



28th International Scientific Conference
Strategic Management
 and Decision Support Systems
 in Strategic Management
SM2023

Subotica (Serbia), 18-19 May, 2023

József Poór

Hungarian University of Agrarian and Life Sciences (MATE), J. Selye University Gödöllő, Hungary – Komárno, Slovakia
 porjfi@t-online.hu

Zsuzsa Karoliny

University of Pécs
 Pécs, Hungary
 karoliny@ktk.pte.hu

Gábor Balogh

University of Pécs
 Pécs, Hungary

baloghgabor85@gmail.com

Ildikó Éva Kovács

Hungarian University of Agrarian and Life Sciences (MATE),
 drkie17@gmail.com

Ákos Jarjabka

University of Pécs
 Pécs, Hungary

jarjabka.akos@ktk.pte.hu

Katalin Szabó

Hungarian University of Agrarian and Life Sciences (MATE),
 szabo.katalin@uni-mate.hu

THE DEVELOPMENT OF REGIONAL AND LOCAL HR PRACTICES IN HUMAN RESOURCE MANAGEMENT DUE INTERNATIONAL COMPARISON ON THREE CONSECUTIVE CRANET RESEARCHES

Abstract: With our present empirical research and conference presentation, following the contextual research paradigm proposed by Chris Brewster, we are looking for an answer to where the human resource management practice of organisations in Central-Eastern Europe and Hungary is at the moment, compared to global trends and what characteristics it shows. In addition to the theoretical approaches to human resource management, we use the conceptual framework provided by cultural clusters and comparative economics, examining their mutual influence and connections in explaining the phenomena.

Keywords: HRM, Cranet, CEE-region and Hungary

1. INTRODUCTION

People – as one of the 4Ms (money; methods; markets; men) – are an essential element of any organization. Their characteristics and the way they behave in their work play a privileged role that makes some organizations and institutions more successful while others less so.

With the spread of globalization, the transfer of management governance principles, models (e.g., HR) and technologies between companies and government institutions (e.g., EU rules and laws) has become an increasingly common practice. Inevitably, this situation has placed the question of convergence (similarities) and divergence (differences) between the practices of societies, nations, institutions and companies at the center of management research.

The study of convergence and divergence is not a new topic for human resource management. Proponents of the universalist approach believe that advances in technology (Kerr et al., 1960) are blurring cultural differences and that this is driving convergence across both nations and sectors. The spread of globalization has made this theory increasingly widely accepted also in the field of HR.

On the opposite pole, divergence advocates emphasize national, cultural (Hofstede, 2008) and sectoral differences (Ronen et al., 1985). This tendency emphasizes the importance and specificity of local culture, business, institutions and labour market when applying management techniques. Differences can be observed, in particular, in the extent of the involvement of trade unions and governments in the employee relations system. The changes of the similarities and differences observed between countries also vary, which can be attributed to the specific institutional factors in each country.

In 1995, Cranet founder Brewster published a landmark article questioning the universality of American HRM and mentioning the *raison d'être* of a European HRM model. This network of researchers was the first *to provide academic evidence on the contextual nature of HRM* (Dewettinck & Remue, 2011). Many have discussed the functions and evolution of HR in relation to the major management culture blocs (American, Asian and European) (Brewster et al., 2004). A new phenomenon in this line of discussion is the presentation of HR practices in Central and Eastern European countries (former socialist countries) (Kazlauskaite, 2013).

The methodology of the Cranet survey (Brewster–Hegewisch, 1994) follows the standards established at the beginning, with only minor changes over the three decades. Today, the non-for-profit Cranet research network, which brings together researchers from more than 40 countries around the world, plays a prominent role in the study of international (global, regional and local) developments in HRM practices.

In 2003, researchers from the Faculty of Business and Economics of the University of Pécs, representing Hungary, joined the network, which was joined in 2011 by researchers from MATE University (formerly the Faculty of Economics and Social Sciences of Szent István University) (Karoliny & Poór, 2019). The authors of this paper are now the organizers of four rounds of surveys, which have provided the basis for the findings of this paper, drawing on international databases.

2. DISCUSSION POINTS OF COMPARATIVE HRM

In order to interpret the empirical data on regional and local HRM, it is worth briefly outlining the latest trends in the debate mentioned in the introduction (divergence, convergence, universalistic vs. contextual approaches).

According to Gooderham (et al., 2019), awareness of the institutional context is notably absent in the most influential areas of HRM. This lack of attention to the external context has resulted in related articles, studies and research often not reflecting reality. Gooderham (et al., 2019), cited earlier, suggests that it is worth working within a contextual framework embedded in economic institutional theory to address the problem areas of HRM. The authors suggest that this methodology should form the basis for comparative research approaches to HRM in the future. The framework has been validated with publications on institutional comparative HRM from the CRANET research network over the last decade. According to Parry (et al. 2021), the most fundamental issue in international comparative HRM and at the same time the most important subject of academic debate can now be identified in the relationship between the paradigms of universalism and contextualism. The universalistic approach seeks to build generalizable knowledge, whereas the contextual perspective seeks to achieve full understanding by fully understanding the context and exploring the ‘whys’. This issue is most acute when we want to transfer social science models from one society (country) to another and interpret the results. It is then a critical phenomenon that special attention needs to be paid to scientific and research constructs when crossing national borders, otherwise data and phenomena will not be properly analyzable and comparable. Today’s analyses are becoming more complex as local specificities are taken into account, but the all-encompassing complexity is a challenge that will strengthen theory, and the appreciation of management practices embedded in context will also be deeper, as they are more likely to work in much more diverse constellations. Compared to universalistic approaches, although we must strive to take many more factors into consideration, there will be fewer constraints on the usability and practicality of the theories. Context needs to be considered at several levels: macro-, meso- and micro-, i.e., concepts need to be examined at the level of regions, nations, sectors, organizations, functions and units.

Stakeholder interests, situational factors and, from a broader perspective, economic, cultural and political forces are also areas to be considered in relation to context, which points to the different perspectives of the Harvard and Michigan models of HRM, which had already been addressing key issues of context more than 30 years ago. Yet despite the long experience of these perspectives, for a long-time researchers ignored the study of context in international comparative research. The “best practice” HRM solutions from the USA have gained ground all over the world, and academic journals have been most open to this topic, on the grounds that strategic HRM in particular suggested implications for managers who had the staff to select and implement the strategic approaches suitable for them. As a result of this effort, the universalistic approach gained ground, which sought to demonstrate a direct link between best practice practices and organizational performance. Since it was seen that these practices were indeed being effectively and successfully applied in the US, they were generalized and spread around the world as good practices. Nevertheless, a number of researchers have emerged who insisted that a deeper understanding of the external environment of the firm is an important issue (Schuler, Jackson, Farndale, Paauwe) because they believe that firms do not operate in a vacuum. Given the hegemony of the US HR systems globally, it can be seen that the universalistic strategic HRM currents continue to prevail; however, there is now a smaller but growing academic cluster and research interest with a focus on context, which is predominantly at national, country level. Thus, we can already see the growth of academic interest and the development of the topic in academic discourses, in various periodicals and conferences. For example, Brewster has attempted to identify a “European HRM” by looking at influencing factors such as culture, laws, economic trends, ownership patterns, international context (European Union) and national HRM contexts (education, labour market, trade unions). However, this does not mean that researchers who also focus on context discard or ignore universalistic approaches, they merely examine them from a contingency perspective (Parry et al. 2021).

For example, Paauwe & Farndale (2017) developed the contextual strategic HRM framework, which structured the framework for the new approach based on the following contexts (see Figure 1):

- competitive mechanisms: organizational position in the competitive market, technology, products, services;
- institutional context: regulations, society, politics, legal context;
- heritage mechanisms: structure, systems, human capital;
- organizational capabilities: efficiency, flexibility, quality, innovation;
- legitimacy: legal compliance, fair pay, working hours, participation.

The above factors set the context in which policy makers choose strategic directions on employment issues, in the logic of Figure 1. This choice will affect the evolution of HRM systems and capabilities, which will influence the work of employees and ultimately determine HR outputs, organizational performance, employee well-being and societal well-being as well.

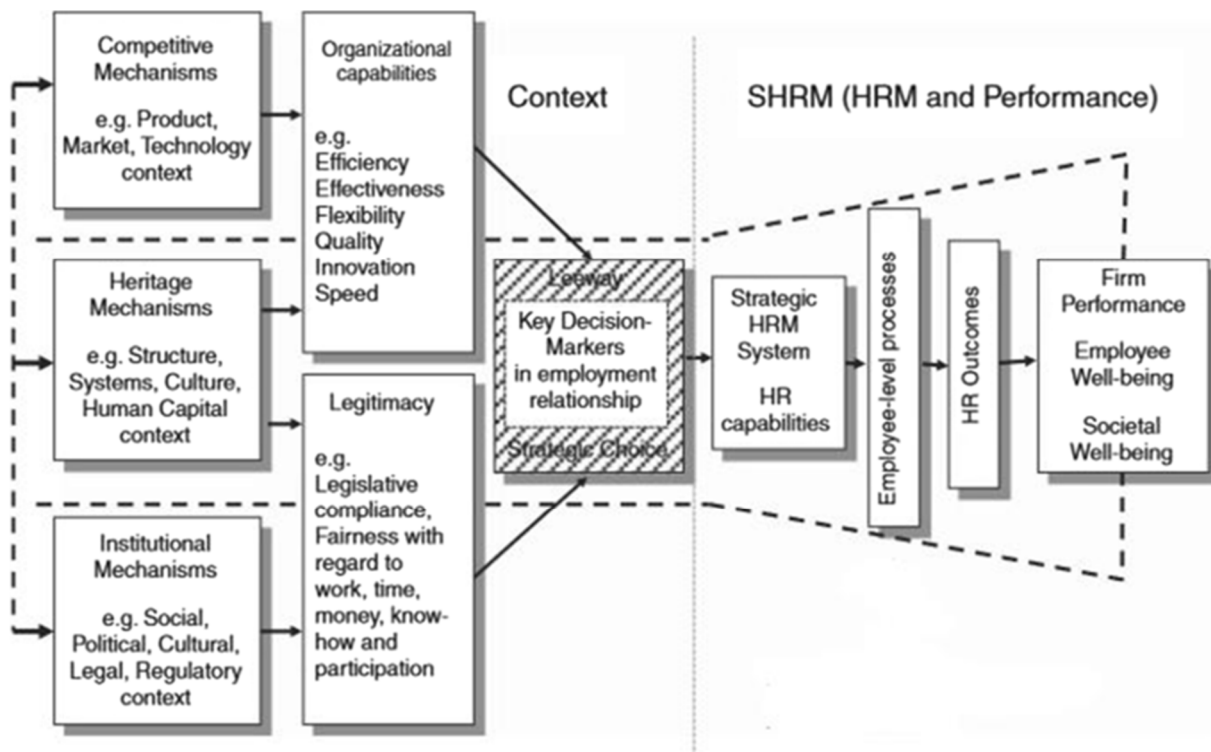


Figure 1: Contextual strategic HRM framework

Source: Paauwe J. & Farndale E. (2017) Strategy, HRM, and performance: a contextual approach. 2nd ed. Oxford: Oxford University Press; 2017. p. 103.

The study by Brewster & Haak-Saheem (2020) focuses on comparative human resource management (HRM). It reveals differences between nations in the way they manage their human resources. In the context of increasing globalization, the study highlights the importance of context for HRM outputs and organizational performance. To understand differences between countries, two basic concepts need to be understood and applied: the notions of cultural and institutional differences, and the notions of convergence and divergence. If these factors and phenomena are also measured and analyzed, they will contribute to a better understanding and utility of the main findings on comparative HRM. According to the authors cited, cultural and institutional explanations are valuable in a comparative approach to HRM, while directional convergence of trends is evident, but end convergence remains unrealistic.

2. EMPIRICAL ANALYSIS

In our empirical analysis below, we seek answers to the following questions:

- a. How has the strategic position of HR evolved in the world and in the Central and Eastern European region?
- b. How has the effectiveness of HR work changed in different regions of the world, has it increased? Are there more employees per HR worker today than in the two previous rounds of the survey?
- c. How has the practice of training-development, its importance in terms of the number of training-development days per capita, evolved, changed in one direction or another in the world and in the Central and Eastern European region?

2.1. The sample

In the three Cranet survey cycles examined (2008, 2016, 2021), the number of countries and organizations participating in the survey were almost similar, with 6,509 organizations from 39 countries participating in 2021, 6,800 from 35 countries in 2016 and 6,415 from 33 countries in 2008. Of these, 11 organizations from 11 countries belonged to the region Central and Eastern Europe (CEE) in 2021, 1,270 organizations from 10 countries in 2016 and 1,735 organizations from 10 countries in 2021, compared to 1,203 organizations from 9 countries in 2008. Of these, Hungary (HU) was represented by 161 organizations in 2021, 273 in 2016 and 139 in 2008.

Table 1: Respondents by organizations and countries

	2021				2016				2008			
	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total
Responses	1270	5239	161	6509	1735	5065	273	6800	1203	5212	139	6415
Participant countries	11	28		39	10	25		35	9	24		33

Source: Authors own research

In terms of the breakdown of organizations by ownership, the private sector represented the largest share (almost three quarters of respondents) in all three survey cycles, and this was similar in the CEE region and Hungary.

Table 2: Respondents by sectors

Sector	2021				2016				2008			
	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total
Private sector	71,6%	72,0%	74,2%	71,9%	71,7%	68,8%	63,8%	69,6%	76,8%	73,5%	68,8%	74,1%
Public sector	23,8%	18,7%	19,5%	19,6%	25,2%	21,8%	32,8%	22,7%	18,2%	18,6%	22,5%	18,5%
Not for profit	1,5%	5,8%	3,1%	5,0%	1,3%	5,3%	3,0%	4,3%	1,7%	5,8%	1,4%	5,0%
Mixed (public and private sector)	3,1%	3,6%	3,1%	3,5%	1,8%	4,1%	,4%	3,5%	3,3%	2,1%	7,2%	2,4%

Source: Authors own research

About a third of respondents were from the SME sector, i.e., organizations with 250 or fewer employees. In the CEE region, their share was significantly higher, 46% in 2021, 44% in 2016 and 60% in 2008.

Table 3: Respondents by organization size

Headcount (people)	2021				2016				2008			
	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total
1-100	8,9%	11,5%	2,5%	11,0%	10,7%	8,6%	30,4%	9,2%	29,5%	11,5%	47,3%	14,9%
101-250	37,5%	23,6%	32,3%	26,2%	33,1%	19,0%	21,1%	22,7%	31,0%	18,1%	17,6%	20,5%
251-1000	37,1%	37,1%	38,5%	37,1%	38,7%	40,7%	29,6%	40,2%	27,8%	43,9%	19,1%	40,9%
1001-5000	13,9%	18,8%	23,0%	17,8%	14,1%	22,8%	14,4%	20,5%	10,3%	19,1%	15,3%	17,4%
Above 5000	2,7%	9,0%	3,7%	7,8%	3,4%	8,9%	4,4%	7,5%	1,4%	7,4%	,8%	6,3%

Source: Authors own research

2.2. Evolution of the strategic role and effectiveness of HR

When looking at the organizational position of HR, we found that the proportion of organizations with an HR department was highest in the 2016 survey at 90.6% but was just below that, at 89.4% in the 2021 survey. The proportion of respondents with an HR department is slightly lower in all three surveys in the CEE region. It was highest in 2021 at 83.6%. Considering the proportion of firms in the SME sector, this result is impressive, but it should be forgotten, either, that in such a survey, respondents are more likely to be from companies where HR activities are given more attention and importance.

The proportion of organizations with an HR manager or HR person in charge in the top management of the organization showed a small but steady increase from a relatively high level (67.3%) in the overall sample, reaching almost 70% in 2021. The proportions in the CEE region are not only lower in proportion in this respect, but the trend of change is also

fluctuating, with 57.2% of respondents in 2021, 51.3% in 2016 and 61.9% in 2008 claiming that HR is a top management position in their organization. In 2021, the rates in Hungary are even lower than those in the CEE region (52.5%), while in 2008 they were the opposite, higher (57.3%).

Some level of HR involvement in shaping business strategy across the overall sample shows similar figures in all three surveys, with around 90% of organizations involving HR to some extent in shaping business strategy. In addition, around half of the responding organizations stated that they had involved HR in the development of business strategy from the very beginning. Again, the proportions in the three surveys show only deviations in a margin of error (49.0%; 50.8%; 49.4%). In terms of some level of involvement, the organizations in the CEE region fall just short of the results reported in the overall sample, with rates ranging from 88% to 89% in all three surveys. Hungarian organizations, particularly in the 2016 survey, were significantly behind (70.7%). In comparison, the last survey shows a strong increase (83%), with the proportion of CEE and national organizations involved in strategy development from the outset already slightly above the overall sample (51.5% and 52% vs. 49%).

Table 4: Presence and strategic importance of HR activities /departments

Presence of HR department	2021				2016				2008			
	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total
Is there an HR department?	83,6%	90,8%	75,0%	89,4%	81,5%	93,6%	80,1%	90,6%	65,1%	88,5%	59,7%	83,7%
HR participation in senior management	57,2%	72,9%	52,5%	69,8%	51,3%	67,8%	57,3%	63,5%	61,9%	68,6%	87,5%	67,3%
Is there a written HR strategy?	51,2%	63,4%	52,5%	61,0%	61,1%	70,3%	55,1%	67,9%	39,2%	56,2%	43,3%	52,7%
HR participation (at some level) in shaping the business strategy	88,1%	89,7%	83,0%	89,4%	88,7%	90,7%	70,7%	90,2%	88,0%	91,1%	91,3%	90,5%
Involvement of HR in shaping the business strategy from the beginning	51,5%	48,5%	52,0%	49,0%	43,1%	53,4%	44,0%	50,8%	46,7%	50,1%	60,9%	49,4%

Source: Authors' own research

Regarding the change in HR efficiency, the data for the whole sample show that there is a significant shift in the number of employees per HR person over the period under review. However, instead of an increase in efficiency expected by many, the overall sample showed a sharp decline, especially for non-CEE respondents. In 2008, this indicator was 121.4 for the overall sample, falling to 79.6 in 2016 and 50.5 in 2021. The indicator calculated for the CEE region, however, shows a very different picture from this trend, with values fluctuating only slightly over the three survey cycles, ranging from 84.7 to 90.8. In Hungary, we see lower values compared to the CEE region: 62.3 employees per HR in 2021, 66.5 in 2016 and 71.4 in 2008, which is closer to the total sample values than to those of the CEE region.

Table 5: Number of employees per HR person

	CEE	Non-CEE	HU	Total
2021	84,7	49,5	62,3	50,5
2016	90,8	77,6	66,5	79,6
2008	86,1	123,8	71,4	121,4

Source: Authors' own research

2.3. Trends of change in the practice of training and development

Regarding the importance of training and development in the overall sample, the first two rounds under study are characterized by a slight decrease in its importance in terms of average annual training days from 2008 to 2016. On the other hand, it can be observed that there has been little change in the ranking of importance among the main groups of employees: the number of annual training days is highest for intellectual (professional) staff (11.6-7.97 days/year) and then for managers (between 7.5-11.6 days/year), while it is lowest for administrative and blue-collar workers (below 7 days/year).

The latest survey figures for the full sample show, on the one hand, a strong increase in training and development, averaging more than 5 days per year, while the trend of a slight (less than one day) decrease in the number of days spent on development for administrative and/or blue-collar staff compared to managers and professionals continues. The combined effect of these is to bring the annual training day figures for the overall sample to over 11 days/year and 12 days/year respectively – for the overall sample!

The importance of training and development in the practice of CEE regional organizations in the three survey rounds is similar to the overall sample in that fluctuated in a similar direction. That is, compared to 2008, the average annual number

of training days decreased in 2016 and then increased sharply in 2021. While the rankings of the employee groups also show similarities, their absolute values in all categories are below the averages for the full sample. The largest gap is in the number of training days offered to administrative and/or blue-collar workers: around only 5.5 days/year in the first two rounds, rising to only 8.5 days/year by 2021.

Based on the indicators of training development expressed in annual average days, the Hungarian practice indicates a less developed level even within the specificities of the CEE region, so that the change in the last round can hardly be described as an improvement, since only a relative strengthening can be identified.

Table 6: Training and development days per year, by employee groups

Position categories	2021				2016				2008			
	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total	CEE	Non-CEE	HU	Total
Leaders/managers	10,72	12,53	7,52	12,18	7,19	7,63	7,65	7,51	8,96	9,23	6,81	9,17
Professional employees					7,37	8,21	7,59	7,97	9,29	12,35	6,63	11,59
Administrative and/or manual workers	8,44	11,95	6,92	11,27	5,40	7,34	4,67	6,80	5,61	7,29	3,53	6,89

Source: Authors' own research

3. CONCLUSIONS

In this study, changes in HR practices over the last decade and a half (2008-2021) are presented along some characteristics that can be compared using the Cranet database. Looking at the preceding period, we found that the *HR practices of the CEE region – the former socialist countries – which were once very similar, underwent transformations that are substantial but not of the same direction and magnitude by the beginning of the post-millennium years* (Poór et al., 2018). This assessment is confirmed by the results of the analysis conducted by the Morley & Heraty (2019). In many respects, the changes in Hungary at that time appeared to be faster and more pronounced than in other CEE countries. A striking feature of the CEE characteristics of HR practices in this region was that, *unlike in all the other groups of countries studied, the key decision-makers in HR policies are direct (upline) managers*. A similar view was reached by the research team coordinated by Kazlauskaitė (2013).

The increasingly visible characteristics of the SMEs towards the end of the second decade of the new millennium were found to be similar to the distinctive elements of the US-rooted HR model typically followed by the Anglo-Saxon countries, different, divergent from the characteristics of the (Western) European HR model (e.g. strong legitimacy of trade unions, tradition of collectivism). The latter indicated, on the one hand, that after the enlargement of the EU, the initially non-uniform European HR model diversified further. On the other hand, the universal paradigm of the CHRM was further supported by the existence of a link between certain (HPWP) HR solutions – in this case HR practices based on co-decision by managers and HR practitioners – and organizational performance elements (Karoliny & Poór, 2019).

The issues of the initial directions and areas of change examined in this study further nuance our findings so far. In fact, looking at the responses of the *whole sample*, we find that the directions and rates of change are varied, since:

- while the person in charge of HR is in a high proportion of cases of senior management, this position is slightly but gradually *strengthened* over the three rounds of the survey;
- for the vast majority of respondents, HR is involved to some extent in the strategy making process, and this is the case for an almost *unchanged* proportion (~50%) of respondents across the survey rounds;
- there is a significant shift in the change in HR efficiency, but not the expected increase, but a *significant decrease* in the number of employees per one HR person;
- the importance of training and development, expressed in terms of the average number of training days per year, *fluctuated* over the three periods studied, with a *slight decrease* in the first period and then a relatively *sharp increase*.

For the aspects examined, the changes in the CEE region were similar to the overall sample in some places, while in other areas they varied significantly in direction and extent, but also showed similar features, as

- the person in charge of HR is not only a member of senior management at a *narrower range* of respondents, but *the trend here is also uneven*;
- the proportion of HR respondents involved in the strategy development process shows a very *similarly high level* of participation at some level to the results reported in the overall sample,

- the HR staff's efficiency indicators (measured by the number of staff they serve), unlike those of the sample as a whole, *show only a slightly fluctuation around the medium level* (84.7-90.8) over the three survey cycles;
- the change in training and development in this region *has not only fluctuated in a similar direction to the overall sample*, but the importance *rankings* of the employee groups *are the same*, while their *absolute values in all categories* remain below the overall sample averages.

Thus, while changes in many areas of HR practices are influenced by a wide range of factors, their direction, extent and levels of specificity of practice reflect the dynamic processes of rebalancing.

REFERENCES

- Brewster, C. & Haak-Saheem, W. (2020). *Comparative human resource management*. In: Darwish, T. K. and Muda Abdul Fattaah, P. (eds.) *Human Resource Management in an Emerging South Asian Economy: The Case of Brunei*. Routledge Studies in Human Resource Development. Routledge, New York, USA. ISBN 9780429030963
DOI: 10.4324/9780429030963
- Brewster, C. (1995). Towards a 'European' model of human resource management. *Journal of International Business Studies*, 26, 1–21.
- Brewster, C. (2004). European perspectives on human resource management. *Human Resource Management Review*, 14(4), 365–382.
- Brewster, C., Hegewisch, A., Mayne, L. & Tregaskis, O. (1994). Methodology of the Price Waterhouse Cranfield Project. Appendix 1. In: Brewster, C. & Hegewisch, A. (eds.). *Policy and Practice in European Human Resource Management*. London: Routledge.
- Dewettinck, K. & Remue, J. (2011). Contextualizing HRM in comparative research: The role of the Cranet network. *Human Resource Management Review*, 21 (1), pp. 37–49. DOI: 10.1016/j.hrmr.2010.09.010
- Gooderham, P. N. & Mayrhofer, W. & Brewster, C. (2019): A framework for comparative institutional research on HRM. *The International Journal of Human Resource Management*, 30(1), 5-30, DOI: 10.1080/09585192.2018.1521462
- Karoliny, M-né & Poór, J. (2019): *Key moments of three decades of Hungarian HR development, in light of internationally comparable practices*. (In Hungarian) *Vezetéstudomány – Budapest Management Review*, 50 (12), 149-160. DOI <https://doi.org/10.14267/VEZTUD.2019.12.13>.
- Kazlauskaite, R., Buciuniene, I., Poór, J., Karoliny, Zs., Alas, R., Kohont, A. & Szlávicz, Á. (2013). Human Resource Management in the Central and Eastern European Region. pp. 103-121. In: Parry, E., Stavrou, E. & Lazarova, M. (eds.). *Global Trends in Human Resource Management*. London: Palgrave-Macmillan (ISBN 978-0-23-35483-8).
- Kerr, C., Dunlop, J., Harbinson, F. & Myers, Ch. (1960). *Industrialism and industrial man*. Harvard University Press, Cambridge.
- Morley, J. M. & Heraty, N. (2019). The Anatomy of an International Research Collaboration: Building Cumulative Comparative Knowledge in Human Resource Management. *International Studies of Management & Organization*, 49(4), 341-354, DOI: 10.1080/00208825.2019.1646485
- Paaue J. & Farndale E. (2017). *Strategy, HRM, and performance: a contextual approach*. 2nd ed. Oxford: Oxford University Press
- Parry, E. & Morley, M. J. & Brewster, C. (ed.) (2021). *The Oxford Handbook of Contextual Approaches to Human Resource Management*. USA: Oxford University Press, ISBN: 978-0-19-086116-2
- Poór J., Karoliny M-né, Kovács I.É. & Illés B.Cs. (eds.) (2018). *Similar and different characteristics in the development of the global, regional and domestic practice of human resource management*. (In Hungarian) Budapest: Wolters Kluwer.
- Ronen, S. & Shenkar, O. (1985). Clustering countries on an attitudinal dimension. A review and synthesis. *Academy of Management Journal*. 10(3), 435–454.