

# ANALYSIS OF HUMAN RESOURCE MANAGEMENT FIELDS AT PROFIT-MAKING ORGANIZATIONS

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## **Abstract**

The aim of our study is to examine the fact that under present conditions how managers evaluate certain functions of human resource management relating to their relevance and significance, which of them are led special emphasis and which of them have smaller significance. After reviewing results of similar previous researches, several approaches of classifying HRM functions are detailed. Following this our classification is introduced, which includes the following functions: human resource planning, analyzing, planning and evaluating scope of activities, human resource flow, incitement management, performance evaluation, human resource development, establishing the system of labour connections, evolving and operating the information system of HRM, saving safety and health (labour safety).

Our investigations were based on surveys. Hungarian organizations form the sample, the number of processed questionnaires is 479. In order to analyze the fields of HRM the method of grading was used. This is the method, in which one value may be linked to only one factor obviously and other functions cannot be placed on the same level.

The relevance of the fields of human resource management was examined relating to even employment. We looked for the answer to the question that what differences may be detected in the evaluation judging of different manager levels and employees. In our opinion the hierarchy of the functions is mainly determined by the place of the interviewees in the organizational hierarchy. Dividing the sample into manager and employee groups there were obvious differences realized in investigating the relating value judgment.

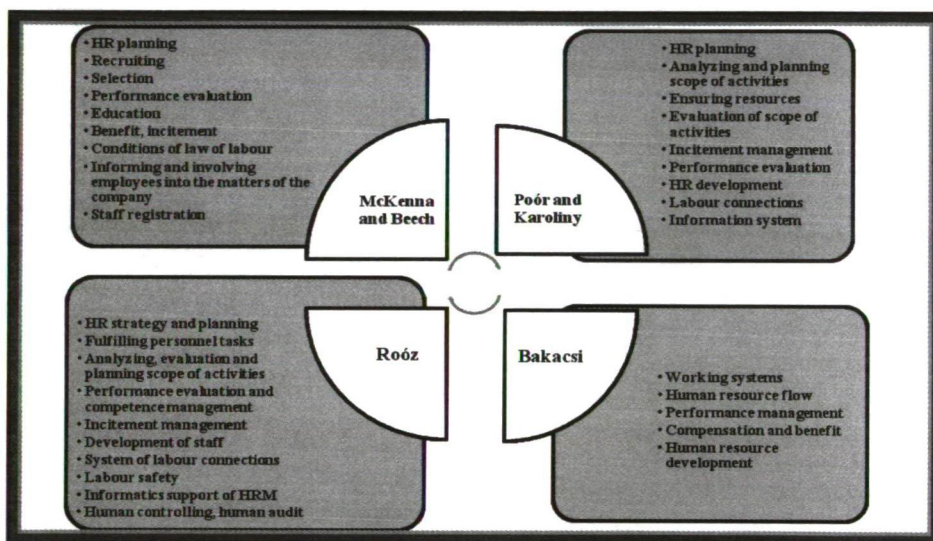
## **1. Introduction**

It is said more and more often that the human capital, that is the human mankind as a resource is one of the basic conditions of efficient operation of organizations. The efficient utilization of human resource may be approached from several aspects; it means the high performance and producing products/services of high quality. One may think that utilization of human resource is efficient if it has the expected skill and practice and parallel to this the competitive wage level can be ensured at the same time. From the point of the efficiency, employing the necessary but enough number of employees as well as keeping the fluctuation and missing at a minimum level are important factors. In order to reach this, working circumstances should be ensured for the employees, by which their satisfaction may be reached and kept. The list could be continued but it is clear without this that what important role human resource management plays in the successfully operation of organizations and it is certain that it has many partial fields, which harmonizing is extremely important.

This present study deals with the evaluation of certain fields of human resource management (HRM) and reveals the relevance of certain HRM functions in organizations taking part in the research.

## 2. Theoretical Overview

Berde<sup>1</sup> and Bilanics<sup>2</sup> also carried out similar researches. These researches measured the relevance of HRM fields, but there were smaller differences between the selected and examined functions, which is thanked to the fact that this may be investigated in several approaches. The two examinations may serve similar results, as it was concluded that performance evaluation and incitement were considered as the most relevant tasks. It is worth detailing that what classification opportunities the HRM has. Figure 1 illustrates the classifications of several authors. Certain differences may be detected between the findings of the authors. Among others Roóz lays a special emphasis on safety management and human controlling is listed in the tasks. According to Bakacsi an important perspective change may be realized even in the field of human resource management: the traditional and more general system theory changing the functional logic seems to spread. There were general processes set in the field of HRM.



**Figure 1. The Potential Functions of HRM**

(Source: own construction on the basis of McKenna and Beech,<sup>3</sup> Poór and Karoliny,<sup>4</sup> Bakacsi,<sup>5</sup> Roóz<sup>6</sup>)

The HRM functions in our research were determined starting from the task classification introduced in the table, similarly to the classification of Karoliny and Poór, expanding that by one function. This partial field is safety management, which examination is equally important. The reason of choosing this classification is that these HRM tasks involve the concepts of the other authors mentioned previously.

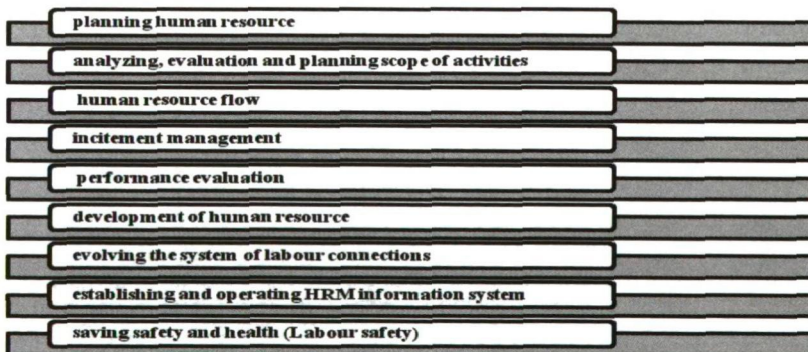
The aim of this research is to examine the fact that under present conditions how managers evaluate certain tasks of human resource management relating to their relevance and significance, which of them are led special emphasis and which of them have smaller significance.

### 3. Research Results

This research is carried out within the research program “Functional Investigation of Enterprise Management” constructed by the Institute of Management and Organization in the University of Debrecen, Centre for Agricultural and Applied Economic Sciences, Faculty of Applied Economics and Rural Development. The research topic consists of three bigger subtopics, such as Investigation of Organization Management, Investigation of Human Resource Management and Investigation of Process Management. This present research belongs to the Investigation of Human Resource Management. The examinations were based on a survey. Hungarian organizations form the basis and the number of the processed questionnaires is 479. 58% of the organizations in the sample are Ltd, 8% is shared joint-stock company and 2% is private enterprise. The majority of the examined organizations deal with providing services and trade as well as work for the industry. The major portion of the interviewees work in leading positions, 27,56% are lower managers, 32,36% are medium managers, and 22,55% are higher managers.

This present study concentrates on one of the important segments of our researches, on the functions of HRM, for which the grading method was used. Grading is a comparable scaling technique, where the asked evaluate several examination units at the same time and grade them from a certain aspect. The grade scale help for interviewees to make differences between the examined factors.<sup>7</sup> The reason of choosing this method is that the interviewees cannot grade the HRM function with the same score. They have to think their answers over and differentiate the given factors. This method may cause a little problem when evaluating figures and tables, as the numbers have unusual and contrary meaning. 1 indicates the most important factor, while 9 relates to the less important one. Thus in this case it is not true that the biggest value could represent the most important factors.

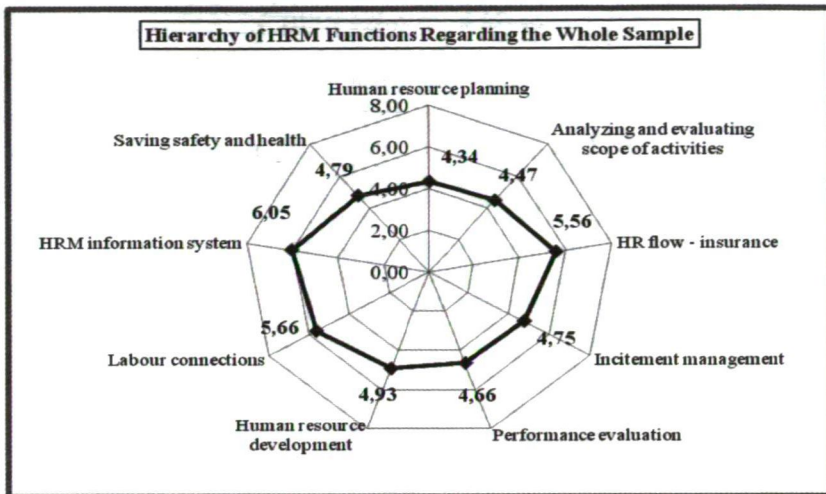
The aims were to look for the answer to the question that how the employees of certain organizations evaluate the functions of human resource management and which of them are considered as the most important ones. *Figure 2.* contains the structure on which basis the tasks of human resource management were studied.



**Figure 2. Grouping of HRM Functions Used in the Research**  
(Source: own construction)

The task of the interviewees was to grade these functions from 1 to 9, where the meaning of the numbers is: 1 is the most important; while 9 is not important or for the less important function of human resource management.

The spider chart (*Figure 3.*) illustrates the deviations between the factors.



**Figure 3. Judging the Importance of HRM Functions**  
(Source: own examination)

There are differences between the certain HRM functions naturally, as results of 4<sup>th</sup> and 6<sup>th</sup> places were gained in average. It may be concluded that there is not a big dispersion between the responds, because neither extremely low, nor extremely high results were realized. The average ranks fluctuate between 6,05 and 4,33 tending towards the middle. When understanding the figure, the most important factors may be found toward the middle of the spider chart, while less important factors are outwards the chart. The respondents graded the relevance of human resource planning in the first place; they think that this field is the most important in their working place. Analyzing, planning and evaluating scope of activities got in the second place, while performance management was listed in the third place. The following HRM functions are at the end of the list: establishing and operating the information system of human resource management, evolving the system of labour connections and ensuring the human resource flow.

The relevance of the fields of human resource management was examined relating to even employment. The interviewees were listed in four groups, such as employees, lower managers, medium managers and higher managers. The realized hierarchy is illustrated in Table 1. We looked for the answer to the question that what differences may be detected in the evaluation judging of different manager levels and employees. In our opinion the hierarchy of the function is mainly determined by the place of the interviewees in the organizational hierarchy.

**Table 1. The Hierarchy of HRM Functions on the Basis of Manager Levels**

	Employee	Lower manager	Medium manager	Higher manager
1.	Analyzing and evaluating of scope of activities	Performance evaluation	Analyzing and evaluating of scope of activities	HR system planning
2.	Incitement management	HR system planning	HR system planning	Saving safety and health
3.	Performance evaluation	Analyzing and evaluating of scope of activities	Incitement management	Analyzing and evaluating of scope of activities

Source: own examination

The Table reflects that in case of employees analyzing and evaluating of scope of activities, incitement management and performance evaluation begin the hierarchy. Less important functions for them include evolving the system of labour connections, ensuring human resource flow and establishing the information system of HRM.

The most important functions determined by lower managers are performance evaluation, planning of human resource system, analyzing and evaluating of scope of activities. Less relevant functions are ensuring human resource flow, system of labour connections and establishing and operating HRM information system.

According to medium managers the most important functions include task relating to scope of activities, planning human resource system and incitement management. At the end of the list the followings were scored: human resource flow, system of labour connections and establishing and operating HRM information system.

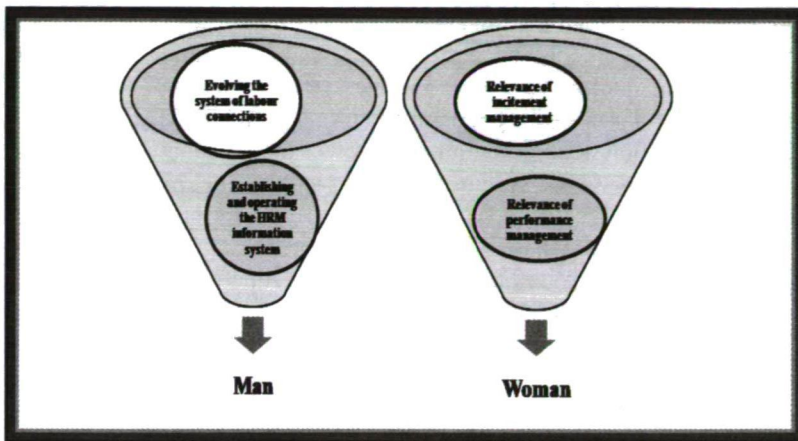
Regarding the opinion of higher managers the most important HRM functions are planning human resource system, safety management and analyzing and evaluating of scope of activities. Less relevant factors include evolving the system of labour connections, the relevance of human resource flow and establishing the HRM information system.

All in all it is clear that very similar functions were chosen by the workers at every manager level, only the order changed in certain cases. A few findings, however, should be highlighted. The presence of motivation is most important for employees; it is very important to motivate them standing at the lowest level of the organization. Under the present economic condition the management has only little opportunity to evolve the financial motivation, in this way other solution had to be found in order to motivate the workers. As it is clear from the Table, the employees require motivation. In case of higher managers the relevance of safety management is outstanding. Its reason is that the biggest responsibility belongs to them in accordance with this, they are responsible for the workers of the given organization, and last but not least operating a successful safety management may contribute to the maintenance of the organization.

In the followings several interesting results are introduced. Hypothesis tests were carried out by sex as a determinative factor. A few differences may be detected relating to sexes when judging the four fields of human resource management (motivation, performance evaluation, system of labour connections, HRM information system). After running the Mann-Whitney test it may be concluded that the null hypothesis was false in all of the four functions. The following alternative hypothesis may be set in connection with the sample:

- During making the hierarchy, the incitement management got a different role in accordance with sexes. The differences between the two sexes are not caused accidentally. It is clear from the rank average that motivation within an organization is more important to the women's mind.
- There is a difference in judging the role of performance evaluation regarding sexes. Women consider this function as of higher relevance than men.
- Examining the system of labour connections it is considered as more outstanding by men than women.
- Establishing and operating the information system of human resource management is more important to men.

These findings are typical only to this sample and are not representative, on the other hand they provide useful information.



**Figure 4. Judging the Relevance of HRM Functions Relating to Sexes**  
(Source: own investigation)

#### 4. Summary

To sum up by using the method of grading a hierarchy can be determined between the functions of human resource management. This is the method, in which one value may be linked to only one factor obviously and other functions cannot be placed on the same level. The gained results prove the fact that making a hierarchy was not an easy task. Nevertheless it was useful to show the tendency. It may help in focusing on areas which should be strengthened in the given organizations. When our investigation concentrated on the whole sample, there was not any significant evaluation relating to judging the examined tasks. In the case of dividing the sample into manager and employee groups, measurable differences were reflected in examining the relating judging evaluation. The status of interviewees in the organization determines their opinions as well. For workers at different manager levels other functions became more important and to others were paid less attention. In this sense it is likely that the function hierarchy arising from their scope of activities is also reflected.

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