

HUMAN RESOURCES IN PUBLIC AND PRIVATE SECTOR: A COMPARATIVE STUDY OF SLOVAKIA

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Abstract

Human resources are an indispensable prerequisite of realizing any kind of human activity, as human factor has a key importance both for private and public entities beside material and technological conditions. The research of human resources raised an interest of wide range of professionals, managers, economists, employment lawyers, entrepreneurs and politicians. The work with human resources involves many steps e.g. recruitment, development, motivation of human resources and providing retirement. The study of human resources shows a close relation with the labour law and personal management. This creates a wider scope for complex examination of the issue. The article is based on KEGA research project, which focuses on examining the management problems in the public sector. The research of human resource management is a part of the issue discussed. This article presents partial results of our research conducted on a sample of private enterprises and public sector organizations. We introduce our research results comparing the management and motivation of human resources in private and public sector as well.

Key words: human resources, development of human resources, public sector, private sector

JEL Code: J24, K 36, M12

Introduction

The issue of human resources is a highly perceived problem of professional circles in different fields of science. It should be recognized that no human activity would have been possible without the existence of human resources. The success of businesses and institutions is determined by high quality of human capital. The businesses and organizations are supposed to have enough high-quality, properly motivated and educated workforce to achieve their objectives.

Human resource management integrates the knowledge of many different disciplines, especially from management, psychology (managerial psychology, psychology of work and social psychology), law (labour law, social security law), but also sociology (sociology of organization) etc. Therefore, it is necessary for managers of human resources to apply holistic approach to solve operational and strategic issues. From the perspectives of corporate governance or a public sector organization, human resources need to be considered as a capital with the appropriate knowledge/expertise and skills that can be formulated, improved and its efficiency can be increased to achieve the objectives set.

Slovakia is a country that has long been struggling with the problem of relatively high rate of unemployment, which for many regions is an obstacle to development, notes Stehlíková and Pauhofová (2015). In some regions the problem appears not due to the shortage of qualified labour, but due to the absence of required infrastructure essential to ensure the operation of the business. Not a large investor can come to every region. Industrial businesses require a certain infrastructural background, including quality human resources. This issue was discussed in details by Hitka, Potkány and Sirotiaková (2009).

Higher competitiveness on the labour market was introduced by liberalization of the labour market and free movement of labour, as it is discussed by Streimikiene, Bilan, Jasinskas, Grikstaite, (2016). As a consequence, the issue of human resources in Central and Western European countries was analysed by Morley, M., Poor, J., Heraty, N. Alas, R., Poczowski, A. (2016), who were analysing different trends in human resource management and found different approaches of businesses towards the management of human capital by companies in Central and Western Europe. Vlacseková and Tóbiás Kosár (2016) investigated the causes of different approaches by analysing the motivation factors in business entities. Hitka and Balajová (2015) have also provided a comparative analysis of private sector and institutions of public sector in Slovakia and Austria. The authors found difference in implementing different tools of motivation that support the development of employee loyalty.

Bencsik and Rácz (2015) emphasize the importance of developing an efficient management system, no matter whether it is a private or public sector organization. They believe that a comprehensive management system can be effective, if it reflects not only the requirements of the external environment, but the internal environment of the institution as well. According to Brečka and Korauš (2016) it is essential to introduce innovations in the field of management and create an innovative management system in the organization. While Seres Huszárík, Korcsmáros and Simon (2015) emphasize, that numerous innovations are provided by large organizations, Halasi (2016) says, the biggest innovators are the small and

medium-sized enterprises and these trends can also be identified in the field of human resource management in this segment of enterprises.

The management of human resources is not a random task and solutions should be found before the problem arises. Planning human resources and ensuring continuous development of it is emphasized by Forgassy, Szabó a Poór (2017). According to Tóbiás Kosár, Machová a Šimonová (2017) and also Bačík, Mihal and Fedorko, (2015) the desired synergic effect can be achieved by using applied management methods.

Zagorsek and Szarková (2015) recommend to conduct an audit to be informed about the real situation and real needs in the field of human resources and then implement a personal marketing in order to recruit new staff. This is the method how to discover early the skills the candidate has and can be beneficiary for the company (Bencsik, Juhász, Machová, Tóth; 2015)

1 Material and Methods

This study is a part of the project KEGA 001UCM-4/2016, which focuses on the issue of management in the public sector. The first author of the article is the leader of the above mentioned scientific project. The primary objective of the project is to publish an innovative teaching material in the researched area, as well as conducting an extensive primary research in Slovakia, focusing on the evaluation of the content and functional areas of management in public administration and the private sector. We have decided to present partial results from the field of human resources management. The study provides partial results of our research conducted in public sector in comparison with private sector entities. The main objective of this study is to point out the selected differences in the field of human resource management in the selected sectors (private and public sector).

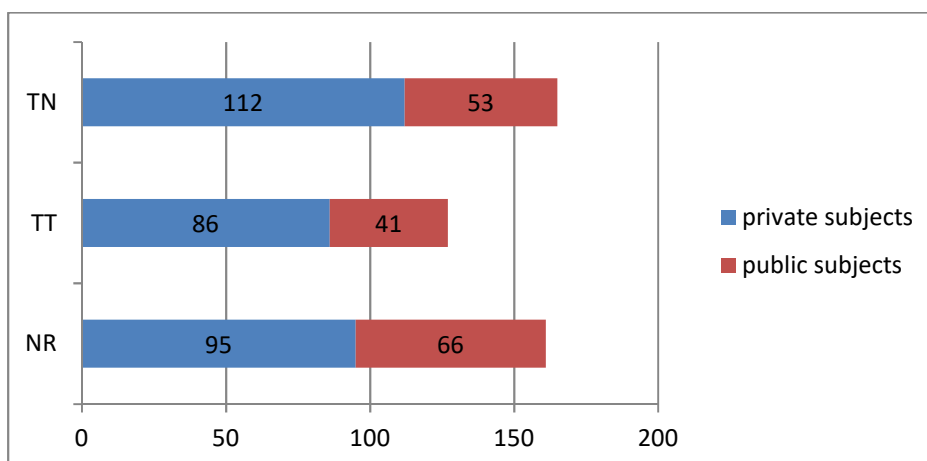
The main objective of this research determined the methodological approach to issue discussed. The source of material used is based on primary and secondary resources. Primary resources are represented by data we obtained during our primary research in public and private sector entities. At the same time, we extended the findings of primary research with our personal experience in public and private sector. Secondary sources are based on foreign and partly domestic scientific literature related to the studied issue. The choice of scientific literature was based on articles in scientific journals and papers presented at scientific conferences with greater relevance. We have also focused to take into consideration up-to-date resources, as well as focused on information sources from recent years.

Considering the methodology applied, we have chosen a mixed approach in the empirical part of this contribution. We used a questionnaire survey to obtain primary data and information. The questionnaire survey was completed with the basic scientific methods of research e.g. description, deduction, induction, synthesis, analysis and comparison. In order to make the results easier to understand and transparent, we have also applied a graphic apparatus in the form of tables and pictures. At the end of the paper, we provide suggestions and recommendations for everyday practice.

2 Results and Discussion

The second part of this contribution is devoted to presentation of the results of empirical research. The subjects of our research were the entities from public and private sector. Before presenting our research results it is desirable to provide a brief characteristic of the research sample. These results are based on pilot research, where a number of research parameter settings were tested (questionnaire, applied data evaluation methods etc.) The pilot research was conducted in three self-governing regions: Nitra, Trnava and Trenčín. Business entities of all three regions were addressed by stratified choice representing both the public and private sector. The second questionnaire addressed the employees of these businesses to gain more comprehensive data about the examined issue.

Fig. 1: Categorization of subjects involved in the research



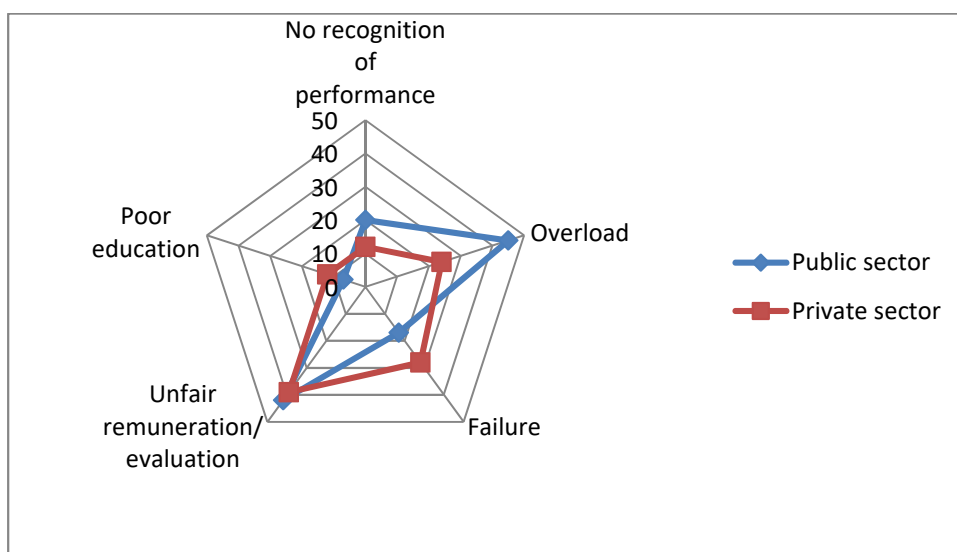
Source: primary research, own processing

More cooperative were the businesses of the private sector, public sector organizations showed rather unwillingness to participate in the research and the structured interview. Figure 1 shows the categorization of business entities involved in our survey from different regions.

As we can see in Figure 1, 453 businesses from three regions participated in the survey. 160 businesses represented the public sector and 293 businesses were from the private sector. Most of the businesses were from the Trenčín region, followed by Nitra and least from Trnava region.

Motivation is an important factor in managing human resources. We were interested in how motivation techniques work in practice. Respondents had a choice of a total of five forms of motivation: financial incentives, job security, company car, company phone and laptop used for private purpose as well, free training and the alternative, that neither of the mentioned incentives motivate them. 84% of the respondents from private sector companies responded, that they were mainly motivated by financial incentives, followed by the categories of company car, company phone and laptop, which could also be used for private purposes. Job security was the most motivating factor in the public sector. 92% of the respondents feel job security is the most important motivation technique. No motivation at all was the second chosen option by the employees. This result cannot be considered to be positive, because the skilled workforce might leave the workplace. Managers have a possibility to use company cars, phone and notebook, which can be used for private purposes as well. We were also interested in demotivating factors that employees experience. Figure 2 illustrates the facts about the factors that demotivate employees. We present the frequency of occurrence. It was possible to mark maximum of three options.

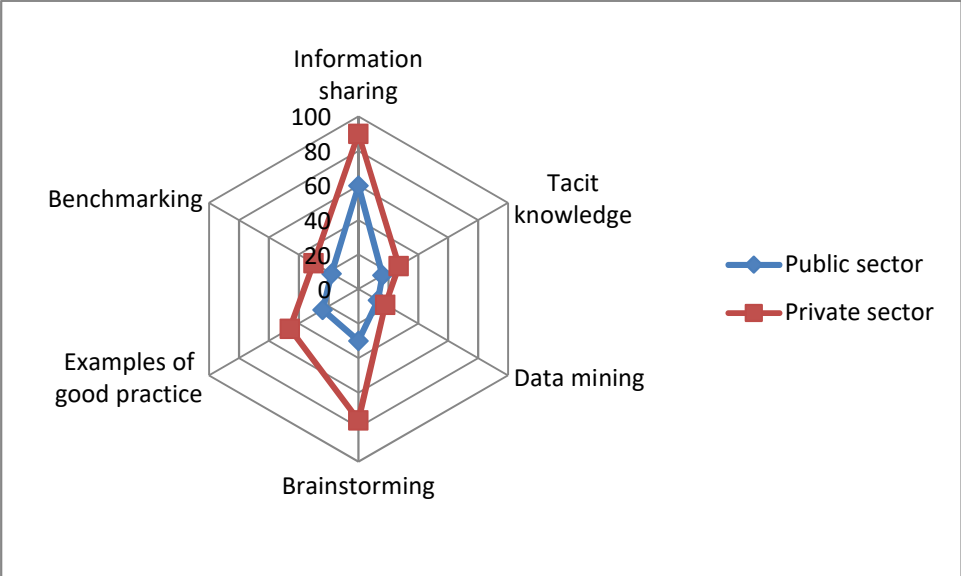
Fig. 2: Employee demotivation factors



Source: primary research, own processing

We were interested in the management tools applied to achieve professional development. Respondents had to choose from the following options: information sharing, tacit knowledge, data mining, brainstorming, examples of good practice and benchmarking. The findings are illustrated in Figure 3, results are illustrated separately for the private and public sector (frequency of occurrence; respondents could provide max. of three options). The facts are illustrated in Figure 3.

Fig. 3: Applied management tools



Source: primary research, own processing

Figure 3 illustrates that the public sector uses more conservative, traditional forms of management tools e.g. information sharing, brainstorming, benchmarking and applied less the examples of good practice. Tacit knowledge was only registered in 7 cases. The new progressive form of data mining is not applied at all. Different is the situation of private enterprises. The most widely used tool is information sharing (almost double the number of public sector entities) followed by brainstorming. The above mentioned are followed by examples of good practice and benchmarking. Tacit knowledge prevails in 29 enterprises and the least used tool, data mining was registered in 11 enterprises. We believe that application of new tools will show an increasing tendency in the future.

We have checked the ratio of male and female employees in the selected organizations of the public and private sector. The ratio of male and female employees is basically balanced in private sector (1890, resp. 1788). The situation is different in the public sector, where men were less than half of the respondents. It has been confirmed that public sector is less lucrative for men than women, because of lower wages and limited chance of self-realization.

We were interested in providing further education/training to ensure professional development of employees on annual basis. We have seen more willingness to ensure trainings for employees in public sector organizations. The reason is that in such type of organizations there are still positions or specific jobs which require further development and training of employees. In most of the cases the private sector is using a third party to ensure the training of employees or they use other alternatives e.g. outsourcing. Typical work activities are the following: security technician, fire engineer, occupational health service, accountancy, personnel and wages etc. More frequently trainings are provided for the employees of public sector, which means 4 to 5 trainings annually. 45% of the respondents agreed with this statement. More than third (35%) of the public sector employees receive 1 to 3 trainings annually. According to 13% of the respondents, more than 6 trainings per year are attended by public sector employees. No training is received by 7% of the respondents. In private sector no training is attended by 9% of the respondents. Most of the respondents in private sector receive a training 1 to 3 times annually. It is valid for 82% of the respondents. Only 9% of respondents receive 4 to 5 trainings annually and no more than 6 trainings per year have been reported by private sector respondents.

Conclusion

The phenomenon of human resources requires an adequate attention of professionals, scientists and practitioners as well. No organization in private or public sector can properly function without high quality and properly motivated human resources. Although there is already enough scientific literature available, most of them are focusing on theoretical approach and definition of human resources, we can find far less scientific literature that would point to differences in access to human resources in these two sectors. The results published until now have a universal recommended character. As a part of the KEGA project, we have been focusing our attention on the managerial problems related to the issue of human resources. In conclusion part of this paper, we present the most important findings,

suggestions and recommendations for managers of human resources, HR specialists, labour lawyers and other professionals:

- ✓ In public sector organization there is no effective system to motivate the staff to provide better performance and improve the workplace climate. The motivation system in private sector enterprises in most of the cases seems to be less effective.
- ✓ We have identified the management tools applied in development of company employees. More conservative and traditional forms of management tools are applied in public sector organizations, while private sector managers apply new, progressive forms of motivation e.g. tacit knowledge and data mining.
- ✓ The interview results clearly show the biggest advantages of the private sector e.g. ability to solve the problems, personal initiative and flexibility, while negative aspects of public sector organizations are the lack of these attributes. The comparative analysis shows that company loyalty of public sector employees is due to workplace stability.
- ✓ The ratio of male and female employees in private sector is almost equal, while female employees clearly dominate the workplaces of the public sector. The lack of interesting and motivating factors make the sector less attractive for men, who play the role of breadwinners in families.
- ✓ The absence of regular trainings is a negative phenomenon of the private sector. Public sector organizations have achieved a higher rating, if we take into consideration the possibility for professional development of employees. There is compulsory education/training of employees in the public sector, provided by the employer several times a year based on the law and the methodological instructions of superior organizations (ministries).

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