

# Perspectives on human resource management in organisations in the Czech Republic and the Slovak Republic

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## Abstract

The article focuses on perspectives on human resource management in organisations in the Czech Republic and the Slovak Republic. The aim of the article is to compare the levels of human resource management in the Czech Republic and the Slovak Republic, to test the dependencies between selected qualitative features that relate to the issues examined, to compare the results obtained in the Czech Republic with the preliminary results from the next period and to make recommendations for Czech organisations in the area of human resource management. Based on the questionnaire survey ( $n_1 = 109$ ,  $n_2 = 340$ ), the levels of human resource management in seven areas are compared: (1) evaluation of the implementation of key strategic documents, (2) formation of labour potential, (3) employee development, (4) employee relationships and communication, (5) organisational culture, (6) innovation and (7) ensuring knowledge continuity. Within the scope of the areas observed, selected results are evaluated further according to more detailed criteria: the economic sector, the area in which organisations operate and the size of the market. The results of the survey show that in the Czech Republic and in the Slovak Republic there are no significant statistical differences in the level of human resource management.

## Keywords

Culture, human resource management, innovation, knowledge, strategy.

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# Perspectives on human resource management in organisations in the Czech Republic and the Slovak Republic

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## 1. Introduction

In these times of a dynamic, developing and changing entrepreneurial environment, human resources are the main source to achieve a competitive advantage. Theories of strategic management have historically acknowledged the importance of internal activities, resources or capabilities as prospectively important ways to achieve a competitive advantage (Buller and McEvoy, 2012). Therefore, human resource management obtains a strategic orientation (McMahan et al., 1998; Harris and Ogbonna, 2001; Richard and Johnson, 2001; Kiessling and Harvey, 2005; Way and Johnson, 2005; Zupan and Kaše, 2005; Lengnick-Hall et al., 2009; Lengnick-Hall et al., 2011; Lengnick-Hall et al., 2013).

Every human being is unique; each of us has a different vision of the world, different views, a different way of experience processing and a different way of co-operating with colleagues (Kubinyi, 2012). It is possible to say that each human being is a carrier of the knowledge and experience that are critical to each organisational process (Stacho et al., 2013). The uniqueness of such knowledge means a competitive advantage for the organisation in question.

In the European Union, a multitude of economic, political, social, cultural and institutional differences co-exist against the background of a desire for harmonization (Morley, 2004). Every country in the European Union has its own system of employment, institutions and legal system (Cîmpan, 2013). The European Union's diversity has increased with its new members (Dimitrios, 2012). Managers are increasingly challenged by the growing need to manage workforce diversity effectively and to create an inclusive organisational environment (Findler et al., 2007). Workforce diversity can influence the effectiveness of organisations (Ferris et al., 1998; Sourouklis and Tsagdis, 2013). On the other hand, the opening of the European labour market allows people to achieve greater mobility concerning their personal career (Cîmpan, 2013).

International human resource management represents an important dimension of international management (De Cieri et al., 2007). Prior to deciding to employ people from other countries, it is necessary to acquaint

oneself with the political and economic structure of the business, social environment, technical level, qualification and education of the population, legislative regulations on employment and business, customs, value scale and traditions of the target country.

The purpose of this article is to compare the levels of human resource management in two countries in the heart of Europe – the Czech Republic (CZ) and the Slovak Republic (SK). Due to the fact that the Czech Republic and the Slovak Republic were united for decades (until 1993), these countries have a common history and similar geographical locations, demographic development, cultures, languages, unemployment rates and economies. It is therefore possible to compare the results of selected individual human resource management activities in which differences manifest in the two countries.

Another important aspect of the above-mentioned comparison is the fact that the number of Slovaks wishing to work and working in the Czech Republic has been increasing. According to the statistics of the Czech Statistical Office (2013a), the number of Slovaks working in the Czech Republic has reached 90,948. In 2013, the year-on-year decrease in the number of citizens from Ukraine (– 7,408) continued, and stagnation appeared in the number of citizens from Vietnam (+ 46). On the contrary, a marked year-on-year increment was recorded for citizens from Slovakia (+ 5,141). In general, it can be stated that the numbers of registered foreigners coming to the Czech Republic from the European Union member states grew in the last period. Regarding citizens coming from third countries, their numbers decreased or remained roughly unchanged from 2012, except for certain exceptions (e.g. the Russian Federation (+ 134)). Among the most common reasons are the lack of job opportunities (an increasing unemployment rate – in April 2015, the unemployment rate was, according to Eurostat (2015), 12.1% in the Slovak Republic and 5.9% in the Czech Republic) and low pay caused among other things by the introduction of the euro currency (the average hourly labour costs, according to Eurostat (2014), were €8.5 in SK (2013) and €10.3 in CZ (2013)). For comparison, the average hourly labour cost in the EU-28 was estimated at €23.70 in 2013 and at €28.20 in the euro area (EA-18)

(Eurostat, 2014). According to the Eurostat methodology, labour costs are made up of costs for wages and salaries, in SK €6.2 (2013) and in CZ €7.5 (2013), plus non-wage costs such as employers' social contributions (Eurostat, 2014).

The average wage in the Slovak Republic is lower than that in the Czech Republic. The Slovak Republic is following a negative trend, since the people who leave for the Czech Republic are primarily qualified. This means a loss for the Slovak Republic as this trend results in an outflow of knowledge and experience of qualified employees from the Slovak labour market.

On the contrary, experienced and qualified employees from the Slovak Republic working in Czech organisations represent an advantage for the Czech Republic. According to Kubinyi (2012) and Vnoučková and Klupáková (2013), the general advantages include the strengthening of employee initiative, which is projected in a range of creative views, work and management styles, problem-solving styles and expansion to the international market. The advantages are seen both at the organisational and at the individual level.

The aim of the article is to compare the levels of human resource management in the Czech Republic and the Slovak Republic, to test the dependencies between selected qualitative features that relate to the issues examined, to compare the results obtained in the Czech Republic with the preliminary results from the next period and to make recommendations for Czech organisations in the area of human resource management. Based on the questionnaire surveys, the levels of human resource management in the areas specified below are compared:

- (1) Evaluation of the implementation of key strategic documents
- (2) Formation of labour potential
- (3) Employee development
- (4) Employee relationships and communication
- (5) Organisational culture
- (6) Innovation
- (7) Ensuring knowledge continuity

The basic working hypothesis is based on the assumption that there are no differences in the level of human resource management in the Czech Republic and the Slovak Republic. The monitored areas include the seven above-mentioned areas. On the basis of the research carried out (questionnaire surveys), the differences between the level of human resource management in the Czech Republic and that in the Slovak Republic are identified. The comparison is very interesting as both countries form part of the European Union and in the past constituted one country (the Czech Republic and Slovak Federative Republic).

The article is structured as follows. The first part of the article concentrates on the theoretical background.

The second part describes the methodology. The third part is dedicated to an evaluation of the outcomes of quantitative surveys. The fourth part compares the results obtained in the Czech Republic with the preliminary results from the next period and makes recommendations for Czech organisations in the area of human resource management. The fifth part focuses on the overall conclusions.

## 2. Objective and Methodology

In the period from 10/2011 to 06/2012, quantitative surveys were conducted focusing on the evaluation of the levels of human resource management in the Czech Republic and the Slovak Republic. The survey was designed in co-operation with the Department of Management at the School of Economics and Management in Public Administration in Bratislava (SEMPA). Altogether 109 organisations from the Czech Republic and 340 organisations from the Slovak Republic took part in the questionnaire surveys. Initially, the sample group from the Czech Republic was rather small, since it was a pilot survey conducted in the course of the first year of co-operation with the Slovak Republic. In the following years (10/2012 to 06/2013), the number of organisations in the sample group increased to 364.

Based on long-term co-operation between the Department of Management at the Faculty of Economics and Management, Czech University of Life Sciences Prague, and the Department of Management at the School of Economics and Management in Public Administration in Bratislava, it is possible to compare the research carried out in the Czech Republic with the research carried out in the Slovak Republic. Within the scope of the areas observed, in four areas (i.e. (2) formation of labour potential, (3) employee development, (5) organisational culture and (7) ensuring knowledge continuity), selected results are evaluated further according to more detailed criteria: economic sector (primary, secondary or tertiary), the area in which organisations operate (public sector or private sector) and the size of the market (national or international).

The Czech Statistical Office categorises organisations in the Czech Republic according to their size and number of employees as follows: small (up to 49 employees), medium-sized (50 to 249 employees) and large (over 250 employees). This methodology, however, is not applied in the questionnaire survey in the Slovak Republic; therefore, organisations' size is not taken into account as a criterion for comparison. The final part summarizes the main findings from a year-on-year comparison and recommendations for organisations. The structure of organisations is shown in Table 1.

**Table 1** Structure of organisations in the Czech Republic and the Slovak Republic in percentages

<i>Economic sector</i>	<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>	<i>Total</i>
CZ	8.3	29.3	62.4	100
SK	5.3	42.9	51.8	100
<i>Area of operation</i>	<i>Private</i>	<i>Public</i>	<i>Total</i>	
CZ	71.6	28.4	100	
SK	74.4	25.6	100	
<i>Size of the market</i>	<i>National</i>	<i>International</i>	<i>Total</i>	
CZ	78.5	21.5	100	
SK	59.1	40.9	100	

Source: authors' elaboration (data from the Slovak Republic SEMPA, 2011–2012)

The low share of the primary sector is caused by the sectoral structure of the economy in the Czech Republic and the Slovak Republic. According to Turečková and Gajdová (2014), in the Czech Republic, the primary sector comprised 7% of the total economic activities in 1995, while it accounted for only 4% in 2012. In the Slovak Republic, the development of the primary sector was similar to that of the Czech Republic. The importance of the primary sector (according to the share of the total gross value-added) decreased and was accompanied by a weakening of its position in the labour market.

The data were processed by means of absolute and relative frequencies using the IBM SPSS Statistics 20. Testing was undertaken by Pearson's Chi-Square Test ( $X^2$  test) in association tables and contingency tables. The IBM SPSS Statistics 20 program employed uses the so-called p-value as an output in dependency testing. The p-value in hypothesis testing equals the minimum significance level at which the null hypothesis can be rejected. The level of significance was set at 0.05. To interpret the strength of Cramer's V, a scale according to De Vaus (2002) was used.

The article contains abbreviations: HR = human resources, HRM = human resource management, CZ = the Czech Republic and SK = the Slovak Republic.

### 3. Results

This chapter evaluates the findings obtained in the primary surveys focusing on the levels of human resource management in the areas specified in the methodology. Below the results provided by the quantitative surveys in organisations in the Czech Republic and the Slovak Republic, the outcomes of the descriptive statistics and an analysis and synthesis of the research results are presented.

#### 3.1 Evaluation of the implementation of key strategic documents

The first part of the questionnaire was targeted at the evaluation of the implementation of key strategic documents, which are an important prerequisite for the application of the conception of strategic management in organisations. The results showed that the majority of organisations have a defined organisational mission (CZ: 64.8%; SK: 65.3%). They also have a business strategy (CZ: 50.9%; SK: 63.5%) and a personnel strategy (CZ: 47.2%; SK: 50.6%) in place. Only one-quarter of the organisations in question have a defined innovation strategy (CZ: 25.9%; SK: 26.2%).

The major difference between the countries compared was determined in the area of environmental strategy (SK: + 17%), quality strategy (SK: + 13.4%) and business strategy (SK: + 12.6%). As far as internal document processing is concerned, organisations in the Slovak Republic achieved better results than Czech organisations in all aspects, with the exception of the area of organisational culture. In the current situation, which is characterised by dynamic development and changes, it is alarming that only one-quarter of organisations have an innovation strategy in place. The detailed results are shown in Table 2.

**Table 2** Internal documents processed in percentages

<i>Internal documents processed</i>	<i>CZ</i>	<i>SK</i>
Organisation's mission	64.8	65.3
Business strategy	50.9	63.5
Personnel strategy	47.2	50.6
Ethical code	47.2	49.0
Quality strategy	47.2	60.6
Environmental strategy	25.9	42.9
Organisation culture strategy	37.0	29.1
Innovation strategy	25.9	26.2

Source: authors' elaboration (data from the Slovak Republic SEMPA, 2011–2012)

#### 3.2 Formation of labour potential

In the area of labour potential formation, the analysis concentrated on the changes in the overall number of employees in organisations during the period of the last three years. In the Czech Republic, the total number of (full-time) employees has fallen in 46.3% of organisations, in 26.9% of organisations it has remained unchanged and in 26.8% of organisations it has increased. In the Slovak Republic, the total number of (full-time) employees has fallen in 41.8% of organisations, in 16.5% of organisations it has remained unchanged and in 41.7% of organisations it has increased.

*Evaluation of the area concerned according to the pre-set criteria:*

In the primary sector, both countries have seen the largest decrease in the number of employees (both the Czech Republic and the Slovak Republic – 66.7%). In the secondary sector, there has been a decrease in staff in 46.9% of organisations in the Czech Republic, while the Slovak Republic has experienced an increase of staff in 49.3% of organisations in this sector. In the tertiary sector, a similar trend was recorded. The overall number of employees in the tertiary sector in the Czech Republic and in the Slovak Republic dropped in 43.3% and 42.6% of organisations, respectively.

It is not possible to test the dependencies between selected qualitative features for the Czech Republic according to the economic sector because 33.3% of the contingency table cells have expected cell frequencies below 5. In the Slovak Republic, the survey confirmed a relationship between the changes in the overall number of employees and the economic sector in which organisations operate (SK:  $p = 0.011$ , *Cramer's V* = 0.139). The strength of the relationship between the features is direct and low.

From the point of view of the area of operation, both countries showed a smaller decrease in the overall number of employees in organisations in the private sector (CZ: 44.9%; SK: 36%) than in organisations in the public sector (CZ: 50%; SK: 58.3%). This is due to the public administration reform that is underway and that is targeted at the streamlining of public administration activities to improve the competitiveness of both republics.

In the Czech Republic, no relationship was proven between the changes in the overall number of employees and the area of operation (CZ:  $p = 0.109$ ). Within the scope of the survey, a relationship between the changes in the overall number of employees and the area of operation was found in the Slovak Republic (SK:  $p = 0.001$ , *Cramer's V* = 0.204). The strength of the relationship between the features is direct and low.

When comparing the change in the overall number of employees and the size of the market in which organisations are active, it was determined that while in organisations operating in the national market the overall number of employees has decreased (CZ: 47%; SK: 49.2%), in organisations operating in the international market the overall number of employees has increased (CZ: 43.5%; SK: 55.3%). This finding results from the general state of the economy in both countries, which were in a recession.

It is not possible to test the dependencies between selected qualitative features for the Czech Republic according to the size of market because 33.3% of the contingency table cells have expected cell frequencies below 5. Within the frame of the survey, a relationship

between the changes in the overall number of employees and the size of market was evidenced in the Slovak Republic (SK:  $p = 0.000$ , *Cramer's V* = 0.235). The strength of the relationship between the features is direct and low.

The long-term success of an organisation is dependent on the people who work for the organisation. In the recruitment process, organisations in CZ and SK most frequently search for new employees through internal resources (CZ: 67.9% for managers, 50.5% for specialists, 38.5% for administrative staff, 19.3% for workers; SK: 59.5% for managers, 50.3% for specialists, 51.4% for administrative staff, 33.2% for workers). These results showed that in CZ internal resources are most frequently utilised to recruit managers, which is also valid for the Slovak Republic, where, however, internal resources are utilised more to recruit administrative staff and workers. To select managers, organisations in the Czech Republic and SK most frequently use CVs (CZ: 55%, SK: 62.2%), references (CZ: 33%; SK: 35.7%) and interviews (CZ: 24.8%; SK: 29.9%). As regards specialists and administrative staff, qualification tests (CZ: 32.1%, 19.3%; SK: 27.6%, 17.9%) are required in addition (Königová and Urbancová, 2013).

### 3.3 Employee development

As far as the performance appraisal of employees is concerned, Slovak organisations demonstrated better results than those of the Czech Republic. A total of 59.7% of Slovak organisations use a formal system of employee performance appraisal. In the Czech Republic, this figure is only 56%. Regarding the performance appraisal methods applied, organisations most frequently evaluate managers based on goal achievement (CZ: 37.6%; SK: 54.7%), performance appraisal interview (CZ: 24.8%; SK: 35%) and self-assessment (CZ: 18.3%; SK: 21.7%). To carry out the performance appraisal of specialists, organisations most frequently use methods based on goal achievement (CZ: 39.4%; SK: 51.6%), performance appraisal interview (CZ: 26.6%; SK: 41.9%) and self-assessment (CZ: 17.4%; SK: 21.5%). To evaluate administrative staff, organisations most frequently use performance appraisal based on goal achievement (CZ: 27.5%; SK: 41.5%), performance appraisal interview (CZ: 26.6%; SK: 35.6%) and self-assessment (CZ: 12.8%; SK: 15.6%). The performance appraisal of workers is most frequently conducted based on the meeting of targets (CZ: 23.9%; SK: 41.7%). The employee performance appraisal is an important factor for employee development and employee performance improvement because the outcomes of the evaluation represent input values for follow-up personnel activities (Königová and Fejfar, 2013).

The survey showed that organisations that have a formal system of employee performance appraisal

utilise information obtained through employee performance appraisals for the purposes of their remuneration (CZ: 82.6%; SK: 83.9%), training and development (CZ: 38.5%; SK: 48.9%), career management (CZ: 34.9%; SK: 47.5%) and personnel planning (CZ: 24.8%; SK: 31.4%). It follows from the above that, despite the fact that the strongest relation is between employee performance appraisal and remuneration, one-third of the respondent organisations realise the principles of systematic training of their employees and educate their employees based on real needs resulting from their regular performance appraisal. Only 34.9% of CZ organisations (SK: 47.5%) manage employees' careers based on regular employee performance appraisals.

Activities connected with talent management are carried out by the majority of organisations solely based on intuition (CZ: 25.7%; SK: 43.1%). Only 15.6% of organisations in the Czech Republic and 13% of organisations in the Slovak Republic have a talent management strategy in place. The outcomes of the survey showed that the majority of organisations (CZ: 58.7%; SK: 56.9%) do not work with talent and do not develop succession plans (CZ: 75.2%; SK: 68.5%), despite the fact that, according to prognoses on population aging, the age structure of the population in the European Union is likely to undergo a major change in future decades.

In the process of career management and talent management, it is important to pay attention to the individual competencies of employees, that is, the specific knowledge, abilities, skills, traits, motives, attitudes and values necessary to reach the required level of performance. The results showed that 35.8% of the organisations in CZ and 53.2% of the organisations in SK employ the competency-based approach. These organisations use the competency-based approach for employee development (CZ: 100%; SK: 52.7%), employee performance appraisal (CZ: 69.2%; SK: 62.4%), employee selection (CZ: 64.1%; SK: 69.6%), employee recruitment (CZ: 61.5%; SK: 38.1%), work team development (CZ: 35.9%; SK: 28.2%), career planning and management (CZ: 33.3%; SK: 18.8%) and work position analysis (CZ: 25.6%; SK: 37.6%). The biggest differences in the use of the competency approach in organisations appear in the area of employee development (CZ: + 47.3%) and in the areas of employee recruitment (CZ: + 23.4%) and career planning and management (CZ: + 14.5%).

*Evaluation of the area concerned according to the pre-set criteria:*

In Czech organisations, the testing of relationships between qualitative features did not indicate a relationship between the application of a competency approach and the pre-set criteria. The survey in the Slovak Re-

public found a relationship only between the application of a competency approach and the economic sector (SK:  $p = 0.005$ , *Cramer's V* = 0.176). The strength of the relationship between the features is direct and low.

The competency approach is applied by Slovak organisations primarily in the tertiary sector (SK: 55.2%) and less in the secondary sector (SK: 43.1%). This approach is least frequent in the primary sector (SK: 1.7%). The situation in the Czech Republic is similar (tertiary sector: 69.2%, secondary sector: 28.2%, primary sector: 2.6%); however, a relationship between the features examined was not proven.

### 3.4 Employee relationships and communication

Based on the outcomes of the survey, it is possible to state that, regarding the transfer of key information in the direction towards an organisation's employees, meaning downward communication, the most common form of communication in the two countries compared is oral communication (CZ: 82.6%; SK: 71.8%), followed by work meetings and team sessions (CZ: 68.8%; SK: 66.8%). Electronic communication is also used (CZ: 57.8%; SK: 54.4%). The least frequently used form of communication in both countries is communication via trade unions or employee representatives (CZ: 21.3%; SK: 21.5%). The detailed results are summarised in Table 3.

**Table 3** Forms of downward communication in percentages

<i>Forms of downward communication</i>	<i>CZ</i>	<i>SK</i>
Communication via trade unions or employee representatives	21.3	21.5
Oral communication	82.6	71.8
Written communication	37.6	31.2
Electronic communication	57.8	54.4
Work meetings and team sessions	68.8	66.8

Source: authors' elaboration (data from the Slovak Republic SEMPA, 2011–2012)

The results showed that, for the transfer of key information from an organisation's employees towards the management, the most common forms of communication used in the Czech Republic are direct communication with the management (67.0%) and communication through an immediate superior (64.2%). Other forms of communication are summarised in Table 4.

The forms of upward communication in the Slovak Republic differ from those in the Czech Republic. The relative frequencies showed that organisations in the Slovak Republic most frequently use communication through an immediate superior (70.6%), followed by direct communication with the management (43.8%) and communication through an HR manager (28.2%). Based on the above findings, it is possible to state that

Czech organisations prefer direct communication between the employees and the organisation's management, as this form minimises interferences and the process of communication is more efficient (faster).

**Table 4** Forms of upward communication in percentages

<i>Forms of upward communication</i>	<i>CZ</i>	<i>SK</i>
Direct communication with the management	67.0	43.8
Communication through an immediate superior	64.2	70.6
Communication via trade unions or employee representatives	15.6	27.4
Communication through an HR manager	24.8	28.2
A complaint system (an anonymous mailbox)	11.9	12.9
Employee attitude survey	15.6	15.9

Source: authors' elaboration (data from the Slovak Republic SEMPA, 2011–2012)

### 3.5 Organisational culture

Based on the survey, it may be stated that the organisational culture facilitates human resource management in the functional areas displayed in Table 5.

**Table 5** Functional areas in percentages

<i>Functional areas</i>	<i>CZ</i>	<i>SK</i>
HR planning	22.9	29.7
Work analysis	16.5	16.8
Employee recruitment	22.0	24.1
Employee selection	33.0	31.1
Employee adaptation	21.1	19.4
Outplacement	0.9	0.0
Employee training and development	35.8	30.3
Employee performance appraisal	45.9	34.4
Employee remuneration	38.5	33.2
Work relationships	40.4	39.4
Employee communication	35.8	37.1
Work conditions	22.9	21.8

Source: authors' elaboration (data from the Slovak Republic SEMPA, 2011–2012)

In the Czech Republic, a defined organisational culture facilitates primarily employee performance appraisal (45.9%) and contributes to the regulation of work relationships (40.4%). It also helps in the area of employee remuneration (38.5%), which is connected to employee performance appraisal, and determines employees' motivation and their performance. The organisational culture has the smallest impact on outplacement (0.9%). This is due to the fact that neither Czech nor Slovak organisations have supported this personnel activity so far.

The situation in the Slovak Republic is similar; a well-defined organisational culture contributes the most to work relationships (39.4%). It also facilitates communication among employees (37.1%), employee performance appraisal (34.4%) and remuneration (33.2%). The percentage values in the Czech Republic and the Slovak Republic are almost identical.

Based on the results obtained, a well-defined organisational culture helps organisations to focus on quality (CZ: 57.8%; SK: 57.1%), on goals in the Czech Republic (53.2%) and on customers in the Slovak Republic (51.2%). A total of 7.3% of organisations in the Czech Republic and 12.1% of organisations in the Slovak Republic stated that the organisational culture does not support any focus. A summary of the results is shown in Table 6.

**Table 6** The role of the organisational culture in percentages

<i>The organisational culture helps organisations to focus on:</i>	<i>CZ</i>	<i>SK</i>
goals	53.2	43.2
customers	52.3	51.2
quality	57.8	57.1
innovations	22.0	22.9
The organisational culture does not support any focus	7.3	12.1

Source: authors' elaboration (data from the Slovak Republic, SEMPA, 2011–2012)

*Evaluation of the area concerned according to the pre-set criteria:*

The testing of the relationships between the selected qualitative features showed, both in the Czech Republic and in the Slovak Republic, a relationship between the focus on customers and the area of an organisation's operation (CZ:  $p = 0.000$ ,  $Cramer's V = 0.375$ ; SK:  $p = 0.000$ ,  $Cramer's V = 0.209$ ). The strength of the relationship between the features is direct and moderate in the Czech Republic, while in the Slovak Republic it is direct and low. It is primarily organisations operating in the private sector that are customer-oriented (CZ: 87.7%; SK: 83.3%). Further, in Slovak organisations, a relationship was identified between the focus on product and service quality and the organisation's area of operation (SK:  $p = 0.003$ ,  $Cramer's V = 0.159$ ). The strength of the relationship between the features is direct and low. Again, it is primarily organisations that operate in the private sector that are quality-oriented (CZ: 76.2%; SK: 80.4%).

### 3.6 Innovation

The results showed that in Czech organisations innovations are most frequently targeted at work quality (57.8%) and work procedures (57.8%) as well as the productivity of work (30.3%). The least emphasis is placed on the innovation of the production process

(9.2%). The situation in the Slovak Republic is similar. Innovations focus in particular on the quality of work (66.2%), work procedures (58.5%) and the productivity of work (45%). The least emphasis is placed on the innovation of the production process (5.6%).

The situations regarding the involvement of employees at different organisational positions in the Czech Republic and the Slovak Republic are identical. In the process of innovations in both countries, the groups most involved in innovations are managers, followed by specialists and administrative staff. Workers are involved the least. The detailed results are summarised in Table 7.

**Table 7** Involvement of employees in the process of innovations in percentages

Category	CZ	SK
Managers	84.4	81.8
Specialists	73.4	71.5
Administrative staff	33.0	43.5
Workers	22.9	37.9

Source: authors' elaboration (data from the Slovak Republic SEMPA, 2011–2012)

### 3.7 Ensuring knowledge continuity

In this area, in which the significance of diversity becomes increasingly evident due to the trend in population development as older and more experienced employees retire and are replaced by younger ones (often with no experience), it is necessary to ensure a continuous transfer of critical knowledge. The survey focused on the use of tools that simplify the transfer of knowledge in organisations as well as the methods of knowledge transfer from leaving employees to their successors.

The outcomes showed that the majority of organisations in the Czech Republic and the Slovak Republic use knowledge databases to record employee knowledge. The extent of their use, however, differs. A total of 33.9% of organisations in the Czech Republic use knowledge databases to record knowledge only occasionally and without applying any particular method, while in the Slovak Republic this is true for 42.0% of organisations. Only 23.9% of organisations in the Czech Republic and 27% of organisations in the Slovak Republic use knowledge databases on a long-term basis. The detailed results are shown in Table 8.

At present, when the knowledge of employees is considered to be a competitive advantage (Bratianu, 2008), it is surprising that more than one-third of organisations in the Czech Republic and the Slovak Republic do not use knowledge databases at all.

**Table 8** Use of knowledge databases to record employee knowledge in percentages

Use of knowledge databases to record employee knowledge	CZ	SK
Yes, long-term use of special tools and knowledge databases	23.9	27.0
Yes, occasionally and without applying any particular method	33.9	42.0
No	42.2	31.0

Source: authors' elaboration (data from the Slovak Republic SEMPA, 2011–2012)

Further, the methods of critical knowledge preservation followed by organisations were examined. The results showed that in the event that an employee who is the holder of knowledge that is critical for the organisation leaves, organisations prefer to transfer the knowledge to a successor to ensure that the successor takes over the critical knowledge necessary for the position (CZ: 35.8%; SK: 29.4%). Certain critical knowledge is also regularly sought and recorded (CZ: 19.3%; SK: 24.4%).

A total of 33.9% of organisations in the Czech Republic and 34.7% of organisations in the Slovak Republic do not seek and record the critical knowledge of leaving employees, and their successors have to undergo self-training in the position. This process, without previous initial training, however, is not always successful. Only 1.8% of organisations in both countries stated that they monitored knowledge since they wanted to know who the holders of knowledge were, but they did not record the knowledge or preserve it in any way. Successors need to train themselves in the best possible way and in the shortest possible period.

Whereas numerous ITC systems have been developed to support such knowledge exchanges, Cabrera et al. (2006) emphasize that technology alone cannot ensure that knowledge will indeed be volunteered and exchanged and that culture and other human variables constitute key success factors. The transfer and preservation of knowledge by organisations are closely linked with stimulation, which represents an internal organisational factor that strongly determines this area. In the Czech Republic, 22.9% of organisations stimulate employees to share knowledge. In the Slovak Republic, a total of 15.9% of organisations stimulate employees to share knowledge. The aspect of stimulation of both successors and leaving employees needs to be integrated into the organisational culture to ensure that individual employees are willing to share knowledge. This is confirmed by the surveys conducted by Urbancová and Stachová (2013).

*Evaluation of the area concerned according to the pre-set criteria:*

The testing of the relationship between selected qualitative features in the Czech Republic indicated only



a relationship between the stimulation of employee to share critical knowledge and the size of the market in which an organisation operates (CZ:  $p = 0.004$ , *Cramer's V* = 0.270). The strength of the relationship between the features is direct and moderate. Primarily organisations operating in the international market focus on employee stimulation to transfer critical knowledge (CZ: 43.5%). In Slovak organisations, the testing of relationships between qualitative features did not show a relationship between the stimulation of employees to share critical knowledge and the pre-set criteria.

#### 4. Discussion

With respect to the fact that human resource management deals with people, their individuality (which is determined by a number of factors) and their competencies, it is evident that diversity plays an important role in this field. The results of the survey showed that there are no significant statistical differences in the levels of human resource management in the Czech Republic and in the Slovak Republic. This is due, for example, to similar legislation, culture and social values, approach to minorities and demographic aspects.

In the Czech Republic, the survey confirmed a relationship between:

- The focus on customers and the area of an organisation's operation ( $p = 0.000$ , *Cramer's V* = 0.375).
- The stimulation of employees to share critical knowledge and the size of the market in which an organisation operates ( $p = 0.004$ , *Cramer's V* = 0.270).

In all cases, the strength of the relationship between the features is direct and moderate.

In the Slovak Republic, the survey confirmed a relationship between:

- The changes in the overall number of employees and the economic sector in which organisations operate ( $p = 0.011$ , *Cramer's V* = 0.139).
- The changes in the overall number of employees and the area of operation in the Slovak Republic ( $p = 0.001$ , *Cramer's V* = 0.204).
- The changes in the overall number of employees and the size of market in the Slovak Republic ( $p = 0.000$ , *Cramer's V* = 0.235).
- The application of a competency approach and the economic sector ( $p = 0.005$ , *Cramer's V* = 0.176).
- The focus on customers and the area of the organisation's operation ( $p = 0.000$ , *Cramer's V* = 0.209).

- The focus on product and service quality and the organisation's area of operation ( $p = 0.003$ , *Cramer's V* = 0.159).

In all cases, the strength of the relationship between the features is direct and low.

Since the survey conducted is of a long-term nature, it is possible to compare the presented results focusing on HRM activities with the preliminary results of a survey conducted in the period from 10/2012 to 06/2013 in the Czech Republic ( $n = 364$ ).

Based on the year-on-year comparison in the Czech Republic in the period from 10/2011 to 06/2012 and from 10/2012 to 06/2013, it is possible to say that the majority of the organisations that participated in the survey come from the private sector (63.5%). Of the organisations, 37.1% have fewer than 49 employees, 27.5% have 50 to 249 employees and 35.4% employ more than 250 people. Furthermore, 70.9% of the organisations are from the tertiary sector, 23.3% of the organisations are from the secondary sector and 5.8% of the organisations are from the primary sector. One-third of the organisations (33.2%) operate in the international market, while 64.3% operate in the national market.

Recommendations are made for Czech organisations in the areas of human resource management concerned arising from the comparison between the results obtained in the periods from 10/2012 to 06/2013 and from 10/2011 to 06/2012 (the previous period) in the Czech Republic.

#### 4.1 Evaluation of the implementation of key strategic documents

The preliminary results for the period from 10/2012 to 06/2013 showed that the majority of organisations have a defined organisational mission (68.7%). They also have a business strategy (69.5%), a personnel strategy (58.5%), an ethical code (59.1%), a quality strategy (56.9%), an organisational culture strategy and an environmental strategy (42.6%). The number of organisations that have an innovation strategy in place has increased to 39.6%. All the categories have experienced an increase compared with the period from 10/2011 to 06/2012. The most significant change occurred in the area of developing a business strategy (+18.6%), an environmental strategy (+13.3%) and an innovation strategy (13.7%).

The main recommendations for organisations are thus:

- To develop strategic documents to increase competitiveness.
- With respect to economic development, to focus on the drafting of an efficient innovation strategy.

## 4.2 Formation of labour potential

The overall number of employees has dropped during the last three years in 42.3% of organisations, increased in 29.4% of organisations and remained unchanged in 28.3% of organisations. Compared with the period from 10/2011 to 06/2012, there has been a drop in the number of organisations that reduced their number of employees (– 4%) and growth in the number of organisations that increased their overall number of employees (+ 1.5%). This is a change for the better; however, it may be caused by seasonality, for example, in agriculture or the building industry, as the recession in the Czech Republic's economy is continuing in this period. According to the calculations of the Czech Statistical Office (2013b), the Czech gross domestic product without pricing, seasonality and calendar influences dropped by 1.2% in the second quarter of 2013 against the second quarter of 2012. The Czech Republic continues to face the problem of a shortage of good-quality qualified labour.

The main recommendations for organisations are thus:

- To acquire and preserve high-quality staff through HRM activities targeted at employee motivation and development.
- To introduce measures to decrease employee turnover.
- To co-operate systematically with educational institutions to be able to recruit high-quality labour, in particular in the area of blue-collar professions.

## 4.3 Employee development

Compared with the previous period, the number of organisations that use performance appraisal outcomes for follow-up personnel activities (in particular remuneration) has decreased.

Activities connected with talent management are carried out by the majority of organisations solely based on intuition (29.4%). Only 14.8% of organisations have a talent management strategy in place. The outcomes of the survey showed that the majority of organisations (55.8%) do not work with talent and do not develop succession plans (86.8%). Only 19.5% of organisations employ the competency-based approach. These organisations use the competency-based approach for employee performance appraisal (74.6%), employee development (69%), employee selection (67.6%), work position analysis (67.6%), employee recruitment (46.5%), career planning and management (46.5%) and work team development (36.6%).

The main recommendations for organisations are thus:

- To streamline the HRM system by interlinking individual personnel activities (the possibility of applying a competence approach).
- To carry out employee performance appraisals on a regular basis.
- To focus on employee development to create a strategy in the area of talent management and succession planning.

## 4.4 Employee relationships and communication

The results showed that the majority of organisations (78.6%) increasingly prefer an oral form of communication in downward communication. This method is efficient since there are no communication interferences; the quality, however, may be affected by communication barriers at both the individual and the organisational level. A positive trend has manifested in the use of electronic communication (+ 12.8%). This is due to the advantages of electronic communication (faster) but also to legislative measures (an electronic signature being sufficient to sign a contract). The least used form of communication in downward communication is communication through trade unions. This is due to the fact that in the Czech Republic there is, according to the Ministry of Industry and Trade of the Czech Republic (2014), the greatest number of small organisations (which do not have trade unions established) and the lowest number of large organisations (which do have trade unions).

In upward communication, the results do not differ much, the most preferred form still being direct communication with the management and an immediate superior (65.1%). The least common form of communication is that through anonymous mailboxes, since employees do not trust that their messages are really anonymous, and in today's highly competitive environment with a high unemployment rate and an inflow of high-quality labour from foreign countries, they fear that they could lose their jobs.

The main recommendations for organisations are thus:

- To streamline communication processes in organisations, to establish suitable communication channels to shorten the transmission of information and to eliminate communication interferences and barriers.
- To create a suitable organisational environment in such a way as to help employees to communicate their opinion to their management or introduce a new idea without any fear; after all, creative people represent a benefit for organisations.

#### 4.5 Organisational culture

The results in this area differ from those obtained in the previous period. An increasing number of organisations realise the importance of the organisational culture in organisational management and enhancing employee satisfaction, motivation and subsequently performance. This has manifested in a more significant impact of the organisational culture on employee communication (35.7%) than on other functional areas.

Working relationships are still very important (34.9%), and the most significant change recorded was the strengthening of the impact of the organisational culture on personnel planning (+ 10.6%). This is due to demographic development (population aging, retirement), employees leaving to join competitors that offer better conditions and so on and increasing pressure on employee qualifications. Compared with the previous period, the number of organisations in which the organisational culture does not support the directing of their effort to a certain area (+ 11.1%) is increasing. Organisations tend to emphasise in particular the orientation towards goals (54.1%).

The main recommendations for organisations are thus:

- To codify the organisational culture unambiguously to respect all the particularities of organisations in individual countries around the world.
- To define, within the frame of the organisational culture, ethical rules (at present fewer than half of organisations concerned in the Czech Republic and in the Slovak Republic have documented ethical rules).
- To support the management in the process of establishing suitable working conditions and relationships in the workplace.

#### 4.6 Innovations

The majority of organisations understand the importance of innovations for the current market (82.3%). The preferences of organisations as regards the focus on the area of innovations have remained similar to those in the previous period; deviations can be seen solely in the area of innovative methods of product or service marketing (– 10.2%). Neither have significant changes occurred in the area of involvement of employee groups in the process of innovation. All the groups continue to be involved, with managers (the creators of ideas who manage the innovative process) in the first place and workers (those who put innovations into practice) in the last.

The main recommendations for organisations are thus:

- To take into account not only market diversity but all types of diversity that may influence the

sale of products or services (four levels of diversity – personal, internal, external, organisational).

- Each organisation has to make an effort to innovate in today's highly competitive environment. Bearing in mind the number of organisations that had to close down in 2013 (149,910) according to the statistics (Czech Statistical Office, 2014), it is possible to state that if a current organisation stops innovating, it ceases to exist.

#### 4.7 Ensuring knowledge continuity

Based on the results, ensuring knowledge continuity seems to be developing in a positive way. Organisations increasingly use knowledge databases to record employee knowledge in the long run (+ 9.6%). The number of organisations that use knowledge databases only occasionally has dropped (28.9%), and a very positive point is the decrease in the number of organisations that do not use knowledge databases at all (– 4.6%). It is also encouraging that the number of organisations that regularly monitor and record the knowledge of their employees has increased (+4%).

The main recommendations for organisations are thus:

- To improve the opportunities to acquire and retain highly talented people.
- To apply a systematic process of knowledge transfer from leaving employees to their successors.
- To increase the motivation of current employees to share knowledge.

#### 5. Conclusion

The aim of organisations is efficient management leading to a competitive advantage. In the current knowledge economy, employees are considered to be an organisation's main competitive advantage and their most important asset that determines organisations' performance and success. Therefore, organisations need to develop the human resource management system to be prepared for current and future challenges and changes in their environment.

Follow-up research can focus on the comparison of the levels of application of human resource management activities with an emphasis on diversity in organisations in other countries that are neighbours of the European Union.

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