

## The Similarities and Differences of HRM in Higher Education Institutions in Hungary and England

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**Abstract** In this article I am examining the advancement of Human Resource Management in the Hungarian higher education institutions. After the period of implementation, in the last 10 years it showed a steady development, but its effectiveness, efficiency and the recognition of HRM among the academic staff lags behind the well-established and operating system in Western countries. Therefore, I analyzed HRM in English higher education institutions across England and compared it with its Hungarian counterpart. I intend to highlight similarities and differences of HR policy and practice used in higher education institutions in these two countries. Furthermore, I assessed the alignment of HR strategy within the overall institutional strategy and its effective support and contribution to the performance and development of the organization. The aim of this article is to recognize and identify “the elements of best practice” that could be found in effective HRM in English higher education institutions and making suggestions to significantly enhance the effectiveness of HRM in Hungarian higher education institutions.

**Keywords** Human Resource Management (HRM), Higher Education, the modernization of Human Resource Management, HR strategy, HR structure, HR priorities, HR practices

### 1. Introduction

#### *1.1. The general situation in Hungary*

Several treatises were made before and after Hungary joining to the European Union, about the general situation and evaluation of the country. Those studies pointed out the falling behind of human resources and human resources management (HRM) in public services compared to the member states of the EU. In order to catch up in the years after the 2004 partnership there was a chance to apply for resources in accord-

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ance with modernization and improvement of these areas within the Human Resources Development Operational Programme (HEFOP). Nowadays, the Social Renewal Operational Programme (TÁMOP) provides financial funds for certain areas of human resource management, in example: financing development of education.

The Hungarian corporate sector has already recognized the competitive edge and capital of human labor and "its importance among resources, as the one which determines the success of the companies and the efficiency of economic projects" (*Dajnoki és Berde, 2007. 7. pg.*). This statement has been proven twice, because not only during economic booms, but also in time of recessions HRM supports the survival of the company and reaching its strategic goals. This belief is supported by a study made in 2009. "The evaluation of HR practice got more importance due to the unfolding economic crisis..., two-fifth of the firms interviewed (39%) pre-estimate more prestige, and half of the companies (51%) are not expecting any positive improvement, because the HR activities had been adequate even before the crisis started." (*Boday, 2009. 60. pg.*)

The standard of Hungarian Higher Education in general lags behind the forefront of the academic science. The expected breakthrough had not taken place in the field of HRM and the gap between HRM in the companies and in the higher education is further increasing. Istvan Polonyi stated and backed up with his researches the low level of innovation of the academic sphere and falling behind in comparison with the European countries. He cites a lot of factors belonging to HRM in his cause-effect analysis. (*Polonyi, 2010*)

This supports my opinion that the HRM has to take role in the management and control of changes. Nowadays, HRM has established its administration role and it is ready to become a strategic partner of the institution. It is important to underline that HR experts must conform all tasks with the strict labor and taxation laws, in accordance with the interest of the institutions to keep them in the frames of the legal regulations. "To have a chance to catch up with the West we have to have a moral reformation, too." (*Bertalan, 1995. 100. pg.*)

### ***1.2. The general situation in England***

To get a quick overview of the situation in English Higher Education, we have to look back at about 10 years. „Independent Review of Higher Education Pay and Conditions” by *Bett (1999)* and even before this in the *Dearing Report (1997)* they are envisioning the actual level of the Higher Education with the existing conditions. Crowding higher education, stricter finances, decreasing salaries are analyzed as the causes of the existing conditions, and their consequences to the academic life in United Kingdom. In summary, it ascertains the slow, in some cases the lack of adaptation of the academic sphere to changes of the external environment. The aforementioned studies had an own their impact in governmental circles in a short period of time, therefore the modernization of HRM started in English higher education in 2001.

The creation of a synchronized strategy for the sector was coordinated by the joint operation of the Higher Education Funding Council for England (HEFCE) and the Universities and Colleges Employers Association (UCEA). The organizations had made serious efforts and moved considerable resources for the modernization of HRM both individually as well as together. The result of the concerted action became the “Rewarding and Developing Staff Initiative” strategy (R&DS). (*Shenstone, 2009*)

The following 6 main priorities were established in 2001 (*Shenstone, 2009*):

- Recruitment and retention;

- Staff development and training;
- Equal opportunities, equal pay for equal work, evaluation of scope of activities;
- Labor planning, evaluation of staff requirements;
- Pervasive approach to effective performance management throughout all levels of the institution and for staff in all roles;
- Managing underachievement.

Resources for realizing the suggested objects were provided by the government. As first step, 330 million GBP, then 167 million GBP and rounding off HEFCE with 170 million GBP. Thanks to R&DS, further HR politics, regulations and guidelines were created for the modernization of HRM. The first area for improvements was the settlement of discontentment with the wages and the ensuring of the high standard of higher education. By 2004 the “National Framework Agreement” was born, which was based on nation-wide surveys and comparisons and contained the 51 new payment levels of academic and non-academic employees working in higher education. The aim of the “White Paper” was to upkeep and increase the quality of higher education. (*Shenstone, 2009*)

According to a nation-wide survey made in 2007, the opinion of HR directors was that the modernization of HRM in their institutions could have been achieved thanks to the R&DS. This was the general opinion of those directors too, who started the development of their institution’s HR processes based on their own reserves before the modernization in 2001. In summary, the provided funds had been well utilized which is shown by the expenditures and the modernization of HRM.

## 2. Material and methods

My secondary sources were the Hungarian and English literature about HRM, national regulations and laws regarding HRM in higher education institutions and the corporate sector. I have done some research in several libraries in England and on the internet. In Hungarian literature I have studied the publications and researches of the Hungarian instructors and researchers. Consulted the Hungarian institutions’ development plans and annual reports for the year of 2008, examining the statistics of students-, teachers-, and researchers’ headcount, and the placement of HR in the structure of the organization.

For primary research I have utilized my experience as manager in the fields of HR and labor department in University of Kaposvár. Furthermore, I have spent the 2010/11 academic year in one of the biggest colleges of England as a student. I could gain first hand experiences of the effects of HRM on the institution, the employees and the students. As a student I could perceive the judgment of HR department among teachers, co-workers and management. I made an interview with the college’s HR department manager and teachers about the supplemental role of HRM in the everyday work and the performance of the institution. Outside of the college I had conversations with HR experts working in public services about the current challenges of HRM. I had surveyed graduated PhD students in higher education institutions about their job expectations and future career possibilities.

### 3. Results

The comparison of Hungarian and English HRM was done by the breakdown of *Bett*. He sorts the areas of HR activities into 4 groups:

- HR strategy,
- HR structure,
- HR priorities,
- HR practices

I present the results of my research, the similarities and differences in HRM according to those 4 dimensions.

#### 3.1 HR strategy

The Law of Higher Education issued in 2005 imposed upon higher education institutions the task of creating an Institutional Development Plan for the years of 2007-2011. It was emphasized as an important criterion that HRM should play an enhanced role in the strategy of the institutions, and should contribute to the realization of goals on a long-term timescale. The institutions satisfied the impositions of the law. The Institutional Development Plans contain numerous regulations, which lead us to the conclusion, that the institutions realized the opportunities in HRM and its importance in achieving strategic goals. In several cases it can be observed that HR strategy is synchronized with the institutional strategy. It is a positive sign in Hungarian higher education, that HR strategy is not just a chapter in the book, but is being practiced. On the other hand, it is a negative sign, that there is no indication for tracking the realization of HR strategy, measuring its efficiency or getting feedback.

The English government with the funds granted within the R&DS could achieve that in every English higher education institution created its HR strategy, which provided directives and meant outputs could be evaluated against the requirements of recommended goals. It was clear from the beginning that the initial HR strategy could not be efficient, only could become that during the following years. For this purpose the institutions aimed to set up clear, well-defined strategic goals, so that their realization could contribute to the long-term development of the institution. HR politics and practice had been tailored to the strategy. Utilizing the experience gained during the previous years they knew that creating a HR strategy and the resulting HR politics and practice can only be successful and efficient if the management of the institution adopts and fully supports it. The importance of knowing that the efficiency of a process can only be achieved by getting feedback of its output was also clear. Therefore, there were several measurement systems being made in this period in order to evaluate the efficiency of HR services. In example: level of satisfaction with the provided services, results of staff training, benchmarking and internal indicators of HR performance. (*Guest and Clinton, 2007*)

#### 3.2 HR structure

Position of HR department in the institutional hierarchy greatly influences the efficiency of HR activities and tasks. My researches extended to the placement of HR department in the vertical and horizontal structure of the institution, as well as the exercising of leadership and executory powers. Placement in the organization is al-

most always determined by the position of the person who has leadership, executory and employer powers over it.

Typical Hungarian practice is to place a separate labor department under the direction of the bursar, which is also appointed to handle activities related to HRM. This setup was established during the previous decades and it is a characteristic of 53% of the institutions still. The other half has broken away from this tradition of the past, and had set up a separate HR department next to the labor department. Leadership and executory power over this new department is the jurisdiction of the rector in 31%, and the chief secretary in 16% of the institutions. Leadership of labor department remains the jurisdiction of the bursar.

Position of HR department in the institutions of English higher education is not uniform either, just as in the case of Hungarian institutions. For comparison there were 3 groups defined. In the first group are the institutions in which HR functions as a central unit and is in continuous communication with the other departments and faculties, and is a characteristic of 52% of the institutions. In the second group are institutions which also operate a central HR department, but they set up specialist groups for the HR activities, such as recruitment, training, equal opportunities, and is a characteristic of 21% of the institutions. In the third group there is a small core of strategists and consultants, and the rest of the HR activities are decentralized at each faculty or department, which is a characteristic of 11% of the institutions. Apart from the groups defined above, there are combinations of the first and second, and also of the second and third groups, which are a characteristic of 11% and 5% of the institutions. According to researches the organizational structure does not affect the performance of the institution, therefore, there is no good or bad HR structure. Based on the size of the institutions the third group is more prevalent in the bigger, and the second group is more prevalent in the smaller institutions. The main arranging pattern is that the HR system and services should be more accessible to the person who uses it the most. (*Guest and Clinton, 2007*)

### 3.3 HR priorities

The Ministry of National Resources (former Ministry of Education) have not issued strategic goals regarding the HRM of the higher education institutions, therefore no general guidelines had been set up for the sector. Despite this the institutions could define the priorities of their HRM. The aim of these could have been the adaptation to external or internal changes.

Whereas, the English government has defined the priorities of higher education in accordance with the HR strategy. The central point of these definitions were the realization of the required output. Institutions had to adapt these priorities and could have set up ranks for them. The government provided resources to help performances. The priorities defined in 2001 for improving efficiency of HR activities were the following (*Shenstone, 2009*):

- Managing difficulties of recruitment and retaining;
- Preparing employees for handling present and future tasks (staff development);
- Providing equal opportunities;
- Modernization of pay, applying “equal pay for equal job” practice;
- Labor planning and assessing labor requirements;

- Evaluating personal performance in accordance with improving pay structure;
- Addressing poor performance.

In a survey about assessing the realization of priorities made in 2007, HR managers were asked to name the goals that were accomplished efficiently, based on their experiences and the opinions of the employees. The efficiently achieved priorities were recruitment, modernization of wages and staff development, the rest of the activities were categorized as future tasks, because they were not as successful in realizing them as they had expected. (*Guest and Clinton, 2007*)

### **3.4 HR practices**

There are significant differences between the practices of HR in institutions in Hungarian higher education. Typically they cover the tasks such as administration of personnel data, wages, recruitment and selection, analysis and evaluation of scope of activities, development of training, performance assessment, in-kind salary, attendance register, labor administration software and management information system. It can be observed, that surveys about satisfaction with HR practices is random both in time or selection of groups. It is atypical to find a standardized communication channel within institutions or sharing experiences about the most efficient methods (“best practices”) between institutions.

In England there is a much wider selection of HR functions at disposal. Similarly to the Hungarian situation, there are many differences between the qualities of HR practices among institutions in England. The following list of activities is not complete: general recruitment and selection, acquisition of highly qualified employees, general education and training, education and training of scientific leadership, personnel assessment, performance management, two-way communication, flexible employment, staff planning/replacement training, reward and acknowledgement systems, preserving skills of highly qualified employees, general personnel retention, improving underachievement, equal opportunities, analysis of disconformity/discipline/absence from work, scope of activities planning and assessment. I regard that they assess the success of HR practice based upon the feedback of the employees and continuously adjust it to the needs as an example worth following. HR activities can be classified into 3 groups. First group contains the activities which are routine work and done efficiently, the second consists of activities which are yet inefficient and being introduced, and the experimental activities waiting to be introduced belong into the third group. Together they form a system of constantly renewed HR methods which is a feature of the HR practice of the institutions in English higher education. (*Guest and Clinton, 2007*)

## **4. Conclusions**

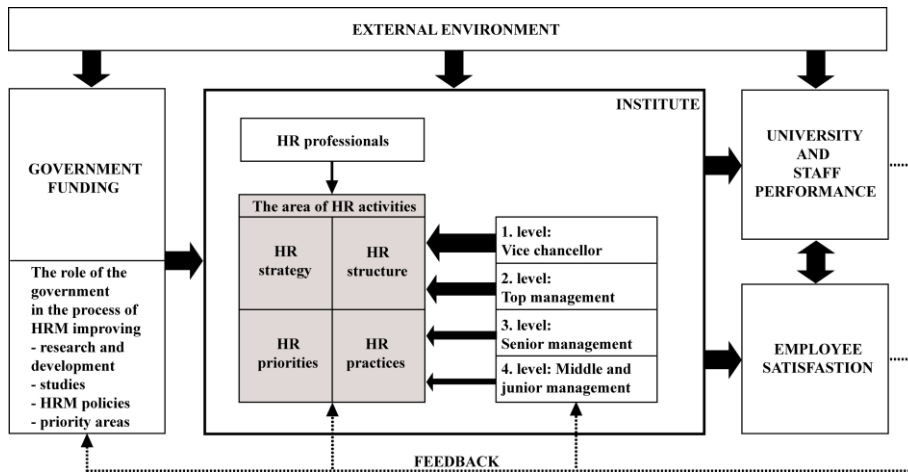
What kind of experiences, methods, including the “best practice” of an efficient HRM in English higher education system can be adopted to the Hungarian higher education system? Several similarities exist between the two. In recent years there were individual initiatives of the institutions in Hungary, which is due to advancement following a synchronized conception made by the government. HRM has to take part in the improvement of the weak innovative capability of universities and the modernization of processes.

If there is insufficient legal and financial support, then experiences show that efforts are meaningless. Even advisors in England had thought of the question whether the results of HRM achieved so far can be sustained in the future if the government withdraws the offered resources. If the transparency, creditability and coherence of the HRM is damaged in one aspect, then it can shatter the faith and trust in the system, the foundation it builds upon. The results of my research lead me to the following conclusions:

- Government support in England for the modernization of HRM in higher education institutions is much stronger than in Hungary. After the survey about the situation of HRM in higher in England there had been an establishment of a general directive for the whole sector. Resources needed for realization were provided. Planning was for long-term and after expending the resources the results were always evaluated.
- Implementation and utilization of HRG in Hungary had been established too, although without support from the government. In order to be able to define future trends in HRG and analyze the efficiency of practices used the survey of the situation of the higher education in Hungary would be necessary.
- Both the Hungarian and English HRM system has grown out of the administrative role and beginning to become a strategic partner of the institutions. This was possible by consolidating and doing efficiently the administrative tasks so much that it became a foundation for HR experts to base their credibility on. Naturally, the institutions are on different stages of this process and this affects the quality and standards of their HRM.
- We can experience differences of HR functions practiced in both countries' between the institutions in higher education. There are more or less practices and methods available for HR. In the English system some functions were developed to be more efficient, for example recruitment, selection, assessment of scope of activities, meanwhile others had been tailored to the needs of the institution in question. This way increasing the efficiency of present tasks and introducing new practices will be typical for HR experts. Managing stress as a future task faces HR experts in both countries' higher education institutions with challenges.
- I attach very big importance to the support of HRM by the management in Hungary. This is supported by researches done in England, which show a positive correlation between the support of HRM by the management and its success rate. Therefore the dedicated support of the rector is very important for the success of HRM processes. Descending the hierarchy the provided support will decrease, which is natural and something to be prepared for by the HR managers.
- The English higher education system assesses the influence of HRM on the performance of the university, and accordingly established the system of internal and external indicators and methods of measurement. This system is under research even at the moment. It would be advisable to examine the effects of HRG in Hungarian higher education institutions.
- The efficiency of the English system is better because of the HRM, there is less redundancy and waste of resources. In the Hungarian system both the waste of resources and restrictions are present at the same time. There are no well-defined requirements and no communication channels set up between the academic and the educational sphere.

## 5. Proposals

**Figure 1. Examination of the effective HRM operation**



Source: figure created by the Author

The previous self-edited diagram is a suggestion for establishing and maintaining an efficient HRM. The comparison shows that the Hungarian HRM lags behind the English system. The Hungarian government should pay attention to the HRM in higher education institutions due to its special situation. In relevance with this a survey seems necessary to assess the situation, and based upon the results directives and plans of operation should be drawn up adjusted to the long-term strategic goals of the Hungarian higher education, considering the adequate amount of provided resources. Expectations of HR should be defined for the whole sector and a strategic plan should be made to help the realization of changes. The institution is responsible for the fulfillment of its strategic goals and for creating an HR strategy, structure, priorities and practice according to its requirements. The success of HRM mostly depends on the HR experts operating the system and the support provided by the management. On the diagram the thickness of the arrows represents the level of support given by the management.

The purpose of HRM is the achievement of satisfaction of the employees and contribution to the required performance of the institution. The question is, when we can say that operation of the HRM is efficient. In the case, when we assess the accomplishment of HRM to the employees and to the performance of the institution by using internal and external indicators in such a way, that we evaluate each step from the beginning to the end of the process. After assessment first comes evaluation then intervening in the process by feedback to the inefficient areas.

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