

Management of People by Managers with a Technical Background – Research Results

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In 1999 and 2000, the Masaryk Institute of Advanced studies of CTU in Prague launched a study of the efficiency of human resource management in Czech enterprises, with emphasis on technically educated managers. About 85 managers, each responsible for 5–250 employees assessed their own HRM activities and attitudes and those of their firm. The following aspects were analysed: evaluating individual management areas, assessing the general management standard of the given company, awareness of the company's personnel management policy, manager's own contribution to formulating the company's personnel management strategy, developing job descriptions, using professional methods of employee selection, promoting employees to the status of manager, periodic assessment of employees, training of staff responsible for assessment, employee remuneration and other motivation tools, etc. Results and data analysis are given in the paper. The managers of the Czech companies reviewed are still involved mainly in operating management, and devote limited time to the conceptual work needed in order to formulate an integral company policy in the area of personnel management. On the basis of this analysis, further training for managers with technical education will be designed and organised by the Masaryk Institute of Advanced Studies.

Keywords: human resource management, effectiveness of personnel management, employee selection, employee assessment, motivation tools, broadening employee skills

1 Introduction

Employees are a potentially creative element in each work organization – no company has a chance to achieve its objectives unless its staff works effectively. A manager, irrespective of the area he is responsible for in the company, does not make decisions regarding his employees in a vacuum. He has to deal with economic pressure to increase productivity and improve product quality, he has to reflect on the changes taking place in the area of production and information technologies, and marketing as well as financing.

Managers at all levels assume a number of roles that influence each other and overlap. A keen observer, when looking at management activities, will note that the differences between individual managers are particularly influenced by the roles that are given priority in their management activity.

The recent trend of devoting increased attention to personnel management (or “human resource management” as this area is often called) is accompanied by the introduction of the benchmarking method, consisting in comparing company results with current best practice in leading companies worldwide or nationwide. Benchmarking studies show that personnel managers of Czech companies, when compared with those in other European countries, are still obliged to spend a part of their working time on ineffective administrative procedures, dealing with problems of current concern of their company rather than addressing conceptual issues related to the company's future strategy (according to a report by Price Waterhouse – Coopers, 1999).

As stated in this source, while foreign companies list among personnel management priorities such items as “management functions development”, “changes in organization and company culture” and “internal communication,” in other words, activities of a non-administrative nature, Czech

personnel managers spend as much as half of their working hours dealing with routine administrative work. Consequently, they “serve” an average of 57 employees, as compared with 69 employees in Western Europe and the Near East countries.

2 Aim of the research

In 1999, the Masaryk Institute of Advanced Studies of the Czech Technical University launched a research project to study the effectiveness of personnel management in Czech companies, focusing on managers with a technical background. In the first stage, the research into this extensive and complex subject, involving a number of relationships, was carried out in the form of a pilot study that also focused on methodology. The aim was to select certain personnel management activities, and study them in detail. While conducting the pilot study the researchers visited 10 companies and made 5 analyses in each of them. Their evaluation resulted in a set of 47 analyses that resulted in a preliminary, rough generalization, though statistically at a low level of significance.

The correlation analysis showed consistently higher overall effectiveness of the analyzed personnel management activities when these were carried out by a specialized company and not by the company using its own resources. Similarly, outsourcing as a rule resulted in overall higher effectiveness of the activities assessed regarding the company's financial results, individual performance, employee and customer satisfaction.

The pilot study data also showed that those who were successful in personnel management were people with a larger knowledge base of the given area. However, the expectation that activities initiated by top management would be more effective than, for instance, activities initiated by personnel managers was not confirmed by our study.

3 Conducting the research and research results

In the first half of 2000, a questionnaire survey was carried out on a sample of 87 managers (75 men and 12 women) coming from 45 Czech and Moravian companies. The sample comprised 18 managing directors, 20 technical directors and 49 representatives of lower management. The number of employees reporting to them varied, ranging from 5 to 250. The managers were within the 25–56 age range.

Most of the managers surveyed were graduates from technical universities, mainly from civil, mechanical and electro-technical faculties. Other respondents held degrees in chemistry, mining and agriculture. 7 respondents were attending post-graduate courses, including MBA programs. About half of those surveyed had more than 11 years' experience of managing people.

The questionnaire was in two parts. Part A comprised 28 items concerning the following: evaluating individual management areas, assessing the general management standard of the given company, awareness of the company's personnel, management policy, manager's own contribution to formulating the company's personnel, management strategy, developing job descriptions, using professional methods of employee selection, staff responsible for employee selection, promoting employees to the status of manager, new employee adaptation, periodic employee assessment, training of staff responsible for assessment, managers' attitude to work motivation, employee remuneration and other motivation tools, improving and broadening employee qualifications, company spending on staff training, stimulating improvement of staff qualifications, information sources used in the company, relationships with the trade union organization.

The second part of the questionnaire (part B) comprised data concerning the respondents. They were asked to state their current position, sex, age, number of subordinates (including indirect subordinates) and the highest level of education received, their own education, length of managerial experience, personal attitude to personnel management (a personal "creed"), and sources of information about personnel management. In most cases, the guided process of completing the questionnaires took place at the manager's workplace. The questionnaire administrators were the research team members of the CVUT Masaryk Institute of Advanced Studies. Filling in the questionnaire usually took 1–2 hours. When evaluating the items related to specific management areas, managers arranged them in order of importance for their everyday work. In their view, the most important item is the *operating management*, followed by *information technologies*, *employee motivation*, *company internal communication* and *strategic management*.

A scale of one to six was used to judge the standard of management in the managers' own companies, and the respondent had to opt for either a positive or a negative evaluation (there was no "average standard" rating on the scale). Managers gave all the areas assessed an above-average rating (a certain "identification with the company"); the highest ratings were given to the areas seen as most important in the previous items. Operating management in these areas is the most frequent activity of the managers at work, being carried out usually on a daily basis or several times a week.

In order to assess managers' own knowledge and skills regarding specific personnel management areas, a classical scale of one to five was used (excellent, above-average, average, below-average, totally inadequate), this time offering the possibility of a "modest" answer – an "average" rating. And, in fact, this was the answer that most managers chose. They gave a higher rating to their knowledge in the areas to which they devote most of their time in their professional practice.

If we compare the answers to all four items concerning the evaluation of specific management areas, it is obvious that in all cases the main emphasis is placed on "*operating management*". Other items concerned the evaluation of the existence of a comprehensive company personnel management policy and the manager's role in formulating its strategy. Answers to the first question indicate that about one third of the respondents admit that an integral policy is lacking and more than one third have no precise information about the integral company policy in the area of personnel management. The next question was answered along the same lines: most managers do not participate in formulating personnel management strategy at all and, if they do, it is only when it is closely linked with their own job responsibilities.

The next set of questions covered personnel planning and selection. It follows from the answers that staff requirements are based primarily on operating experience, or are determined on the basis of a rough analysis of the company's goal. Only a rough estimate is made of the future personnel requirements in terms both of their number and of their structure. Ordinary employees are not chosen by professional selection methods, and fewer than one third of the respondents claimed to use such methods to select key employees. Moreover, the majority of the managers surveyed keep minimal records of costs of activities related to personnel management (although these answers may be connected with the different work responsibilities of the managers interviewed). Consequently, it is either the manager himself or the manager in conjunction with the personnel department who participates in the selection process. Employees are promoted to the rank of manager on the basis of their qualifications and performance. Adaptation of new employees means, in most cases, getting to know the workplace and assigning a fellow employee to acquaint the newcomer with the job.

Other items focused on employee assessment. The results show that most companies surveyed assess their employees approximately once a year, mainly on the basis of achieving company goals, in the form of a free description or assessment interview. These methods and/or a combination of them are considered most suitable. The assessment is seen as support information for personnel-related decision-making (promotion, dismissal, remuneration, or training and development). The assessment results are communicated to employees in a detailed interview; only exceptionally are they not communicated at all. The assessment staff receive a short briefing instructing them on how to handle the assessment.

Work motivation was the subject of the other part of the questionnaire. The personal attitude of the managers to this subject was tested by a classical method of indirect assessment of attitudes – managers were offered a set of statements about motivation and asked to choose the principles they most identify with. Among the choice of 12 "principles" the preferred one was the so-called "*distributional equity*", expressed in the relevant literature by the formula "my

performance : your performance = my remuneration : your remuneration". Managers also manifested their attitude to employees' financial motivation: while the average amount of the floating component of the salary was stated to be 24 % (with probable statistical distortion, because in one case the figure given was as high as to 75 %), the managers themselves would like it to increase to a level of 35 %. From the total choice of 34 positive and negative motivation factors, (e.g. salary, praise, disciplinary measures, promotion, personal development, benefits, reprimand with the threat of dismissal), managers regard financial incentives as the most efficient (e.g., extraordinary financial rewards, target bonuses, a floating salary component, rewarded employees' differentiation and incentive bonuses). Other motivation factors included the manager's show of personal interest and performance encouragement.

On an average, the managers themselves deal with motivation just once a month; however, they show personal interest and give recognition and praise more often. In their opinion, what employees appreciate most is an **extraordinary financial bonus, recognition and praise, and the manager's help in difficult life situations.**

Another personnel management area assessed was employee training. In the companies surveyed, employees usually improve their skills in short-term training courses, and less frequently in long-term courses and correspondence courses combining work and study. Those who study are mainly younger workers, especially those regarded as having great potential. However, other employees who show interest in improving their skills are also given the opportunity to do so. The companies reviewed spend an annual average of CZK 1000–5000 per employee on training. Employees are encouraged to improve their skills primarily by their immediate superiors. Work experience is also acquired at the workplace when less experienced employees are assigned to work with more experienced colleagues.

At the end of the questionnaire the respondents listed their most frequently used information sources. The sources seen as most important (in order of frequency of use) are **the internet, information from employees, employee suggestions, minutes taken at company management meetings, public company media and company documents.** On the other hand, they hardly ever use or do not have available career plans, the company's ethical code, or company questionnaires and surveys. Managers take part in drawing up company documents.

The purpose of the complementary item of the questionnaire was to map out the relationship of the company to trade unions. The answers to this question show that in more than half of the companies there are no trade union organizations at all, and where they do exist, their relationship with company managers may be regarded as practically free of any conflict.

4 Conclusion

The research results showed that the managers of the Czech companies reviewed are still involved mainly in operating management and devote limited time to the conceptual work needed to formulate an integral company policy in the

area of personnel management. This policy is either non-existent in the company or is implemented spontaneously, responding to an immediate need. It is often the case that this policy is carried out separately from the company's principal tasks. The same applies to personnel planning and selection, in that employees are hardly ever chosen by professional selection methods.

Work motivation is regarded by managers as an important part of management. In their view, the most effective (and the "easiest") incentives are differentiated financial rewards given to individual employees for their work results. Besides financial motivation they use other incentives of a non-material nature in their professional practice, mainly praise and a show of personal interest and support for employees. (According to these managers, they themselves would prefer to be rewarded for their achievements not only by bonuses but also by recognition and appreciation, enhancing their own satisfaction with the work done.)

In the Czech companies under review, employees with good prospects and potential have the opportunity to improve their skills, with encouragement from their immediate superior or on their own initiative. However, the amount of money spent on education is not commensurate with the importance attached to education in western companies.

In most cases managers share the same preferences regarding the information sources they use – alongside classical company sources (minutes taken at company management meetings and information obtained from employees) the internet has become very popular. Other personnel management tools, the use of which has been neglected so far, include career planning, a company ethical code, and company questionnaires and surveys.

The research carried out on a sample of managers with a technical background shows that Czech companies will have to formulate and improve their integral company strategy in the area of personnel policy, which should be seen as an organic part of meeting company goals. Only when a management strategy is viewed in this way will the top managers be partly liberated from excessive, ineffective routine work leading to reinforcement of the administrative stereotype. As a result they will be able to address conceptual issues – developing management functions, making changes in organization and company culture, and improving internal communication in the company.

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