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# **HRM at Non-profit Organizations in the South-Transdanubian Region**

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## **Introduction**

In this paper I will introduce some of the most important results of the Complex South-Transdanubian Regional Competitiveness Research (from now on ‘research’) regarding non-profit human relations management.

The research took place between 2005-2007 in Baranya, Somogy and Tolna counties. It was taken by a group of researchers at the University of Pécs, Faculty of Economics. We analyzed the most important factors of competitiveness of companies, governments and non-profit organizations. In this paper I will introduce only the results of research about the non-profit organizations.

Nowadays it is very important to speak about competitiveness. After Hungary joined the European Union in 2004, Hungary is part of an economic union which allows every organization to operate in any of the countries of the European Union. This means an increased competition, and to compete, organizations need to improve in efficiency. This should also mean improving the HRM techniques, which is the main topic of this paper. [Ellis-Williams, 1995]

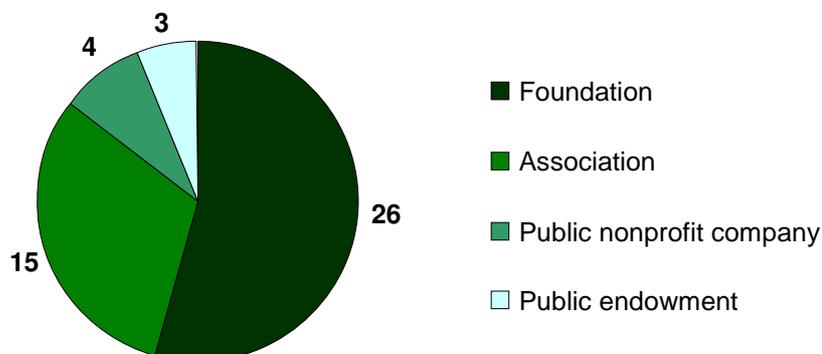
The economical and social roles undertaken by non-profit organizations are increasing globally. Their explosive growth in Hungary looks back to the early 1990s. Considering the number of organizations and their economical roles, the sector went through a really dynamic expansion. It is very interesting to see how non-profit organizations try to cope with the increasing competition in the region. The number and size of non-profit organizations is in connection with the developmental level of the regions, and severity of problems. They handle serious tasks in unemployment-management, tourism development, and in improving further education, retraining, and information flow, and giving absolutely indispensable knowledge for enterprise-development, and in increasing the quality of consultation-services. The sector’s evolution in the advanced regions, or in those where more problems arise is greater. [Kuti, 1996] Still, how much can the large and numerous non-profit organizations affect a region’s competitiveness?

## **The sample**

The sample of the research consists of 99 economical companies, 52 local governments and 48 non-profit organizations from Baranya, Somogy and Tolna counties. The query of the questionnaires took place in the spring of 2006. Primarily because of the geographical closeness, mainly organizations from Baranya County are in the sample. The non-profit organizations from Pécs compared to the two other shire-towns are strongly over represented

in the sample, so the following data can be interpreted for Baranya County and especially for Pécs.

**Figure 1. Functional forms of the organizations (number of questionnaires filled)**



Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

**Table 1. Classification of the non-profit organizations according to their activities**

Answers	Number
Organization offering services	18
Charity organizations	6
Organizations taking upon former governmental, administrative activities	5
Organizations for safeguarding of interests	4
Donation distributing organization	3
Accumulating, mutual company	2
Serving a social intercourse, club-like organization	1
Other	9
<b>Total</b>	<b>48</b>

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

## Non-profit organizations in the region in general

Two-third of the non-profit organizations participated in the research has an office, but most of them are only using it, and only a few of them has it as an own property.

**Table 2. Classification of non-profit organizations according office use and ownership**

Answer options	Number of organizations
No office	16
Has office	
Own	6
Rented	9
Can use it	17
<b>Total</b>	<b>48</b>

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

Cooperation with other organizations is a very important aspect of the operation of non-profit organizations. Most of them are cooperating with other organizations, mostly with non-profit organizations or the local government. Only a few of them have cooperation with profit-orientated companies.

**Table 3. Cooperation with other organizations**

Answer options	Number of answers
With other non-profit organizations	37
With local governments	28
With county government	24
With Labour Office	16
With any type of schools	15
With special authorities	11
With companies	11
With regional development agencies	7
Other	17

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

*Note: multiple answers could be chosen*

The major part of the organizations are operating services, only a few of them have the main goal of fund-rising.

**Table 4. Classification of non-profit organizations by activities**

Answer options	Number of answers
Offering services	18
Collecting funds	6
Organization that took over duties from government authorities	5
Safeguarding people’s interests	4
Fund giving organization	3
Accumulation goaled, fraternal society	2
Society building, clubs	1
Other	9
<b>Total</b>	<b>48</b>

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

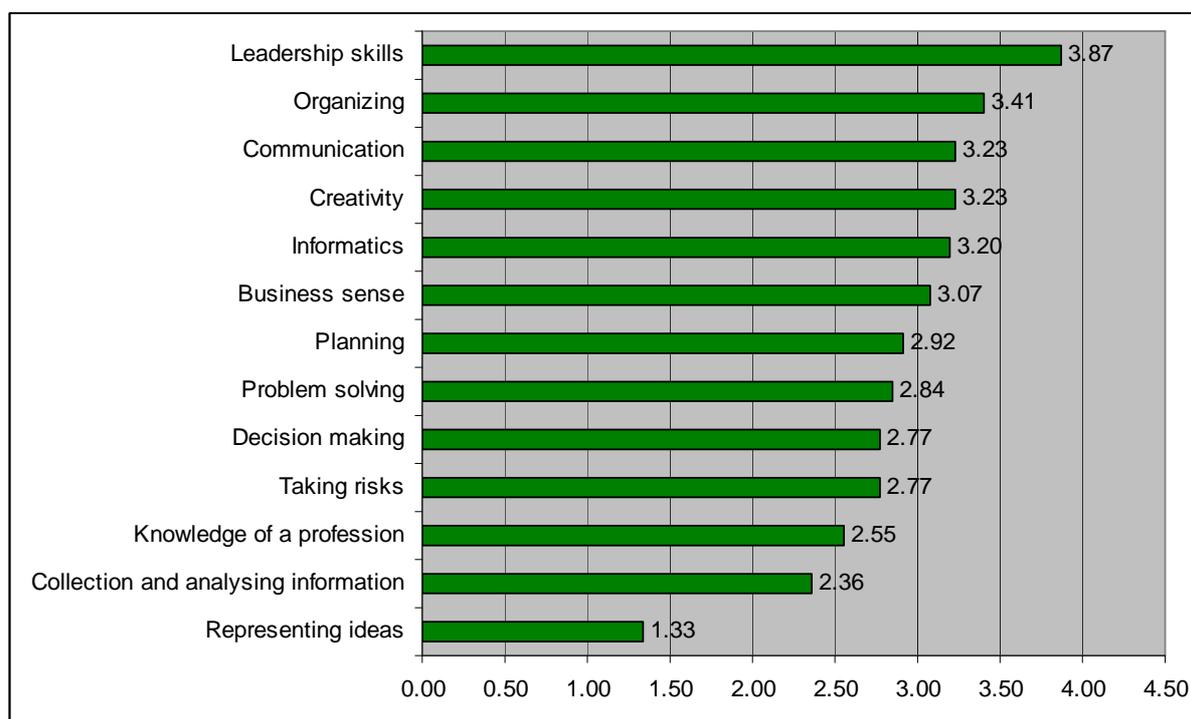
Almost every non-profit organization evolves along the local interests, even if their activities can be linked with the national interests, or nation-wide organizations. Our initial assumption is that these organizations reckon the governments to be their primary partner in reaching their goals. They themselves try to form the local politics; the governments support the non-profit organizations in their areas, and hope that more resources will fall to the share for the given village or area from governmental or central capital funds, or even from private donations. [Kameniczky, 2000]

Even the activities of the non-profit organizations cannot do without the conventional strategies, techniques, business policies, marketing, and human resource management known from the business activities. A professional improvement and an operational stabilization can be seen in the Hungarian non-profit society, especially in the service providing constitutional sector. [Kameniczky, 2000] The investigation of the development had a significant weight in the research.

## Human resource management aspects of the research

We asked the organizations what type of leadership skills are most important, but unfortunately a lot of organizations could not answer this question. This shows that they do not have proper management knowledge, as many of them could hardly understand the question. The few, who could answer the question, thought that the most important skills are organizing, leadership skills, creativity and problem-solution.

**Figure 2. Most important skills of a good leader/manager regarding nonprofit organizations (answers from 1 to 5, 1=unimportant, 5=very important)**



Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

The situation of the labour market can not only be solved directly by the organizations specialized for employment problems, but the non-profit sector itself can be taken into account as an employer. Eight of the 48 organizations in the sample have more than 50 employees, which means a significant workforce under contract, on the other hand, the average size of the region's non-profit organizations' is generally small (more than half of them have less than 10 employees).

**Table 5. Workers of non-profit organizations by sex**

Rate of women workers in total workers	Number of answers
0-25 %	3
26-50 %	10
51-75 %	11
76-100 %	9
No answer	15
<b>Total</b>	<b>48</b>

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

**Table 6. Workers of nonprofit organizations by living distance**

	0-25 %	26-50 %	51-75 %	76-100 %
Living locally	2	3	3	27
Commuter	8	2	1	4
Remote work	4	1	1	0

Source: Complex South-Transdanubian Regional Competitiveness Research

*Note: 13 organizations did not answer this question.*

**Table 7. Does the organization employ workers with changed abilities?**

Answer options	Number of answers
Yes	8
No	32
No answer	8
<b>Total</b>	<b>48</b>

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

The non-profit organizations play a great role in offering work with equal chances, because they utilize such capacities, which the competitive sphere does not lean on (they would stay unemployed). Half of the sample’s staff is a full-time worker, and more than half of them are women. Eight organizations have employed or currently employing challenged workers, or workers with changed abilities. Most of the workers live locally.

**Table 8. Workers of the organization by type of work**

	0-25 %	26-50 %	51-75 %	76-100 %
Full-time employees	0	3	2	17
Part-time employees	6	5	1	6
Seasonal employees	3	1	2	7

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

According to our secondary research results, benefits besides the wages in the more competitive organizations are higher. Fifteen questioned organizations give benefits like warm/cold food vouchers, travel coupons or any other support. Some of them also provide health-preserving services, but in this case, this is usually in connection with their basic activities.

**Table 9. Benefits for workers in non-profit organizations (cafeteria system)**

Answer options	Number of answers
Cold food vouchers	9
Travel support	8
Clothes support	4
Eyeglasses support	3
Warm food vouchers	2
Travel coupons	2
Paying health-preserving service fees	2
Other	7

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

The non-profit organizations also help increase the region’s long term competitive superiority by employing entrants for internships or university students. Half of the respondents practice this method, but the other half does not, and it’s strange, but they explain this with the lack of professional experience of the trainees (the main objective of these internships is the experience gaining).

**Table 10. Does the organization give the possibility of work practice for students?**

Answer options	Number of answers
Yes	3
No	19
No answer	26
<b>Total</b>	<b>48</b>

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

**If not, why?**

Answer options	Number of answers
Their knowledge is not sufficient	10
Takes too much money and energy to train them	3
No previous work practice	1

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

My suggestion for increasing competitiveness is to pay more attention to recruiting volunteers and to evolving their working and inspirational regulation-system. [Priksz, 2000]

**Table 11. How non-profit organizations expand their workforce**

Answer options	Number of answers
Through recommendations (informal)	20
Through individual applications	12
Through the local Labour Office	9
Through already existing work connections	6
Through advertisements (newspaper, internet, etc)	6
Through HR consultant company	1

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

*Note: multiple answers could be chosen*

Many of the non-profit organizations find employees through informal channels and applications for each workplace, local Labour Offices play less important role when finding new colleagues. This is very common in Hungarian culture, as small companies also usually find new workforce through informal channels.

**Table 12. Did the organization take actions to decrease fluctuation?**

Answer options	Number of answers
Yes	8
No	22
No answer	18
<b>Total</b>	<b>48</b>

Source: Complex South-Transdanubian Regional Competitiveness Research, 2007

The conscious and countable resource management can also decrease fluctuation (colleagues with competent motives are more committed to their organizations); only a very few of the region's non-profit organizations apply deliberate solutions. Even the external judgment of an organization is negatively influenced by a high fluctuation. Conflicts can be avoided by building and operating proper information channels, since the conditions of power, scope of activities and obligations are all cleared. If the workers, members and other participants believe that someone cares for them, and feel that their opinion is important, and their part of the activities, then will be more motivated and loyal to the organization. The instruments of the internal PR are quite diversified. The most important areas are the collectively prepared strategy and the properly formulated mission. The aims of these are to clarify why they are together, why and with what tools they want to work together in the future. The creation of the strategy must always be a common and organized procedure. The experience of belonging to a company and the good workplace conditions are given by the common experiences. This can not only be realized during work, but also on collective leisure activities (excursions, programs...etc.). [Priksz, 2000]

This paper briefly described the characteristics of human relationship management at the nonprofit organizations in the South-Transdanubian area of Hungary. The research investigated several other research areas in connection with competitiveness. If you are interested in other details, visit the official website at <http://www.versenykesseg.com>.

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