungary compared both to the period 2004–2005 and the global trends.

5.2.2.2 Costs for Training in the Private and Public Sectors

Below, we analyze the ratios of the wage-based budget for training to the specifics of the private and public sectors (Tables 5.9 and 5.10).

Table 5.9: Proportion of the Annual Payroll Costs spent on Training – Private Sector

Proportion of the payroll costs – Private sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0%	3.9%	1.1%	21.6%	0.0%	6.2%	2.6%	17.9%	5.4%	3.6%	3.5%	3.9%	8.4%
1–2%	46.5%	47.8%	38.4%	45.5%	42.0%	43.9%	35.7%	44.6%	43.7%	41.9%	48.3%	68.7%
3–5%	35.5%	37.2%	24.7%	40.9%	29.1%	31.0%	22.8%	28.6%	32.2%	33.0%	30.1%	16.3%
6–10%	9.8%	9.7%	10.8%	9.1%	13.3%	13.4%	13.3%	17.9%	14.0%	14.1%	13.9%	6.6%
Over 10%	4.3%	4.2%	4.5%	4.5%	9.5%	9.2%	10.3%	3.6%	6.5%	7.6%	3.8%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

The comparison between the private and public sectors shows that there is little private spending on the training and development of employees globally, and this is true for all three surveys, as confirmed by the regional review of respondents from CEE and non-CEE countries. In Hungary, interestingly, in light of recent

results, there is a higher proportion of organizations in the private sector that do not have any financial resources at all (8.4%) while the same value in the public sector is 2.3%. It is also true that the proportion of companies that spend on training between 3% and 5% of the annual wage costs in the private sector (16.3%) is also higher while the same proportion in the public sector is 11.5%. The Hungarian public sector typically contributes 1–2% to training-development (79.3%, which is 68.7% in the private sector). It is also important to note that the results of the 2008–2010 survey show a jump among companies that spent over 10% of annual wage costs on training, practically doubled compared to 2004–2005 (globally from 3.8% to 7.3%), which was mainly generated by companies from non-CEE countries and can be observed in both the private and public sectors. Later, in a recent survey this rate almost dropped back to the level of 2004–2005.

Focusing separately on the private sector, responses from private sector companies show that there is a territorial convergence with the 2004 data in the recent survey. While in the first survey, more than one-fifth of the CEE respondents did not allocate a budget to training, in the third survey, the proportion of these firms fell to around 4%. At the same time, the prevalence of organizations with training budgets above 10% is in the CEE countries still twice as high (7.6%) as that in the non-CEE countries (3.8%). Here, respondents in Hungary also gave lower percentages compared to other territorial units, as was also seen in the aggregated data.

Table 5.10: Proportion of the Annual Payroll Costs spent on Training – Public Sector

Proportion of the payroll costs – Public sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
0%	1.9%	0.9%	11.5%	0.0%	4.0%	2.8%	7.8%	0.0%	4.3%	4.0%	5.0%	2.3%
1–2%	53.2%	53.6%	49.4%	75.0%	54.4%	54.0%	55.3%	73.7%	51.1%	48.5%	56.6%	79.3%
3–5%	33.1%	33.7%	27.6%	25.0%	24.0%	24.8%	21.4%	10.5%	26.9%	27.4%	25.9%	11.5%
6–10%	8.0%	8.2%	6.9%	0.0%	10.4%	9.9%	11.7%	5.3%	12.5%	13.6%	10.2%	6.9%
Over 10%	3.8%	3.7%	4.6%	0.0%	7.3%	8.4%	3.9%	10.5%	5.1%	6.5%	2.3%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

Public sector organizations typically have low training costs (between 1 and 5% of wage costs), and while the proportion of companies not spending on training (from 1.9% to 4.3%) increased globally, between the first and last period, however, there was a very slight rise in the proportion of respondents with training costs between 6 and 10% or above. In other words, fewer organizations are devoted to this area, but they allocate a higher amount, and the same trend is shown by non-CEE and CEE countries, on the basis of the most recent data, without significant regional deviation. It is typical of Hungary's public sector organizations that there is a low proportion of those who do not spend on this (not the case in 2004), but it is realized at a very low level, as nearly 80% of respondents spend only about 1–2% of the annual wage costs on training. Regarding temporal changes, it should be noted that, compared to 2004–2005, organizations in the public sector have appeared in which 6–10% of the wage cost is spent on training (6.9%). At the same time, there is still no public sector organization in Hungary in which this ratio would be above 10%, but it should be emphasized that in the period 2008–2010, these organizations reached an exceptionally high rate of 10.5%, in line with international trends.

Time spent on Training

After having empirically researched the answers to systematic data collection for needs assessment and budgets allocated to training-development, we will analyze the time spent on training. A very important indicator is how many days companies intend, on average each year, for training and how this is then distributed in each occupational category.

Based on the cumulative data, Table 5.11 shows that the average number of training days per year is approximately 7–8 days according to the global data of the latest period. There is no significant difference in individual employment groups. Training days increased by one and a half to two days compared to the period 2004–2005, but it should be added that in the period 2008–2010, more time was spent on training worldwide: more than 11 days, which was an outstanding result. Of course, the differences between surveys may also be due to differences in sample composition.

Table 5.11: Annual average Number of Training Days

Training days – every organization	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Management	6.12	5.95	7.30	5.77	9.17	9.23	8.96	6.81	7.51	7.63	7.19	7.65
Professionals without managerial responsibility	6.15	6.06	6.77	5.84	11.59	12.35	9.29	6.63	7.97	8.21	7.37	7.59
Cognitives and/or Manuals	4.14	4.16	3.95	3.73	7.29	7.84	5.62	2.76	6.80	7.34	5.40	4.67
Total	5.19	5.14	5.55	4.81	8.91	9.86	8.02	5.42	7.43	7.73	6.66	6.64

Source: Authors' own research

By examining the employment groups together, it can be concluded that in 2004–2005 the average training time was 5.19 days, in 2008–2010 it was 8.91 days and in 2014–2016 7.43 days. Across employment groups, most training days are most often observed for professional employees, followed by managers and then by cognitive and manual workers. In a regional comparison, a convergence between non-CEE and CEE countries can be seen, so that in the third survey there is no significant difference between managers and professionals, but respondents of CEE countries did not follow the growth in training days in the case of cognitives as observed in non-CEE countries.

In Hungary, the number of training days has increased in all employment groups, it is 7.65 days for managers, 7.59 days for professional employees and 4.67 days for administrative workers, which means that the latter is lagging behind the international trends. It should also be added that in 2008–2010 there was no such significant increase in the number of days of training as in other countries, what is more, in the case of cognitives this figure dropped to 2.76 days.

The comparison between the private and public sectors (Tables 5.12 and 5.13) shows that the number of training days per year in the public sector is slightly higher: in the first period the difference is approximately half a day, so in the public sector it is 5.55 days. In the second period, the difference between the public and private sector increased, which means that in the public sector the number of training days was by almost a day higher (10.49 days), and in the third period the advantage of the public sector was more than half a day (8 days) globally.

Table 5.12: Annual Average Number of Training Days in the Private Sector

Training days – Private sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	KKE	HU
Management	5.89	5.68	7.26	5.07	9.53	9.57	9.38	6.49	7.40	7.38	7.44	7.30
Professionals without managerial responsibility	6.04	5.92	6.78	5.17	11.19	11.59	9.89	7.16	7.80	8.00	7.30	6.49
Cognitives and/or Manuals	4.15	4.20	3.86	3.30	8.01	8.59	6.13	2.72	6.89	7.37	5.68	3.88
Total	5.11	5.04	5.49	4.23	9.62	9.95	8.52	5.49	7.36	7.58	6.81	5.89

Source: Authors' own research

On the basis of the territorial comparison of the most recent data, there is no significant difference in the private sector for managers; in the case of professionals the number of training days are lower (6.49) than in non-CEE countries (8 days) and also less than in CEE countries (7.30 days). At the same time, administrative staff lag behind in Hungary (3.88 days), which is approximately three days away from the global values, but CEE countries are also characterized by lower training days (5.68 days).

Table 5.13: Annual Average Number of Training Days in the Public Sector

Training days – Public sector	2004–2005				2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	Glob
Management	6.95	6.90	7.44	7.50	8.85	9.42	7.06	5.52	8.36	9.23	6.65	8.08
Professionals without managerial responsibility	6.61	6.64	6.36	5.33	16.36	20.10	6.43	4.24	9.04	9.69	7.77	10.06
Cognitives and/or Manuals	4.17	4.21	3.81	2.86	5.67	6.34	3.75	2.14	6.61	7.55	4.70	6.10
Total	5.55	5.56	5.45	4.94	10.49	12.12	5.82	3.97	8.00	8.82	6.38	8.08

Source: Authors' own research

The average number of training days per year in the public sector is slightly higher than in the private sector. Hungary and the CEE countries are the exceptions to this in the 2008–2010 survey period; the period in which the time intended for training is shorter in the public sector in certain employment categories. Between 2014 and 2016, respondents from CEE countries also show that the number of days spent in training in the private sector for managers and cognitives is higher. In the responses from non-CEE countries, there is an outstanding figure in 2008–2010, according to which professionals can spend 20 days a year in training, which is very high. In this respect, the public sector “consolidated” globally between 2014 and 2016, and the data increased to 8 days compared to the 5.55-day training period of the first period.

5.2.2.3 Evaluation of training efficiency

As we have shown at the beginning of the subchapter, the training cycle ends with an evaluation of the training program, i.e., organizations systematically assess the effectiveness of training. The number of organizations that actually carry out this activity is depicted in the following results. This question was not included in the first survey questionnaire (2004–2005), so the empirical evidence for the second and third periods is presented below.

Figure 5.3 shows that approximately half of the organizations perform efficiency measurement after the implementation of training programs. On the basis of a comparison of the two periods examined, the proportion of respondents who carry out this type of assessment slightly increased for 2014–2016. There are no major differences between the CEE countries, which is a few percent lower, but it is still around half of the companies that measured efficiency. In private and public sector comparisons it should be pointed out that in the private sector this type of activity is approximately 10% more typical, i.e., training programs are less appreciated in the public sector. By examining Hungary separately, it can be seen, that while in the period 2008–2010 it followed roughly the CEE and non-CEE trends (i.e., there was a smaller backlog), based on recent survey data it is possible to identify a drastic downturn not only in time, but also in territorial comparison.

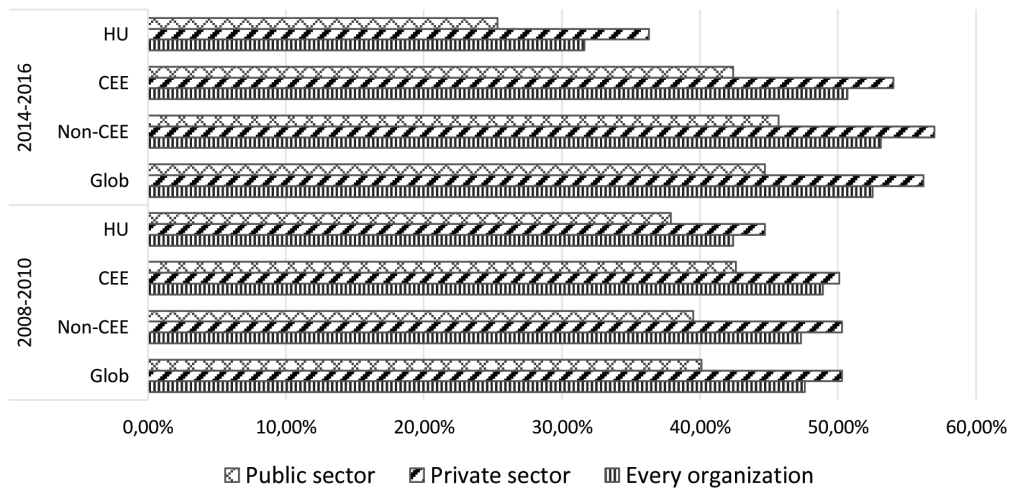


Figure 5.3: Evaluation of Training Effectiveness (%)

Source: Authors' own research

For the companies that responded to the above question of whether a systematic efficiency measurement is carried out, we asked for further details in the survey, i.e. respondents could indicate whether they use the following indicators to measure efficiency: number of training days per employee per year; achievement of the goals set in the training and development plan; post-training reaction evaluation; both before and immediately after training, performance was measured before training and a few months later, there was informal feedback from direct managers, and informal feedback from employees and return on investment? The evaluation of training can be performed with a variety of methodologies depending on the scale of the training, organizational scope, the scope of the training, the financial resources spent, the time and regularity of the program, the involvement of external or internal trainers and the complexity of the training plan and program. For example, the simplest measurement of a half-day training is a quick attitude assessment of participants' reactions. In the case of implementation of an extensive organizational development program affecting the entire organization, it may be worthwhile to carry out a complex organizational performance- and efficiency-increase measurement and examine the return on financial investment in training. The practical aspects of this is illustrated in Table 5.14.

Table 5.14.: Techniques to evaluate Training Effectiveness

Training effectiveness evaluation – every organization	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Total number of days training undertaken per employee per year	47.5%	45.5%	56.3%	52.0%	47.6%	51.7%	37.2%	49.4%
Meeting the objectives set out in the training and development plan	77.1%	77.0%	77.7%	86.3%	65.8%	69.7%	55.9%	88.0%
Reaction evaluation immediately after training	82.0%	83.7%	74.5%	86.3%	68.1%	73.9%	53.5%	84.9%
Measured job performance before and immediately after training	29.6%	28.5%	34.5%	28.0%	26.7%	28.5%	22.4%	23.8%
Measured job performance before and some months after training	34.4%	33.2%	39.6%	30.0%	34.7%	37.4%	27.9%	31.0%
Informal feedback from line managers	78.1%	77.3%	81.6%	90.0%	66.7%	72.0%	53.7%	83.7%
Informal feedback from employees	75.6%	74.7%	79.7%	90.0%	63.4%	68.3%	51.4%	79.3%
Return on investment	16.0%	15.4%	18.6%	20.4%	18.7%	20.7%	13.9%	22.7%

Source: Authors' own research

From the global empirical results it can be seen that the most common training efficiency evaluation method is the direct reaction after training (68.1%), the informal feedback received from direct managers (66.7%), the achievement of the goals set in the training and development plan (65.8%) and collecting informal feedback from employees (63.4%). The least used method is to compare work performance measured before and after training (26.7%) and return on investment (18.7%). Due to differences in patterns, there is some setback between the two surveys illustrated in the table but the main trends are similar. Regarding territorial comparisons it can be seen that respondents in non-CEE countries evaluate the training program more often with different methods than companies from the CEE countries. Based on the latest survey results, the most widely used measurement tool in CEE is to measure the achievement of the set targets (55.9%), feedback from managers (53.7%), and direct response (53.5%). In Hungary, these three methods are at the forefront with the difference being that the Hungarian respondents have a much higher application rate. 85% use these techniques which outperform the global data of and that of the non-CEE countries.

These tendencies can be compared by private and public sector as described in Tables 5.15 and 5.16. It is clearly visible that in the private sector, higher ratios can be identified for each efficiency measurement method than in the public sector. The biggest difference appears (in the period 2014–2016) in achieving the goals set in the training and development plan (68.2% private and 57.7% in the public sector) and in the post-training reaction assessment (72.1% private and 55.1% in the public sector). The ranking of the most typical methods is similar in both sectors, without major differences based on the latest survey.

Table 5.15: Techniques to evaluate training effectiveness in the private sector

Training effectiveness evaluation – Private sector	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Total number of days training undertaken per employee per year	46.9%	45.3%	54.9%	54.3%	47.8%	53.0%	35.3%	49.2%
Meeting the objectives set out in the training and development plan	76.4%	76.4%	76.3%	88.9%	68.2%	72.4%	58.1%	89.7%
Reaction evaluation immediately after training	81.6%	82.8%	76.0%	91.7%	72.1%	77.9%	58.0%	91.8%
Measured job performance before and immediately after training	29.9%	28.7%	35.7%	28.6%	29.5%	31.2%	25.4%	27.1%
Measured job performance before and some months after training	35.0%	33.5%	42.3%	34.3%	37.8%	40.7%	31.1%	35.5%
Informal feedback from line managers	76.9%	76.2%	80.3%	91.4%	69.0%	74.3%	56.5%	86.9%
Informal feedback from employees	73.9%	73.3%	76.8%	91.4%	64.9%	69.3%	54.7%	80.6%
Return on investment	15.3%	14.6%	18.3%	20.0%	19.8%	21.6%	15.6%	25.4%

Source: Authors' own research

In regional comparison, the latest data show that CEE countries are lagging behind the practices of non-CEE countries in the methods used by both the private and the public sectors, often by 15–20%, although these differences are more pronounced in the private sector. At the same time, Hungarian respondents frequently apply the methods in both sectors, often over the high data of non-CEE countries. In the Hungarian private sector organizations, the direct response of the participants (91.8%), the achievement of the goals (89.7%) and the management feedback (86.9%) are also the leading ones. In the public sector, Hungarian respondents put more emphasis on informal feedback received from employees (78.3%) than on the ranking of individual methods in the private sector, as this is the second most typical technique while the first is the achievement of goals (82.6%) and the feedback from leaders is at the same level as the post-training response (73.9%).

Table 5.16: *Techniques to evaluate Training Effectiveness in the Public Sector*

Training effectiveness evaluation – public sector	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Total number of days training undertaken per employee per year	48.3%	44.7%	63.1%	27.3%	45.6%	46.9%	42.4%	45.5%
Meeting the objectives set out in the training and development plan	80.7%	81.1%	79.1%	72.7%	57.7%	62.1%	47.4%	82.6%
Reaction evaluation immediately after training	83.5%	88.6%	62.9%	63.6%	55.1%	62.1%	38.8%	73.9%
Measured job performance before and immediately after training	27.9%	27.3%	30.3%	27.3%	19.4%	22.2%	13.2%	13.0%
Measured job performance before and some months after training	32.0%	31.9%	32.4%	18.2%	25.5%	28.8%	18.1%	17.4%
Informal feedback from line managers	83.5%	82.6%	87.1%	81.8%	58.3%	64.9%	43.4%	73.9%
Informal feedback from employees	81.8%	78.5%	87.0%	80.2%	58.3%	65.6%	41.7%	78.3%
Return on investment	18.2%	18.5%	16.7%	20.0%	16.5%	19.7%	9.4%	13.0%

Source: Authors' own research

Training-development Action Programs for different Target Groups

The last question in the field of training development was on the action programs, i.e., the companies surveyed developed special training action programs for: ethnic minorities, older workers over 50, people with disabilities, women, women returning to work, low-skilled labor force and young workers under 25 years of age.

Table 5.17: *Action Programs for Training*

Action programs: trainings	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Minority ethnics	12.4%	14.4%	4.2%	5.6%	11.6%	13.8%	5.3%	4.0%
Older workers (aged 50 plus)	15.7%	17.1%	10.0%	9.6%	15.9%	17.7%	10.8%	5.5%
People with disabilities	15.9%	17.3%	10.1%	6.4%	16.2%	18.8%	9.1%	4.8%
Women	19.9%	22.1%	10.9%	14.4%	22.2%	25.5%	13.2%	8.1%
Women returners	14.6%	15.6%	10.8%	14.1%	17.4%	18.8%	13.6%	13.2%
Low skilled labor	21.6%	23.1%	15.6%	12.7%	21.2%	22.5%	17.6%	16.5%
Younger workers aged under 25)	27.2%	27.1%	27.7%	28.1%	30.6%	30.3%	31.5%	23.4%

Source: Authors' own research

Examining the target groups of the training programs, it is clearly visible that respondents have developed action programs globally primarily for young workers (30.6%), women (22.2%) and low-skilled workers (21.2%), according to the latest data. However, in the previous period, the same three target groups were in the focus in this respect. On the other hand, the respondents are least likely to deal with ethnic minorities (11.6%), while the other target groups are in the middle.

Comparing each region there are large differences between CEE and non-CEE countries. The general tendency of organizations in CEE countries is to work out less action programs while women returning to work are more of a target than the target group of women in general compared to non-CEE countries. Ethnic minorities (5.3%) and people with disabilities (9.1%) achieved extremely low levels while in the case of young workers (31.5%) the ratio is higher than in non-CEE countries (30.3%), and this is the only target group in which CEE countries have a higher value.

In Hungary, compared to the 2008–2010 values, the intention to develop action programs focusing on target groups has decreased everywhere except for low-skilled workers (from 12.7% to 16.5%). Overall, the 2014–2016 survey shows that young workers (23.4%), low-skilled workers (16.5%) and women returning

to work (13.2%) are at the center of such programs while none of the other target groups reach 10%, which means that Hungarian organizations pay even less attention to these types of action programs compared to CEE trends.

Summing up the global data on training development for 2014–2016, the following key findings can be made:

- Slightly more than two-thirds of respondents systematically collect needs assessment for staff training, 69.4% globally;
- Typically, respondents spent between 1 and 2% of their annual wage cost (45.6%) on training and a significant proportion is between 3% and 5% (30.7%). Over the past 10–12 years, the proportion of those companies that spend 6–10% and more than 10% of their financial resources on training has increased (from 10.6% to 13.6%, respectively from 4.8% to 6.2);
- The average number of training days per year was around 7 to 8 days based on the global results of the 2014–2016 period, with no significant differences in individual employment groups;
- Approximately half of the organizations perform efficiency measurement after the implementation of training programs;
- The most widespread training efficiency evaluation method is the direct reaction evaluation after the training (68.1%), informal feedback received from direct managers (66.7%), the achievement of the goals set in the training and development plan (65.8%) and collecting informal feedback from employees (63.4%). The least used method is to compare work performance measured before and after training (26.7%) and return on investment (18.7%);
- Action programs are primarily developed by respondents for young workers (30.6%), women (22.2%) and low-skilled workers (21.2%).

5.2.3 CAREER DEVELOPMENT

In terms of staff development, we discussed in detail the characteristics of respondents' performance evaluation and training development in the previous subchapters. In the following part, career development is at the heart of the analysis as the HR function which focuses on the personal development of individual employees, while also integrating functional areas of human resources management. In order to plan the career path of a worker, it is necessary to know and define the organizational strategy, culture, values, expectations, job requirements, and to map the current knowledge, skills, motivations, attitudes and personality traits of the individual. In this way, organizational and individual goals can be more effectively aligned with the future development plan. Co-ordination of individual ambitions and organizational goals is therefore extremely important for career development.

During the survey, the questionnaire included questions that examined the extent to which special work tasks, knowledge-intensive project work, on-the-job training, and project team work networking programs, formal career plans, development centers, succession plans, job rotation, talent programs, international assignments (gaining experience), coaching, mentoring, and e-learning (computer-based learning packages) were used in career management methods, and for which target groups (e.g. ethnic minorities, women, seniors and young people) special action programs were developed. Below we will outline the most important international and domestic trends and practices of the relevant empirical evidence based on the responses of the respondents. In this respect, the questionnaire used different scales, types of questions, and divisions in each period, so in such cases, we show the territorial specificities separately.

In examining some of the methods of career management, the first question (Table 5.18) assessed the specific work tasks in the respondents' career management practices using assessment scales. Global data show that the use of this type of technique decreased between 2008–2010 and 2014–2016. With respondents accounting for approximately a quarter do not use special work tasks at all, and only 9% of the companies rely heavily on them. It is even less typical in CEE and this is true also for Hungary.

Table 5.18: Career Management: Special Tasks

Career management – special tasks	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	20.7%	18.5%	29.1%	24.6%	29.8%	27.1%	37.3%	34.9%
1	19.3%	18.4%	22.7%	14.4%	16.6%	15.6%	19.4%	15.7%
2	27.8%	29.2%	22.0%	26.3%	26.3%	27.5%	23.2%	21.5%
3	20.6%	21.7%	16.2%	23.7%	18.7%	20.8%	13.0%	16.9%
To a great extent	11.7%	12.2%	9.9%	11.0%	8.5%	9.0%	7.1%	11.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

Table 5.19 shows the results of the 2004–2005 period broken down by two employment categories. Based on this, it can be stated that significant differences between managers and non-managerial positions are not visible in the application of special work tasks, and the evaluation scale is also slightly different, here the respondents could choose between 1 and 4 values. The answers show that this technique was not too popular in the first survey, the majority did not apply special work tasks, projects and trainings or just slightly did, to stimulate learning. Significant regional differences cannot be identified; these are the two most common responses in non-CEE and CEE countries and in Hungary, and it is important to emphasize that approximately one quarter to one-fifth of the companies replied that they were heavily engaged in special work tasks during career management.

Table 5.19: Career Management: Special Tasks/Projects to stimulate Learning - 2004

Career management - Special tasks/projects to stimulate learning	2004–2005 – managerial				2004–2005 – non-managerial			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	22.4%	21.1%	33.0%	22.0%	21.7%	19.7%	38.4%	18.6%
To a small extent	49.9%	51.1%	40.0%	40.7%	53.1%	54.5%	41.1%	54.2%
To a large extent	25.6%	26.0%	22.8%	33.9%	24.1%	24.7%	19.1%	27.1%
Entirely	2.1%	1.8%	4.2%	3.4%	1.1%	1.1%	1.4%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

The next question was the conscious application of knowledge-intensive projects, and this can only be analyzed in the 2014–2016 survey because it was not included in the questionnaire in previous periods (Figure 5.4). Overall, the method is more popular with companies in non-CEE countries than in CEE countries and Hungary (Figure 5.4). Globally, 9.5% of respondents use highly knowledge-intensive projects in career development, and 19.2% use them to a great extent.

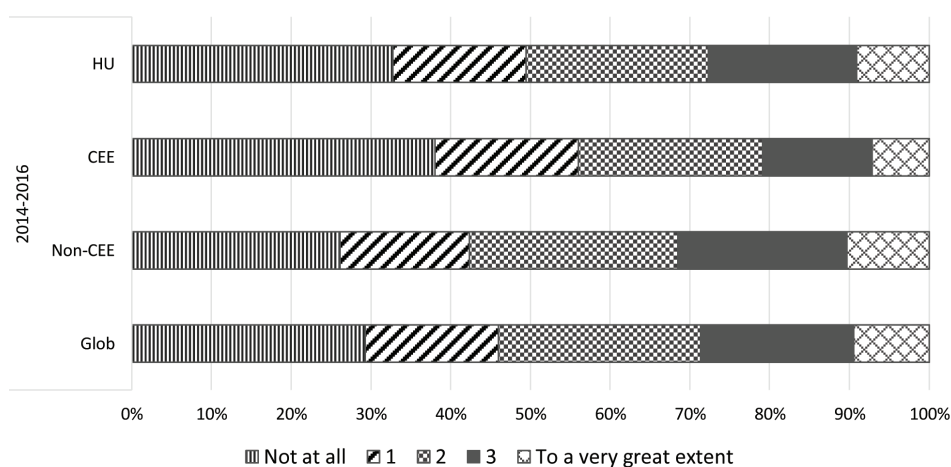


Figure 5.4: Career Management: Projects to Stimulate Learning (%)

Source: Authors' own research

On-the-job training, which is executed at the job location, is also the only career development technique in the latest survey (Figure 5.5). This method is much more popular with respondents globally and no significant differences can be identified between non-CEE and CEE countries. Approximately a third of the respondents stated to rely heavily on on-the-job training, and the proportion of companies voting for “large” (3) was high, at about 25 to 27%. Companies that do not use this method at all represent only one-tenth of the respondents. At the same time, it is interesting that Hungary does not follow international trends in this respect, as the proportion of those who do not use this technique at all (31.9%) is high and very low (18.6%) is the ratio of those who use it “to a great extent”, compared to other regions. With companies in Hungary, it is not a popular method but is often used elsewhere.

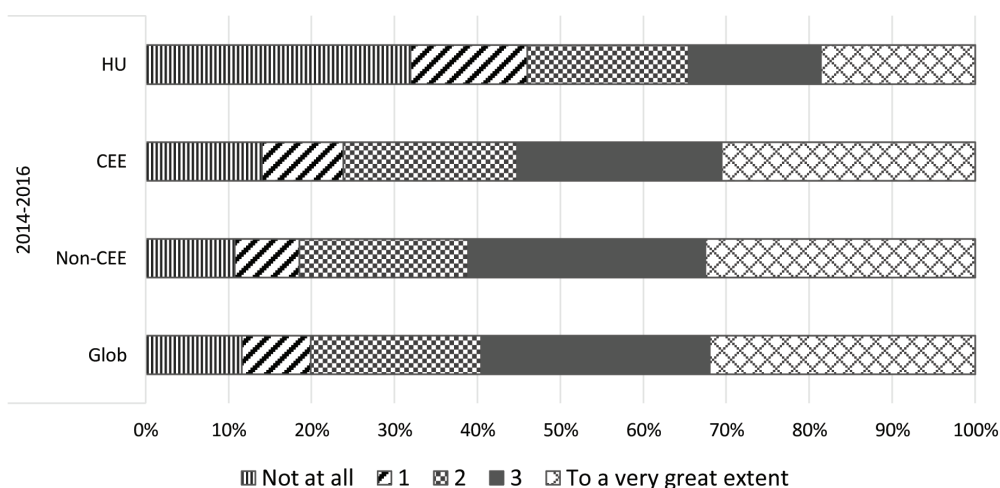


Figure 5.5: Career Management: Training on-the-job (%)

Source: Authors' own research

Participation in project team-work as a career management method shown in Table 5.20, has already been included in the list of previous periods. On the basis of the evolution of global data over time, it can be concluded that the proportion of companies that do not use this technique only slightly increased while the rate of very high users steadily increased, to 16.6% between 2014 and 2016. This technique is not as popular as the on-the-job training described above but it is more often used as special tasks or knowledge-intensive project work. The majority rely mainly on the use of project work to a moderate extent.

Territorial comparison shows that CEE countries have a somewhat lower involvement of employees in project teamwork with career development goals, and in Hungary the proportion of those who do not use this method at all is even higher (29.7%) in the light of the latest survey data compared to the global 17.8%.

Table 5.20: Career Management: Participation in Project Team Work

Career management - participation in project team work	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	17.0%	14.5%	26.4%	23.5%	17.8%	15.8%	23.3%	29.7%
1	16.2%	16.2%	16.2%	11.8%	13.4%	12.6%	15.5%	11.8%
2	28.0%	30.0%	20.7%	22.7%	25.6%	25.7%	25.3%	22.1%
3	26.3%	26.9%	23.8%	26.9%	26.6%	28.5%	21.2%	19.0%
To a great extent	12.5%	12.4%	12.9%	15.1%	16.6%	17.4%	14.6%	17.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

Respondents could comment on participation in project team work in the 2004–2005 period by employee groups (shown in Table 5.21). Based on the data in Table 5.20, a phenomenon that exceeds the above results can be identified by the fact that in Hungary three quarters of the respondents did not apply this career management technique at all to non-managerial jobs. Generally speaking, the method was rather globally used for managers.

Table 5.21: Career Management: Participation in Project Team Work - 2004

Career management - participation in project team work	2004–2005 – managerial				2004–2005 – non-managerial			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	12.5%	11.8%	18.5%	11.9%	15.7%	14.9%	23.0%	74.6%
To a small extent	39.5%	40.7%	29.4%	23.7%	47.2%	48.2%	38.4%	20.3%
To a large extent	43.9%	43.9%	44.1%	54.2%	34.6%	34.8%	33.2%	5.1%
Entirely	4.0%	3.6%	8.0%	10.2%	2.5%	2.1%	5.4%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

An important method in the career development toolkit is the organization of formal programs in which employees can build a network or relationship. Table 5.22 shows how the frequency of application of such programs in different territorial units developed. The proportion of organizations who report that they do not use networking programs at all is relatively high: 33.5% in 2008–2010, compared to 43.8% in the third survey (2014–2016). This value increased globally, i.e., it has lost its popularity in recent years, and this is also the case of the 2004 data. There is only a small increase in the number of companies that use it to a very large extent from 4.7% to 5.8% between the last two periods.

From a territorial point of view, it can also be seen that organizations in CEE countries have a significantly higher proportion of organizations that do not rely on networking programs; it should be added that Hungarian organizations are integrating into the trend of the CEE countries in this respect, as 54.6% is the proportion of respondents who totally ignore relationship building programs in Hungary, and only 3.4% use them to a large extent. Of course, we must also see that compared to the period 2008–2010, Hungary is still using this tool for career management more frequently today, since then the proportion of organizations completely neglecting the program was 63.9%, and 2.5% of those who used them to large extent.

Table 5.22: Career Management: Formal Networking Schemes

Career management - formal networking schemes	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	33.5%	30.9%	43.7%	63.9%	43.8%	39.8%	54.6%	54.5%
1	24.6%	24.8%	23.9%	11.8%	22.3%	23.1%	20.0%	21.2%
2	23.8%	25.5%	17.1%	16.0%	18.2%	19.6%	14.5%	13.3%
3	13.4%	14.0%	11.0%	5.9%	9.9%	11.2%	6.3%	7.6%
To a great extent	4.7%	4.8%	4.3%	2.5%	5.8%	6.3%	4.7%	3.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

The 2004–2005 data on the use of formal networking and networking programs are broken down by managerial and non-managerial positions (Table 5.23). From this it is clearly visible that this technique was more important in managerial positions since it was used more frequently than in non-managerial positions. Overall, however, it was not among the most important tools in this period, in which it was used, usually only to a small extent. Territorially for this period, it is also true that CEE countries were less likely to use the method. It is an interesting result that in Hungary the networking programs were more popular in non-managerial positions, since 45.8% of the organizations used them to a small extent and 30.5% provided extensive networking programs for their non-managerial employees and from a regional point of view Hungary has the highest value of 6.8% in the 2004–2005 survey for full application.

Table 5.23: Career management: networking – 2004–2005

Career management - networking	2004–2005 – managerial				2004–2005 – non-managerial			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	30.7%	29.3%	42.4%	64.4%	47.6%	47.0%	52.9%	16.9%
To a small extent	43.1%	45.0%	28.2%	27.1%	38.5%	39.8%	28.2%	45.8%
To a large extent	24.1%	24.0%	24.8%	6.8%	12.9%	12.5%	16.5%	30.5%
Entirely	2.1%	1.8%	4.6%	1.7%	0.9%	0.7%	2.4%	6.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

Specific, formalized career plans are the next career management method. In this case, the employees, together with the company's managers, direct superior, HR specialist and mentor, prepare their goals for the next period together, their own development directions, and the most important benefits and contributions to be achieved from the point of view of the company. The aim of these types of plans is to provide individuals with motivational advancement and development opportunities, while gaining a sense of competence for the organization can be achieved by colleagues in the programs, which, in the long run can contribute to efficiency, organizational performance, and profitability.

Figure 5.6 shows that the role of formal career plans in the third survey has increased globally compared to 2008–2010, but the overall proportion of companies that do not use career plans at all is relatively high (around 40%). Among those who employ it, the rate shifted slightly upwards, i.e. the proportion of those who employ this method, rose from 3.7% in 2008–2010 to 7.7% in 2014–2016. There is also a visible trend in the techniques, as described above, that CEE countries are less likely to use a certain technique. As a result, there are several companies who do not use career plans at all in career management; half of the companies stated it was not characteristic at all. According to the latest data, 54.1% of the Hungarian respondents do not use formal career plans at all. The temporal manifestation of the slight increase in significance that can be observed globally can also be observed in Hungary, but it is impossible to call the formal career plan an overly popular technique.

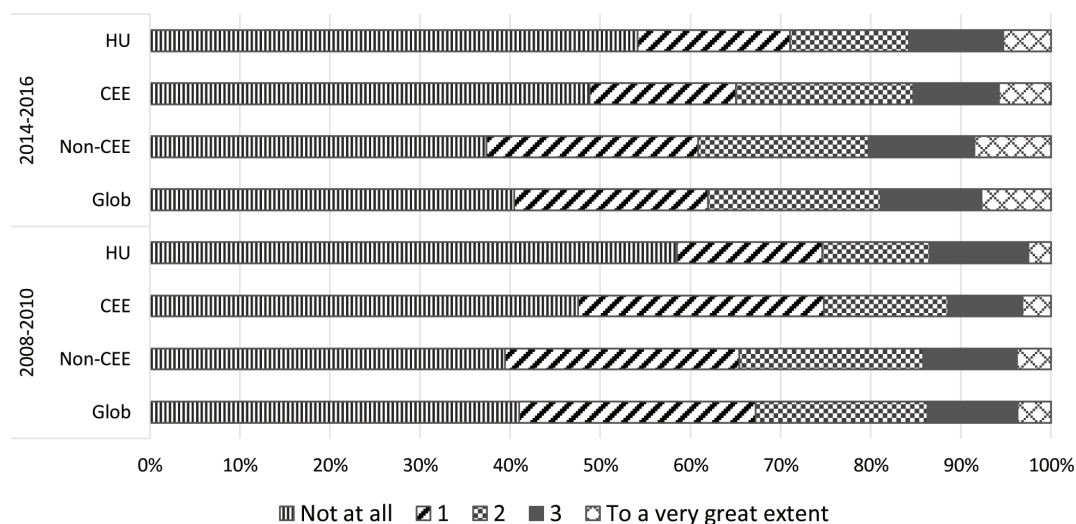


Figure 5.6: Career Management: Formal Career Plans (%)

Source: Authors' own research

Based on the data for the period 2004–2005, it is clearly visible in Figure 5.7 that the responses specifically for managerial positions also indicate that there was no characteristic use of formal career plans (globally 44.9% did not use them at all), and where it was applied, only to a small extent (40.2% globally). Significant regional differences cannot be identified between non-CEE and CEE countries as well as Hungary.

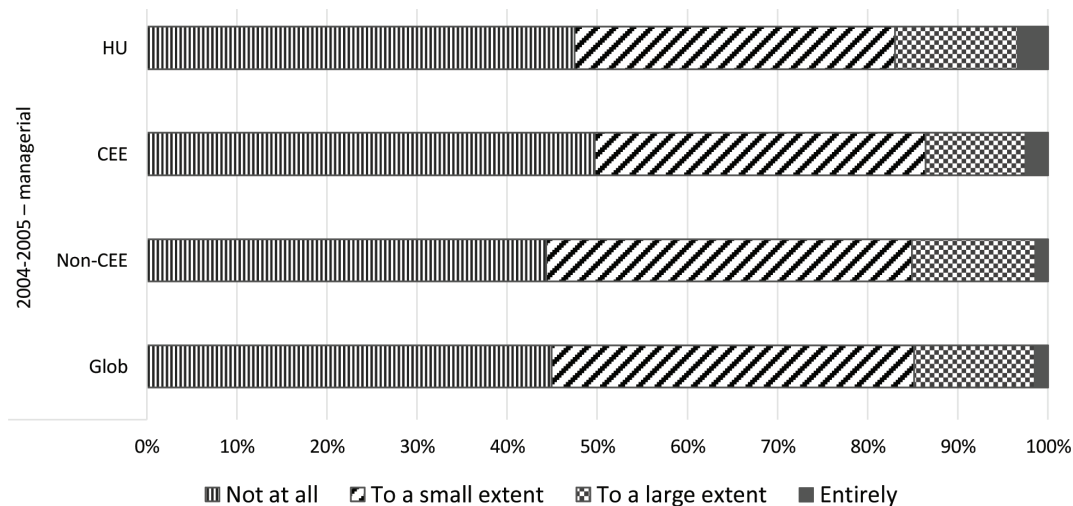


Figure 5.7: Career Management: Formal Career Plans – 2004–2005 (%)

Source: Authors' own research

The next effective career management tool is the development center (DC), which, based on the assessment center (AC) methodology, assesses the competencies of the assessed employees with the help of several evaluators, situational and workplace simulation situations, and identifies areas for improvement in future development, possibly contributing to a higher position. Mapping competencies, knowledge, skills, group and presentation behavior patterns with a development center is very effective, yet time-consuming and costly. To what extent organizations actually use the DC method, arises from the results in Table 5.24 below. From this it can be seen that a very high proportion (64.8%) of respondents participating globally in the 2014–2016 did not use this method, although it is also apparent that compared to the 2008–2010 survey and even the data for the period 2004–2005 the proportion of companies that rely heavily on the use of development centers has also increased compared to the previous year.

Table 5.24: Career Management: Development Centers

Career management - development centers	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	63.5%	64.5%	59.6%	75.4%	61.8%	60.2%	65.9%	73.0%
1	17.8%	15.9%	25.3%	14.4%	14.9%	15.1%	14.3%	12.0%
2	10.1%	10.3%	9.6%	5.1%	11.2%	11.3%	10.9%	7.1%
3	5.8%	6.1%	4.6%	5.1%	5.8%	6.3%	4.6%	5.2%
To a great extent	2.7%	3.1%	0.8%	0.0%	6.3%	7.1%	4.3%	2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

The increase in the use of DC from the first survey period to the second was mainly due to more intensive use in non-CEE countries. Respondents in CEE countries turn to this method less, and the use of development centers in Hungary is even weaker: according to the latest data, 73% of Hungarian organizations do not use it at all while only 2.6% use this career management method to a large extent. Data for 2004 are related to managerial positions, and it is visible that its use was not widespread in this period. If it was used, only to a small extent, and it is interesting that in the first period, Hungary even exceeded the frequency of CEE countries in the use of development centers in career management though the extent of this was not evenly distributed.

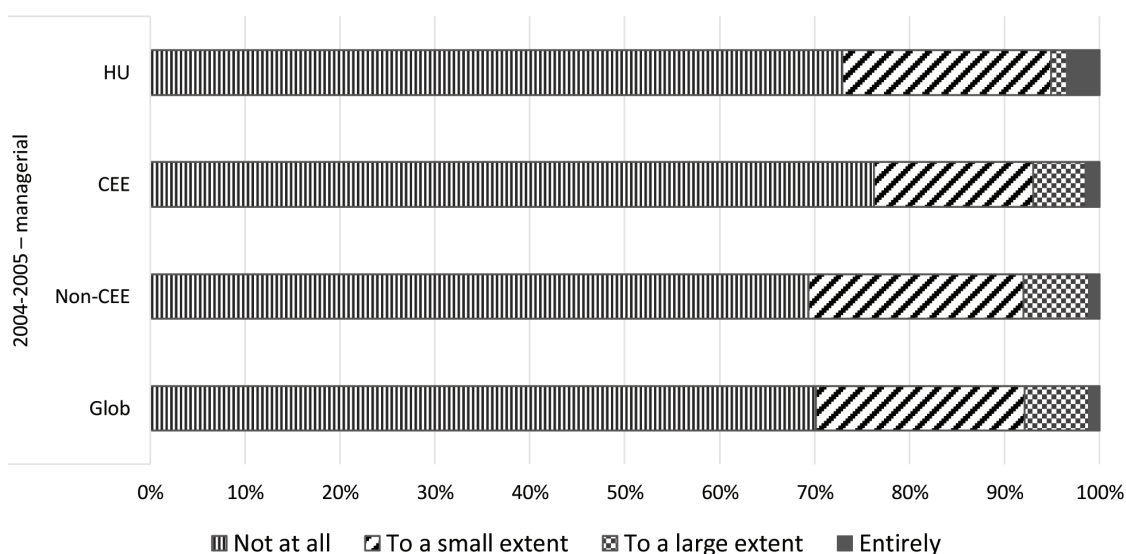


Figure 5.8: Career Management: Assessment Centers – 2004–2005 (%)

Source: Authors' own research

An important method is to prepare succession plans, as described in Table 5.25, there were fewer companies that have completely ignored this career planning solution: only 36.2% globally in the latest period. The proportion of respondents who apply succession plans very much (9.6%) or highly (13.8%) is quite high. Again, non-CEE countries are the leading players, as there are large differences in comparison with CEE countries, with nearly 20% more respondent organizations in CEE countries in the 2014–2016 period (50.1%), in which they do not use this technique at all. Half of the organizations in Hungary do not apply succession plans, either.

Table 5.25: Career management: Succession Plans

Career management -succession plans	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	39.8%	37.7%	47.9%	39.5%	36.2%	31.2%	50.1%	49.4%
1	24.2%	24.0%	25.0%	20.2%	20.4%	21.6%	17.1%	18.7%
2	19.8%	20.7%	16.1%	23.5%	20.0%	21.2%	16.8%	17.6%
3	12.0%	12.9%	8.6%	12.6%	13.8%	15.4%	9.5%	9.0%
To a great extent	4.2%	4.7%	2.3%	4.2%	9.6%	10.7%	6.5%	5.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

Data for 2004–2005, although only for managerial jobs, also generally confirm that over time, the role of succession plans in human resources management has increased, as in the first period the proportion of organizations that completely disregarded succession plans was 44% globally. It is an interesting result that this career development technique was even more powerful in Hungary in this period than today, although it is also true that the most typical answer in using succession plans was that it was used only to a small extent.

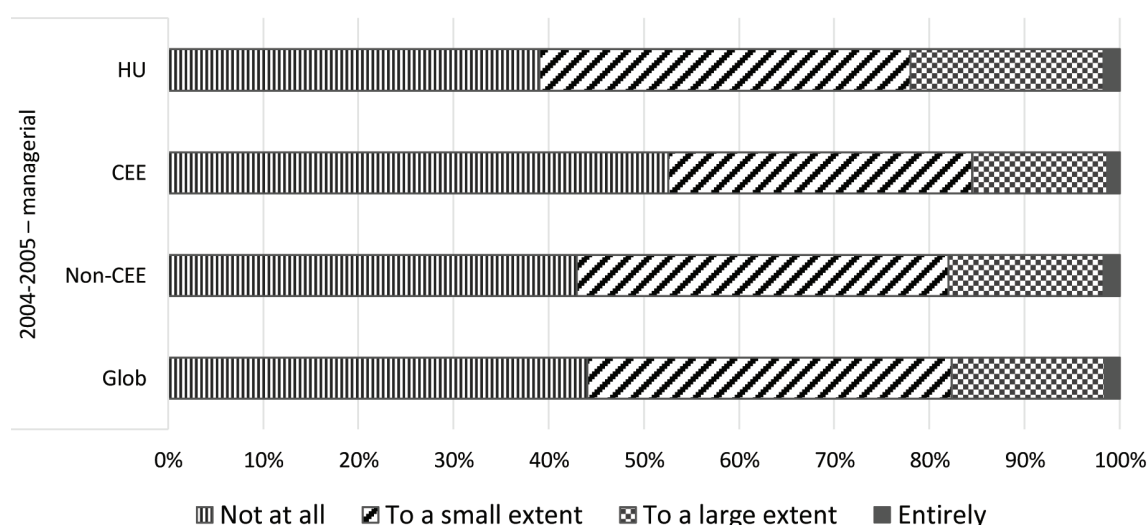


Figure 5.9: Career Management: Succession Plans – 2004-2005 (%)

Source: Authors' own research

The next career management method is job rotation, which aims to expand the knowledge and competence tools through the shift of individual employees between jobs (Table 5.26). Job rotation has achieved a similar value to international application rates as succession plans. In some surveys, almost half of the respondents did not use it at all globally, and there was roughly an agreement between the different territorial units, i.e., no large regional differences could be identified. It should be noted that job rotation is even less characteristic in Hungary.

Table 5.26: Career Management: Planned Job Rotation

Career management - planned job rotation	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	41.3%	39.9%	46.9%	48.3%	46.0%	45.5%	47.5%	55.4%
1	26.2%	26.8%	23.7%	25.0%	24.9%	26.0%	21.9%	18.4%
2	20.1%	20.2%	19.7%	19.2%	16.6%	16.0%	18.2%	15.7%
3	9.2%	9.8%	6.6%	5.0%	7.4%	7.1%	8.3%	7.5%
To a great extent	3.2%	3.3%	3.1%	2.5%	5.1%	5.5%	4.0%	3.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

Completed with the 2004–2005 data, the survey also shows that while the ratio of non-rotating companies is steadily high and the ratio of those which apply it to a great extent increased from 0.8% to 5.1% (Figure 5.10). Territorial differences, individual specificities cannot be identified here either, so CEE countries and Hungary align themselves with global trends.

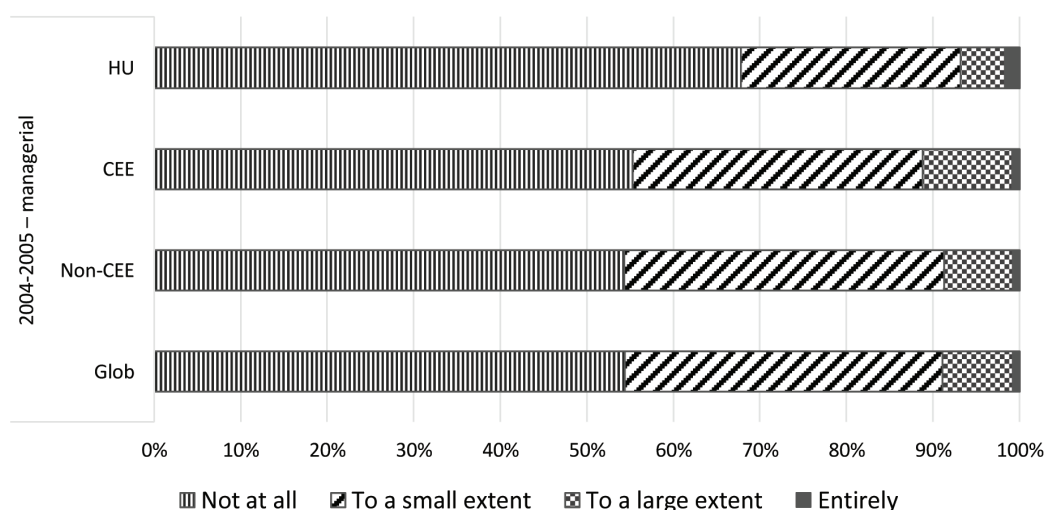


Figure 5.10: Career Management: Planned Job Rotation – 2004–2005 (%)

Source: Authors' own research

One form of career management is the development of talent programs, which often provide targeted development and advancement to some of the employees after having chosen a high-performance and / or potential colleague. Talent management can take a variety of forms, and we will only look at how typical generic talent programs are to be developed in organizational practice beyond general career programs.

Based on the results of Table 5.27 talent programs are of increasing importance. Taking into account the data for 2004–2005, the proportion of organizations that do not deal with the issue at all or do not use this technique has reduced by approximately 15% while the proportion of respondents who employ talent programs to a large extent has increased from 1.8% to 9.5%.

Territorial comparison shows that the rate of application is lower in CEE countries and even lower in Hungary.

Table 5.27: Career management: “High Flier” Schemes

Career management –“High flier” schemes	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	52.8%	51.6%	57.6%	66.1%	46.5%	44.1%	52.9%	63.7%
1	17.5%	17.6%	17.1%	12.7%	15.9%	15.5%	17.1%	15.3%
2	15.1%	15.5%	13.5%	11.9%	15.2%	16.2%	12.6%	8.0%
3	10.6%	11.0%	9.1%	5.1%	12.9%	14.2%	9.4%	6.1%
To a great extent	4.0%	4.3%	2.8%	4.2%	9.5%	10.0%	8.0%	6.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

The 2004–2005 responses also show (Figure 5.11) that, in the first survey, even in non-CEE countries, there was a higher proportion of organizations that did not operate talent programs than among the respondents from CEE countries, and this trend based on the above, has turned.

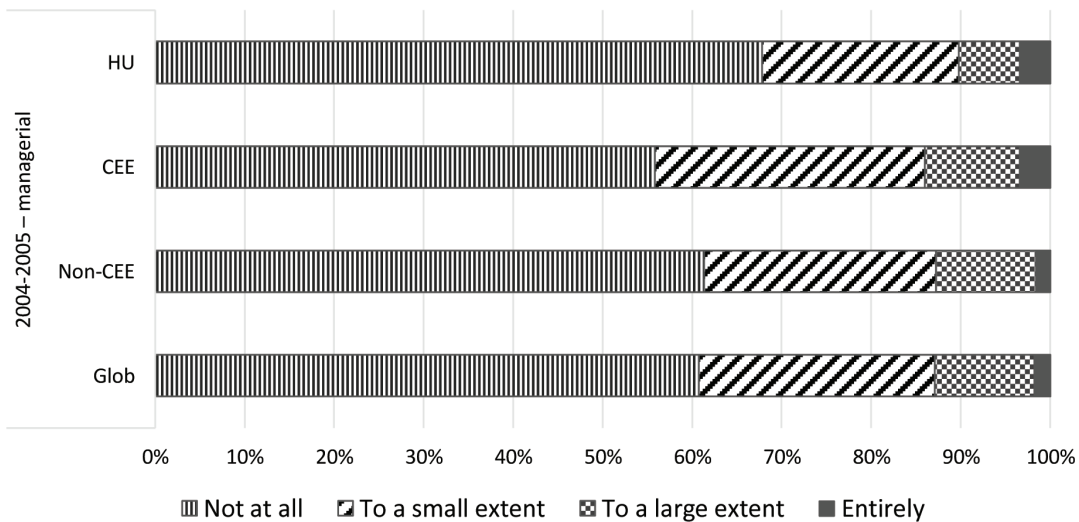


Figure 5.11: Career Management: "High Flier" Schemes - 2004-2005 (%)-*

Source: Authors' own research

For many employees, the international experience acquisition method may be a very motivating tool for career development, and it is also important for the organization that participants expand their intercultural competences to be deployed in global projects. According to Table 5.28, there is a large downturn compared to the 2008–2010 data for the period 2014–2016, as the proportion of respondents who had not applied the method jumped from 36% to 57.3% globally. Of course, this may also be due to the variability of the sample because the company's scope of activity and profile determine what career management tools it can enforce, and this may be more characteristic for international assignments.

The share of organizations that use experience acquisition programs to a large extent only slightly increased in 2014–2016, but the percentage of respondents decreased compared to the previous period in terms of other scale values (1-3). Territorial differences cannot be identified; CEE, non-CEE and Hungarian data also show very similar trends.

Table 5.28: Career Management: International Work Assignments

Career management - International work assignments	2008–2010*				2014–2016**			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	36.0%	34.7%	40.7%	47.9%	57.3%	57.1%	57.7%	53.9%
1	25.9%	26.5%	23.6%	23.5%	16.4%	16.5%	16.3%	15.4%
2	21.7%	22.4%	19.2%	17.6%	13.1%	13.1%	13.0%	14.6%
3	12.5%	12.5%	12.5%	9.2%	8.3%	8.1%	8.6%	11.2%
To a great extent	3.9%	3.9%	3.9%	1.7%	5.0%	5.2%	4.4%	4.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

In the 2004–2005 data, the integration of experience acquisition programs into the career management process can be observed by division into managerial and non-managerial jobs (Figure 5.12). Here we can see that in the practice of CEE countries, such career development tools were used more frequently in both managerial and non-managerial positions, but for Hungary it was only characteristic to a small extent.

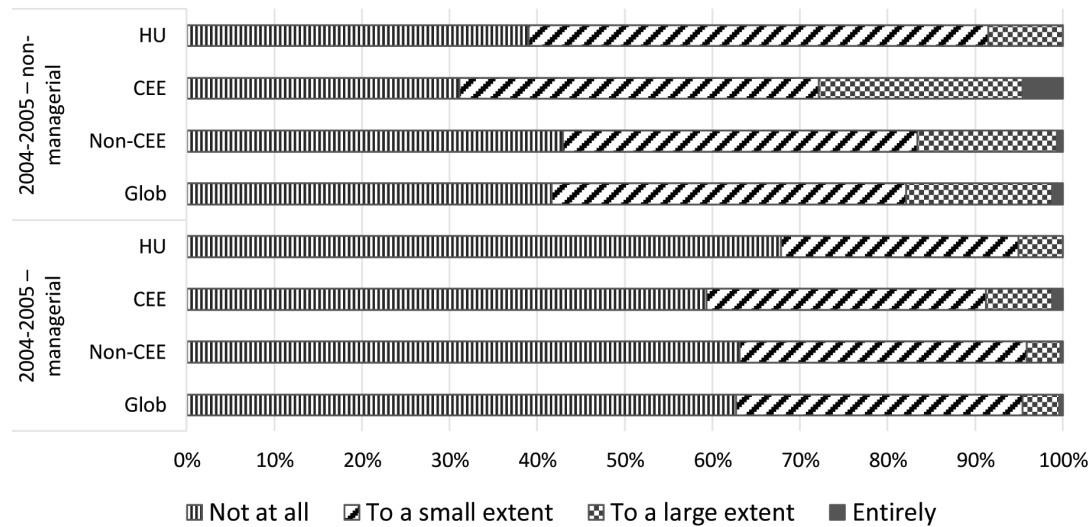


Figure 5.12: Career Management: Experience Schemes (internal movement to another department, in the same country or abroad) – 2004–2005 (%)

Source: Authors' own research

A number of assisting procedures can be used to coordinate individual and organizational careers. These include coaching, mentoring, career counseling, training, therapy, etc. Of these, coaching was included in the next question of the questionnaire. Coaching can also take many forms: individual, group, team, project, and so on. It can be life and business coaching. Based on the person who fills the role of the coach (assistant), it can be internal (corporate) coaching or external one (e.g. an HR service provider, or a delegate of an organization development company). Furthermore, on the basis of the organizational hierarchy it can be executive coaching (by senior management) or peer coaching (by colleagues). In company practice, the purpose of coaching is to help the employee solve a business problem, learn, develop skills, and develop individual performance. So, it can be decision-making, delegation, motivation, stress management, leadership or communication skills development, goal, career development et cetera. The process must be and based on tailor-made development discussions, so-called coaching sessions, and its aim is always to utilize potential and a solution- and future-oriented development of individual performance. The most important part of the main toolbox of coaching is the questioning and understanding of the client (coachee). There are several trends, e.g., brief coaching, transactional coaching, NLP (neurolinguistic programming) coaching, action-oriented coaching, wingwave, ontology coaching, etc. The survey only asked about the frequency of the use of some kind of coaching in the responding organization. Considering the above-mentioned diversity, it can therefore be manifested in many forms but the use of the coaching tool itself in career management can be analyzed with the help of Figure 5.13.

Empirical evidence suggests that this is a relatively popular technique, at least the proportion of organizations fully neglecting coaching is not so high, globally 27–28%, as compared to the tools described above, and between 2008–2010 and 2014–2016. Growth can be identified by the extent of use. The share of companies using high quantities of coaching increased from 7.8% to 11%.

In territorial comparison the application of coaching in CEE countries is less typical, which is even more pronounced in Hungary, that is, half of the Hungarian organizations do not use it at all, and where they do, only to a small extent. There was no such question in the 2004–2005 survey.

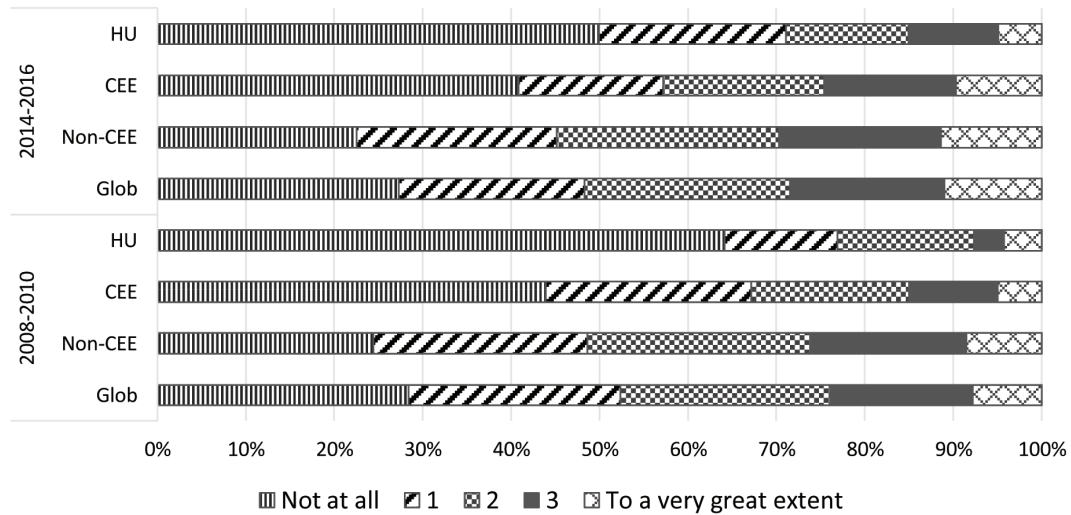


Figure 5.13: Career management: Career Management Methods: Coaching (%)

Source: Authors' own research

For other types of activities and jobs, the following helping process, mentoring, can be used. In this case, a mentor assists and teaches the mentees in expanding their knowledge and integrating this into a particular working environment and workplace situation. A typical case is when a newly arrived colleague's orientation and involvement in work is assisted by a professional mentor.

A comparison of Figure 5.13 and Figure 5.14 shows that the global application of mentoring is very similar to that of coaching, with a slightly lower application frequency. Globally, 29% of companies do not use mentoring at all while 9.6% of respondents apply this career management technique to a large extent. Interestingly, it is more common in CEE countries than in non-CEE countries, while Hungary is underrepresented in the use of mentoring.

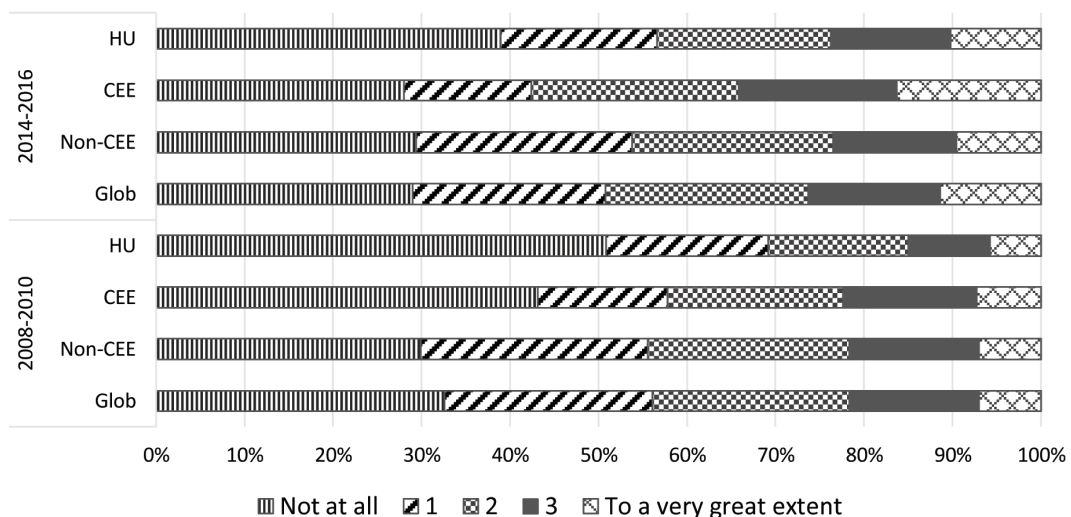


Figure 5.14: Career Management: Mentoring (%)

Source: Authors' own research

The last career management method we discuss along with the answers to the questionnaire focuses on computer-based packages (e-learning). In many cases career management is closely related to the topic of training

development. Providing electronic learning opportunities can help orientation and rapid acquisition of new technologies, products, and legislation by new colleagues, that is, keeping knowledge up to date. According to the data of Table 5.29, the proportion of organizations using e-learning increased globally between 2008 and 2010 and in 2014–2016. One third ignored it (compared to 42.6% in 2008–2010), one-fifth slightly, one-quarter for medium or high use, while 11% relied heavily on the use of computer-based packages. There is a slight backlog in CEE countries, in which Hungary also fits, while a higher proportion of Hungarian organizations (12.7%) stated that they used electronic learning materials very much for career management.

Table 5.29: Career Management: Computer-based Packages/e-learning

Career management - computer based packages/e-learning	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Not at all	42.6%	41.0%	48.6%	56.7%	37.7%	35.9%	42.6%	45.3%
1	23.8%	24.0%	22.8%	18.3%	20.7%	21.7%	17.7%	17.6%
2	18.0%	19.0%	14.1%	12.5%	17.4%	17.1%	18.3%	13.9%
3	10.1%	10.2%	9.5%	6.7%	13.2%	13.5%	12.6%	10.5%
To a great extent	5.6%	5.8%	4.9%	5.8%	11.0%	11.8%	8.7%	12.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Authors' own research

After reviewing the frequency of application of career management methods, as in the training development question group, we also examine for which affected circles respondent organizations develop special action programs of career development. Table 5.30 proves that the results for both 2008–2010 and 2014–2016 show the same rank: mostly for women (23.4% between 2014 and 2016), for young workers under 25 (21.4%) and for women returning to work (16.7%) are special action programs developed globally. Least of all, ethnic minorities (9.5%) and low-skilled workers (8.7%) can expect to develop tailor-made career development programs. There are large differences in territorial comparison, as in the case of the CEE countries, the frequency of action programs is half or one third of the non-CEE data for each category. The exception is that young workers are exempt from this, as data from organizations operating in CEE countries are higher in elaboration of action programs (25.3%) based on the 2014–2016 data, i.e., in this region this is focused primarily on young people and the other affected circles are under less consideration. The trends in CEE countries are even more pronounced in Hungary because there are very rare special career programs of each type, usually not reaching 5%. There is some awareness in the case of young workers (19.8%), women returning to work (13.2%) and women generally (7.7%), but these data are still distant from the global or CEE results.

Table 5.30: Action Programs for Career Progression

Action programs: career progression	2008–2010				2014–2016			
	Glob	Non-CEE	CEE	HU	Glob	Non-CEE	CEE	HU
Minority ethnics	9.3%	11.0%	2.6%	4.0%	9.5%	11.5%	4.0%	2.2%
Older workers (aged 50 plus)	11.4%	13.0%	4.7%	4.7%	11.8%	14.1%	5.2%	4.4%
People with disabilities	10.6%	11.8%	5.9%	4.8%	11.4%	13.7%	5.2%	4.4%
Women	20.1%	22.8%	8.9%	12.0%	23.4%	26.9%	13.9%	7.7%
Women returners	11.9%	12.8%	8.2%	14.2%	15.1%	16.7%	11.1%	13.2%
Low skilled labor	11.4%	12.6%	6.3%	5.5%	8.7%	10.5%	3.9%	2.2%
Younger workers (aged under 25)	20.7%	20.8%	20.3%	24.0%	22.4%	21.4%	25.3%	19.8%

Source: Authors' own research

The frequency of application of career management techniques is depicted in Table 5.31. The table below shows how the separately discussed career development methods can be compared to the global results of the 2014–

2016 period: that is, which techniques are most commonly used by respondents. If we only look at the two extreme values, the results show that the most popular career planning solution is the on-the-job technique (by 32% very much applied), project teamwork (16%), mentoring (11.4%), coaching and e-learning (11%). At least the following techniques are used globally by the organizations surveyed: development center (DC, 61.8% do not apply it at all); international assignments (57.3%); talent programs (46.5%); job rotation (46%); relationship building programs (43.8%) and formal career plans (40.4%). It must be added that many of these solutions can be applied efficiently in the case of special organizational forms, sizes and structures, so that the properties of the companies in the sample can set the framework (cost, responsibility, hierarchical levels, international character) that can define the career development career. In this way, it is also worth considering the possible effects of these distorting factors when evaluating the data in the table.

Table 5.31: Career management: global data summarization of the survey round 2014–2016

Career management	Not at all	1	2	3	To a great extent	Total
Special tasks	29.80%	16.60%	26.30%	18.70%	8.50%	100.00%
Projects to stimulate learning	29.30%	16.70%	25.30%	19.20%	9.50%	100.00%
Training on-the-job	11.60%	8.30%	20.50%	27.60%	32.00%	100.00%
Participation in project team work	17.80%	13.40%	25.60%	26.60%	16.60%	100.00%
Formal networking schemes	43.80%	22.30%	18.20%	9.90%	5.80%	100.00%
Formal career plans	40.40%	21.50%	19.10%	11.20%	7.70%	100.00%
Development centers	61.80%	14.90%	11.20%	5.80%	6.30%	100.00%
Succession plans	36.20%	20.40%	20.00%	13.80%	9.60%	100.00%
Planned job rotation	46.00%	24.90%	16.60%	7.40%	5.10%	100.00%
„High flier” schemes	46.50%	15.90%	15.20%	12.90%	9.50%	100.00%
International work assignments	57.30%	16.40%	13.10%	8.30%	5.00%	100.00%
Coaching	27.30%	21.00%	23.30%	17.50%	11.00%	100.00%
Mentoring	29.00%	21.80%	22.90%	14.90%	11.40%	100.00%
Computer based packages/ e-learning	37.70%	20.70%	17.40%	13.20%	11.00%	100.00%

Source: Authors' own research

5.3 CLOSING COMMENTS

The research trend, in which our present book is being published, is based on the assumption that staff development and training within must be based on a conscious needs assessment and the performance shown is the best source of information for training and education needs. This is a strategic issue. The future of an organization depends on this HR function. We are also aware that there is no clear causal relationship between staff development expenditure and corporate / organizational performance (Torrington et al., 2014).

In the first subchapter we presented the most important research and similar surveys related to personnel development, and then outlined in the above structure the more pronounced international and temporal trends and tendencies of the three Cranet surveys, and we placed Hungary in these all, i.e., we also presented the characteristics of the Hungarian respondent organizations to the global data and in the light of the results of Central Eastern Europe.

Section 5.1. summarizes the three most important issues and trends in connection with personnel development: performance evaluation, training-development and career management in the light of the literature.

Based on the research presented, it is clear that the established practice of performance evaluation and management based on traditional formal principles needs to be changed. It is not enough to base this work on a single evaluation meeting. Continuous contact and feedback are needed between the leader and his subordinate. It is also worth pointing out that the indicated research has also highlighted the importance of linking this activity with training development and career management. It is a strategic issue that should not be based on instruction but on agreement (Amstrong, 2006).

In the following we analysed the most important conclusions and experience from empirical research related to training-development. From the presented studies it can be determined that the organizational size has a significant impact on the training willingness of companies and organizations. The low productivity of the Hungarian SMEs and the low level of added value can also explain the previously raised problem. This group of companies, which account for 99.14% of all Hungarian companies in terms of their number (687,698 SMEs), is significantly less spending on development and investment – including the development of skills and abilities (Holicza, 2016) – than the big multi-companies that drive our economy. (A kis- és középvállalkozások..., 2016). If these companies do not offer interesting and challenging job opportunities, they will lag behind in competing for skilled workforce (Kovács, 2017).

Career development will become an increasingly important tool for the acquisition and retention of workforce. Nowadays, it is becoming less and less common for a young person at the start of a career to spend their entire life in the same workplace. Instead of job security, it is much more important for new entrants to have a job, a challenge, and a chance to advance.

The first set of questions of the Cranet questionnaire looked at the frequency of application of formal performance evaluation systems for each employee category (managers, professional/clerical staff, and physical workers). Subsequently, we presented who would play the role of evaluators. We then outlined the areas of utilization of the results of performance evaluation: in the areas of pay and reward, training-development, career movements, and workforce planning, where the frequency of use of results from performance evaluation was higher or lower in decision making. On the basis of a very diverse empirical study, it can be clearly stated that there is a significant difference globally between the private and the public sectors regarding the application of the PES in favor of the former. It is also important to emphasize that CEE countries, including our country, do not show significant backwardness in this area.

The second set of questions in the Cranet survey focused on training-development in this chapter, and first examined which organizations were subject to systematic needs assessment. The next important question was the size of budget spent on training – related to annual wage costs – and how many training days colleagues participated from each category of employees. Another important question was whether they evaluated the effectiveness of training and, if so, what methods were used. What action programs were implemented by the organizations interviewed? On a global level, it can be stated that more than two thirds of the organizations involved in the survey based their planning and implementation of training-development programs on a conscious needs assessment. Examining the effectiveness of training is becoming increasingly common. However, it can also be stated that procedures based on efficiency measurement and performance analysis are the least common.

The third set of questions in the Cranet survey looked at the methods of career management, i.e. the extent to which organizations used specialized work tasks, knowledge-expanding project work, on-the-job training, participation in project team work, and networking programs, formal career plans, development centers, succession plans, job rotation, talent programs, international assignments (experience acquisition programs), coaching, mentoring, e-learning (computer-based learning packages) in career development, and for which target groups (e.g. ethnic minorities, women, seniors and young people) special action programs were developed. Globally, the most popular career planning solutions include on-the-job training, project teamwork, mentoring, coaching and e-learning, and for the least-used development center (DC), international mandates, talent programs, job rotation, networking programs, and formal career plans can be mentioned.

6 COMPENSATION AND BENEFIT (ILONA BUČIŪNIENĖ, JÓZSEF POÓR, NORBERT SIPOS, ZSUZSANNA SZEINER AND ÉVA ILDIKÓ KOVÁCS)

Compensation and benefits as human resource management practice is an effective tool for individual and organizational performance management (Brown, Sturman and Simmering, 2003). A compensation system reflects company's HR objectives and policies and covers all tangible and intangible employees' remuneration forms (Merriman, 2014).

In this chapter we analyze main trends in compensation, similarities and differences regarding the issue around the globe. In addition, we discuss the CRANET survey findings on wage and benefit. When properly designed and used, regular compensation surveys provide useful benchmarking information for companies, allowing to have data about the level of compensation, in an industry, a country and development trends. We emphasize that job evaluation is an important element of compensation surveys.

Based on CRANET data on three different country samples: Global, Non Central and Eastern Europe, Central and Eastern Europe and Hungary we provide insights into salary determination for managers, professionals and administrative and / or manual workers. We then present the range of other compensation elements used for these employee groups as well as information on benefits.

6.1 THE ESSENCE OF COMPENSATION MANAGEMENT

The essential features of a compensation system are pay level and pay system or pay structure (Brown, Sturman, & Simmering, 2003). Pay level displays organization's compensation level comparing to labor market, industry as well as to competing organizations. Pay system or pay structure shows how "pay is earned" (Merriman, 2014, p. 68) within an organization and represents such characteristics as the number of pay levels, pay differences between levels, and the pay rates i.e. pay intervals within each pay level.

6.1.1 MAIN CONCEPTS

Reward system is a powerful tool to attract, motivate and retain key employees (Berber, Morley, Slavić, & Poór, 2017) by determining employee-organization relationships. Reward system is devised to connect employee performance and rewards by defining "who gets rewarded and why" (Kerr & Slocum, 2005, p. 130)

The main purpose of reward management is to encourage employees to work in accordance with the agreement, to develop themselves, to act for organizational purposes, and to reward people according to their created value to the organization (Amstrong, 2000). A reward system specifies individual contributions, their created value and norms which employees are expected to conform to as well as rewards for their performance.

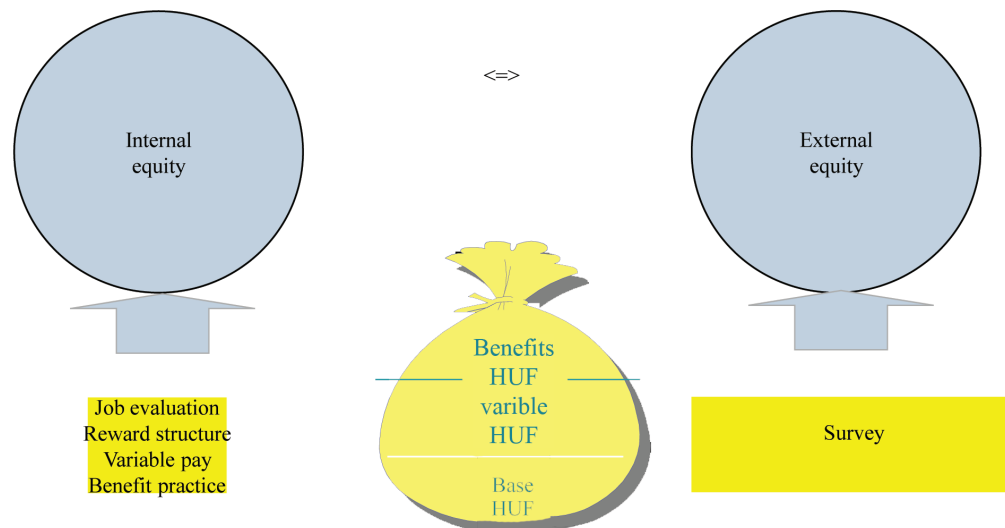


Figure 6.1.: The Model of Corporate Incentive

Source: Poór J. (2013). *Internationalization and Globalization in Human Resource Management.* (In Hungarian) Budapest: Complex Publishing House, p. 229.

According to the traditional approach, reward system involved all financial pay. The rapidly changing environment and rising competition for talent revealed that traditional reward systems became not efficient as the quality of worklife for employees was becoming very important (Silverman & Reilly, 2003; Zingheim & Schuster, 2001). Assuming that employees were motivated and work for more than money, Zingheim and Schuster (2001) introduced a total reward concept composed of four elements: compelling future, individual growth, positive workplace and total pay (Zingheim & Schuster, 2001), which reflected “holistic approach to people management” (Silverman & Reilly, 2003).

Recent research shows that more and more companies recognize the need to apply total reward concept and manage all rewards provided by company. Often, career costs are also included in total reward (Milkovich – Newman, 2004). This approach can greatly contribute to employee motivation and commitment enhancement (Mathias et al., 2017).

Rewards comprise salary, seniority, bonus, increases, promotions, stock awards, and perquisites (Kerr & Slocum, 2005).

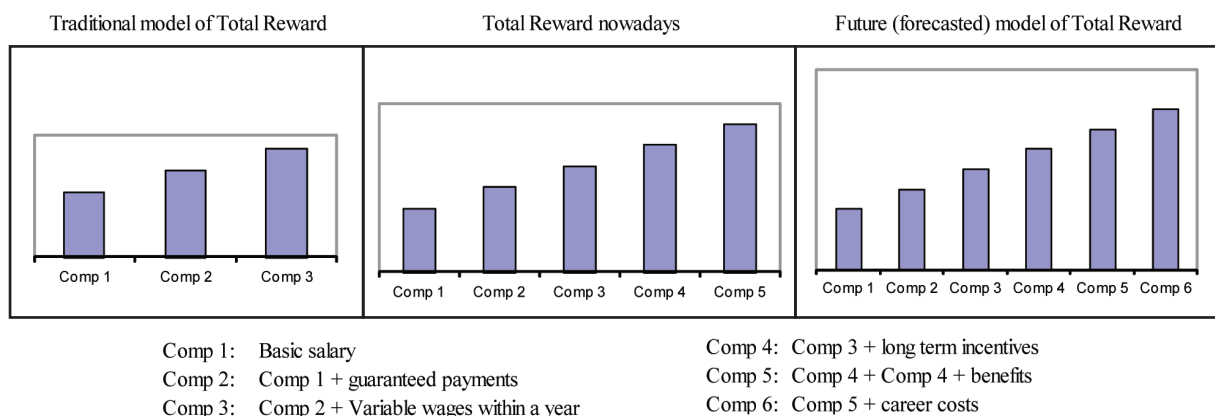


Figure 6.2.: Development of the complexity of corporate rewards

Source: Poór J. (2013). *Internationalization and Globalization in Human Resource Management.* (In Hungarian) Budapest: Complex Publishing House, p. 230.

More and more organizations provide to employees benefits that cover inducements and services aside from direct compensation and do not follow the pay for performance principle (Dulebohn, Molloy, Pichler, & Murray, 2009).

Benefits compose an increasing proportion of total reward (Laundon, 2019). Main reasons why employees provide benefits are the pursuit of competitiveness in the labor market seeking to attract and retain employees, tax advantages offered by the government and union bargaining (Dulebohn et al., 2009). The motivational mechanism of benefits is based on organization-employee social exchange, i.e. by voluntarily providing benefits, employer expects employee satisfaction and commitment increase, which in turn leads to greater employee efforts and higher performance.

Benefit systems are usually shaped by four specific aspects:

- *Legislative aspects* that may require granting of certain benefits to employees (e.g. a legally defined number of days off; obligatory provision of drinking water above a certain air temperature).
- *Social / Welfare aspects*: based on HRM philosophy or corporate social responsibility (CSR), an organization may intend to ensure well-being, social security and care for its employees (e.g. health fund payments, housing support) going beyond legal requirements.
- *Management aspects*: enforcing specific human resource functions that could not be guaranteed by the pay system (e.g. health restoration, covering tuition fees, etc.)
- *Tax aspects*: certain forms of benefits are more acceptable in view of the tax system than those subjected to general regulations (e.g. subsidized meals, gift vouchers and respective); and respective, these solutions provide tax savings for the organization and / or employees and respective income surplus.

It can also be observed that programs such as “Family-Friendly Workplace” or “Work-Life Balance” initiatives are based on strategically designed benefits’ package (Gomez – Mejía et al., 2015).

Compensation of chief executives is a special topic in compensation management. A big amount of research in this area has produced contradictory results about executive pay and firm performance relationship (Bogle, 2008; Grossman & Hoskisson, 1998). While some studies found a positive relationship between executive compensation packages and company performance (Lambert - Larcker, 1987), others found no evidence that there was a significant relationship between salaries and managerial performance (Kerr - Bettis, 1987), or mixed relationships with the performance outcomes (Murphy, 1999; Tosi & Gomez-Mejia, 1994).

A research conducted in 2017 that involved 707 Hungarian organizations on financial and non-financial compensation tools provided information on reward elements used to reward employees (see table 6.1.). Research findings show that majority of Hungarian companies seeking to prevent labor shortage and retaining workforce apply the following reward components: performance evaluation and bonus schemes (52.4%), programs to improve working conditions (47.0%) and flexible working hours (43,8%). Atypical forms of employment also appear amongst the tools for employee retention, including job sharing, part-time employment, and work for home, with flexible working hours. In addition to wages, the role of additional retention tools has become increasingly important. Companies use programs dedicated to an increase in employee’s satisfaction and engagement increase, improvement of working conditions” (solutions applied at a much higher rate than average), providing company car. However, an important question if these assets have a real long-term retaining value in labor market competition remains open.

Table 6.1: Programs for managing labor shortage and retaining workforce in Hungarian companies (n=707) 2017

	Tools	How many % of respondents use it
1.	Performance evaluation and bonus system	52,4%
2.	Improving working conditions	47,0%
3.	Flexible working hours	43,8%
4.	Internship program	34,6%
5.	Company car benefit	33,0%
6.	Collaboration with educational institutions (universities, vocational trainings)	31,4%
7.	Developing the recruitment methods (database construction, target group specific tools, channels)	30,3%
8.	Atypical forms of employment (part-time, split jobs, teleworking)	29,7%
9.	Employee satisfaction and engagement programs	27,6%
10.	Special training program, individual development plan	27,0%
11.	Conscious employer branding	22,7%
12.	Extra day off	18,9%
13.	Key persons retainment program	18,9%
14.	General competence evaluation and development program	18,9%
15.	Competitive payroll system	18,7%
16.	Career and reinforcement management program	18,4%
17.	Pension insurance program	14,1%
18.	Health insurance program	13,5%
19.	Life insurance	13,5%
20.	Dual training	12,4%
21.	Loyalty program combining multiple elements	11,4%
22.	Extending recruitment across borders	10,3%
23.	Scholarship program	9,2%
24.	Shared bonus, cash payment	4,5%

Source: Poór J., Juhász T., Csapó I., Tóth K. & Némethy K. (2018). *Skills shortage and retention in key job positions-2017*. Gödöllő: Szent István University, p.19.

6.1.2 SIMILARITIES AND DIFFERENCIES IN COMPENSATION: INTERNATIONAL COMPARISON

We can observe many similarities and differences globally in terms of incentives and benefits. We can examine this issue in two ways:

- What is the basis for wages and incentives? How does the system treat “external and internal justice” (Bakacsi et al., 2005:322)?
 - The Anglo-Saxon system is basically market-based, where the specific values of wages and benefits associated with job levels are significantly dependent on the labor market.
 - The system in Japan is basically organization-based. In such a system, lifelong employment and seniority-based pay are so important. A number of studies are trinti showing that the mentioned system is transforming and replacing HR solutions with market-based methods (Suda, 2007).
- What orientation do organizations follow in this field?
 - In the traditional view, the American system is fundamentally performance-oriented, while the European system is job-based and the Japanese one is personalized.

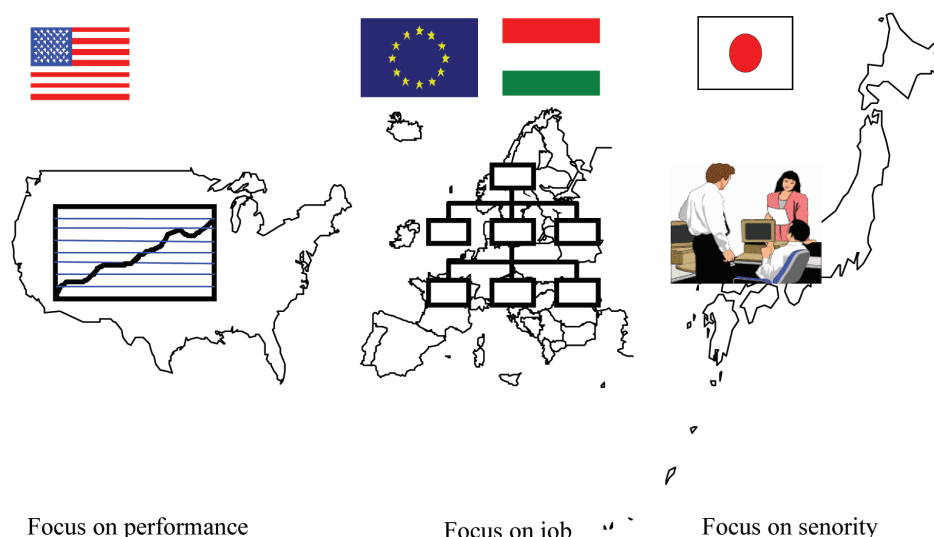


Figure 6.3: Different orientations of reward schemes by major management cultures

Source: Our original research

Today, all over the world from America (Noe et al., 2015), across Europe to Asia, there is a significant demand for skilled and committed employees (Zingheim & Schuster, 2001). This “suction situation” is further exacerbated throughout the Central and Eastern European countries, so that some of the skilled and entrepreneurial workforce emigrate to the developed western countries that provide higher earnings. This labor market situation has a positive impact on wage development. For this reason, drastic increase of 8–18% were observed in Central and Eastern European countries.

Table 6.2: Minimum wage developments in 22 EU countries in 2017

Nr.	Country	Valid	Monthly minimum wage in local currency	Monthly minimum wage in €	Projection base
1.	Luxemburg	January 1st 2017	€1.998,59	1 998,59	month
2.	Netherlands	January 1st 2017	€1.551,60	1 551,60	month
3.	Belgium	June 1st 2016	€1.531,93	1 531,93	month
4.	Ireland	January 1st 2017	9,25 €/h	1 517,00	hour
5.	France	January 1st 2017	€1.480,27	1 480,27	month
6.	Germany	January 1st 2017	8,84€/h	1 449,00	hour
7.	Great Britain	April 1st 2017	7,50 £/h	1 443,00	hour
8.	Slovenia	January 1st 2017	€804,96	804,96	month
9.	Spain	January 1st 2017	€707,60	707,60	month
10.	Greece	January 1st 2017	€586,08	586,08	month
11.	Portugal	January 1st 2017	€557	557,00	month
12.	Estonia	January 1st 2017	€470	470,00	month
13.	Poland	January 1st 2017	2.000 zloty	454,52	month
14.	Croatia	January 1st 2017	3.27 kuna	436,91	month
15.	Slovakia	January 1st 2017	€435	435,00	month
16.	Hungary	January 1st 2017	127.500 Ft	412,91	month
17.	Czech Republic	January 1st 2017	CZK 11.000,00	407,64	month
18.	Latvia	January 1st 2017	€380	380,00	month
19.	Lithuania	June 1st 2016	€380	380,00	month
20.	Romania	February 1st 2017	1.450,00 lei	321,17	month
21.	Bulgaria	January 1st 2017	460,00 leva	235,62	month
22.	Malta	January 1st 2017	€169,76	169,76	month

Source: Fric, K. (2018). *Statutory Minimum Wages in the EU–2018*. Dublin: Eurofond.

6.1.3 COMPENSATION SURVEYS AS A SOURCE OF INFORMATION ON WAGE MARKET

Compensation surveys provide market rates for jobs and are an important information source in determining wages for jobs in organizations (Viswesvaran & Barrick, 1992). These surveys make it possible to evaluate company's external competitiveness in the labor market by comparing organization's wages with wages in labour market. Compensation surveys provide information about salary levels for each job category, and allow to compare salaries by region, sector, or job classification. When properly designed and used, compensation surveys provide useful benchmarking information to compare salaries and benefits in labor market and together with other tools, may help to attract, motivate and retain employees (Torrington et al., 2014). By providing information about employee compensation employers are involved in compensation surveys.

There are four forms of compensation surveys (Amstrong, 2000):

– *Public surveys*, statistical editions, that provide general wage/ benefit information regarding different job categories (managers, professionals, workers, administrative staff). In this context, the Incomes Data Services (IDS) can be mentioned; it was established in the UK in 1966, acquired by Thomson Reuter in 2006, provided general HR and pay market data up to 2015. The US Office of Labor Statistics (BLS) (<https://www.usa.gov/federal-agencies/bureau-of-labor-statistics>), a separate department of the US Department of Labor, is the most important agency of the US government in the field of labor statistics. The wage information provided by BLS is available by national, regional, state, metropolitan and non-urban areas.

Table 6.3.: Extract from Job / Occupational Survey of the US Office of Labor Statistics (2017)

Code of the occupation	Name of the job position	Total number of employees	Hourly wage \$	Yearly wage
00-0000	All occupations	142 549 250	18,12	37 690
11-0000	Management professions	7 280 330	49,32	102 590
11-1000	Executives	2 473 740	49,58	103 120
11-1010	CEO's	210 160	88,11	183 270
11-1020	Deputy General Managers	2 212 200	48,27	100 410
11-2000	Advertising, marketing, PR and sales directors	685 780	59,19	123 100
11-2020	Marketing and sales directors	590 380	60,24	125 290
11-2021	Marketing directors	218 970	63,57	132 230
17-2000	Engineers	1 665 220	44,34	92 220
17-2140	Mechanical engineers	291 290	41,29	85 880
23-1011	Legal practitioners	628 370	57,33	119 250
29-1170	Nurses	166 280	49,94	103 880
35-2010	Chefs	2 375 000	11,52	23 970
35-3030	Waiters	2 584 220	10,01	20 820
35-9020	Kitchen porters	503 540	10,34	21 500
37-3000	General maintenance	992 240	13,51	28 110
41-3040	Travel office staff	67 330	17,78	36 990
41-4000	Dealers (Wholesale, Factory)	1 718 580	29,01	60 340
43-2021	Call center operators	6 310	17,46	36 320
43-3030	Accountants	1 532 340	18,87	39 240
43-3070	Cashiers	491 150	13,52	28 110
45-2000	Agriculture workers	404 610	11,46	23 830
51-6011	Cleaning salon workers	209 350	10,75	22 370
51-6020	Textile industry workers	42 830	10,79	22 440
51-9111	Material pickers	392 910	14,11	29 350
51-9120	Painters	152 510	17,31	36 010

Source: National Occupational Employment and Wage Estimates [online] (2017). Washington: Occupational Employment Statistics. https://www.bls.gov/oes/current/oes_nat.htm#00-0000 (Accessed: April 28, 2018)

The Central Statistical Offices in different countries also produce regular national, regional and profession-specific statistics.

– *Special surveys* that companies can perform themselves or entrust to an external consulting company. Such surveys can provide a lot of specific information. However, their realization is not easy, as many of the target organizations are already members of other surveys, or simply do not share their data with external organizations. Here are two examples of such surveys:

- American Public Sector Survey 2014: This survey presents the results of the 2014 US Survey on benchmarking practices provided by Human Resource Directors of US Cities and County Governments. Human Resource Directors ranked jobs in four employment classes: management, non-management general, police and fire protection. The separation of jobs provides important information that helps in determining salaries, in performance evaluation, and differs in the degree of union representation (Thom – Reilly, 2015). The study was composed of five parts. The first part provided a brief overview of the comparison between public and private wages. The second part described research method used in the surveys. The third one presented the results and discussion on how benchmarking had been implemented and used by municipalities. The fourth one discussed the effects of the findings on human resource management. In the fifth part managerial insights about good practices in applying benchmarking methods were provided (Thom – Reilly, 2015).
- Surveys conducted by Associations and Chambers. Among the surveys conducted by alliances and various economic and other chambers, the following may be mentioned: 2017 Dietetic Profit and Benefit Survey performed by the American Academy of Nutrition and Dietetics. This study provides valuable perspectives on how specific dietetic workplaces can be stimulated and shows that many factors are linked to compensation levels; furthermore, it identifies the most important trends. In the framework of the survey, the data of 60 benchmark jobs are compared based on the incentive and benefit data of nearly 9,000 employees. (Rogers, 2017).

Cafeteria Trend Company together with Management and HR Research Center of Szent István University in 2018 at the beginning of the sentence conducted a cafeteria study „Flexible benefits - flexible incentive” (Poór et al., 2018). Researchers from the Szent István University’s Center for Management and HR Research, supported by Cafeteria TREND Magazine, the National Human Resource Management Association, the National Association of Human Professionals the Budapest Chamber of Commerce and Industry carried out research involving with 683 companies and institutions, of which more than 50% were service providers and 34% operates at the field of industry.

- The main results of the research have been summarized in the paragraph below:

The vast majority of respondents (81%) were from the private sector, 14% from the public sector and 5% from the non-profit sector. More than two-thirds (68%) of companies were domestic-owned organizations, while one-third (32%) were partly or entirely foreign-owned. By the number of employees, small and medium-sized enterprises and micro-enterprises composed 72% and 28% of organizations were classified as large. The geographic distribution of the participants was also examined. 30% of the participants in the survey are active in the region of Central Hungary. 30% of them operate in the Transdanubian region and 19% in the Lowland. In addition, 20% of the respondents are based in the Northern Hungarian region. Some respondents have multiple sites. It is also important to emphasize that “survey data ...” continue to support the fact that the distribution of benefits is closely related to organizational size. 100% of organizations with over 1000 employees provide benefits. This rate is just under 67% for businesses under 10 employee headcount. Since January 1, 2018, there has been a further decline in the level of public burdens, as the key of health contribution (EHO) has declined from 22% to 19.5%. The personal income tax and the EHO must be paid 1,18 times on the benefit’s value if the preferential benefit does not exceed the defined limit, the employer is obliged to pay 34.22% tax. Other taxable benefits are taxed at 40.71%.

There were many changes in the order of the most frequent fixed benefits in comparison with last year’s survey. Among other things, Erzsébet’s voucher from last year’s 1st place moved to 18th place, mobile phone usage from last year’s 2nd place to 1st place and SZÉP Card Hospitality from last year’s 3rd place to 10th place. The most common Cafeteria element remains SZÉP Card (all three sub-accounts). Discounted tax cash came from last year’s 7th place to 4th place. Entry to the sporting event was ranked 9th as compared to last year’s 12th. ‘

For employees, the amount that can be spent on cafeteria benefits in a tax year varies considerably from one organization to another. The cafeteria frame of less than HUF 100,000 is rare (2%). In addition, a benefit package of more than HUF 500,000 a year is becoming more common (14%). This ratio has gradually increased over the past few years. The average allowance rate in 2018 is gross HUF 390,000, raised from last year's 4.5%. Typically, the increase is due to the reduction in tax burden on benefits and the use of new tax-exempt items; furthermore, the employers raised the amounts offered.

Considering the wage increase rate published by the Central Statistical Office in 2017 and projected for 2018, it is necessary to take into account the increase in the number of cafeteria-providing companies and the average rate of benefits provided, since both are basically attributed to the management of labor shortages experienced in the labor market. On the one hand, the change of contributions strengthen the thinking of wage toward cash, on the other hand, it can also be seen that, according to the practice of the past few years, the cafeteria has been integrated into the benefit package, employers cannot step back. A positive trend, however, is that the well-being awareness of the employees is increasing, and further improvements are needed on the employer's behalf.

About 44% of the responding employers were able to give a complete and relevant answer, an indicated that there are still significant reserves in promoting the awareness of well-being. Nearly 40% of employers measure satisfaction with cafeteria benefits, although measurement in itself would increase employee satisfaction due to involvement in the process. There are great reserves in how the cafeteria solutions and fringe benefits can contribute in order to increase the employee experience (Poór et al., 2018).

Club surveys carried out with the participation of organizations that exchange their wage and benefit information. This type of survey is more useful and more effective than the special surveys mentioned earlier.

- Wage and benefit information from job ads that can have many advantages and disadvantages. This information is accessible relatively quickly, but the data about salaries often differ from reality.

When reviewing wage surveys, it is important to compare similar data (Nemeskéri - Pataki, 2007). The level of wages and benefits is very different for each organization. An important principle of surveys is to compare „apples with apples”, or if this is not possible, there should be a method to ensure similarity. Therefore, it is important to look at job tasks and responsibilities, not just at the job title using wage survey data. To be comparable, workplaces must have the same level of tasks and responsibilities. Most surveys compare salaries and benefits in different job groups based on analytical classifications.

6.1.4 INTERNAL COMPARISON

An important tool of internal comparison is job evaluation. Job evaluation is a systematic process to determine the relative value of jobs within a well-defined framework of a particular system or organization (Torrington et al., 2014). It provides a rational basis for a legitimate and just incentive and reward system.

The process of job evaluation, independently of the method chosen, is traditionally a two-step process.

- Based on job analysis, information of the pre-selected sample or benchmark jobs. This step enables the organization to develop the principles of evaluation.
- Evaluation in large organizations should be done by the Evaluation Committee. At small organizations, it is sufficient to employ one person for the task, since the number of jobs is relatively small and so the organization itself is more transparent. There are two major trends in job evaluation. One approach is the so-called synthetic (holistic) and which focuses on the entire workplace, while the other approach is the so-called analytical (atomic) and tries to capture important factors from countless creative elements. Job evaluation provides excellent an excellent basis for preparing the previously presented pay market analysis.

6.1.5 COLLECTIVE BARGAINING

Collective bargaining has been an important tool for defining wage elements or values for different jobs under capitalist conditions, at national as well as at sectoral level. For example, in the UK 40 years ago, this method was the most important in the wage level regulation. In recent years, however, a significant decrease in the power of collective bargaining has been observed (Torrington et al., 2014). The results of the survey carried out in the UK in 2011 demonstrated that only 13% of jobs were subject to the collective wage bargaining (Van Wanrooy et al., 2013). (Note: For more information on this topic, see Chapter 7.)

6.2 INCENTIVE AND BENEFITS: THE CRANET SURVEY

6.2.1 BASIC SALARY. BASIC SALARY DETERMINATION

As we have already described, there are significant differences in the level of minimum wages between certain countries or larger cultural/economic regions. A completely different approach is needed in an hourly-wage thinking society, in which the company operating as a unit that defines a weekly, monthly payment scheme. With this in mind, there are different solutions for determining the basic wage, and there is different logic behind it, which is significantly influenced by the tax system.

For example, in the USA the rate of wage-related contributions is significantly lower, which may be due to the presence of more intense market competition and the need for self-care. As a result, the minimum wage (per hour) level is also lower and the employee must struggle on the performance-related wages. If dissatisfied and unable to reach better agreement, then they may with their 'feet', i.e. leave the company once they find a better option. This is the cheapest solution for society, but it creates a dual society: better and less capable of enforcing their interests. For the part of society that are less capable to enforce their interests, the state plays an important role in determining minimum wages, and help such workers, by reducing or waiving wage-related taxes. (see, for example, France). The disadvantage of this solution is the cost, since the social services of the low-paid people (access to basic services) must be provided by the state and thus indirectly by the society. Regardless of the amount paid, everyone can access the same level of service. In the case of an external or internal crisis, there is a much greater chance of system failure or unsustainability. This solution is gradually becoming less popular.

In the third solution, regardless of the wage level, the same burden has to be shared between the employer and the employee and regardless of the amount paid, everyone has access to basic services. This provides stability and predictability. The disadvantage is that for low-income people, the same percentage of payloads is nominally higher, making it difficult escape from such position or to develop themselves. To overcome this, the state strongly supports their further training and acquisition of new skills, thus giving them the opportunity to have a higher value added job. This is more burdensome for all participants (state, employee, employer), but at the same time it can ensure the balance in society in the long run (e.g. in Denmark).

Each of the solutions, of course, are strongly culturally dependent, embedded in social norms and are therefore negotiated at different levels. Below, we will examine the level and method of the determination of the basic wage in general. In this chapter, we only address the differences, and do not discuss changes in the activities and opportunities associated with the trade unions.

The CRANET surveys, which form the basis of the book, also investigated the mechanisms through which basic wage decisions are made for different categories of employees. It is important to note that during the first study period included in the analysis, the questionnaire was only used to determine whether the given instrument was used to determine the basic wage, while later respondents if they were involved typical in decision making. In addition, another methodological change has taken place, and the most recent 2014-2016 survey has already examined the administrative and physical workers. As a result, we present the wages

of administrative workers and physical workers through a relationship where the characteristics of the administrative staff are found in the first two surveys, in the third, their consolidated category. Possible discrepancies experienced in the case of physical workers (for the first two survey periods) are shown in text.

First have a look at the category of (Table 6.4). This is the group of employees that have the greatest to enforce their interests due to the wide and complex interrelation of special soft competencies. In addition to competencies, they have extensive relationships. As a result, the individual level is the basis for determining the basic wage, which is followed by the internal advocacy of the company. The national / industry and site-based bargains are less typical, while regional bargaining is negligible.

Table 6.4.: Basic wage level for managers

Basic Wage Definition – Leaders	2004–2005				2008–2010				2014–2016			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU
National / industry collective bargaining	22,9%	23,5%	17,8%	8,5%	31,1%	32,2%	26,4%	19,8%	33,2%	37,1%	22,7%	23,1%
Regional collective bargaining	5,7%	5,6%	6,8%	3,4%	9,0%	9,2%	8,3%	5,8%	11,5%	13,0%	7,5%	7,0%
Company / Division	35,0%	35,0%	35,0%	39,0%	45,6%	44,9%	48,8%	49,5%	44,0%	42,9%	47,0%	35,5%
Facility / institution / establishment	17,6%	18,4%	11,3%	20,3%	23,3%	23,5%	22,4%	12,2%	21,4%	23,5%	15,8%	16,5%
Individual	49,8%	49,7%	50,7%	47,5%	65,6%	65,2%	67,3%	75,6%	60,2%	62,3%	54,1%	50,2%

Source: Our original research

It can be clearly seen that regional level does not play a significant role in any country group, although it has become stronger between 2008 and 2010 and 2014-2016 within the non-CEE group (increase of about 4%). In this context, we should also point out that the proportion of companies using this solution has stagnated substantially within Hungary and the CEE group, as the CEE has resorted more to this solution after the crisis.

The most typical solution is the individual bargain, which is valid for more than half of the companies. Here it can also be stated that while the same proportions are visible in the first survey period, during the period of the global economic crisis (typically with a delay of 1-2 years in Europe), it can be identified as a more typical method of agreement in Hungary and CEE than the remaining country groups. On the global level, a higher rate of its application can be clearly identified, but the difference can be well illustrated by comparing the 2008-2010 and 2014-2016 periods. It can be clearly seen that in the case of CEE and Hungary, its use decreased significantly. This is probably due to a different response to the crisis. In an uncertain situation, individual advocacy plays a greater role, so that the leader can make the most of the situation. In addition to individual advocacy, a successful strategy is in-company collaboration and agreement. This logic is also supported by changes in ratios within the company / division. In Hungary, corporate level decision-making dropped by 14% from 2008-2010 to 2014-2016.

In the case of the national industry / collective bargaining, there is an increase in the non-CEE countries group, while in Hungary, after the low ratio in 2004-2005, a much more balanced value similar to that of other groups can be observed in 2014-2016. The dynamics can be seen as homogeneous in CEE and in Hungary, and clearly lower than in other countries. Overall, the dominance of the individual level is followed by the significant role of the company / division. The basic salary of the managers is determined on the national level.

We can identify completely different solutions in the case of intellectual employees (Table 6.5). On the one hand, they possess considerable professional knowledge and significant relationship networks, but because of their in-company diversity they are considered by employers to be more easily replaceable and are typically considered

as a group. On the other hand, however, we have explained that there is a shortage of labor on the global level and competition for talent is increasing. This means that in the case of larger external influences, shocks, they can gain a much better position temporarily, exploitation of that particular situation is their short-term opportunity to occupy a better position. The level of the most typical solution is difficult to define in a clear way. Different data can be seen in each survey period, but it is clear that the individual, corporate / division level dominates, and the site decision also appears more prevailing than the national / industry collective bargaining. On the individual level, a clear leap can be identified in relation to the period considered as a crisis (for example, 71.2% of companies in Hungary indicated such percentage of job negotiation), while in 2014-2016 the possibility of individual job agreement was reduced in all groups of countries. It is worth noting that the rate of decline in CEE and Hungarian groups is much stronger than in the groups. This supports our initial findings on intellectual workers.

Table 6.5: Basic wage definition for intellectual employee

	2004-2005				2008-2010				2014-2016			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU	Glob	Non-CEE	CEE	HU
National / industry collective bargaining	31,0%	32,0%	22,4%	10,2%	39,2%	41,3%	30,6%	20,2%	37,2%	41,6%	25,0%	22,3%
Regional collective bargaining	9,7%	9,5%	11,3%	5,1%	12,2%	12,6%	10,5%	10,8%	15,9%	18,3%	9,3%	5,5%
Company / Division	34,9%	34,4%	38,7%	45,8%	44,1%	42,3%	51,3%	46,7%	43,7%	40,2%	53,2%	34,8%
Facility / institution / establishment	19,2%	19,1%	20,1%	35,6%	27,7%	26,8%	31,3%	20,2%	25,5%	26,6%	22,6%	22,3%
Individual	35,5%	36,0%	31,7%	25,4%	52,8%	52,2%	55,3%	71,2%	45,5%	48,5%	36,9%	36,3%

Source: Our original research

Secondly, we observe corporate level. Here we find that in case of Hungary it was applied in a much smaller proportion in comparison with the period 2004-2005. This decrease is also significant compared to the other groups. Between 2008-2010 and 2014-2016 we can see a similar level, while in Hungary it was less than 12.9%. At the CEE group, the proportion is much higher than that of individual bargaining. This may mean a shift, a general transformation that was not yet been followed by the Hungarian system.

The site as a determining level also shows significant changes. In the CEE country groups, we have to emphasize that this decision-making solution dropped to a great extent by about 8.7% compared to the period during the crisis, while there were no significant changes in the other groups of countries.

It is clear that national/industry collective bargaining is a less preferred solution in the CEE and Hungary. More than 35% of respondents can be identified in the other two groups for the second and third survey periods. Compared to the extremely low level identified in the first survey in Hungary, there is a stable over 20% mark in the other two periods. Due to the methodological difference, it is difficult to determine whether this can be attributed to growth, but it is probably due to a slight deviation or change. The CEE group shows a slight decline in the period 2014-2016 compared to the previous period, which is likely to intensify in the following years.

In the case of regional collective bargaining, it has to be emphasized that in the CEE region and Hungary it is significantly less typical compared to the other country groups.

Administrative and physical workers form the last element in our basic wage survey (Table 6.6). Due to methodological limitations, we have already indicated that these two categories were included separately in the first two surveys, but from the 2014-2016 period they were consolidated. Overall, we can say that they are in a very similar situation: all of the employee categories have the lowest level of individual advocacy and are predominantly replaceable within a given corporate hierarchy. Their added value is considerably low. Other

types of advocacy mechanisms work in their case, they can achieve significant results in the case of extraordinary circumstances (eg. crisis), but typically the national/industry collective bargaining and the company/division are decisive. Regional collective bargaining plays a marginal role and the other elements show a relatively insignificant picture.

The national / industry collective bargaining can be considered to be the primary negotiating level in almost every period. The union movement and its form of operation were created to protect and validate their interests (primarily physical workers). Here, the same wage principle for the same work is true and valid. This can be better defined in blue-collar jobs, for the white collar, the greater part of the performance is given by the implicit, not visible, hidden part, while in case of physical workers and low-level intellectuals the output can be easily captured, as it is the actual work. It is important to note that in the case of CEE and Hungary this appears at a significantly lower rate, which is one of the peculiarities of post-socialist countries. The dissatisfaction with the trade unions resulted in a significant loss of membership and thus their negotiating potential. The figures for 2014-2016 taking into account the values typical of physical workers, do not show any significant shift compared to the period 2008-2010.

The company / division and site are much more important than in case of any other employee group. CEE and Hungary are considered to be very specific in this respect, as the level of basic wage determination is significantly higher than in other countries. This is natural because the low level of national / industry collective bargaining is compensated at these levels. At the time of the crisis, this level of job adjustment / decision-making is more pronounced, but the CEE ratio is still high after the crisis.

Table 6.6: Basic wage determination for administrative and/or physical workers

	2004-2005				2008-2010				2014-2016			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU
National / industry collective bargaining	34,6%	35,9%	22,9%	11,9%	43,3%	46,2%	31,0%	22,3%	45,1%	51,7%	27,1%	23,1%
Regional collective bargaining	11,7%	11,6%	12,5%	3,4%	14,4%	15,4%	10,0%	10,8%	19,4%	22,4%	11,1%	7,0%
Company / Division	32,9%	32,4%	37,2%	47,5%	43,7%	42,1%	50,5%	49,5%	37,9%	33,4%	50,3%	32,6%
Facility / institution / establishment	19,2%	19,0%	21,1%	40,7%	28,5%	27,9%	30,7%	20,4%	26,5%	26,4%	26,7%	26,4%
Individual	28,6%	29,2%	23,5%	25,4%	45,6%	45,9%	44,4%	65,0%	33,3%	35,4%	27,6%	31,5%

Source: Authors' own research

The analysis of the issue of individual bargaining supports the concept formulated during the introduction of employee groups. That is, the crisis significantly transforms their ability to enforce their interests. In Hungary, the 65% level is extremely high (about 15% deviation compared to other countries). This can be perceived as a short-term effect of high labor shortages. For 2014-2016, this difference will be completely reduced compared to the other groups, but still remains at a significant level of decision-making. In the case of regional bargaining, we can make a very similar statement for intellectual workers. It is not typical for the CEE and Hungary groups, the decision-making level is about half the value of the other countries.

6.2.2 PERFORMANCE-BASED INCENTIVE

Table 6.7. shows the quantitative change of other compensation elements for managers. Flexible benefits were only included in 2008 and non-cash rewards were included in the survey of 2014. In a global comparison, the reward/premium associated with individual goals/performance and individual performance-based wages

have the highest proportion among responding organizations. In the case of the latter, an increase of 10 percentage points was observed in the period 2008-2010 compared to the results of the 2004-2005 survey (from 40.8% to 50.6%), after which there was no significant change. Individual goals, performance-related rewards and bonuses are also very typical in the organizations surveyed, but the data of the 2014-16 survey show a 10-point decline compared to the previous period in the global survey.

Rewards related to organizational goals / performance were used in 38.8% of responding organizations in the global sample of 2004, and almost half of the respondents used it in 2014-2016. This increase is the same as that found in case of individual goals/performance rewards and bonuses. While the premium associated with individual and organizational goals/performance is paid in about half of the responding organizations, the team-related reward rarely occurs, yet it increases in the global sample in 2014, compared to 21% in 2004.

By dividing the aggregate sample into the countries of the Central and Eastern European region and the rest of the world, there are significant differences in the provision of individual, organizational and team-related bonuses. The results of the 2004-2005 survey show that all three cases are much more common in the CEE region than outside it. Since then, both the organizational and the individual and team goals / performance rewards have increased significantly in both regions. In the 2014-2016 survey, the rate of employers providing these incentives is higher in non-CEE countries.

In the Hungarian sample, a significant decrease in individual performance-based pay was observed in both previous periods and was much lower, as compared to global and CEE as well as non-CEE samples. Only a quarter of the respondents In the 2014-2016 survey move to the beginning of the sentence make it available. As it amounts to 50% in the global sample, the regional average is around 40%.

Non-cash rewards are the most typical in the CEE region, offered by more than half of the respondents, while the proportion of such organizations in the Hungarian sample is the lowest (38.1%). In the US and UK, also in the neighboring Slovakia, non-financial incentives are used to motivate leaders in more than half of the organizations. In Russia and China, as well as in the Philippines, this type of compensation is even more widespread (over 80%).

There are no significant differences between the examined samples in terms of providing flexible benefits. In each of the examined samples (global, CEE, non-CEE, Hungary) approximately one third of the responding organizations provide it, the highest rate in the Hungarian sample that is 35%. According to the survey conducted in the period 2008-2010, this value was higher in all samples, 36% in the global sample, nearly 40% in the CEE region, and nearly half in responding organizations in Hungary. The cafeteria system allowing flexible choice of benefits is not widespread in most of the countries participating in the survey, yet in a few countries, for example Germany, Romania 50% of the organizations apply this type of a flexible incentive tool. By contrast, the share of such organizations is very high in China, where 87% of responding organizations maintain a cafeteria system.

Employee Share Program is one of the rarest items among the charted benefit elements. The global sample survey constitutes about 16% and did not change significantly between 2004 and 2016. It is true that in the period 2008-2010, the share of organizations maintaining employee share program slightly increased (from 16% to 22%), but this increase fell to 16% in the previous period. In this respect, the Hungarian organizations are moving along with the CEE average. Since 2004, the proportion of organizations maintaining the employee share program has continuously decreased in both the Hungarian and the CEE sample. In 2004, 16.6% (CEE) and 18.6% (HU) fell to 11.2% (CEE) and 12.8% (HU) by 2014 respectively. In countries outside the region, this element is more common (18.8%), with a slight increase compared to the 2004 survey (16.4%).

Similarly to the share program, the profit share is available to managers since 2004 but it is becoming less common. Even though in 2004 the CEE region had the highest proportion of organizations offering profit share to their leading employees (32.8%), ten years later the smallest number

of such organizations (18.7%) was found to be in the CEE region. In Hungary this type of benefit is used by 12.8% of respondents. This ratio shows a continuous decline in the Hungarian sample.

Table 6.7: Additional compensation elements for managers

Other Compensation Elements – Leaders	2004–2005*				2008–2010**				2014–2016			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU
Employee Share Program	16,4%	16,4%	16,6%	18,6%	22,2%	23,7%	16%	15,8%	16,8%	18,8%	11,2%	12,8%
Profit share program	27,3%	26,7%	32,8%	18,6%	28,6%	30,2%	22,1%	15,8%	26,0%	28,6%	18,7%	12,5%
Stock Options	14,9%	15,4%	10,7%	20,3%	17,6%	19,4%	10,6%	11,5%	14,1%	15,7%	9,5%	8,8%
Flexible benefits	nd	nd	nd	nd	36,4%	35,6%	39,4%	49,6%	33,8%	33,9%	33,5%	35,9%
Individual performance-based pay	40,8%	40,0%	47,7%	39,0%	50,6%	49,3%	56,0%	41,0%	50,8%	54,6%	40,2%	25,3%
Individual Purposes related Performance Reward / Premium					63,0%	63,7%	60,0%	56,8%	53,8%	55,5%	48,8%	47,3%
Team Performance Reward	21,1%	19,5%	34,6%	23,7%	40,4%	40,2%	41,2%	29,5%	34,3%	35,3%	31,5%	27,5%
Reward related to organizational goals / performance	38,8%	36,5%	58,2%	54,2%	nd	nd	nd	nd	49,4%	49,2%	50,1%	41,4%
Non cash reward	nd	nd	nd	nd	nd	nd	nd	nd	44,1%	41,5%	51,2%	38,1%

Source: Our original research

In the case of intellectual workers, the premium / reward associated with individual performance as well as individual performance-based pay is the most widespread additional compensation element. Their use for intellectual workers is more typical than the rewards associated with organizational or team performance. Individual performance-based wages have become more widespread in the period 2004–2016. Its popularity in the previous periods was the highest in the CEE region, exceeding the global sample value. By 2014, however, it became increasingly widespread globally and in the CEE region this benefit form was becoming less popular. A little over one-third of the participants in the aggregate survey in 2004 used individual performance-based pay, and then ten years later this rate amounted to almost 50%. Meanwhile in the CEE region, the proportion of organizations using individual performance-based pay fell to 43% by 2014, compared to 54% in 2004. One third part of the responding organizations in Hungary provide it. The reward associated with organizational goals is much less common in the case of intellectual employees. Compared to the 2004 survey, the proportion of organizations that apply it has increased by a certain extent, but still only 36% of organizations use it in the global sample. In Hungary, 34% of respondents offer reward / bonus for organizational goals to their intellectual employees. The least applied additional benefit element in this employee group is the stock option. In both aggregate and regional and non-regional samples, the proportion of organizations that allow this for intellectual employees is negligible. The proportion of such organizations in the Hungarian sample is around 2%, but outside the CEE region only 7% of the organizations make it available. In the case of the employee share program, the proportion of organizations that offer it to intellectual employees is around 10%.

There is no difference between senior employees and intellectual workers in terms of using cafeteria system, which allows flexible choice of benefits. Approximately one third of organizations make this type of benefit available in both aggregate and regional samples, with the highest proportion at Hungarian organizations. However, compared to the 2004–2006 survey, the number of cafeteria providing organizations in the Hungarian sample decreased by more than 10%, namely from 48% to 35%.

Table 6.8. Additional compensation elements for intellectual employees

Other Compensation Elements – Employees	2004–2005*				2008–2010**				2014–2016			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU
Employee Share Program	11,6%	11,8%	10,2%	11,9%	15,2%	16,4%	10,1%	11,5%	9,3%	10,0%	7,3%	5,9%
Share of profit	20,1%	20,5%	17,2%	8,5%	21,6%	24,2%	11,3%	12,2%	18,9%	22,2%	9,9%	5,9%
Stock Options	5,8%	6,0%	4,6%	0,0%	8,3%	9,3%	4,3%	2,9%	6,7%	7,1%	5,4%	1,8%
Flexible benefits	na	na	na	na	31,0%	30,0%	34,9%	48,2%	29,9%	29,4%	31,2%	35,2%
Individual performance-based pay	35,1%	32,8%	54,6%	37,3%	47,0%	43,9%	58,8%	43,2%	47,6%	48,8%	44,3%	31,5%
Individual Goals related Performance Reward / Premium					53,5%	52,2%	58,7%	49,6%	46,1%	44,3%	51,0%	47,3%
Team Performance Reward	18,4%	16,6%	34,1%	23,7%	35,4%	34,0%	41,2%	34,5%	30,4%	30,0%	31,3%	28,6%
Reward related to organizational goals / performance	24,3%	22,6%	38,5%	28,8%	na	na	na	na	36,0%	35,6%	37,2%	34,1%
Non cash reward	na	na	na	na	na	na	na	na	42,8%	39,3%	52,5%	44,7%

Source: Our original research

Table 6.9 shows the application rate of additional compensation elements for administrative and / or physical workers. There is no significant difference compared to the previous employee group. Individual performance-based pay as well as personalized rewards/bonuses are less common in this group of employees than in the group of and intellectuals. In both aggregate and regional samples, the proportion of such organizations is close to 40%. 27% of respondents in Hungary have individual performance-based pay among administrative and / or physical workers.

Flexible benefits are less typical for this group of employees both globally and outside the CEE region. Examining the period 2004-2016, the proportion of organizations that offer flexible choice of benefits is decreasing. Even in the Hungarian sample, it fell to 28.6% compared to 43% in 2004. These values are lower in the regional sample (27%) and in the global sample (25%).

Table 6.9. Additional compensation elements for administrative and / or physical workers

Other compensation elements for administrative and / or physical workers	2004–2005				2008–2010				2014–2016			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU
Employee Share Program	10,1%	10,2%	9,1%	13,6%	13,7%	14,9%	8,9%	10,1%	8,1%	8,4%	7,3%	4,0%
Profit share program	17,6%	17,9%	14,5%	10,2%	18,6%	21,0%	8,8%	7,2%	16,5%	19,2%	9,1%	3,7%
Stock Options	3,7%	3,7%	4,1%	0,0%	5,7%	6,2%	3,6%	1,4%	4,0%	4,1%	3,6%	0,4%
Flexible benefits	nd	nd	nd	nd	27,0%	26,1%	30,8%	43,9%	25,2%	24,6%	27,1%	28,6%
Individual performance-based pay	26,6%	24,5%	44,4%	32,2%	40,3%	38,1%	49,1%	33,1%	39,3%	38,4%	41,8%	27,1%
Individual Goals/ Performance related Premium					41,8%	40,1%	48,3%	37,4%	32,1%	28,1%	43,3%	31,5%
Team Performance Reward	13,4%	12,3%	21,9%	11,9%	29,2%	28,6%	31,8%	24,5%	26,4%	25,3%	29,3%	17,9%
Reward related to organizational goals / performance	20,3%	18,3%	36,8%	25,4%	nd	nd	nd	nd	28,1%	26,7%	31,7%	26,0%
Non cash reward	nd	nd	nd	nd	nd	nd	nd	nd	43,0%	39,8%	52,1%	45,4%

Source: Our original research

The rewards associated with organizational goals and performance are the least available to physical workers. Low availability can be observed in terms of almost all other compensation elements in the examined samples. In the 2004 and 2008 surveys, physical and administrative staff are listed separately, and in the 2014-2016 research there is a consolidated category of administrative and / or physical workers. Most of the respondents in Hungary make the flexible cafeteria allowances available to physical workers to the same extent as to managers or other employees. 36.7% of participating organizations offer this opportunity to physical workers, and a slightly lower share, 28.6%, make it available to their administrative staff. Managers and professionals can choose from offered benefit packages in 36% of responding organizations. Employee share programs for physical workers is available in 10% of organizations in the global sample. This ratio did not change significantly over time in any sample. Profit share program is available for physical workers in similar proportion in each of the examined samples, at 15% of respondents outside the CEE region, around 7% in the CEE region and Hungary.

Table 6.10.: Other compensation elements for physical workers

Other compensation elements for physical workers	2004–2005				2008–2010			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU
Employee Share Program	8,4%	8,5%	7,5%	10,2%	10,1%	10,8%	7,3%	7,2%
Profit share program	13,8%	14,0%	12,1%	8,5%	13,4%	14,9%	7,7%	7,2%
Stock Options	2,5%	2,4%	3,6%	0,0%	3,2%	3,3%	2,8%	0,7%
Flexible benefits	nd	nd	nd	nd	19,2%	17,4%	26,5%	36,7%
Individual performance-based pay	19,9%	17,1%	43,6%	32,2%	32,0%	26,6%	52,8%	41,0%
Individual Goals/Performance related Premium					29,0%	24,9%	45,2%	33,1%
Team Performance Reward	13,7%	12,2%	26,4%	22,0%	25,1%	23,0%	33,2%	25,9%
Reward related to organizational goals / performance	15,7%	13,8%	31,1%	20,3%	nd	nd	nd	nd
Non cash reward	nd	nd	nd	nd	nd	nd	nd	nd

Source: Our original research

6.2.3. Benefit Programs

Table 6.11 shows what benefit schemes are available in the responding organizations in addition to those required by law. Comparing the data of the 2008-2010 and 2014-2016 surveys, it becomes apparent what trends dominate the benefit practice globally, in the CEE region and beyond.

According to the survey results, childcare allowance for mothers is the most popular benefit provided by employers in addition to statutory requirements in the global sample. More than 60% of responding organizations have such benefits. It is less common in Hungary and the whole CEE region. In contrast to 64% of the respondents in the non-CEE sample that offer this to their employees, in the CEE region it is less than half of employers, and in Hungary it is just over 20%. Similarly to childcare allowance for mothers, the corporate pension program is a much more widespread benefit outside the CEE region than within CEE or in Hungary. The survey found that the incidence of corporate retirement programs was reduced in all samples tested. Outside the CEE region and globally, even in the 2014-2016 survey, the proportion of companies with this benefit is around 50%. In Hungary, 44% of responding organizations had such benefits in the 2008-2010 period, and in 2014 it was only available to 8.6%. According to the Hungarian sample survey, health care programs are becoming increasingly popular among employers. In 2008, one third of the respondents had this kind of benefit, and by 2014, 45% of the organizations offered it. This is much higher than the CEE sample value, approaching the value measured on the global sample, that is 50%.

Often used benefit provided over mandatory benefits is training/education days offs. More than half of the responding organizations provide it in each of the research samples. This kind of benefit is much more popular in Hungary than in the whole CEE region. Parental childcare leave is much more common in countries

outside the CEE region, where more than half of the organizations make it available to their employees, but in the CEE region and in Hungary the percentage of organizations offering such benefits is also growing.

The workplace childcare facility in the CEE region is very rare (5.6%), but shows an increase compared to the previous period (1.9%). Globally, only about 10% of the organizations make such benefits available. The reimbursement of childcare as a benefit is not common, either. In the global sample and the non-CEE sample, the proportion of organizations providing the benefit is around 15%, the survey of 2008-2010. Survey showed the same percentage in the Hungarian sample, but by 2014 this value decreased to 6%.

Flexible benefits are most widespread in Hungary, where about 64% of respondents provide it to their employees. They are not as popular in the CEE region and outside it. Cafeteria benefits are represented in all research samples. Nearly 40% of responding organizations maintain cafeteria system that provides a flexible choice of benefits. The question on the usage of cafeteria system was only included in the survey of 2014.

Table 6.11: Benefit programs

Benefit programs	2004–2005				2008–2010				2014–2016			
	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU	Glob	Non CEE	CEE	HU
Childcare institution at workplace	nd	nd	nd	nd	10,6%	12,8%	1,9%	2,9%	9,7%	11,3%	5,2%	6,1%
Childcare institution reimbursement	nd	nd	nd	nd	14,1%	14,7%	12,1%	15,4%	17,5%	20,0%	10,5%	6,4%
Career Interruption Programs	nd	nd	nd	nd	27,6%	31,7%	11,6%	9,6%	19,8%	21,0%	16,5%	7,1%
Child care allowance for the mother	nd	nd	nd	nd	63,2%	67,7%	46,4%	22,6%	60,1%	65,5%	45,6%	24,8%
Child care allowance for the father	nd	nd	nd	nd	54,7%	59,4%	35,9%	23,0%	52,4%	55,4%	44,5%	46,0%
Parental leave	nd	nd	nd	nd	54,5%	58,7%	38,5%	25,0%	47,5%	48,6%	44,7%	39,5%
Corporate Pension Scheme	nd	nd	nd	nd	58,0%	64,0%	34,8%	44,1%	46,2%	51,9%	30,8%	8,6%
Learning / training holiday	nd	nd	nd	nd	53,7%	55,5%	46,8%	60,6%	50,0%	50,7%	48,2%	58,2%
Health care programs	nd	nd	nd	nd	49,5%	55,7%	25,3%	29,2%	48,4%	54,6%	31,6%	44,7%
Flexible/ cafeteria benefits	nd	nd	nd	nd	nd	nd	nd	nd	38,3%	38,7%	37,4%	64,3%

Source: Our original research

6.3 CLOSING COMMENTS

Total Reward / Remuneration includes all the financial incentives that employers pay to their employees as a reward for their efforts (basic salary, guaranteed payments, year-to-year wages, long-term incentives and benefits). This includes performance-related and independent elements which encourage employees to work according to the agreement, to develop themselves, and to act for organizational purposes. When designing a full remuneration system, decision-makers are influenced by a number of organizational and non-organizational factors that affect the logic underlying their remuneration systems. Legislative, social/welfare, management, and tax aspects are country-specific variables, and they also have a number of factors that lead to differences between

organizations in the indicated area. Organizations can follow a number of guidelines when designing their incentive and reward systems. Their orientation is largely determined by the specific legal framework and the nationality of foreign companies operating in that country. Traditionally, companies of the European orientation use job-based planning to create their incentive system. The American system is fundamentally performance-oriented and the this is a mistake Japanese is related to seniority.. The chapter describes the types of wage and income surveys in detail, lists their advantages and disadvantages, and the mechanisms used to make decisions about basic wages and additional benefits in different employee categories.

The chapter summarizes the results of CRANET research network surveys carried out in 2004-2008-2014 on four different samples: the global one and samples from CEE region, outside the CEE region and Hungary. The tables and diagrams in this chapter make it possible to compare spatial and temporal changes in remuneration. In this chapter we look at the differences that can be identified in the practice of basic wage determination and performance-based incentives and describe the most typical ones. If properly used, payment surveys provide useful benchmarking information for comparing salaries and benefits.

The results of the CRANET survey clearly demonstrate that, in addition to compulsory compensation (required by statutory or collective agreement), organizations reward their employees with a number of other benefits. It has been observed that as soon as an organization introduces a new benefit form, it spreads quickly to other local organizations. Elimination of a popular benefit is not easy. In the case of popular benefits, the employer will do better if he does not cancel it, because discontinuation of the usual benefits might affect the employees more adversely than in the case it had never been available. The spread of benefits is not only possible within a country. Methods used by international companies to promote good practices are spread across national borders.

In the light of CRANET research, domestic practice becomes comparable with international data and CEE region data makes possible to compare benefit systems in the CEE region and in the non-CEE regions with the global sample. There are significant differences in the application of benefits. As an example, cafeteria allows a flexible choice for the employees. Even though it has moderate popularity, we can find it in each sample. In the last 10 years the flexible cafeteria benefits are the most widespread in Hungarian practice due to the supportive legal environment, but in recent years it shows a downward trend in Hungary too. One of the most basic and one of the most traditional benefits in the world is the non-monetary reward. Benefits that are not expressed in money cover a wide range of categories, such as words of praise, handshake, recognition or expression of trust. CRANET survey has included the issue of non-cash rewards only in 2014. According to the survey, they are most typical in the CEE region and it can be found at more than half of the respondents in the sample. In the CEE region, however, the proportion of such organizations is the lowest in the Hungarian sample (38.1%). Such benefits can be found almost anywhere in the world. In the United States, the United Kingdom, and also in neighboring Slovakia, non-financial incentives are used in more than half of the organizations to motivate their leaders. In Russia and China, as well as in the Philippines, the proportion of organizations using this kind of compensation tool is even more widespread (80%).

7 EMPLOYEE RELATIONS AND COMMUNICATION

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Employee relationships and communication are two extraordinarily important but less obviously appearing areas of the operation of organizations. This item sentence can be traced back to the fact that in case of these processes the obvious elements are difficult to be identified. It is extremely diverse what attitude do the owner/management groups show and what kind of role can the human resources management fill in related to this. We think that *the appearance of these functions and the handling of them in a strategic level are needed, just like the foundation and maintenance of partner principles, since employees are part of the process of creating value.* We are going to introduce the relevant approaches, the possible conflicts and time changes. This is not a simple task since in most of the cases the quality of their operation can be judged by subjective approach, however they influence directly numerous processes thus clearly affect the performance of the organization.

Employee relationships have a significant role in the formation of safety and collective advocacy within the organization and in the offset of information and power asymmetry. The two most important and clearly recognisable forms are the extent of organization of trade union and the coverage by the collective agreement. Also, our present approach includes here the existence of collective legitimacy. Besides these, trade unions do many other activities, so the extent and direction of move that can be sensed in their ability to influence are important. The other form of advocacy besides trade unions is the presence of counsels of work/jobholder, which can give an insight to the internal processes in the enterprises.

Organizational communication is often compared to the blood circulation of the living organism. Communication gets along necessary information to the leadership, units and co-workers of the organization just like blood circulation gets along oxygen to the cells. Every movement of the employee relationships are series of the communicational processes. The control of the enterprise, the units of it (along with labour and advocacy organizations) and some co-workers of the enterprise are in continuous interaction with each other. The more democratic and participative the control is, the more vivid the communicational activity is.

Organizational communication is going on two levels: inside the organization and between the target groups and units / members found in the external environment of the organization.

Our chapter – as a consequence of the examination of processes inside the enterprise – focuses on the internal communication of the organization. Today the two levels cannot be separated from each other. The spread of electronic communication makes it possible to get a message, information simultaneously to an external and internal target groups, target people. The internal communication of the organization includes communication between the leaders, units of the organization, as well as the communication between the members of the organization. Therefore, every interaction that serves the foundation of employee relationships is part of the internal communicational processes of the organization.

7.1 LITERATURE REVIEW

We find it important to introduce the solutions related to employee relationships and communicational activities in different areas of the world, since considering these we can judge the significance of the tendencies identified in the surveys of Cranet. This ensures a kind of validation. The related synthetization can be found at the end of the chapter. First, we are going to present the different approaches of employee relationships, then we are going to describe the environment of the organizational communication that is turbulent and that is significantly influenced by the development of info-communicational technologies.

7.1.1 EMPLOYEE RELATIONSHIPS

Since the significant separation of employee and owner interests (see industrial revolution in the 19th century) and since working got into industrial frames (since the formation see in details Carrell – Heavrin 2014) it can be treated as a natural fact that owner and employee interests exist (László, 2010). This contrast obviously exists in an unbalanced system, since employers have an advantage of information due to their position. The removal of asymmetry cannot be the aim of a reconciliation process, while the support of the “weaker” employee side, and the decrease of informational disadvantage can be. The aim of reconciliation and employee/work relationships (further factors of the formation and development of concepts can be seen in László et al, 2017) is to ensure within real frames the conflict handling and the cease of clash that was created in a negotiated way between the two participants.

When examining employee relationships, it is worth handling and presenting especially the two approaches related to human resources management, since considering this the reconciliation of employer and employee fill in a completely different role. *According to the first conception, the Michigan-model, they are interested directly in the maintenance and operation of the enterprise*, so it thinks that the systems of view and expectation of owners and investors are fundamental. *The second theory, the Harvard-model exceeds this concept, so it examines the factors affecting the organization placed in its context, and it involves a wide range of stakeholders in the influencing factors* (e.g. employees, suppliers, customers, trade union, government, local residence). The first concept expects the objective view of business strategy, maintenance and profit, which is more acceptable and easily followable besides a normal course of business. Typically, the Michigan-model generally applied approach dominates the human resources management (see e.g. Dawkins, 2012). The second conception (Harvard model) considers such elements that are hard or impossible to qualify, and their impact to the organization and its performance cannot be detected in a short term (Karoliny – Poór, 2017).

Considering all these things it is obvious that *according to Michigan-model the system of relationship operated by employees is coming down to the level of compulsory minimum, “necessary bad”*. In this context, reconciliation and negotiation are present as limiting factors of the interests of owner and investor as they are not part of strategy. Human resources management here has a very important role, since one of the important elements of normal operational activities is reconciliation with employees, the handling and preventing of possible problems, and the forward of information from employer side. Internal communication has a more accentual role, that tries to decrease the power of trade unions and other advocacy groups.

In contrast, in the Harvard-model the reconciliation, contact and involvement of stakeholders in value processes are part of organizational strategy. Employer treats them as partner, so negotiation with participants representing the interests of employees is an important role. The two participants are equal, and human resources management fills a supportive role, due to which communication will be continuous, as well as it forwards necessary information. In this approach trade unions and other participant advocacy forms can participate actively in the formation of the future of the enterprise.

In our present approach *we are committed to the Harvard-model*, so we think that the presence of advocacy within an organization is important and charming. The rights to organize and advocate are listed amongst the fundamental human rights by the United Nations (United Nations, 1948). This states that every human has the right to form and protect properly the factors that influence directly or indirectly their life and human dignity (see working environment). The appearance of explicit reference to work can be found first in the pronouncement of International Labour Organization in 1998. Here it is disambiguated that although the international economic processes, globalization are important elements of the world economy, they do not ensure the development and growth of economy. Therefore, it is the interest of every participant to respect the fundamental social questions, and emphasize them properly, as well as to synchronize them with economic and social endeavors. This is not only a question related to economy politics or domestic regulatory environment, but it affects moral considerations, since work is present only via humans, it cannot exist on its own (work done by machines can substitute humans, but the operation and leading of machines is a human task, so it appears as a product, service that cannot be separated). In the pronouncement the following rights were accepted:

- right to free plot and collective agreement making
- removal of all kinds of forced labour
- removal of child labour
- cease of discrimination related to work

Surveys and analyses related to advocacy are diverse in the employee side, while it is hard to find an approach that can be regarded as complete. The most important sources are the surveys of ILOSTAT, ETUI and ICTWSS. Besides the diverse method it can be stated that all of them identifies similar tendencies, so the decrease of trade union organization, the rollback and limit of employee rights as a reaction to economical crisis, as well as the decrease of the appearance forms of advocacy are typical (e.g. decreasing numbers, volume and intensity of strike events).

In the background of this globalization and the *spread and push of atypical forms of working* created by new technologies are strongly present. Working based on *shared economy, gig economy and platform economy* are approaches that prefer flexibility, eliminate the frame system of traditional economical frames and support the growth of economical effectiveness (e.g. Airbnb model). These approaches are so new that there are very few scientific articles or research dealing with their impact and related problems (Codagnone, 2016; Codagnone – Martens, 2016; Codagnone et al., 2016; Drahoukoupil – Fabo, 2016; Kilhoffer et al., 2017). They highlight that initial aims (in case of community economy it is sub-tourism) have changed, the need for advocacy is growing and the need for regulation as compared to traditional approaches is bigger (see further details at Kilhoffer et al. 2017).

Later we were examining certain countries (inside and outside Europe) *based on data of ILOSTAT* according to the organizational extent of trade unions and to the coverage of collective agreement. Considering the crisis and the reaction to that we assumed that we are going to find diverse solutions due to the differences of the peculiarities of each country. We placed more time periods in the focus of the analysis (2006, 2008, 2013) and we found that there was no significant transformation, so minimal dislocations are typical (that can be differences deriving from the nature of data collection). Therefore, the characteristics of certain countries were not modified structurally (e.g. they did not jump a bigger category generally).

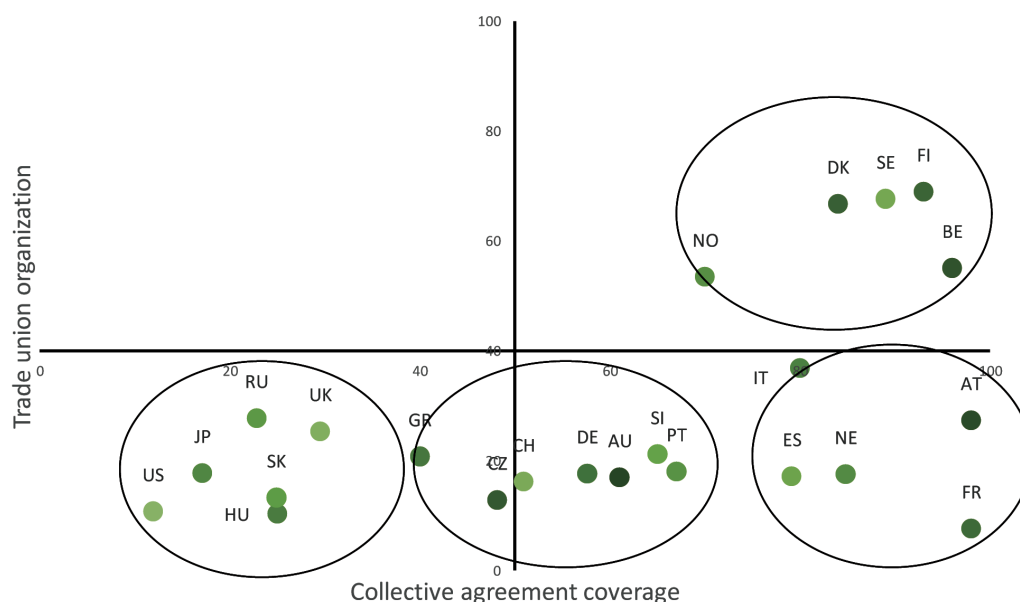


Figure 7.1: trade union organization and collective agreement coverage 2013 (%)

Source: Authors' own research based on ILOSTAT data

Besides it is worth highlighting that when handling crisis we can identify separated answers. In case of Portugal, Romania, Slovenia, Slovakia, Greece and Hungary the coverage by collective agreement declines significantly (between 2008-2013 always 82-67%, 98-35%, 92-65%, 40-25%, 85-40%, 36-25%), and this clearly shows governmental intervention, as well as it shows that in case of eastern countries there is a possibility of indirect influence in order to change the power of trade unions. On the other side, by approaching the trade union organization, such spectacle dislocation cannot be identified by country regarding absolute rate. Taking relative point of views, we can state that those countries that are strongly affected by the decline of the coverage of collective agreement have a lower trade union organization. Deriving from this, the 5% decline is significant, which also supports the negative dislocation in the area of advocacy.

We are demonstrating the dislocations and phenomena of working relationships with two studies of Eurofundos (Broughton – Welz, 2003, Sweeney et al.2011). The *presence of world economic crisis affected certain countries differently, and its impact was sensed later*. As for the governments, two main answers can be observed: on one hand the intensified money spending and replacement of lost market orders, on the other hand the saving and decrease of expenses. The limitation of social costs, the decrease of salaries in the state sectors (e.g. Greece, Ireland, Romania, Spain), the freeze of salaries (Cyprus, Poland, Great Britain, Portugal), the procrastination of the growth of pension salaries, and the introduction and support of part time work (between 2009-2010, growth of 0.4-1-2 %, Eurostat) or other atypical work forms (fixed term jobs between 2009-2010, growth of 0.5-2.5%, Eurostat) are all part of the later mentioned answer. Parallel to this, the involvement of social partners in related jurisdiction generally decreased, many times trade unions were excluded from negotiations in order to make necessary economic decisions. The question of flexibility came into view, and such arrangements were made that extended latitude (e.g. in Greece derogation about sectoral compromise was possible in an enterprise level, and in Portugal employer could dissolve collective agreement) for employers and the so far national compromises has moved to the direction of branch negotiations (e.g. Finland, Sweden).

To summarize, the change of the situation of social partnership due to the crisis in 28 EU countries, the expectation from European Union had a major role in 11 countries, the national answer reaction had a major role in 18 countries and in 11 countries the initiation by social partners. If we look at countrywide the frequency of appearance of the three elements, the situation is more shadowed. Out of 28 countries 8 of them was not influenced by anything, 4 of them was influenced by one factor (Greece is outstanding, where serious conversions had to be done for the disbursement of EU money), 2 state members had two elements and 4 countries had all three side that impacted them. This means that if they create adequate reaction to one side, then another element appears typically. In case of Austria, Czech Republic, Denmark, France, Poland, Malta, Norway and Sweden none of the impacts were considered significant. In these countries the collective agreement coverage is typically high (except for Poland it is 50% or higher, 70% everywhere) (Broughton – Welz, 2012).

Categories of factual arrangements:

- decentralization of collective agreement: Greece, Lithuania, Italy, Portugal, Romania, Spain, Slovakia
- processes of deciding salary: Czech Republic, United Kingdom, Greece, France, Ireland, Latvia, Hungary, Portugal, Slovenia
- processes related to raising salaries: Belgium, Cyprus, Spain, Luxemburg, Malta
- wage-freeze in state sector: Cyprus, Ireland, Poland, Hungary, Great-Britain, Italy, Slovakia
- decrease of salary in state sector: Cyprus, Ireland, Latvia, Lithuania, Italy, Romania, Slovenia
- decrease of welfare expenses and pension arrangements: Cyprus, Denmark, France, Ireland, Poland, Latvia, Romania, Slovakia
- Employment arrangements: Greece, Netherlands, Great-Britain, Germany
- The impact of crisis on labor-market relationships
- restructuring of function of participants in the state institutions and advocacy: Ireland, Luxemburg, Hungary, Romania
- decline in trade union organization: Cyprus, Bulgaria, Estonia, Latvia, Lithuania, Great-Britain, Germany, Sweden, Slovakia, Slovenia
- decreasing influence and visibility: Belgium, Netherlands, Ireland, Lithuania, Hungary, Germany
- the intensify of interaction between social partners: Netherlands, Lithuania, Hungary, Germany
- New social partner model: Greece, Spain, Slovenia

These dislocations in negative direction are strengthened by the study of ETUI (European Trade Union Institution) in 2016, and the study of Eurofund in 2017, which clearly says that European Union put economical restrictions and strict self-management principles first in crisis handling, and it encouraged favorable changes for employers regarding social partners. It is important to note that in Middle-Eastern Europe in cases of Hungary and Romania amongst others, indirect political interventions are identified in the operational area of collective negotiations.

It is not clear cause and effect relates to this, but we can interpret the further *decrease of trade union membership and the decline in coverage of collective agreement as a change*. Besides, positive elements emerge in the level of European Union, so in numerous countries a rise in minimal wage that is bigger than economic growth can be observed, more trade union actions took place in the past years (mainly in ME countries), and trade unions reached further successful results relating to employee rights against government and employers. This can mean the light at the end of the tunnel in the lives of trade unions who are coming out of the dark effects of economic crisis.

Despite of this, many signs refer to the fact that this cannot be a reason for optimism (many countries, that are not affected by the economic intervention of EU, have decreased the area of collective negotiation, the overshadow of the formation of system supporting the wage efforts of EU, etc). Major changes in work relationships were present not only in EU. In China a study (Meng et al., 2017) identified an obvious relationship between the presence of the ability of employees to advocate and the openness towards the western working culture as a partner.

In America the crisis had a greater impact on trade union movements besides the major impact of factors of competitive market and traditional individual advocacy. In the past decades the number of trade union members has decreased in different waves in the competition sector, while it has increased in the public sector. Bales (2017) states that these processes support the growth of differences between incomes, and it reached a level that endangers the operation of positive elements related to developed democracy. *There is a wide range of literature to the fact that the American Dream and the home of possibilities expressions are not true yet, the possibility of social mobility has been restricted, and it has been completely ceased.* (Carr-Wiemers, 2016). The weakening of advocacy mechanisms and the withdraw of protection in a crowd level affect this. Researchers clearly motivate the legal strengthening of employee representations, so that they could act more effectively against employers and unbalances.

In Russia the crisis can be strongly sensed too, which is further affected by the different economical embargos of the European Union. Vinogradova and his mates (2015) has analysed in this environment the effectiveness of working relationships and the change of factors relating to this. They stated that within the frames of special “market social contract” the toolbar available by the state could not balance properly between the needs of market effectiveness and social stability. The consequence of this is a growing dissatisfaction, the open of income scissor, and the significant decrease of real wages in wide layers of society. Besides strengthening the present triparty type of operation, the more explicit appearance and legal support of employee rights are advised.

7.1.2 INTERNATIONAL SPECIALIZED LITERATURE OF THE INTERNAL ORGANIZATIONAL COMMUNICATION AND ITS EXAMINATION

The internal communication of organizations and employee communication are the methods of informing and motivating co-workers and strengthening their loyalty. It is also the basis of communication aiming at the external target groups of the organization. *It means more than just informing. It contains the process of mutual influencing of some co-workers acting at some hierarchy level of the organization, and it creates contact between leader and employee and between employee and employee.* (Einweiler et al., 2010; Borgulya, 2010). Internal communication is the key factor of the success of the organization: it is the pre-condition of the integration of colleagues and the feeling of mutual responsibility and inherence. It makes interaction possible between participants in processes of work sharing.

Internal communication in organizations has numerous aspects. Some factors influence directly the individuals who are forming the organization, the informing of employees, the syntony of activities and lastly the effectiveness of communication. These factors are:

- *the size of organization*: the bigger the organization is, the more professional solutions it requires to manage communication
- *the structure of organization*: the number of levels between organizational members located at lower levels of hierarchy from the leadership influences the speed of information transfer, the integrity of content and the “filter” and manipulation of it.
- *communicational attitude of leadership*: the content and quantity of information and messages that are to be shared (what leadership communicates and what they do not), the group of people involved in information sharing (with whom leadership communicates), the way of communication (how, in what style, using what kind of communicational channels and methods), frequency (how often does leadership communicate).
- *communicational competency of leadership and some members of organization*: the existence of psychical talents, techniques and skills needed for successful communication.
- *culture of the organization*: identification with internal values, loyalty to the organization, community awareness, and the lack of these can significantly influence (develop or destroy) more aspects of communication, but mainly the attitude of people.
- *maturity of communicational infrastructure*: the standard of supply with info-communicational equipment shows huge diversions in international comparison and if we compare different organizations of a national environment too. While IT companies use quite modern communicational channels and methods, enterprises with weaker financial possibilities are in the level of 1980s, 1990s.
- *resources for communication*: the latitude ensured by financial background influences the development of communicational infrastructure, the number of people who can be employed for managing communication, the cost limits of certain communicational events.

Employee communication has been highly appreciated in the past two decades due to its role in the success of organization. More and more authors raise attention to the fact, that as a consequence of fierce market competition and continuous accommodation to changes the importance of communication in well-operating organizations has grown and became a factor ensuring advance in competition. (Mast, 2007; Argenti, 2009; Bruhn, 2012; Einweiler et al., 2010; Deutinger, 2016). As a result, as it is shown in previous and further works, the interest of researchers in internal organizational communication has grown since the turn of the Millennium (Dörfel, 2008; Huck-Sandhu, 2010; FitzPatrick – Valskor, 2014; Hartz, 2018; Cox, 2018).

Organizational members and the recognition of possibilities in the communicative integrity of employees have motivated empirical researches too. In the focus of the researches we can find mainly the social-psychological approaches of organizational communication and minorly the approach of enterprise economy. The most frequently asked questions by researchers:

- How satisfied colleagues are with internal communication and what is their attitude about the content of messages: how credible they think the communication of media in an organization is (Hubig – Siemoneit, 2007; Möckel – Wettmarshausen, 2010; Signet, 2016)?
- What topics are they primarily interested in regarding the organization (Rief – Schlee, 2010)?
- What role should/does internal communication play during organizational changes and crises (Duffner – Zaiss, 2010)?
- What topics are employees interested in during crises (Mertens, 2010)??
- What communicational activities does the work of employees in different function include in organization in a day (Bendel, 2006)?
- How can we measure effectiveness and what factors make the effectiveness of organizational communication difficult (Werner, 2008; Atfield – ComRes, 2017)?
- Which communicational channels and methods are regarded as the most important by leaders and certain target groups of an organization (Grill – Kirsch, 2010; Ellwood Atfield – ComRes, 2017)?
- What role digital communication play in the internal communication of an organization (Lipiäinen, 2014)?

The mostly researched question is the use of channels, the spread and function of the channels and equipment. Between the channels and equipment used in internal communication we can find modern methods due to the development of IT. The most natural form of organizational communication, the indirect face-to-face communication has preserved its role in internal communication, and as it was proven in the researches mentioned below, it is the most important channel for leaders and employees too. Indirect personal communication is present in more forms in the operation of organizations: the *face to face*, smaller group and bigger group discussion, meeting and organizational assembly belong to this category. The most important characteristics of indirect communication is that *it makes bi-directional, immediate feedback possible and it created dialogue*. The speaker can read from the non-verbal signs of the addressees while speaking, he notices the attitude and the feedback can arrive in words. The smaller the group of participants in message sharing is, the possibilities for more immediate feedback is better. Its peculiar form is personal communication by human mediation, in which case for instance an indirect supervisor forwards the information from upper-leaders. *Direct personal communication* uses mediator methods. It can ignore words (traditionally it uses written and visual signs). Classical forms of organizational communication are paper-based letter – hung – written message, memo, written (printed out) report, organizational newspaper and signs and tables of warning at a workplace. Speech can be mediated by telephone, radio, TV, loud message. It is characterized by the fact that *immediate feedback is not possible*, only later feedback. The spread of electronical communicational equipment brought a big change: e-mail, message systems in computer provide immediate and late answer. Systems forwarding speech and image simultaneously are the closest to the effect of personal communication (e.g. vide conference), but according to its users in corporate communication, it does not completely substitute face-to-face meetings (Table 7.1).

Table 7.1: Frequently used channels and methods in organizational communication

Channel	Methods
Indirect face-to-face speech	Personal conversation, group conversation, meeting, assembly
Word mediated by human	Representative, message mediator person
paper-, textile-, plastic-based, written	traditional letter, printed newsletter, memo, record, report, information places on billboard, molino
Audio (sound transmission)	telephone, dictaphone, message recorder, radio, speaker
Visual (image)	tables of signal and warning, placard
Electronic, digital sign transmission, IT mediation	Electronic board, digital movie, video e-mail, intranet, website, skype, video conference, smart phone app, social media

Source: Authors' own research

The most exciting question of the channels, methods used in organizational communication is the future. Social media is expanding and the possibilities of the application of intranet, smart phone applications and organizational chat are developing rapidly. Researches think that the usage of these channels and methods is the future. In order to support the internal communication of enterprises there are many solutions that help bi-directional communication, collect ideas and the contribution of co-workers to implement strategy (Lipiäinen, 2014).

According to the mutual research of the ComRres counsel company and Atfield headhunter company in 2016-2017, 86% of enterprises uses adhoc e-mail towards some organizational members, 85% uses intranet and 81% uses such personally attended forums where some organizational members get indirectly organizational information. 53% uses social media in internal communication, while 30% does not take this opportunity, although according to the study, social media

- helps the personalized communication between employees and thus decreases the flow of uninteresting e-mails
- encourages colleagues to communicate with the organization (leadership)
- helps leadership to get to know the opinion of colleagues in actual questions
- helps to get key messages to co-workers

The survey also highlights that organizations in the future need the spread of social media, tele- and video conference within the organization and change can be expected in this direction (Ellwood Atfield – ComRes, 2017).

According to a German organizational survey currently *newsletter, e-mail and forums ensuring indirect personal communication (1:1s, personal discussions) are the most important informational sources at enterprises judged by the colleagues*. Websites, organizational TV and podcasts cannot be regarded as internal communicational methods. The most important channels by leaders and by employees are not completely the same. Leaders regards telephone, e-mail and personal conversation as the most important channels and methods with co-workers (Grill – Kirsch, 2010). From other surveys we can see that leaders and colleagues too think that personal discussions are the most effective and important communicational channel (White et al., 2010; Lipiäinen, 2014; Stein, 2016).

Due to the existing hierarchy of organizations, the model of the direction of communication differentiates communicational relationships of vertical, horizontal, abeam and netty. Vertical communication can derive from leadership and it means top down message transfer, while bottom up communication means messages heading from lower levels of hierarchy to upper leaderships (Wiswede, 1981) (Table 7.2.).

Table 7.2: *Different types of vertical communication within organizations*

Top-down communication	Bottom-up communication
Directly from supervisor, in words, to colleagues in some hierarchy levels	From employees at lower level of hierarchy to their managers
Directly from upper leader to certain people or groups	From employees at lower level of hierarchy to upper leadership
From upper leaders through leaders in lower level	From employees at lower level of hierarchy to executive board, advocacy groups
Upper leader uses some mediator methods (e-mail, radio, video message, open letter) to communicate with employees	

Source: Authors' own research

Shallow organizations, task accomplishments based on project require more and more the horizontal and net interconnections, at times with external co-workers too. Due to this, it is inevitable to ensure mutual availability in the formation of modern communicational infrastructure.

The question of effectiveness relates to the hierarchy and bureaucracy of organizations. The research of Ellwood Atfield and ComRes (2017) *states that according to 64% of communication experts the strongest hazard of effectiveness is hierarchy and bureaucracy*. Further hazard is the hardship of getting the necessary equipment and sources (Only 49% of the people who were asked gets the financial support that is needed to obtain the important communicational equipment and to implement tasks). Further inhibitory factor is the limitedness of trainings needed for developing communicational competence (54% does not experience such limit). Paternalist communication style can be also a hazard of effectiveness, if leadership only (presumably needful for them) provides information to employees and if it does not ensure bi-directional message transfer (51%).

To sum up, by reviewing the literature about channels we can state that within the organization

- face-to-face communication is the most important and effective channel
- telephone keeps its indispensability
- e-mail is the first in communication by computers
- the next one is intranet, and also social media within organization is developing, and the use of smear phone apps also

The use of mediator equipment has numerous advantages, yet it is not able to substitute the various message transfer of personal discussions, which can provide rich metacommunication information besides conveying content.

The examination of the internal communication of organization often relates to *the measure of satisfaction*. According to Neuberger (1997) the measure of satisfaction is itself a communicational method, which makes it possible for employees to convey wishes, complaints, tension, conflict sources, needs, notices, advices to leadership (Neuberger, 1997: 432). The measure of satisfaction is the strategic method of HR, which aim is to monitor the opinion and attitude of employees, from which they can draw conclusion to their loyalty to the organization and to the expectable fluctuation. Generally, it serves the development of the organization, and its function can be diagnosis creation, rating or checking. The complex examination of satisfaction usually includes the questions of organization of communication and how well people are informed. Written or oral asking typically includes questions related to:

- work that is to be done
- working conditions
- career possibilities
- allowance,
- complementary benefits
- climate in workplace
- leading competence of enterprise leading
- sufficiency of information
- quality of communication
- the image formed in the public opinion of the organization

Employees usually rate positively if the leadership of the organization initiates a survey of satisfaction/attitude, no matter if it applies to general satisfaction or to some elements of it (Bungard – Jöns, 1997; Weller – Steffen, 2000). Although the examinations are done by external service companies, the content still reaches directly the leadership.

Corporate systems of proposal collection (also named as idea management) are part of innovation management and knowledge generating, but they serve employee development too. Their aim is to improve some subject or process and their effectiveness, thus improving the quality of product. German specialized literature interprets it as “voluntary constructive initiation”, which “not only recognizes deficits, but it also contains proposals of solutions” (Leipold, 2010:16). Its core thought is that in every employee of a particular branch silent supplies, ideas and creativity are hiding, and these can be recognised and used by thinking together. The “Japanese miracle”, the unstoppable technical development gave an impulse to the spread of systems of proposal collection. As a consequence of the proposals of colleagues, productivity has grown by 4-5% yearly in 1960s Japan (Deutsches Institut für Wirtschaft, 2000). The concept of kaizen (repair, aspiration to improve productivity continuously) has spread worldwide since then.

According to the report of DIB (A Deutsches Institut für Betriebswirtschaft) in 2007, only 5% of enterprises had the aim of implement a system of proposal collection in Germany in 1994. The statistic in 2006 has done a research in 315 enterprises, affecting circa 2 million employees, and it presents 1 266 758 pieces (one year) of proposal, which created a saving of 1.5 billion EUR. 1.5 million EUR premium was divided amongst the employees who made proposals. The intensity of making proposals has been growing continuously until 2007. The number of proposals by 100 employees has shown equable growth in each branch (Chart 7.3).

Table 7.3: Number of proposals of 100 employees in German branches

2001	2002	2003	2004	2005	2006
46	52	54	56	64	64

Source: Authors' own research

The collection of proposals is possible by communication. Employees can present their proposals by filling out pre-made printed matters, or in free-style written form and they can give it to their direct manager, to the proposal assignee or to the organization counsel.

7.2 EMPLOYEE RELATIONS AND COMMUNICATION BASED ON THE CRANET SURVEY

With the help of the Cranet surveys we focus on four critical areas within the questions concerned about trade unions:

- First, we examine the memberships of the trade unions. Moreover, the felt shift within these and the changes in relation to the public and private sectors.
- Secondly, the proportion of the members does not necessarily show the range of power what the organizations have in collective bargains. Organizations may build on a warrior core to move their people, or they can have a mild but significant crowd to stop the actions. Because of these, we have to analyze these factors about private and public sectors.
- Thirdly, we have already introduced in the literature review that the certificates of trade unions can appear as a significant influencing factor. From these, we introduce the changes in collective bargaining processes.
- Fourthly, we can list participation as a form of interest influencing factors. This framework primarily and in general are less regulated and have fewer certificates because it has been established to weaken and counterbalance the organizational position of trade unions within the organization.

7.2.1 EMPLOYEE RELATIONS

Even based on the data of Cranet survey we can identify a trend that the degree of trade unions is declining globally. In the three examined period (Figure 7.2), the weighted averages of the midpoints of the distributions significantly decreased. While the weighted averages of the categories do not perfectly measure the situation, the similar methods ensure the opportunity to identify the probable emerging trends. The degree of trade unions on a global level, at the starting point, was 39.2% and continuously decreased until 2008-10 when it was 33.5% and after that, in 2014-16 it was 31.7%. In the case of all examined groups it shows the same tendency, moreover, in Hungary, the change was even higher. The ratio in 2004-05 was 26.2%, and it changed to 9.4% until 2014-16. Because of the unique characteristics of the data recording, in the case of the CEE group, we can register a slight increase between 2008-10 and 2014-16 (from 21.6% to 26.1%). We can still identify a decreasing trend from 2004-05 when the ratio was 31.2%. In Non-CEE countries, there was a negative change as well, but the organizational level of trade unions is still higher than in any other country groups. Their ratio was 40.2% in 2004-05 and decreased it to 33.8%.

During the investigation of the distribution of the degree of trade unions, we can identify the reinforcement of the directions of the weighted averages. We can identify the most significant penetration of trade unions in the case of Non-CEE countries, and they were able to restore this status more effectively. The degree of at least 51% reached 41.5% level in 2004-05 while it was 34.1% in 2014-16 which was still a good result. The global data shows similar but even more significant changes because the degree of trade unions in CEE countries and Hungary is much lower. In Hungary, the degree level decreased from 23.6% (in 2004-05) to 3.3% (2014-16). Literally, this category has been eliminated. This is the result of the double impact of government intentions and rotation away trade unions. In CEE countries, the proportion of 32.3 %, experienced in the first examined period, changed to 23.8% until 2014-16. This relatively good position retention (especially in comparison to Hungary) is an outstanding value. The impact of the financial crisis had begun between the two examined period. As a result of this – based on the data – we can identify different reactions. The proportion of respondents without any members of trade unions is the highest (51.4%) in Hungary. This did not improve in an upstanding scale because of the crisis (in 2008-10 it was 56.5%). In parallel, based on the data it is evident that in CEE countries there was a powerful reaction in the case of trade unions. The proportion of those companies where there is no sign of trade unions is decreased from 50.1% to 30.8%.

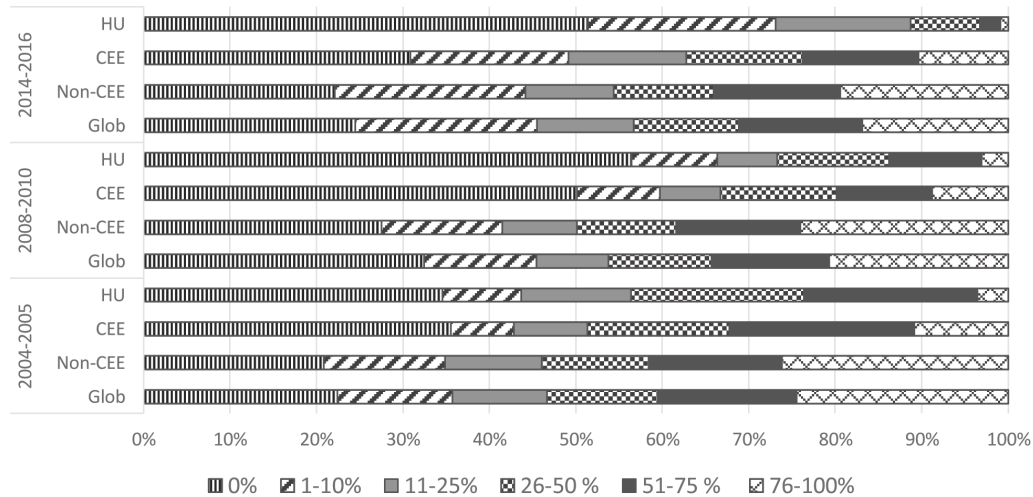


Figure 7.2: The proportion of union members within organizations
Source: Authors' own research

We can highlight, that the relative economic well-being generally has a negative impact by the membership of trade unions. The proportion of respondents without trade union members in all of the examined groups has been increased. Hungary was the only one country in which a slight decrease was experienced in this question because of the reactions for the crisis. Despite all of this, it is also readable that the reach of the border of collective bargains became a feasible goal in a slightly more significant proportion (10% in Hungary).

After the analysis of general trends, we will examine the specific characteristics of the private and public sector. First of all, we analyze the tendencies of the private sector (Figure 7.3). We can identify the same tendencies with the difference that the deterministic level was primarily lower in all of the three examined periods. Based on the midpoint of the categories, the degree of trade unions decreased from a starting 31.5% to 28.1%, and it reached 24.9% in the third period. We can identify a slightly higher proportion in Non-CEE countries (from 32.1% to 26.7%). In the case of CEE countries, the members of trade unions in 2014-16 is barely over 20%. In Hungary, the proportion of people with trade union members decreased from 15.5% (2004-05) to 10.7% until 2008-10 and fell back to 6.2% until 2014-16.

The more in-depth investigation of the distribution of the categories shows similar results to the total sample. The degree level of at least 51% decreased an almost nine percentage point until the end of the third period. While in the Non-CEE countries, we can identify seven percentage point, in Hungary the level of degree of trade unions decreased from a primarily low level (9.7%) to a quasi-zero (2.2%). The proportion of respondents without trade unions is the highest in Hungary within the total sample. In 2008-10 it reaches even 70%, while in 2014-16 it is still higher than 66%. The analysis of at most 10% ratio is even strengthening this picture. On a global scale, the proportion decreased from 44.9% to 53.9%. (In the case of the Non-CEE group we can see almost the same values.) Even in CEE countries, the drawback is significant. At the starting point, it was 49.7%, and it increased to 57.8%. In Hungary, the proportion changed firstly from 61.3% to 75.8% and after that to 82.7%.

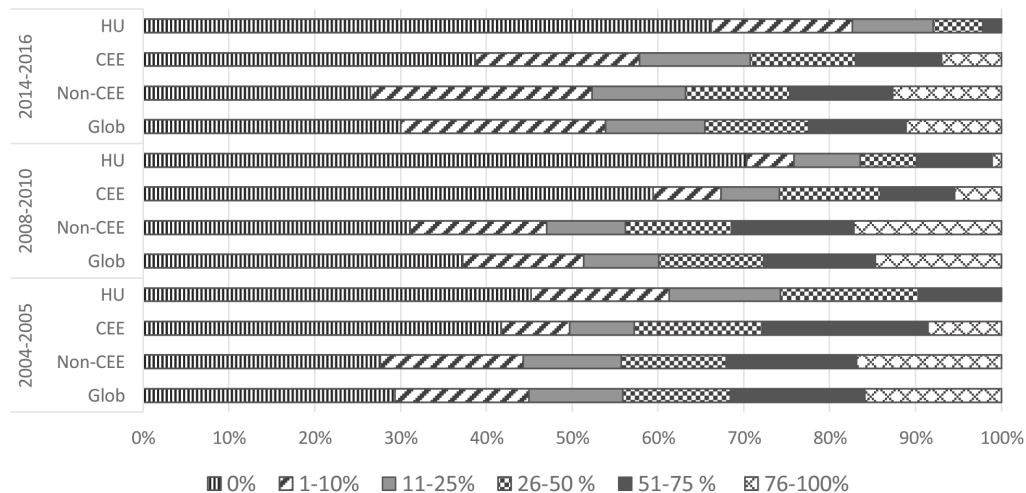


Figure 7.3: The proportion of organizations based on their trade union's members within the private sector
Source: Authors' own research

It logically follows from the above described that we can find (in Figure 7.4) a significantly higher level of degree of trade unions in the public sector. Based on the weighted average of midpoints of categories in the public institutions in the global sample, the proportion of trade union membership is 57.7% in 2004-05. This measurement is also eroded but on a much lower scale. It decreases slightly until 2008-10 (55.1%), but we can identify a more significant drawback (50.3%) in 2014-16. In the Non-CEE groups, in the first period, the degree level is almost 60% which did not change until 2008-10. There is only a slight decrease in 2014-16 with its six percentage points. In CEE countries the trend is the same, but we have to highlight that in this case, the starting 2004-05's level of 41.9% after a three percentage point change reaches almost the same level (41.2%) at the end of the examined period. This means that in the CEE countries the public sector can retain its influencing position. In Hungary, we can identify a significant setback in complete consistency with the previously mentioned, but the scale of this drawback is more potent than previously. The ratio was 45.5% in 2004-05 it declined to 29.7% until 2008-10, and the proportion was decreased even lower to 16.3% (2014-16). The decline to the almost 1/3 level contributed to the poor values of Hungary.

The analysis of the scale categories of the degree of trade unions confirmed the previous statements. In the case of at least 51% union members group, in the global sample, there was no change (51.7%) between 2004-05 and 2008-10. After that, the proportion is slightly decreased (54.8%) until the third examined period. This can be considered as high which shows the presence of the priority of trade unions within the public sector. Within the Non-CEE group, from 2004-05 until the next period the high level of degree was strengthening, but in 2014-16 the proportion decreased to 60.7%. In CEE countries we can observe a relatively small and slow decrease. The proportion decreased from the starting of 43.3% to 40.9% until the end of the third period. In the case of Hungary, the change is drastic. Even comparing with the CEE countries the degree level was high (46.2%), but it falls back to the help, and it decreased even further until 2014-16 (6.2%).

The changes of the other level of the degree of trade unions, such as there is no trade union member or low level of degree, are consistently parallel with these processes. We can identify a wave in all of the groups except in Hungary. The proportion of public organizations without trade union members is slightly higher in the second and in slightly smaller in the third examined period than in the first period. The ratio in the third period is just slightly higher in the third period than in the first one. In Hungary, we can observe a noticeable increase in this area. This means that over ten years the presence of trade unions within the organizations has been decreased. This has been proven with the analysis of the category of at most 10% of the employees are members of trade unions. The proportion of the respondents who stated that less than 10% of their employees are members of trade unions decreased back to 53.1%.

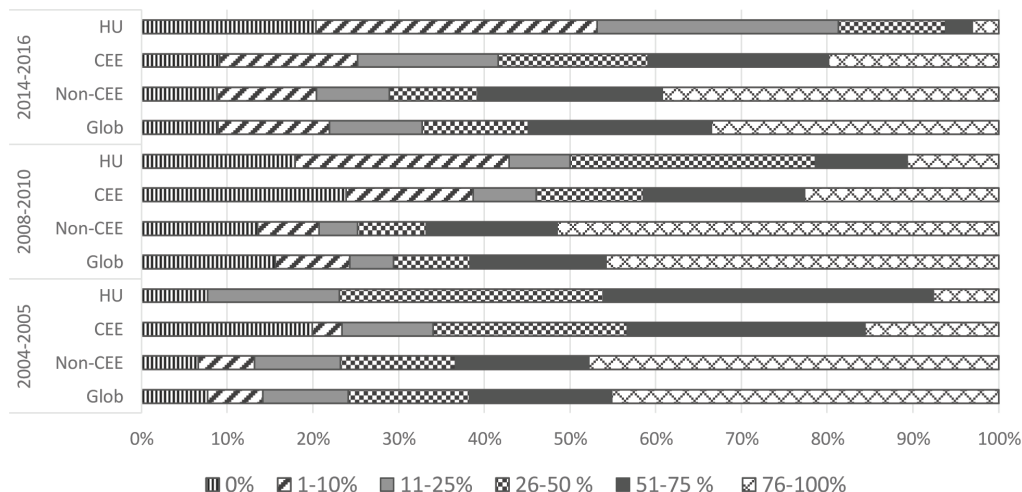


Figure 7.4: The proportion of organizations based on their trade union's members within the public sector
Source: Authors' own research

During the analysis of influencing ability of trade unions we cannot rely on the results of all three examined periods. In 2004-05 they asked organizations whether there were any changes in the influencing ability of the trade unions in the previous three years. From 2008-10 they asked how they feel about the influencing ability of the trade unions. The results of the first data collection are described without any representation, in the case of the other two, there is a more in-depth analysis (Figure 7.5).

In 2004-05, in relation with the changes of the influencing power of trade unions we can state that the worst case was in case of Hungary this means that 37.9% of the respondents said that trade unions do not have any influencing ability. This is similar to the question about the degree level of trade unions. In Hungary, it is characteristic that they have low membership ratio, which is paired with a low movement ability. The CEE countries show the corresponding picture. The proportion in CEE countries was 34.1% while in Non-CEE countries the ratio was higher but unfortunately still high with its 24% ratio. Overall, half of the companies said that the influencing ability of trade unions do not change.

We can identify *similar tendencies in the private sector*. In Hungary, 51.4% of the cases trade unions do not have influencing power. In the CEE group 39.9%, in Non-CEE countries, the ratio was 30.4%. By the way, it is characteristic to the competitive sector that the role of trade unions is smaller than in the public sector, and because of that they have fewer members, and in general, they have less influencing power. The Non-CEE countries have a slight positive change in the position of trade unions and in comparison with the CEE group and Hungary significantly higher (13%) ratio.

In the case of the public sector, we have already identified a higher degree level of trade unions. In comparison with that, the picture is more favorable. In CEE countries the ratio of companies with lack of influencing the power of trade unions is 19.1% while in all of the other groups this ratio is below 10%. The result of Hungary in this question is exquisite. 7.7% of the respondents stated no influence, and in the case of 76.9% of the respondents, there was no change in power. During the analysis when we compare the latter with the degree of trade unions, we can state that the higher degree level successfully stabilized its position.

Concerning the second and third period, we can identify the changes in time. However, there was a change in globally, Non-CEE and CEE countries, meaning the proportion of those organizations where trade unions do not have influencing power decreased, in Hungary, this influenced increased from 56.8% to 66.8%. This means that in the rest of the countries within the survey we can identify a distinct improvement. Backed up this, we analyze the changes of the significant or highly significant influences. Globally the ratio increased from 17.9% to 25.3%. In the case of the CEE group, we can also see a significant change (from 20% to 27.3%). The most

positive change can be identified in Non-CEE countries. The ratio was doubled from 9.5% to 20.1% until 2014-16. In Hungary, we can identify an adverse process. The ratio slightly decreased from 7.2% and stabilized at 5.4%.

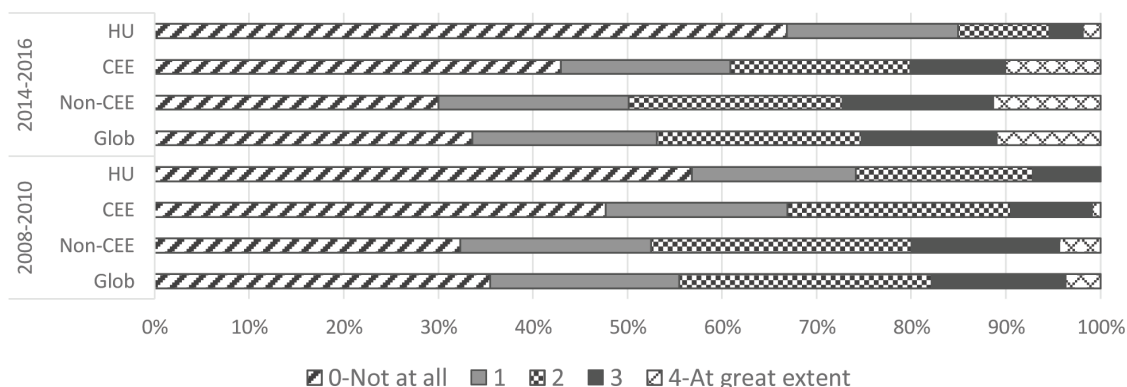


Figure 7.5: The influence of trade unions

Source: Authors' own research

There is another area which is worth the investigation and this is some level (1 or 2 answers) of influencing power. This proportion is decreased in all examined groups without exception. The most significant change was in Hungary (from 36% to 2.8%). The main difference in comparison with the other groups is that in Hungary the direction was toward the lower level influencing categories while in the rest of the world the higher categories are dominating. In general, the influencing ability of the trade unions strengthened. This is an unfortunate result because we identified a similar tendency toward Hungary in the CEE group in case of the degree level of trade unions. The unions are more conscious and have a higher level degree.

In the private sphere (Figure 7.6), globally the none influencing ability with its 41.6% ratio is only a slightly changed until 2014-16 (39.5%). The reason behind this that the Non-CEE countries described similar proportions (with some decline), the CEE group showed a significant improvement (from 56.7% to 50.5%). While in Hungary we can identify a negative movement (six percentage point setback).

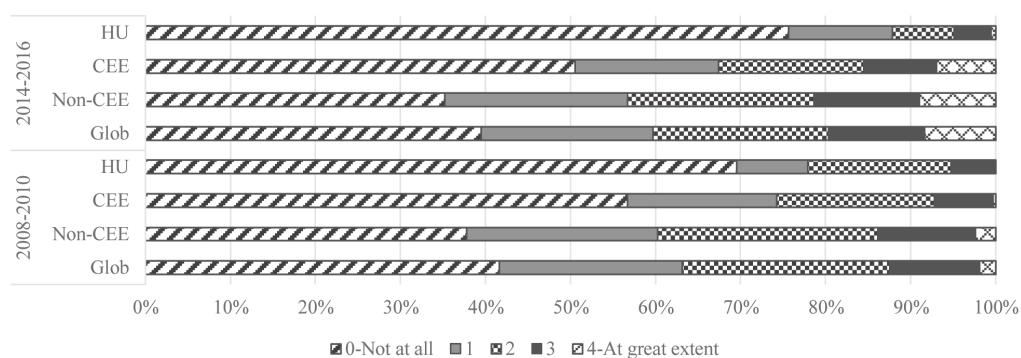


Figure 7.6: The influence of trade unions in the private sector

Source: Authors' own research

In the case of the most significant influencing ability, there is a visible improvement everywhere except in Hungary. Globally and in Non-CEE groups, the ratio of respondents increased with seven percentage point. In CEE countries the number of respondents doubled who stated this. This value was stagnating in Hungary.

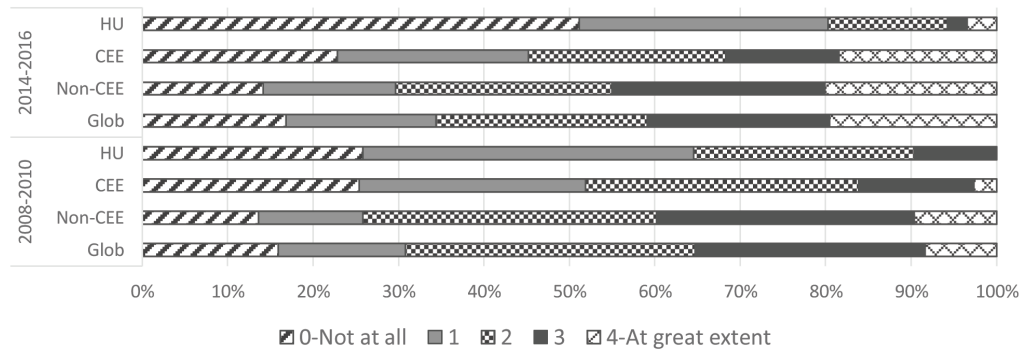


Figure 7.7: The influencing ability of trade unions in the public sector

Source: Authors' own research

Between the two examined period there was a slight *reduction in case of some level of influencing ability* in global, non-CEE groups (five percentage points), in CEE countries the value remained the same and Hungary had the most significant movement (from 25.2% to 19.5%). The previous tendencies what we described, in general, are still valid. The trade unions can orient toward the higher influencing ability category in all groups except in Hungary.

The tendencies of the public sector are precisely the same as the identified tendencies in the private sector. There is a slight difference that the lower level influencing ability changed with a smaller, the higher level influencing ability changed with a bigger scale (Figure 7.7).

The most crucial role and asset of the trade unions are the signings of the collective bargains. This determines the main conditions; the value, change and fluctuations of the remunerations of the job until the next contract. That is why it is a significant question during the analysis of employee relations how characteristic it is in different organizations (Figure 7.8). Generally, we can state that this certificate stayed in the hands of the trade unions.

The most significant reduction happened in Hungary if we analyze all of the organizations. The starting value was 91.5% in 2004-05, but it decreased back to 71.3% until 2008-10 even though the impacts of the financial crisis were not so influential and it was still before the significant change of Labor Code (2012). This level dropped even lower until 2014-16 when only 1/3 of the respondents said that trade unions have the right for collective bargains.

We are not able to identify a decrease in Non-CEE groups. We can even register some improvements in 2008-10. They were able to restore this level and thanks to that in the third examined period we can identify a higher proportion of influencing ability than in 2004-05.

In CEE countries we can identify a very similar tendency, in overall there was only a little change. This confirmed our previous conclusions that the trade unions were able to restore their influencing ability even besides a significant membership loss. The tendencies described in the literature review and the practice of increasing influencing ability of trade unions in the CEE region has been proven.

We can see a significant improvement in the private sector during the first two data collection in globally and Non-CEE countries. The ratio of the respondents where trade unions have a right for collective bargains increased by 14 percentage points in Non-CEE countries, while in globally the ratio was higher with almost ten percentage points. We can identify a slight decrease in CEE countries however in Hungary it was a severe setback. The proportion decreased back to its ¼ until the third examined period. The decrease is the result of the financial crisis because the change of 15 percentage points was observable in 2008-10, but as a reaction to the crisis, there was 50 percentage points fall until 2014-16.

We can also state that the right for collective bargains is more characteristic in the public sector, while the companies described a primarily higher value in the period of 2004-05. Because of that, the proportion of companies who described trade unions with full rights systems will decrease with a much higher possibility. Despite all of this in global and non-CEE level after a significant decrease (7-10 percentage points) until the time of the third survey the change in comparison with the starting value was only four percentage points. We can identify an adverse movement in CEE countries, which means that the starting value is the lower level (60.7%) stagnate until 2008-10, and after that, it has a spectacular strengthening until 2014-16 (16 percentage points). In Hungary, the result is outstanding, that all trade unions which worked in the public sector in 2004-05 had a certificate for collective bargains. Even here the number of certificates decreased by $\frac{1}{4}$ until 2008-10, and it has the same trend until the third examined period as well.

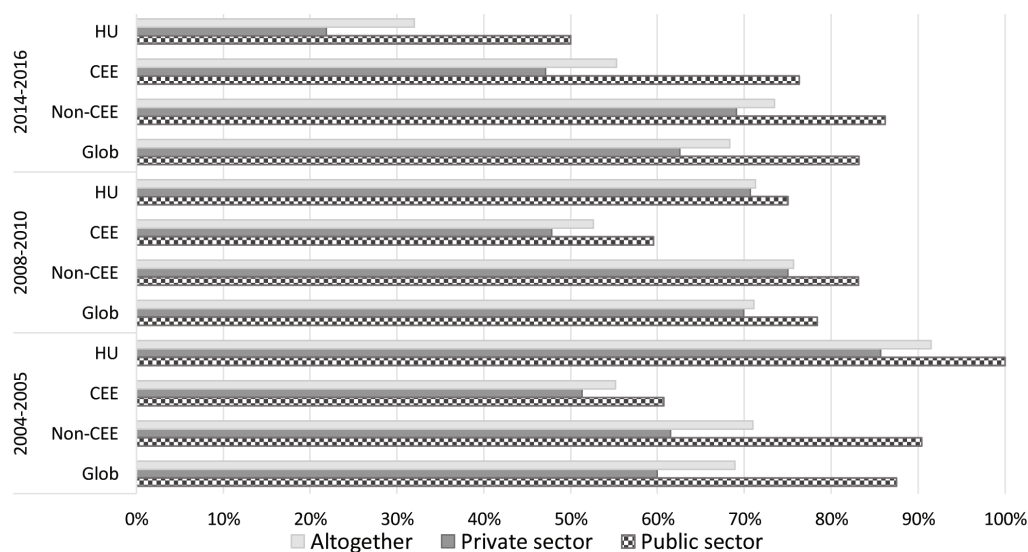


Figure 7.8: Empowerment of trade unions with the right of collective bargains
Source: Authors' own research

Besides the trade unions, works council plays a significant role in the influencing ability of employees. That is another question that what kind of opportunities are granted them by the law, legislation, common law and another one that what kind of relations do works council has with the employees, employers, trade unions and to the roles of the works council. In this paper, we do not describe in more deeply their characteristics, but we have to highlight that there are significant heterogeneities in some of the solutions.

Overall it is obvious, and it is true for all of the categories and areas that this form of participation is decreasing (Figure 7.9).

Globally we can see a continuous decrease. It changes for 2008-10 with five percentage points and with another seven percentage points until 2014-16. In the case of the Non-CEE group, this process is longer because in the first two examined period there was no movement. The presence of the works council significantly decreased until 2014-10 (with sum of ten percentage points in all three periods). In Hungary, we can identify a 28 percentage points decline for the second examined period which decreased further until 2014-16. In the CEE countries, we can experience only a slight change. This is another proof for our statements that however, the degree level of trade unions are decreasing the activity of trade unions are strengthening, and other forms of the participation can stabilize its levels.

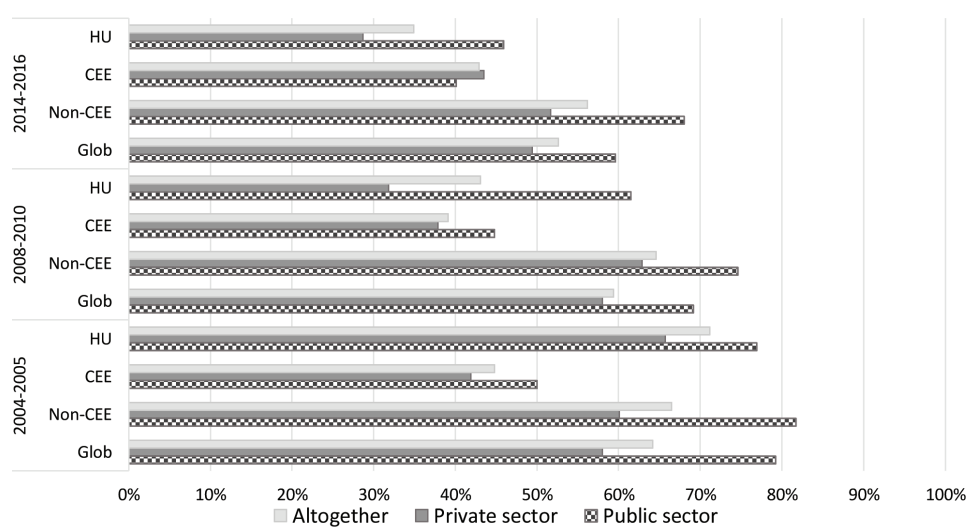


Figure 7.9: The work of works council within the organization
Source: Authors' own research

The presence of the works council in the private sector did not change during the first two data collection globally and in Non-CEE countries. The only more significant change (with around ten percentage points) happened only until the third period as a result of the financial crisis. There was an adverse process in the CEE countries. The 41.9% starting ratio slightly decreased until the crisis-free period (37.9%), and after that, it strengthened back to 2014-16 (43.5%). In Hungary, the significant and clear fallback happened during the first two periods (decline with 34 percentage points) and this consolidated further until 2014-16.

We can also state that the presence of a works council is more characteristic in the public sector. This form of participation changed from the starting 79.2% to 59.6% until 2014-16 in the global sample. In the Non-CEE groups, this fallback is much lower; the change is only 14 percentage points for the third examined period. In the CEE countries, we cannot see this kind of fluctuation, there is a continuous decline, and they have a ten percentage points change until the third survey. In Hungary, the decrease is even higher. However, the public sector has better results than the private sector the setback is even in Hungary is 22 percentage points.

7.2.2 EMPLOYEE COMMUNICATION

The communication aspect of the Cranet survey confirms the fact the questions of internal communications of organizations became more and more significant in the last two decades. The research questions about the communication are continuously become more and more nuanced and increased in numbers. While in the 2004-05 survey contained only three questions (communication contents and relations with the aspects of target groups), the 2008-10's survey had fifteen, and the 2014-16's survey had twenty. Despite all of these, the communication questions of the Cranet survey involve only a few areas of the above mentioned internal organizational communication. The survey grabs the followings:

- the content of the communication (business strategy, financial performance and organization of work for target groups);
- the direction of information wave within the organization (from leaders to followers, or from employees to leaders);
- usage of channels (in top-down and in bottom-up communication);
- concrete target groups of the communication and
- proposal collection and opportunity for satisfaction expressions

It is characteristic that while in the 2004-05 survey the researchers collected information about the information spreading from top management and about the content of the communication, in 2008-10 the double direction approach appeared. The researchers were curious not only about the direct top-down communication and the used channels as well. Unfortunately, the survey contains questions about direct interpersonal and person-mediated indirect information sharing only because of the main focus of the research is not about communication channels. In the 2008-10's survey, they increase the research questions with a question about electronic communication. Because of the lack of questions, there is no information about the impacts of the increasing use of advanced social media and the modern videoconference on organizational performance.

7.2.2.1. Communication contents and target groups based on the Cranet survey

The research investigates the supply of information of three differentiated groups of the employees: the groups of leaders (managers), professionals, and administrative and blue collar workers. The question of the survey whether the different groups get any official information about business strategy, financial performance, and organization of work. This question contains the decision which employee groups do the top management involves into the questions of strategic, financial performance or organization of work not necessarily in an interactive way with expecting feedback. As pre-assumed, from the three employee group, the leaders get in the highest percentage of information about each topic both in time and special resolution.

It is also concluded that based on these in every regional group (Non-CEE, CEE, and Hungary) they are informed in the questions of business strategy, financial performance, and organization of work with approximately the same proportion. It is markable that the informing of Hungarian leaders significantly decreased in each topic during the almost one decade period of the research. The 77.3% proportion of information holding about business strategy seems small in comparison with the Non-CEE countries where this ratio is 90.1%. In every topic, the proportion of informing of Hungarian leaders is below the global average (Figure 7.10).

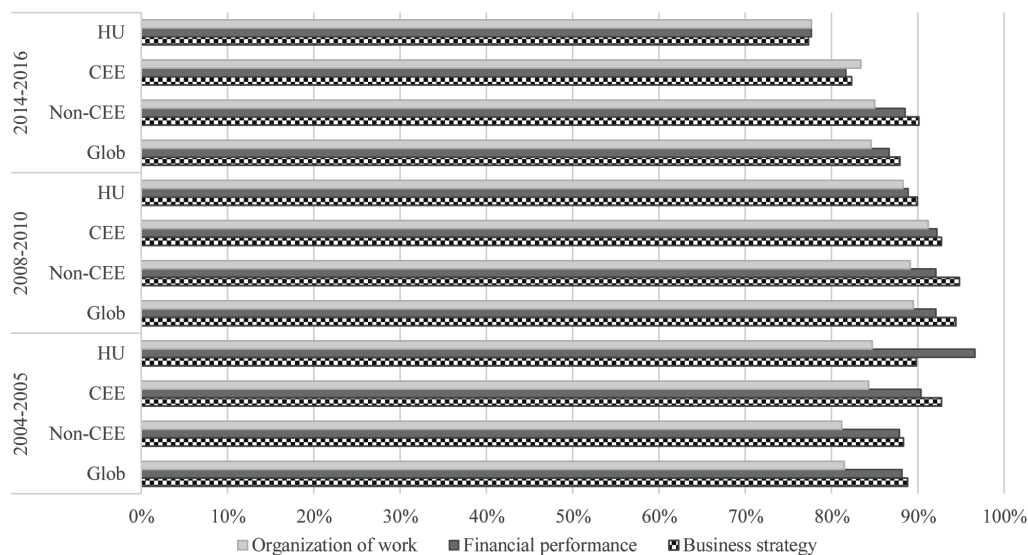


Figure 7.10 : Informing employee groups – Managers
Source: Authors' own research

In comparison with the previous examined period, there is a decline in the informing of professionals in all three topics. In this group, half as much as employees get information about business strategy than managers (almost 40% of managers are informed). They are informed mostly in the area of organization of work with its 61.2% (Figure 7.11).

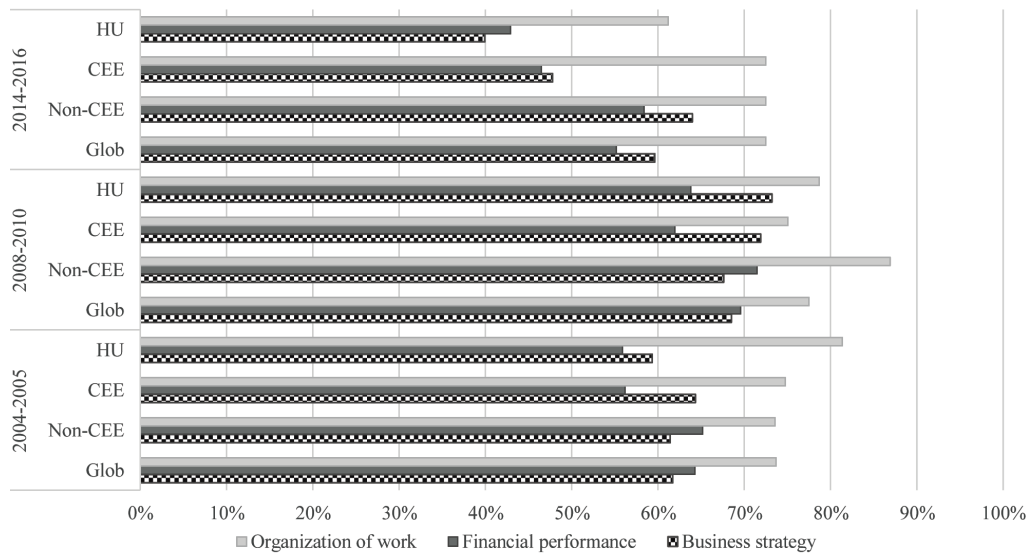


Figure 7.11 : Informing employee groups – Professionals

Source: Authors' own research

The informing of Hungarian clericals and manual workers are below the global average. The amount of given information decreased until 2014-16 in comparison with the previous examined periods. The leaders inform about financial performance the administrative employees and blue collars workers the least; they inform them about the organization of the work the most. In summary, the two findings: there is a decline in informing Hungarian employees during the last examined period and the ratios are significantly below the global average, the averages of Non-CEE countries are continuously higher than the Hungarian ones. This means that the leaders inform the Hungarian employees less than the Non-CEE employees (Figure 7.12).

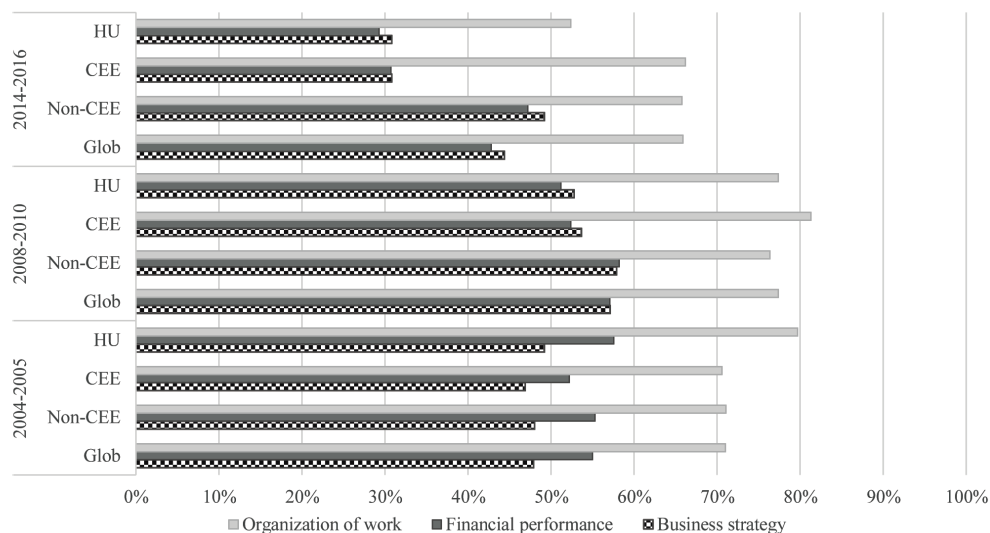


Figure 7.12: Informing employees – clericals and/or manual workers

Source: Authors' own research

7.2.2.2. Communication channels

A) Managers inform employees (top-down communication)

The Cranet research highly focused on information channels. Seventeen questions out of the twenty concern the use of these channels. Seven questions measure which communication channels are used by the management to communicate the reports about the most significant matters of the organization toward the employees (workers). This means they measure how the one-way, top-down information channels work:

- senior managers *directly* inform,
- the *immediate superiors* of the employees involve *mediators*,
- or *trade union representatives*, *works councilors*, *speakers of workforces' meeting* provide information,
- During a workforce meeting, or
- the information arrives through electronic channels to the employees.

In the Hungarian practice, *almost 10% of the senior management does not provide information directly* to the employees about the significant organizational matters. The proportion of rarely directly sent information is only 11.6% together they are almost 21%. This ratio is significantly negative in comparison to average (13%) of the total sample of the investigation. Besides this, 58% of the respondents find “to a very great extent” that they receive information directly from the top management. This data is worse than the global average, which is 70%. The direct personal communication is the most efficient during the operation of the organizations – as we see the views of international experts – that is why the low ratio of direct communication toward employees is unfortunate. As we can see below, the leaders delegate the informing practice to the lower level of leadership hierarchy or other groups within the organization. (We could not find out the method of direct informing, or the different ways of forums where the information flows from the research.) Because the data are available only from the last examined period, it is not possible to determine whether there is a change in the conduct of management in this field, and if so, in which direction.

The values in the international comparison show that Hungarian leaders instead delegate the task of informing other individuals or organizational representatives than foreign leaders. This is true in comparison with the leaders of Non-CEE and CEE countries. The delegation mostly happens to the *immediate superior of the employees*. Nor the leaders of trade unions (71.9%), works councils (70.8%), and workforce meetings (60.2%) do not play such a significant role in information transfer. The delegation of informing to an immediate superior is most characteristic of the Hungarian practice. The data are available from the 2014-16 period. Based on this, 83.7% of the respondents, in Hungary, said that to a very great extent they transfer information through immediate superior. This is almost 25 percentage points higher than the proportion of senior managers who use direct communication toward employees. With these values, the most common communication channel what leaders use to inform employees is immediate superior.

It is interesting that trade unions lost their role in the informing process of organizations. In comparison with the 2008-10 survey, in each of the examined group the trade unions information sharing function decreased. In the most significant proportion, it happened in the Non-CEE groups. In Hungary, the proportion of those respondents who do not get information at all about the organizational matter from trade unions increased from 55.6% to 71.9%. It is easy to assume based on these data that we can observe the general power loss of trade unions. The situation is not better in the case of the informing role of works councils, but we do not have data about these from previous years (Figure 7.13).

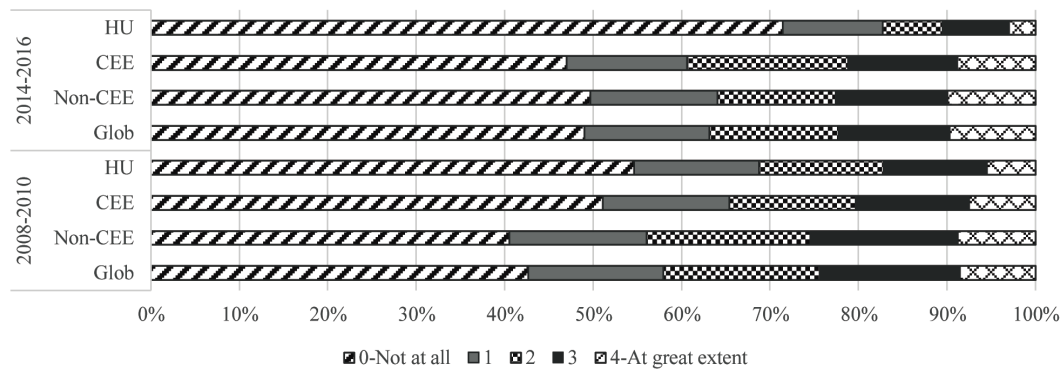


Figure 7.13 : Communication channels: through trade union representatives
Source: Authors' own research

It is another opportunity to inform the smaller groups, working teams. This form is spreading in Hungary in comparison with the previous years. More and more organization choose team briefings in Hungary today than previously. From all of these, we can conclude that the role of widespread information transfer is changed toward the informing processes of small workgroups and electronic communication. In non-CEE groups, the team briefings are more widespread than in Hungary. In Non-CEE countries, the ratio of those respondents who said they did not inform their employees through team briefings was significantly lower in the periods of 2008-10 and 2014-16. It is also observable that in Hungary the information sharing role of teams was strengthened in the other CEE countries this role weakened (Figure 7.14).

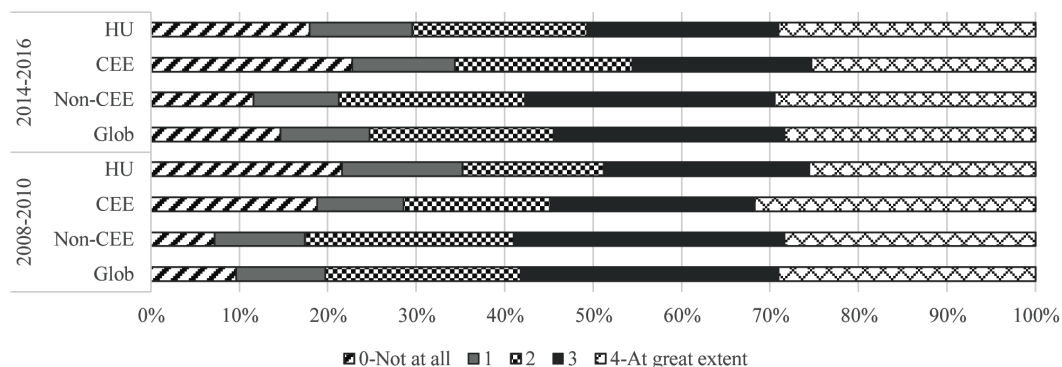


Figure 7.14 : Communication channels: team briefings
Source: Authors' own research

The Cranet survey collects data about electronic communication since 2008-10. Based on these we can state that the electronic communication channels significantly spread in the CEE group and Hungary, as well.

While in the previous examined period in Hungary, 27.8% of the respondents did not at all get information through electronic channels (probably mostly through email), this proportion decreased to 8.5% until 2014-16. The positive end of the scale shows strong movements as well: the proportion of those who use at a very great extent electronic channels changed from 29.4% to 53.1%. 24.7% of the respondents were informed through electronic channels to a great extent. The increase is significant. This data can be interpreted as well as that just barely more than half of the employees are getting organizational information through electronic channels. Therefore it is conceivable that in daily information sharing the roles of emails are more important (for example if the email is about possible power outage, festive event invitation). If not, then the Hungarian organizational information has significant channel reserves. Especially if we think of (as you can read above),

electronic communication is one of the most efficient and most common communication channel based on international researches. Unfortunately, the survey did not contain information about the different equipment of electronic/computer based/digital communication. It would be essential to know how much the usage of social media, intranet, and other internal information sharing systems were spread.

If we compare the usage of the electronic channel with the informing process through immediate superior, we can find out that this last one is more significant in 2014-16 (83.8%) than the electronic channel (77.8%). The priority of informing process through immediate superior is characteristic to the global average (Figure 7.15).

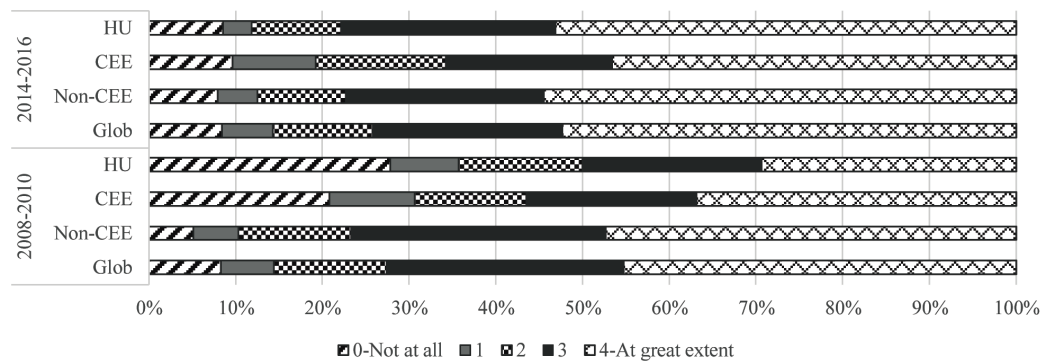


Figure 7.15: Communication channels: electronic communication
Source: Authors' own research

B) The practice of how employees communicate their views to management (bottom-up communication)

The previously introduced research results contained information about top-down communication. The Cranet survey investigates the bottom-up informing processes, as well. The question is that to what extent the employees use the different communication methods to communicate their views to management. In this question group, the survey investigates the communication channels with top management. As before, it can be direct communication, through immediate superior, trade unions representatives, works council, regular workforce meetings, team briefings, and electronic communication. These questions complement with questions about suggestion schemes, and employee/attitude surveys.

The bottom-up communication gets into the survey in the 2008-10 wave. Globally analyzing the two examined periods, the direct communication strengthened, especially in the Non-CEE group (this means the opportunity that employees can communicate their views to the top management without any intermediate people or equipment). In Hungary, the proportion of those people who did not communicate their views directly to the management decreased and the ratio of those who live with this opportunity increased. In the CEE countries a slight decline can be observed in this area (Figure 7.16).

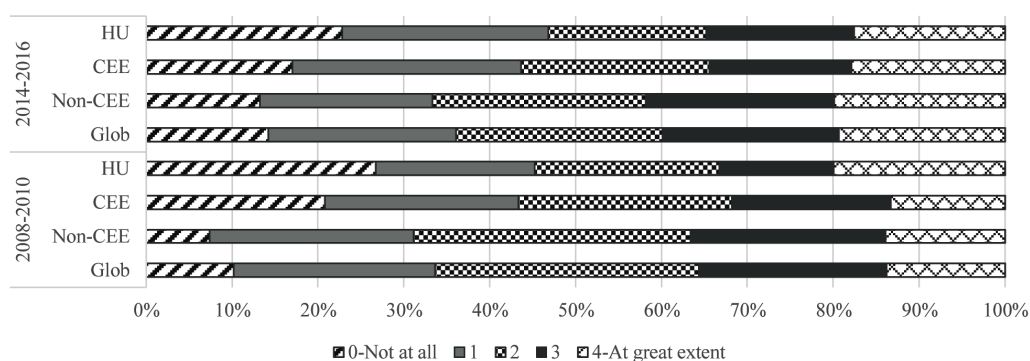


Figure 7.16: Bottom-up communication channels: direct to senior managers
Source: Authors' own research

Involving a middleman or the immediate superior into the communication of views toward the top management – just like in top-down communication – is the most characteristic solution in bottom-up communication. 35% of the respondents in Hungary use direct communication of their views in 2014-16, the ratio of those who communicate through immediate superior is the double of it (78%). Only 9% of the employees do not use the opportunity to communicate their views to the top management through immediate superiors. The usage of this channel strengthened in comparison with the previous examined period. The number of those who did not use this channel decreased, and significantly increased the number of those who use it. We can find an increase in the international environment as well. In Non-CEE countries, the value of this increase is similar to the Hungarian practice (Figure 7.17).

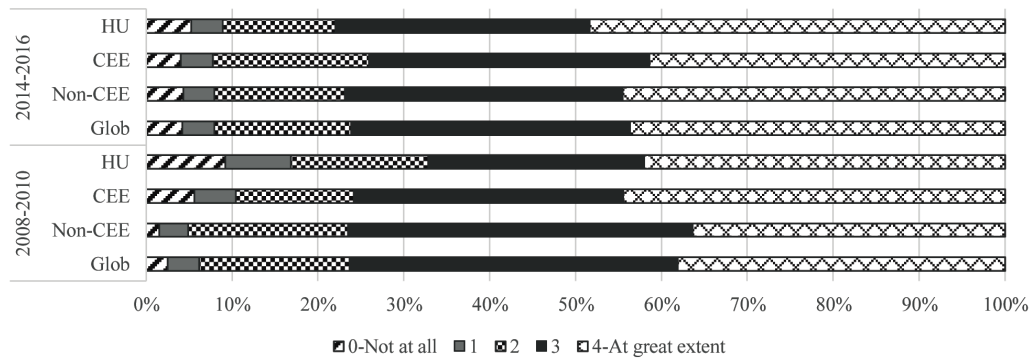


Figure 7.17: Bottom-up communication channels: through immediate superior
Source: Authors' own research

The communication through trade union representatives or work councils is dwarfed by the previous two communication channels. The trade unions are being ignored most powerfully by the employees in Hungary. While in the other examined country groups the percentage of those who do not communicate their views through trade unions at all is close to 50%. This ratio in Hungary is 71.4%, the proportion is 82.7% if we contract this number with those who do not communicate their views. Even in comparison with 2008-10, the proportion increased of those people who do not use trade union representatives from 54.7% to 71.4%, while the ratio of those who used this communication method decreased from 17.2% to 10.5%. It is also a proof about the space loss of trade unions. There is no substantive change in the comparison of the global sample and country groups. The number shows a more moving picture about trade unions in these areas. The global sample shows that more than twice as much employees use in a great or very great extent the trade union representatives as communication channels than in Hungarian employees (Figure 7.18)

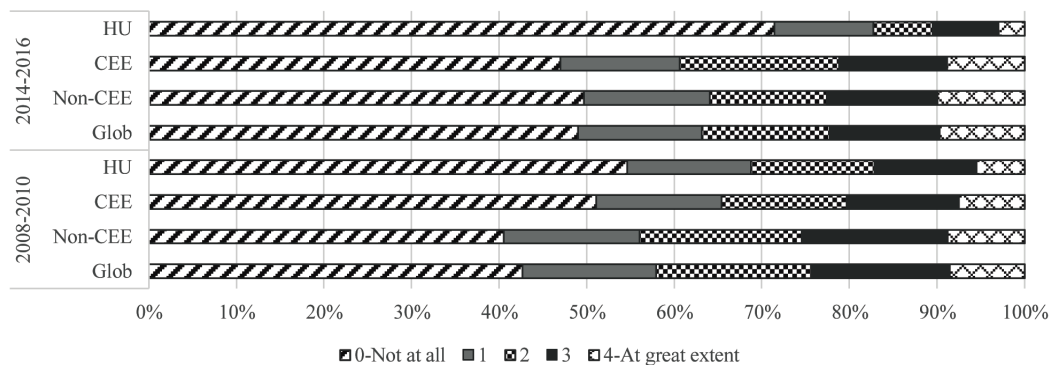


Figure 7.18 : Bottom-up communication channels: through trade union representatives
Source: Authors' own research

The role of the works council is much stronger. The Hungarian data of 2014-16 is very similar to the data concerning trade unions: approximately 70% of the respondents not at all communicate through the work councilors. The sum of not at all and not is 80.5%, and the proportion of the respondents who uses work councils as communication channels in a great or a very great extent is 10.9%. In the global sample this kind of influence of work councils slightly worse. In CEE countries the proportion of those who not at all communicate their views through work councils decreased by ten percentage points, while the ratio of those who use them slightly increased (Figure 7.19).

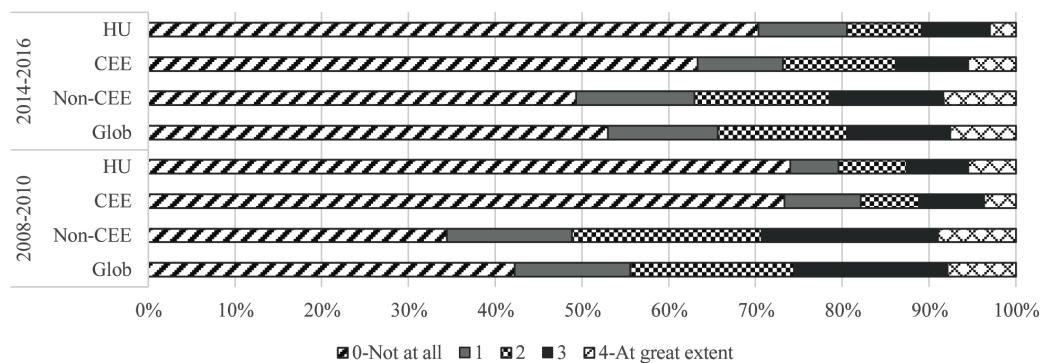


Figure 7.19 : Bottom-up communication channels: through a works council
Source: Authors' own research

The regular workforce meetings are not the forum of the Hungarian employees in communicating their views toward management. The proportion of those who in a great or a very great extent use this method was 10.4% in 2008-10 and 11% in 2014-16. The change is negligible. It is surprising that this ratio is far worse than any other previously analyzed ratio. The global average is 37.5%, and even in the CEE group, the proportion is 44.4% which is twice as much as the ratio in Hungary. The question arises whether not the workforce meeting name caused the deviation.

That employees communicate through teams is also not characteristic in Hungary, but the data shows more significant deviation than in the previous question groups. 42% of the employees do not use this channel, and 35% of them are using. The ratios in the other country groups are very similar to this (Figure 7.20).

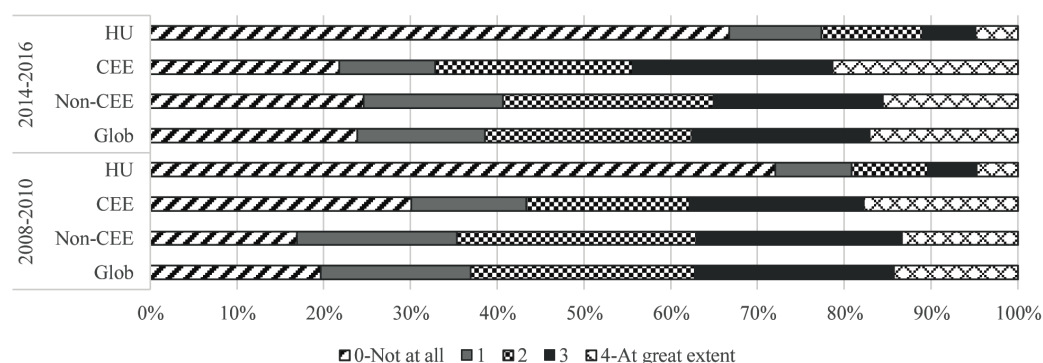


Figure 7.20: Bottom-up communication channels: through regular workforce meetings
Source: Authors' own research

In the case of the electronic channels, the Hungarian respondents are at the forefront because from the previous survey has happened significant progress in the organizational digital communication. In 2008-10, it was not characteristic, and 59.8% of the respondents did not use the electronic channel (in comparison with the global

sample this ratio had a fallback with more than 20 percentage points), this proportion decreased to 43.3% until 2014-16. The proportion of those respondents who use the electronic channel as well in a great or very great extent increased from 20.4% to 48%. This ratio exceeds the examined averages of the country groups (46%) and also any other groups'. They have a setback in comparison with the Non-CEE groups where the proportion of respondents who do not use electronic channels is 31% while in Hungary it is 43.3%. It is interesting to compare these data with the role of the electronic channel in top-down communication. The picture shows asymmetry. While the management uses this channel to inform employees in a great or very great extent in 77.8%, the intensity of the bottom-up communication (48%) – against all progress – is significantly behind this. The employees in the bottom-up communication can use this channel to communicate their views (Figure 7.21).

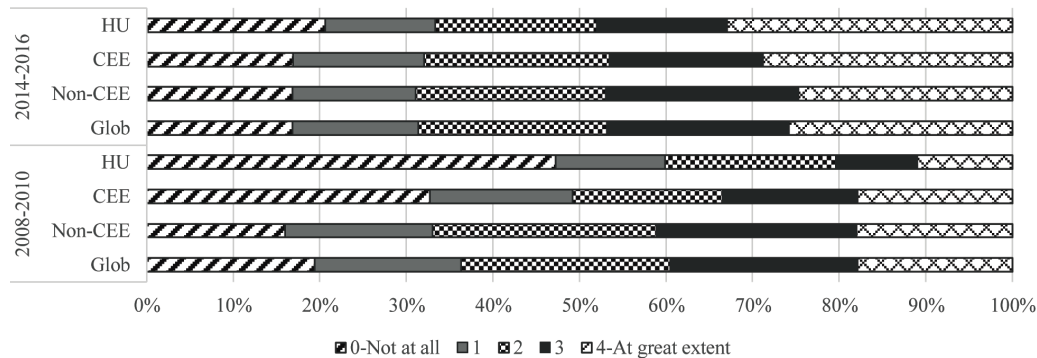


Figure 7.21 : Bottom-up communication channels: electronic communication
Source: Authors' own research

C) Collecting employee suggestions, proposals

Taking into account the proposals and suggestions of the employees is one of the means of democratic leadership and a potent source of innovation. We have had data about this since 2008-10. However, there is a positive movement in the global and Hungarian sample until the research period of 2014-16, by analyzing the data it is possible that the employees hid some unexploited opportunities. Hungary made the most significant step in asking employees about their suggestions: from the previous survey the proportion of those who said that it was working or working in very great extent the collection of employee suggestion increased from 19.6% to 25.4%. We can consider this result as positive only if we realize that this ratio in Non-CEE countries is 21.1% and the global average is only 21.5%. The fact that the proportion of those who not at all or just in a small compass are asked is 61.5% conveys a much more negative message. The assumed proposal or development reserves are hidden in this group. The increase of the global average from 18.4% to 21.5% is behind the Hungarian ratios (Figure 7.22).

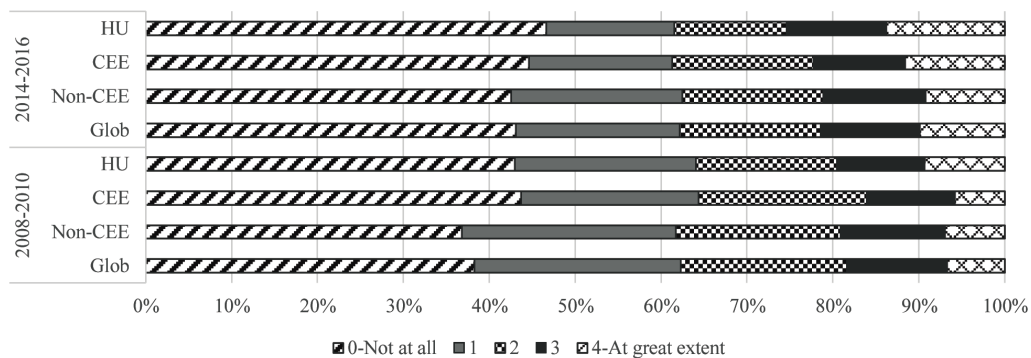


Figure 7.22 : Bottom-up communication channels: suggestion schemes
Source: Authors' own research

D) Employee and attitude surveys

We can interpret the intent of management to measure employee satisfaction and understand their attitudes as a first step toward improving employee health. We have had data about these questions since 2008-10. The Hungarian leaders of organizations made significant steps forward during this time. While the data of 2008-10's survey showed 9.4% spread, in 2014-16 the ratio of those respondents who gave positive answers increased to 29.2%. In parallel, the proportion of those respondents who do not ask their employees about these questions significantly (with almost 20 percentage points) declined. The improvement is characteristic in an international dimension as well. The scale is smaller than before, but it is observable in each country group. After Hungary, it is dominant in the CEE countries. Because the Cranet survey investigates not (only) the internal communication, some essential characteristic of communication is unexplored. The question asks only about the fact whether there is an employee and attitude survey but not about the content of them (Figure 7.23).

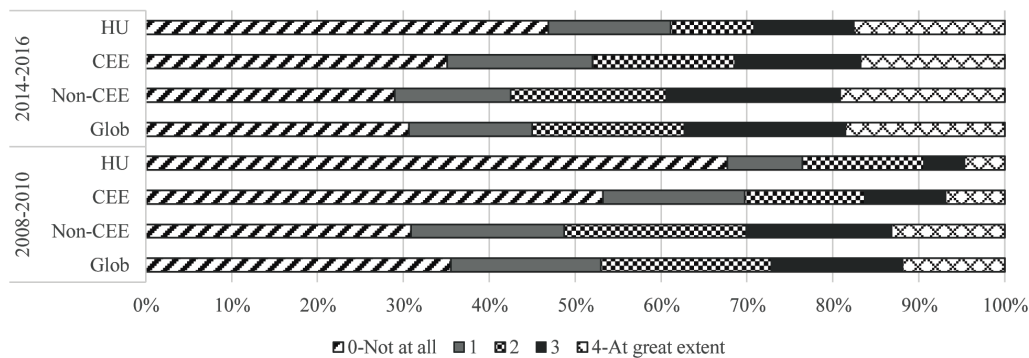


Figure 7.23 : Bottom-up communication channels: employee/attitude surveys

Source: Authors' own research

7.3 CLOSING COMMENTS

Based on the Cranet survey and the by summarizing the knowledge about the Hungarian employment relations, we can state the followings:

- In the case of the degree of trade unions, there is a significant and noticeable loss in the proportion of the numbers of memberships of trade unions. The ratio of those organizations which operates without this kind of protection of interests is significant. In the private sector the degree level has a much smaller scale than in the public sector, and until the end of the third examined period, it significantly decreased. The ratio of memberships and activity is much better in the public sector than in the private sector.
- Another critical factor besides the membership is related to the influencing ability. We can find a negative tendency in this area, as well. This is positively related to the membership ratio. However, it can be stated, that the trade unions have lower influencing ability in Hungarian organizations than in any other examined groups. The proportion of the private sector declined from a previously lower level while in the public sector this factor decreased in parallel with the structural changes in the sector.
- There were only adverse changes in the ability of collective bargaining. During the three examined period, the employment side of the labor market strengthened further by making the market less flexible. Furthermore, in this context, the organizations see trade unions as an enemy and not as partners. This can be a reason behind the drastic decline in the private sector. The public sector was able to hold its position in case of this factor, and there was only a relatively small decrease. It can be established after the comparison with the previous themes that the weight of the trade unions decreased by they have more significant influencing abilities with lower resistance.
- Another form of participation is the operation of the works council which shows similar changes as the influencing ability. The main difference is that in case of the works council the difference between the private and public sector at the beginning was smaller than in case of the influencing ability. The presence of the works councils in the private sector decreased to one third until the end of the third examined periods, while in the public sector the presence remained around 50%.

We analyzed the Hungarian data of the results of the Cranet survey about the employment relations after we had identified the tendencies in the topics in the literature review. In the survey, we used a different grouping logic from the literature, and because of that, we cannot satisfy the direct comparison. Taking into account all these limiting factors, it is clear that we have very similar processes. In Hungary, we realized in case of all of the parts related to the influencing ability a significant decrease. The crisis had a severe impact in these areas. During the analysis of the different countries, we identified different changes. Some researches think there are opportunities for development in CEE countries. The Cranet survey proves that there are movements in the CEE group which refers to improvements. This is not true for each country – as we introduced in the summing part – in Hungary, we could not observe any wave. There are no signs for strengthening back from the crisis, and the values are even far from stagnation. The positive direction change of CEE may be a single distortion effect that is why we cannot see this as a commitment to the Harvard model. We find it more possible that this is the result of the culmination of the dissatisfaction against the given situation for years, this means this overflow lead to greater activity. We hope we are wrong and primarily in the organizations which operate in the private sector this starting phase as a self-generating process will result in confirmation. If the employment relations in the surrounding countries changed into this direction than we can predict positive changes in the Hungarian situation, as well.

Despite all of this, globally we can realize the retreat of employment relations and different forms of influencing ability. This goes back, on the one hand to the failure of the previous activity need or the higher inactivity. On the second hand, it arises from the need for flexicurity. On the third hand, the appearance of the new forms of employment forms the operating circle of the employment relations from the basis. The new employment is exceptionally liberal, has numerous advantages, and because of that, the employees do not feel the necessity of joint action, advocacy, and interest protection.

The factors work together, and that is why they have a universal impact. We think that the adverse effects of the fast changes sooner or later will start processes whereby we will experience the strengthening of employment relations.

By summarizing the information about the internal organizational communication based on the Cranet survey, we can state the followings:

- The top management of the organizations knows the importance of improving intern communication, and that is why they make efforts to develop the efficiency of it. (They support the infrastructural development of electronic communication; they introduce employee and attitude survey systems.)
- The most significant method of top-down communication, spreading information, briefings is the involvement of immediate superior into the information transfer. This form is limited two-way, the feedback can be presented only indirectly. Its expansion strengthened during the last examined period.
- The second most important channels of top-down communication are the electronic ICT equipment. The computer-based digital communication became more significant in the last examined period than in the previous one. This channel was spreading mostly in the informing processes of the organization about the most significant matters.
- The top management informs employees rarely through direct, face-to-face communication. This informing method is on the third place in the spreading spree in Hungary. However, the international researches found this channel the most efficient.
- The communication through teams is in the central field in the analysis of the usage of communication channels however its significance increased.
- The intermediary organizations, forums such as trade unions, works council, and workforce meetings play insignificant roles in the spreading of information toward employees. The loss of space of trade unions is striking.
- The communication channels of the bottom up communication (communication channels of employees to transfer their views) are similar to the top-down communication channels. The most commonly used is the direct communication through immediate superiors. The significance of these channels significantly increased during the last examined period, but it is less intensive than in the top-down communication.

- The use of electronic devices is on the second most important place (such as in the case of top-down communication), but its significance is far behind the process of information transfer through immediate superiors. The bottom-up communication through these devices is less intensive, as well.
- The average of direct communication between employees and top management in Hungary is below the global average, but it shows a slight increase and the number of those organizations where this way of communication does not work is declining. The informing through team briefings has almost the same proportion. It can be said that in spreading direct communication through immediate superiors and team briefings plays the same role in the internal communication of organizations.
- Involving interest protection organizations into the information transfer of views is insignificant also in the bottom-up communication.
- Collecting suggestions is an important way to integrate employees, that is why its operation is very positive in order to achieve organizational goals. In Hungary, the suggestion collection systems are spreading.
- The employment (satisfaction) and attitude surveys convey critical information to the HR professions that is why it is fast spreading in the circle of Hungarian leaders is very positive.
- The actions of Hungarian HR in internal organizational communication are necessarily forward-looking.

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