

THE STRATEGIC APPROACH TO HUMAN RESOURCES MANAGEMENT PRACTICES IN ROMANIAN COMPANIES - AN EMPIRICAL STUDY

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Abstract: *The importance of human resources in modern companies has raised several research issues in the specialized literature. One of particular importance concerns the approach to human resources management practices. The research papers have revealed two main approaches - the administrative and the strategic one. The second orientation proved to be the one that generated different debates. The strategic perspective implies the existence of differences in practice concerning the development of specific human resources activities within the companies. The results of several specialised studies concerning the human resources management practices within Romanian companies were presented. We considered it necessary in order to understand the situation of this particular field and its specific approach in the companies located in our country. This paper aims to analyze the use of such approach in companies located in Constanta county, through an empirical study. It intends to investigate whether there are major differences concerning the assessment of the importance of specific practices (human resources planning, training, performance appraisal, and career management) between the companies having a human resources strategy and the ones without a human resources strategy. It also aims to investigate if the importance granted to the above mentioned set of practices varies function of the size of the company (number of employees). The research tool used was a questionnaire distributed to human resources managers or to other persons in charge of the specific human resources activities. A total of 75 questionnaires were distributed between October – November 2015, and 62 were returned filled in. The results of the study are in line with results of previous studies regarding human resources management practices in Romanian companies. Namely, the results indicated that the perceived importance of human resources planning and training was significantly different in companies having a human resources strategy from the ones without a human resources strategy. Moreover, the level of the perceived importance of the specific practices considered in the analysis (human resources planning, training, performance appraisal, and career management) varies significantly function of company size. The relevance of the present study is heralded by the interesting revealed facets of human resources management practices in Romanian companies, and represents a starting point for further research on the two main approaches on human resources management – the strategic approach vs. the administrative one.*

Keywords: human resources practices, strategic approach, empirical study.

JEL classification: M12, M50.

1. Introduction

Human resources management has been a subject intensely debated in the specialized literature. One of the most challenging issues of different research regarded the specific approaches to this field. The most argued approaches were the administrative and the strategic ones.

The modern companies consider their employees as valuable resources that need to be developed. The human resources through their skills, involvement and level of performance determine the overall evolution and performance of a company. People are considered as a source of competitive advantage for the company.

In the past years, researchers have tried to determine whether modern companies use a strategic perspective on their human resources management practices or are still relying on the traditional administrative approach. The results of these studies have underlined favourable arguments or contrary ones towards the strategic perspective.

This paper intends to analyze, based on an empirical study, if such an approach is considered by the Romanian companies. The paper is structured as follows: first a brief review of the strategic approach is presented, then the results of several previous studies on this topic in Romanian companies are discussed, the next section presents the research methodology, followed by a section reserved for data analysis and interpretation.

2. The strategic approach to human resources management practices- a brief overview

The strategic approach has been closely debated in the specialised literature. These debates have raised various points of view, often contrary ones.

The human resources management practices were perceived as the result of the strategic approach. Some researchers argued that those practices could also determine the development of such an approach within the companies (Becker and Huselid, 2006).

The strategic approach enables the fulfilment of various categories of stakeholders' interests such as employees, customers or unions (Lepak, Colakoglu and Hong, 2006). For example, such an approach has a great deal of influence over employees' satisfaction through specific practices such as training, reward or performance management.

Such an approach enables the negotiation process, the communication, and the involvement level in the organization, meeting the union interests (Collins and Smith, 2006).

Some researchers have analyzed the strategic perspective from the point of view of the roles assumed by the human resources professionals within organizations (Ulrich and Brockbank, 2005). There are various roles ranging from the one of administrative expert to the one of strategic partner that proves a clear trend

toward such an approach.

Considered as necessary by some specialists such an approach proved to be contradicted by the results of different studies.

Some studies have revealed that the role of strategic partner represented more a desired situation than an effective one. Thus, a study on Belgian companies, in 2002, has revealed a slow progress towards a strategic approach and a lower level of manifestation for the strategic role (Claus, Pichault and Vloeberghs, 2002).

Another study which was targeted at the Spanish companies has proved a greater level of importance granted to the other roles than the strategic partner one (Cabrera, 2003).

Focusing on the time spent by the human resources management specialists for different activities, Lawler and Mohrmann (2003) proved that these professionals are concentrating more on the administrative tasks rather than on the strategic activities.

This situation reflecting a contradiction between theory and practice was explained by other specialists. Peretti (2006) considered that the importance of human resources management represents a complex issue and requires a closer analysis. Another study concerning the French companies has revealed that the strategic perspective on human resources management practices was rather specific to the medium and large organizations and it involved a broader range of specific practices (Razouk and Bayad, 2010). The more developed practices were the ones regarding training, performance appraisal, and career management. The study also revealed an increased number of companies that followed this approach between 1998 and 2005.

The development of the specific practices under this new perspective has a great influence over the performance level within the companies. The productivity level and organizational performances were positively influenced by innovative human resources management practices (Jungblut and Storrie, 2011).

3. Human resources management practices within Romanian companies from a strategic perspective

In order to reflect the strategic perspective on human resources management practices within Romanian companies we presented the results of several specialised studies.

The first study that we considered was the 3rd European Company Survey that took place in 2013. It has revealed some interesting results for the Romanian companies. The major part of the Romanian companies that have participated in this survey has stable recruitment and selection policies, encountering less problems in finding and retaining the properly skilled employees.

There are numerous Romanian companies that enable their staff to benefit from training programs. The importance granted to these practices leads to the conclusion that a strategic approach to this field is desired. The Romanian companies have registered a limited allowance for working time flexibility practices, considered to be an element specific to the strategic approach.

The analysed data indicate that the domestic companies use variable pay schemes in a moderate manner. Such reward practices could indicate a strategic orientation in this case.

Another study conducted by Ensign Management Consulting, 3rd Edition, in 2014,

has revealed the following results. In most cases the human resources managers are involved in strategy implementation rather than in its development.

There is a lower level of involvement of line managers in the process of using modern human resources management practices. This situation generates a lower involvement in their employees' appraisal and development processes.

The performance management practices are still underdeveloped, meaning that many companies are not interested in a correlation between rewards granted and results of the performance appraisal.

The results of the mentioned studies illustrate an acceptable level of development of human resources management practices within the studied companies. We can notice a tendency towards the strategic approach.

4. The Research Methodology and Main Research Results

The research presented in this paper is an empirical study aimed at disclosing human resources managers' opinions on the strategic approach to human resources practices, and is part of an ampler research focused on revealing several current issues faced by human resources management.

The research used as main research tool a questionnaire comprising several sections focused on general data on the company, on strategies employed in the field of human resources, and on retaining and development of human resources within the company. The questionnaire was distributed to human resources managers or the ones responsible for the specific activities, from companies in Constanta County, between October – November 2015.

A total of 75 questionnaires were distributed, and 62 were returned filled in. The filled in questionnaires were subject to analysis using SPSS (Statistical Data Analysis, version 21).

The present case study emphasis the research results from the section on strategies in the field of human resources, namely the key point procedures regarding human resources activities, such as: human resources planning, training, performance appraisal, and career management. The aim of the study was to grasp the perceived importance of these human resources activities and to investigate whether their perceived importance varies function of company size, and whether is related to the existence or non-existence of a human resources strategy at company level.

Each human resources activity was subject to evaluation using a five point semantic differential (from 1- the least important, to 5 – the most important). In order to test how the importance of human resources activities is perceived across companies in the sample, several research hypotheses were formulated.

The analysed sample

Regarding the activity domain, the distribution of the companies involved in the study is the following (Figure 1): the majority (58.1%) are active in the service field, 29% are industry based companies, 9.7% are active in constructions, and only 3.2% have agriculture as main object of activity.

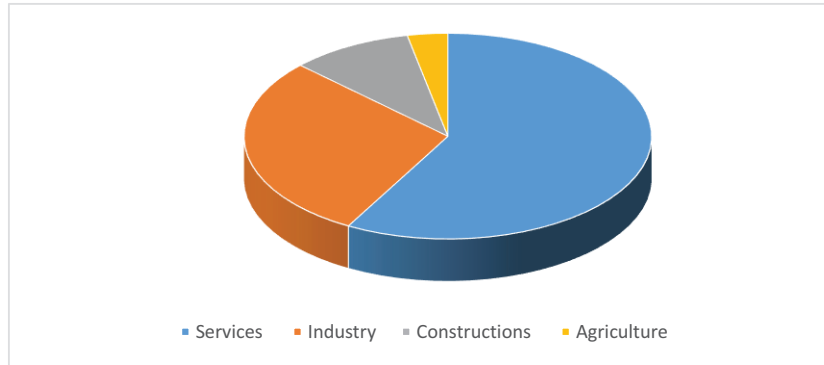


Figure 1: The distribution of the companies by object of activity
Source: Data from survey

The vast majority of the investigated companies are private companies (96.8%). As far as the size of the companies is concerned (Figure 2), half of them have between 50 and 249 employees, 37% have between 10 and 49 employees, while 12.9% are large companies with more than 250 employees.

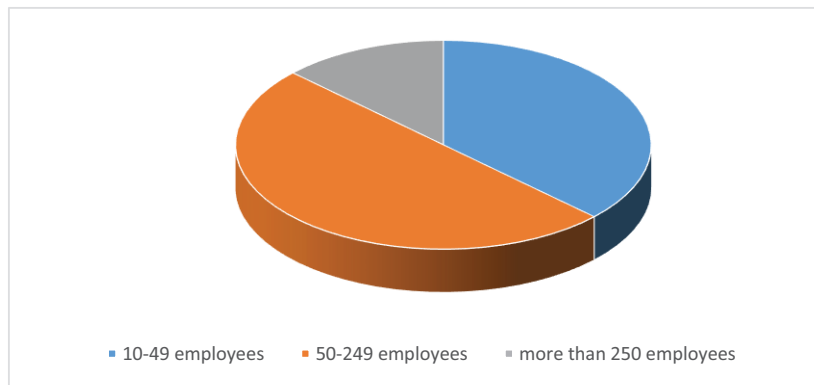


Figure 2: The distribution of the companies by size
Source: Data from survey

Most of the companies in the sample (62.9%) have a human resources department; however only 29% of the companies have elaborated a human resources strategy.

As far as companies' objectives in the field of human resources are concerned, the respondents indicated as high priority objectives – insuring the medium and long term necessary human resources for the company, followed by retaining employees within the company through motivation, and improvement of employees' performance. Attracting the best employees in the labour market and employees' career development were perceived by the respondents as less important objectives in the field of human resources management.

The Analysis: Main research results and hypotheses testing

The analysis of the perceived importance of the four main human resources activities subject to the current case study revealed that most respondents considered that performance appraisal and human resources training were the most important (with average scores of 3.63 and 3.55 respectively), human resources planning received a score of 2.35, while career management was perceived as least important with a score of 1.35.

Testing the hypotheses

H₁. There is a significant difference in the assessment of the importance of human resources activities (human resources planning, training, performance appraisal, and career management) in the companies with a human resources strategy from the companies without a human resources strategy.

Independent - samples t-tests were conducted for each of the four human resources activities subject to this analysis, in order to compare their perceived importance in companies with a human resources strategy and respectively, in companies without such a strategy.

The results showed that for human resources planning there was a significant difference in scores for companies with human resources strategy (Mean 3.11; Std.Deviation 0.76) and companies without a human resources strategy (Mean 2.02; Std. Deviation 0.95); $t(58)=4.30$, $p=0.001$. Also in the case of the importance of human resources training there was a significant difference in scores for companies with human resources strategy (Mean 3.89; Std.Deviation 0.58) and companies without a human resources strategy (Mean 3.41; Std. Deviation 0.58); $t(60)=2.94$, $p=0.005$.

H₂. There is a statistically significant difference between the median importance of human resources activities (human resources planning, training, performance appraisal, and career management) in small, medium and large sized companies.

Kruskal-Wallis H tests were conducted in order to test the hypotheses.

The tests revealed there was a statistically significant difference in human resources planning importance scores between different size companies, Chi square (2)=19.09, $p=0.001$, with a mean rank importance score of 18.57 for small companies, 34.68 for medium sized companies, and 45.63 for large companies.

The Kruskal-Wallis H tests showed that there was a statistically significant difference in human resources training importance scores between different size companies, Chi square (2)=11.30, $p=0.004$, with a mean rank importance score of 26.89 for small companies, 30.47 for medium sized companies, and 48.75 for large companies.

Also in the case of career management, the Kruskal-Wallis H test revealed a statistically significant difference in importance scores between different size companies, Chi square (2)=7.28, $p=0.026$, with a mean rank importance score of 21.25 for small companies, 18.08 for medium sized companies, and 27.00 for large companies.

5. Conclusions

The study of human resources management practices generated a great deal of interest for researchers, especially concerning the specific approaches used by the

companies. The concern for these approaches is justified by their influence over the company's level of performance. According to the above mentioned theoretical point of view the strategic orientation enables a company to use its most valuable assets (human resources) as a source of competitive advantage.

The strategic approach has generated in the specialised literature different debates that included the one concerning the level of manifestation in practice.

Therefore, we considered relevant to investigate this issue through an empirical study on a sample of companies located in Constanta county.

The results of this study have confirmed the existence of statistically significant differences between companies that were reporting the use of a strategic approach concerning the importance of human resource management practices and companies that have not reported the use of such a strategy.

These specific practices and their development according to a strategic approach are also determined by the size (number of employees) of the analyzed companies. The perceived importance of the selected practices (human resources planning, training, performance appraisal and career management) vary within companies, function of company size, thus leading to the conclusion that the size of the company influences the adoption or at least the orientation towards a strategic approach.

Our empirical study which has revealed several interesting facets of human resources activities in Romanian companies, and has partially confirmed previous findings represents merely a starting point in the research of human resources management strategic vs. administrative approach, and will be further developed by extending the research questions and also by including in the investigated sample companies from other counties.

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