Human Resources Development in a Lagging Region

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Abstract

Saldo Plc. granted the opportunity in his application handed in 2008 to develop this training project of the regional key persons concerning 2 regions of Hungary (altogether 20 micro-region) with a most underprivileged situation. The project was coordinated by the National Public Employment Foundation (OFA) and subsided by the Labor-market Fund (without the withdrawal of an EU source), and it lasted from August 1., 2008 to February 28., 2010. The motto of the project was "we give nobody up", for which the training of 1.045 persons came true in his framework, using 407 training days (2,442 training hours). The project's long-term aim (the successor of a hypotenuse) was: to contribute the modernizations of the region's public administration by the training of the organizations' determining characters concerning the promotion of the organizations' qualitative and productive function in the underprivileged areas. The direct, actual aim was formulated as the contribution of a high quality institutional system working on a standard by training the decision makers and business partners of the micro-region within closing the gap of the core competences and system approach.

Keywords: human resource development, micro-regional development, new public management

1. Introduction

In the macro- and micro-economic approach the skills of the workforce, the knowledge base quality and growth are outstanding important, because these are the basic engine of development and growth. This implies that the capital element of the essential aspects needs to be developing by continuous enrichment at both economic, NGOs and state organizations. In the less favored areas where the economy is unable to allocate resources for this goal, the role of the state should be more emphasized. In this paper, we present such a peripherical areas and state actors for state intervention, supporting the establishment along with modern knowledge management transfer training results. We examine with empirical and statistical methods in the impact of a government funded training program, the characteristics of the participants before and after the training, the impacts in the region, as well as the labor market position and effects of the project.

The Saldo Consulting and Informatics Ltd. in 2008, has won two tenders in the region (in Northern Hungary and Northern Great Plain) for a total of twenty (12+8) of disadvantageous micro-regions for regional training opportunities for key people¹. The project coordinated by the National Employment Foundation (OFA), supported by the Labor Market Fund (without the European Union funds), lasted from August 1, 2008, until February 28, 2010. The project's motto was "No one left behind", in which 1,045 people were trained during 407 training days and 2,442 hours of training. In the project the authors participated like the colleague of Saldo Ltd., as well as outside experts.

The long term goal of the project was to modernize and develop the region's administration staff (human resource) including the potential collaboration and institutional partners by educating the participating players and aid the productivity and quality operations for these institutions in these disadvantageous regions.

¹ The decision-makers of the region, decision-making and implementation participants, board members and nongovernmental organizations in the region's SMEs senior employees.

The Hungarian administrative functions are considered differently in most literature but most authors agree that there is possibility for improvement (Pálné Kovács I., 2008). The requirements and recommendations at most places fit the goals of administrative reform objectives called New Public Management (NPM). These objectives are (based on Pollit-van Thiel-Homburg, 2007: 4-5):

- Simple and decentralized organizations (highly organized divisions),
- Factual contracts as opposed to legal relationships based on complicated hierarchy (innovative view),
- The use of organizational management tools and techniques (quality assurance),
- Favoring the project based workflow (efficiency),
- Benchmarking, qualifying the results (qualifications).

The most immediate goal for the regions advancement (based on Call for tender, 2008 and Halm-Vadász, 2009:49-60) is to learn new competencies and form a new attitude amongst the decision-makers and various economical participants, which contributes:

- Forming of an institution operating at a high aptitude,
- Absorbing and successfully using the needed management and administrative capacity,
- Improve the effectiveness of public sector,
- To develop a model for promoting, regional economic cooperation, and for innovative approaches.

2. Presentation of the project

The training based on the human resources of the four targeted groups: micro-regional development committee² (145 people, 14%), the target regional institutions³ (493 persons, 47%), SME (small and medium enterprises) sector (197 people, 19%) and local NGOs (210 people, 20%). The full program involved 33 of OFA-disadvantaged regions (LHH), where 10% of the country's population lived (CSO, 2007). The Figure 1 shows the target locations.

The Saldo Ltd.'s project target area was 20 micro-regions of the two regions, which include:

- Northern Great Plain region: (Berettyóújfalu, Baktalórántháza, Csenger, Fehérgyarmat, Mátészalka, Nyírbátor, Vásárosnamény and Tiszafüred);
- Northern Hungary region: (Abaúj-Hegyköz, Bátonyterenye, Bodrogköz, Edelény, Encs, Heves, Mezőcsát, Ózd, Sárospatak, Szerencs, Szikszó and Tokaj).

The preparation program consisted of the following: micro-regional development committee representatives of 60 hours, 30 hours for the SME, for representatives of the target area 18-hours, institutions and local NGO representatives also participated in 18 hours.

The common and differentiated elements of the training programs are known as core competencies "a totality of skills and technologies that enable an organization to provide specific benefits to customers" (Hamel-Prahalad, 1994:199). Based on the Call for tender Saldo Ltd. made a training program for all the target groups (taking into account relevant features), and common elements were:

- digital communication and digital literacy skills development,
- public procurement procedural knowledge,
- development and supportive knowledge (e.g. PCM, development resources, regional and urban developing knowledge, application techniques, etc.),
- financial and planning skills,
- various training (negotiation, partnership-building, conflict management and organization building).

These core competencies of all organizations (businesses, NGOs and public sector) are essential to maintain the continuous operation that can create value for stakeholders. The theme evolved the role and operation of the micro-regional development committee (decision making). The specialties of the SME sector were: quality improvement (strengthening the development potential), and lobbying skills and lobbying techniques.

² Adviser and decision preparatory board operating next to the micro-regional development councils which is responsible for a complex development program making, in line with the "New Hungary Adjustment Program", and with the plans operating the sector

³ All institutions existing in the most disadvantaged areas in public administration (government).

In addition to the common elements the preparatory program included asset management and asset utilization, new policy and development efforts for institutional care, and the task of giving government the possibilities and advantages. The participating local non-governmental organizations also included the theme of equal opportunities.

OFA intends that the training program's contents and methodology should result the following advantages for the participants and the development of the region (based on Call for tender, 2008 and Horvath, 2005:252):

- operation as group and horizontal co-operation,
- modern management thinking,
- regional coordination.

The project's wider impact is implemented of the new public management known as "4M" method recommendations to modernize the system (based on Pollit-Bouckaert, 2004:186-188):

- Maintenance: to maintain and improve the institutional relationships based on the political system, public administration, the regulatory environment and market actors (horizontal cooperation).
- Modernization: modernization of the public administration system which speeds up the operation and evolving more flexible procedures, and involving all stakeholders in the process, not just the politics side (quality function).
- Marketization: development of market-based operation on the existing legislative and institutional environment, introducing as many devices as private sector owns (productive operation).
- Minimization: reducing the administration with privatization or with outsourcing, keeping only the core competencies (competitiveness).

3. Hypothesizes

It is difficult to measure the goals and the expected results, so Saldo Ltd. used two questionnaires: the input competency test and satisfaction survey. Both questionnaire was self-report, anonymous, and did not distinguish between the attendants based on training target group. There was only one person who was involved to several trainings, so redundancy could not occur. At the same time quantitative and qualitative data was collected, the goal of the questionnaires were the collection of measurable, comparable information, on the other hand, measuring the effectiveness of the training, moral results, that needs to be targeted in the future.

The input competency test included 36 unopened questions, and the satisfaction survey included 21 unopened questions. The later questionnaire's first part contained demographic questions, and in the second part we have measured the attitude (using 1-7 scale). The competency test included multiple-choice and scale closed questions. One of the previously described questions was filled out by each one of the participants, but only 68% responded to both type of questionnaires. To prepare the present study, the authors choose a representative sample (based on the project participants) based on the total records (1,045 people, 68% of the 711 questionnaires), which included 175 completed questionnaires. The sample is not representative at the national level. Before analyzing the questionnaires, the following hypotheses were formulated.

Competency assessment:

- The factors determine the competiveness of the region's micro-regions have been improved during the trainings. (K1)
- Participants had used few modern management techniques and tools before the training because of the lack of knowledge and resources. (K2)

Satisfaction survey:

- Based on their demographic character, participants adjudge differently the flexible labor market tools and the labor market conditions (E1).
- Participants felt that the training will have a significant impact on their job security, advancement, pay, etc. (E2).

a) The competitiveness improvement of the regions due to the training - K1 hypothesis

We are assuming that "The factors determine the competiveness of region's micro-regions have been improved during the trainings." The examination of the hypothesis rose up, because it was consistent with the long-term objectives of the project (see above: New Public Management).

The hypothesis examination focus equals with the above described programs topics, which gives the strategic base of the working organizations (based on Bovaird-Löffer, 2009:61-77 and Handy, 1993). These are: using planning skills and tools, project approach and project management tools, financial planning skills, public awareness and application, computer application skills, team-like quality of the operation (partnership) and communication skills.

The prerequisite of the hypothesis is that in Hungary a classic, public administrative type government works, which deficiencies is characterized, for example by a law-centered approach, a hierarchical organizational culture, and lack of modern organizational and management methods and the lack of strategic vision, weak social partnership, specifically high operating costs, and low-level monitoring (based on Bovaird-Löffer, 2009:10). The lack of professional approach in decision-making, results in short-term problem solving. The administration is not prepared to exploit the inherent advantages of the partnership, while the civil society does not have the necessary capacity for meaningful participation, information, and have poor coordination at the regional state administration (based on Halm-Vadász, 2009:11-19).

Based on the standard definitions of competitiveness (OECD, 2010) two approach of the regional competiveness might be created:

- Growing economic power, and increasing productivity, which is consistent with the standard of living, and real income growth.
- Long-term economic development, for not only short periods reachable success, but evolution in long term social and in environmental issues.

As the different components of the factors are compared on in the goods market, rather than analyzing regions as a whole, they should be divided to submarkets or market segments might be compared. If we analyze the competition's subject, we can mention functions, institutions, services, events or other scarce factors (development of resources, information, labor etc) that eventually relate with some kind of a better economic position to achieve (Horváth, 2006). These latter factors (whatever type of organization) create the core competitiveness of a region. This project has focused on the training of these value persons (core workforce, employees, officers, entrepreneurs).

The preliminary survey showed that the training program fills gaps, focused on lack of essential skills and competencies regarding all target groups, was well planned and focused on relevant and important topics. During the on-site interviews we confirmed that the training methodology, the practical approach worked well and proved to be appropriate for each target group and each micro-region. Given that (1) the training syllabus aimed at increasing the competitiveness factors affected and (2) each participant has successfully completed the training, we accept the hypothesis K1.

b) Advanced leading techniques before training - K2 hypothesis

Our assumption is "participants had used few modern management techniques and tools before the training because of the lack of knowledge and resources". The hypothesis testing was done because it has a priority factor from the view of the participants and the development of the region (see above: Call for tender and Horvath, 2006).

The studied variables showed a mixed picture of the overall population average. More than half of the respondent's institutes (54.8%) have medium-term strategy and a similar ratio takes care into sustainability aspects. It is gratifying that a high (40.8%) the proportion of respondents who in addition to the aforementioned group, at least partially addressed through the area. Using the integrated approach of the strategy the results are less favorable than before, because this technique was used only by 32%, but with the partly users the rate is 87%. To the implementations of the project interim organizations mostly (63.2%) only occasionally used, but here are high ratio (28.2%) among who never live with this tool. Project manager's job exists very rarely (23.2%), the choosing of the project managers usually based on the project, but very often the same person is elected.

About the supplement of information technology organizations generally had a good opinion of the respondents. A typical value of the communication within the organization was moderate. In the following we separated the management techniques of application to the different types of organisms because of the ownership, financing, management objectives and techniques differed very significantly in the different target groups. In the questionnaire and the management techniques application of issues showed significant differences in the medium-term strategy, the sustainability aspects enforcement, and temporary organizations to set up the project manager selection method, the project manager's job existence and the organization's information technology among the individual body types.

The cross-table analysis shows that while the micro-regional development committee had much higher proportion (around 90%) medium-term strategy, the small companies used this tool in much lower than average proportion (28.6%) (See Table 1). In the case of the sustainability aspects of development the committees and SMEs are those who attach greater importance to the area than the institutional actors and NGOs showed lower values in relation to the question. In the interim unions were much higher than the expected proportion of those NGOs, who have never used such a method. Parallel, in the case of other aspects this type of technique was more often used. In the case of information technology the non-governmental organizations was more extreme than the average at their position: more than the expected (compared to the average) stated that this is an outstanding tool for their organization either, but also that is failure.

The above statistical analysis showed that the participants have not or only partly applied the modern management methods and management tools, so K2 hypothesis is accepted. The reason, according to the interviews was the lack of knowledge or resources. After the preliminary competency assessment and comparing the personal on-site interviews after the end of the training showed that the participant's horizontal and group-like functionality improved. The interviewees said that on the effect of the training the majority of organizations will create the project manager (part) job (depending on human resources) and in the meantime they have started an integrated, sustainable development strategy as well.

c) The judgment of the flexible labor market assessment tools - E1 hypothesis

We assume that "the trainees based on their different demographic abilities considering differently the flexible labor market tools and labor market conditions." We mention on the area of flexible works four possible means (Gulyás, 2007:204), which we examine in this context. They are the followings:

- Reduction of working time,
- Various atypical forms of employment (mostly part-time),
- Training and further education,
- Hours of work and distribution in various forms.

After the various references to the literature we can observe significant differences among the individuals behavior (responsiveness), in a variety of labor market policies as regards applicability. There are large regional differences, however unable to compensate the mobility skills and abilities (László, 2007). The above arguments justified the testing of the hypothesis. We did not deal in our questionnaire with all flexible labor market policies; in the present description we describe the results of telecommuting and part-time employment.

The question should be split into two parts. At the first part of the examination we analyzed the how they influence flexible labor market and labor market conditions by means of the demographic conditions (age, gender, education, children, and marital status). We have found, however, among flexible labor market policies there is in few place significant correlation with the demographic data. Only the age and willingness to take part-time work (See: Table 2) and the highest level of education and part-time relationship showed a meaningful relationship.

75% of the participants in the sample would take part-time work, which is considered to be a high ratio. The positive response to the willingness decreased continuously with increasing the age. While among the younger age group 18-25 years nearly 90% rate was the yes answer, while this figure among age of 56-65 years was only 68.8%. The connection strength is nearly medium strength among lower boundaries (0.288). In the other case the level of education was, which showed a significant relationship between respondents' willingness to part-time employment. The connection was weak here. What is surprising that among the average of 75% positive response, the university or college graduates were the most dismissive (67% yes). Besides the vocational training school graduates have been nominated by a lower proportion of yes answers.

In the second part of the hypothesis the labor market conditions and demographics analysis was in focus, where a significant correlation (e.g. the group averages and the difference between the average people) was observed in six cases:

- Age and job involvement connection to the crisis,
- Role of gender and skills in job searching,
- Role of marital status and qualification in job searching,
- Number of the children and the employer concerned in the crisis,
- Children and the working place concerned in the crisis,
- Number of children and the impact of training on workplace safety.

Among people of working age, it is clear that young people are less afraid of the economic crisis that will affect their jobs. The responses had to use a scale of 1-7, where nr. 7 is said that "the crisis can affect their job heavily."

It seems among respondents the men perceived stronger the role of the qualification based on successfully employment. In this case 0,9 difference can be detected among men (5.13) and female (4.23) respondents. The respondent's marital status is also affected to the "educated people can easier find a job?" question, as Table 4 shows. The marriage has significantly increased the perception of the role of education in employment.

By examining the first hypothesis (E1) we found significant correlation in three further cases between demographic indicators and labor market conditions (See: Table 5). In these three cases, the child's existence seems to be showed more pessimistic outlook led to the respondents (interesting that the employer involvement in the crisis to cross-table showed a significant result, but the examination of the differences between the averages does not).

The E1 hypothesis is only partially accepted, because we should pay attention that among the 5*11 = 55 possible answers, only in 8 cases were able to show weak significantly association.

d) The impact of training on occupational safety, career development - E2 hypothesis

In we assume that "Participants felt that the training will have a significant impact on their job security, advancement, pay, etc." The hypothesis testing was done, because in the literature all relevant training represents a value for the participants. Individuals are better motivated if the organization takes into account their aspirations and expectations about their future, individuals are able to develop their skills, and they confirm back with gladly if they have opportunity to learn and move forward (Farkas, 2009). In this case, without group-tested knowledge we examined that the participants averagely how judge the impact of the current and previous training on occupational safety, career development, pay.

The key results are shown on the Table 6 below. Our first statement is that the respondents provided low values as average, about the usefulness of both the current and previous of the trainings. The participants indicated less or equal values around the 3.5 average. It can be shown on the Table 6, they indicated the effect of the previous trainings higher than the current, about salaries and work safety. Based on our point of view the hypothesis should be rejected.

After further thinking the hypothesis, we have the assumption, based on the motivation (Figure 3) of the application there can be differences on the experienced usefulness. This would mean that if someone applied under the workplace ad, he would expect higher job stability from this training. Unfortunately, no significant sense (5%) can be detected between the groups. By the research results of the E2 hypothesis, it should be rejected, because there could be no significant difference detect between the current and the future workplace events.

4. Summary

The tender matched the complex regional development strategy of "Új Magyarország Felzárkóztatási Program"⁴ (ÚMFP); there was a need to increase the chance of local people by training, particularly to the social integration, opportunities of employment and mobility.

⁴ See: www.nfu.hu/download/11667/kistersegimutato.pdf and http://www.bm.hu/web/portal.nsf/ftsearch/C58A48D0F3201838C125739800411B09?OpenDocument

The training program tended to acquire missing and essential knowledge and worked well-designed and important topics in every training group - was determined by the preliminary competency assessment. The methods of the qualification, training-like, practical education model was effective and welcomed in every target group and each micro-region.

We can design the areas based on the competency matrix preparation by the questionnaires which parts still requires attention by the participants. One of the reason for this was the preparedness of the participants were incomplete in that knowledge and competency what was precondition of the training, so the result of the shortly training did not meet the previous expectations. For example knowledge-development is still important in the areas of tender writing and application-systems to the representatives of NGOs and delegates of institutions. The training has shown that a practical base-education is needed in this topic instead of continuing training in many micro-regions.

The other reason is also not measurable, it is occasionally observed (to varying degrees) loss of interest and motivation, and most often distrust. This latter (Hungarian national character) manifested attitude against the support system was experienced like "it is not available to us" and "we will never win this" approach.

According to the above, authors and the project leaders wrote the following proposals next to the positive results of the training:

- In the less favored areas there are still a need for tender training, public procurement and financial trainings, in certain target groups (NGOs, SMEs and institutions) base-education is needed as widely as possible.
- It's very important that these areas don't need a theoretical preparation, but practical, training-like education and develops to skill of internet usage and technical of tender writing (avoid to be unmotivated).
- In the area of digital literacy really underdevelopment can be sensed, and not the upper, more the fundamentals were missing. Of course equipments are also needed, because one of the causes of lack of development is the deficit of informatics devices.
- Parallel with the training development the application of absorption skill is also necessary the increasing
 of the confidence by the supporters. There would be a need to strength the education campaigns and
 other communication tools like this one.

	Type of organization				
	NGOs	Micro-regional Development Committee	Small and Medium Business	Institutions	Average
The organization has a medium- term strategy	46%	91%	29%	61%	55%

Table 1: Rate of organizations with medium-term strategy by type of organization

Source: Own research result

Age	Willingness to part-time work	Among all respondents age
18-25 years	89%	n = 19
26–35 years	79%	n = 42
36-45 years	88%	n = 33
46-55 years	66%	n = 58
56-65 years	69%	n = 16
66–75 years	33%	n = 3
76 years old or older	0%	n = 1
All	75%	n = 172

Source: Own editing

How the economic crisis will affect your job?				
Age	Average	Number	Dispersion	
18–25	4.12	17	1.536	
years 26–35	4.46	35	1.462	
years 36–45	4.56	27	1.396	
years 46–55	5.47	45	1.575	
years 56–65	4.60	10	1.955	
years				
All	4.77	136	1.628	

Table 3: The respondents' opinion by age groups about how the crisis will affect their jobs

Source: own research data

Table 4: The respondents' opinion between skills and labor market success according to marital status

Educated people can easier find a job?				
Marital status	Average	Number	Dispersion	
Married	4.92	97	1.830	
Living with	4.13	15	2.134	
partner				
Unique	3.86	35	2.031	
Unmarried	3.27	11	1.849	
All	4.49	158	1.970	

Source: own research data

Table 5: The relationship between labor market situation and engage children, averages

Do you have children?	Yes	No	Average
How much can the economy crisis affect your	4.91	4.4	4.76
job?			
How much will the economy crisis affect your employer?	5.4	4.97	5.27
How much effect has this training to your	2.7	3.33	2.87
workplace safety?			

Source: own editing

Table 6: The participants' responses average based on the usefulness of the training

	Average	Min.	Max.	Dispersion	Ν
How much effect has this training to your workplace safety?	2.84	1	7	1.918	137
What impact will have this training to your salary?	1.68	1	7	1.373	152
How much effect had the last training to your salary?	3.21	1	7	2.334	156
How much effect had this training to your workplace safety?	3.51	1	7	2.245	153

Source: own editing

Figure 1: Target areas of the project



Source: Own editing based on Call for tender (2008)











Source: own editing

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