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HR TRENDS AND TENDENCIES IN HUNGARY IN THE LIGHT OF THE EXPERIENCES OF THE LATEST CRANET SURVEY 2021

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Abstract: The regime change in 1989 marked a significant milestone in the development of human resource (HR) management in Hungary. Changes in the legal, institutional and ownership environment placed significantly different demands on the HR work of companies and institutions. It has become very important for organizations to have access to comparative HR data with other organizations related to HR activities.

The Cranet international HR university non-for-profit research network, founded in 1989 in Cranfield, England, has a long tradition in this field. Hungarian researchers have participated in Cranet's international HR research on four occasions so far. In

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this article, we aim to present the main features of the Cranet HR research in Hungary in 2021. We review the findings and noteworthy results of the research. Where possible, we compare it with relevant data from the 2014-2016 survey.

JEL classification: M50, M51, M52, M53, M54

Keywords: Human Resources Management, trends and tendencies, Hungary, Cranet

1. Introduction

One of the biggest challenges the Hungary has ever faced is to meet the huge economic and political transformation taking place in Hungary over the past decades, which has resulted in significant changes in the perception of the human resource management (HRM) function of organizations. More and more companies and institutions have recognized the importance of this field. However, on the basis of our research carried out over the past decades, it can be concluded that – “In larger domestic organizations, radical changes have occurred in the management of people, but the HR practices of foreign and domestic companies showed significant differences at the turn of the millennium, so that in the case of the latter, the areas of change and their extent were not significant compared to the situation before the regime change” (Karoliny-Poór, 2019: 158).

Around the turn of the millennium, the HR practices typical in Hungary still differed to a large extent from those practiced in the more developed countries of the world. This finding of ours is particularly valid for small and medium-sized enterprises (SMEs) here. Thanks to this, and to the slower change, the peculiarities that are still alive here in the middle of the second decade were formed, which can be identified in the difference in the proportion of users in several HR areas – for example, individual recruitment and selection techniques or career planning solutions – showing the disadvantage of Hungarian respondents.

Among the characteristics of Hungary and other CEE countries, it was particularly striking that they differ from all other examined country groups of the world, according to which direct (line) managers are the decisive decision-makers of different HR policies (Kazlauskaite et al., 2013).

The changes in Hungary at that time seemed faster and more powerful in many respects compared to those of the other CEE countries. We found it characteristic of Hungary that the field of HR, which is otherwise dominated by women, proved to be the most strongly female profession (80%) in the Hungarian sample.

As both literature findings and practical examples point out, subsidiaries of foreign companies often carry out more advanced (Hiltrop, 1991) and more complex human resource management work than local ones. According to research by Lewis (2005), this difference is particularly striking in the case of the catching-up Central and Eastern European countries. The indicated difference was also striking in Hungary (Poór et al., 2018).

The economic transformation in Hungary over the past decades has led to significant changes in the perception of the human resource management (HRM) function of organizations. The importance of this field is now recognized in an

increasing number of companies and institutions. However, based on our research over the past decades, until now we have found that, overall, ‘although there have been radical changes in the management of people in larger Hungarian organizations, the HR practices of foreign- and domestic-owned firms at the turn of the millennium showed substantial differences, with the latter having neither the areas nor the extent of change compared to the pre-transition period’ (Karoliny-Poór, 2019: 158).

In the past few years, several unprecedented crises have affected and continue to affect the lives of companies and institutions and the practice of HRM in the world and in Hungary.

The last years of the second decade of the 21st century in Hungary were a period of steady GDP growth, with incomes rising steadily and unemployment falling to a 30-year low. This was halted by the series of Covid-19 pandemic waves that started in 2020. This crisis affected different parts of the economy very differently.

Table 1: GDP growth in different parts of the world and Hungary (2019-2022)

Areas	2019	2020	2021	2022*
Global	3%	-4.80%	5.50%	3.60%
USA	3.65%	-4.20%	4.20%	3.10%
China	5.95%	2.60%	6.50%	3.50%
EU-27	1.70%	-7.50%	5%	2.70%
Hungary	5%	-4.80%	7.10%	4.20%
Romania	4.20%	-3.70%	5.90%	5.10%
Slovakia	2.50%	-4.80%	3.00%	2.30%

Sources: Authors’ own researches on the basis of Statista, IFM and OECD data

However, the recovery period in 2021 resulted in high output growth (7.1%) at the level of the national economy. This was largely due to the fact that a significant number of organizations in Hungary saw the crisis as an opportunity as well as a problem. In many places, it was perceived that the era of a low-wage export-driven economy was over and that new measures were needed to ensure the survival of organizations and the physical and mental wellbeing of their staff.

In this article, we do not undertake anything other than presenting the characteristics of HRM here based on the 2021 Cranet survey in Hungary. Where possible, we compare it with the most important data from the previous 2014-2016, 2008-2010 and 2004-2004 Hungarian Cranet HR survey. For a proper evaluation of the above-mentioned comparisons, we provide some baseline data from the current and previous HR surveys in Hungary (Musztyné, 2021).

Table 2: Number of responding organizations of Cranet surveys in Hungary

Years	2021	2014-2016	2008-2010	2004-2005
Number of responding organizations	59	139	273	311* 161

* This article contains data from organizations with less than 100 people
Sources: Authors own researches

Before presenting the empirical research of Cranet in Hungary, we will review the main theoretical principles of comparative management in general and with a focus on HR.

2. Literature review

Comparative management research – benchmarking in common parlance – can be applied to any organizational (company, institution) process (Camp (1989), be it marketing, logistics, sales or HR activities (Hammer – Champy, 1993). In the early 1980s, the Saratoga Institute laid the foundation for strategic analysis and measurement of human capital in the field of HR, before which large organizations could not measure whether their own human resources activities were performing well or poorly. In the early days of the use of comparative HR studies in HR, static comparative data, more than two years old, were used, but at the time these data relevant because commercial markets were more predictable and industries were evolving at a slower pace.

By using comparative research, organizations gain information that can be used to determine where other organizations are better and what steps they need to take and change in order to become the best (Urgureanu, 2011).

In such comparisons, it is important that the data are real and relevant, as the business environment changes very rapidly (Dervitsiotis, 2000). Furthermore, it is advisable to use more than just HR activities and results within the industry. Comparisons with data from other industries can also be a good guide and provide ideas for further improvement and short-term goals.

In the comparison process, HR professionals are engaged in comparative evaluation of data, analysing the costs associated with selection, training, which provide information on the success of the operation. According to Swist (2002), HR benchmarking consists of two steps: the first step is the audit, which is concerned with the functional areas of human resource management, while the second step is the comparison of human resource management practices for continuous improvement. Individual measures alone are not sufficient, successful benchmarking processes are the combined result of several measures and improvements. Maintaining corporate competitiveness is supported by the use of new analytical and data collection systems provided by technology, which are available through access to global benchmark data collected at an international level (Buzády, 2017).

One of an organization's assets is the human resources in the organization and the value they provide, which HR benchmarking helps to identify and improve their performance (Morris, 2016).

In the field of human resource management, the question often arises – especially in multinational companies or when applying an EU rule – whether a universal or a country-specific solution would be the most appropriate method or rule to apply. For a long time, the universal logic of the US was the dominant one. The followers of this thinking believed that HR solutions developed and applied in the US could be applied anywhere in the world (Beer et al., 1984; Fombrun et al., 1984). In this context, researchers have made a number of increasingly complex comparisons of the application of American HRM models in different cultures and to identify the reasons for similarities and differences (Budhwar-Sparrow 2002).

The non-for-profit research network called Cranet was the first to provide the scientific evidence for the contextual nature of HRM (Dewettinck-Remue, 2011). Cranet founder Brewster published a landmark article in 1995 in which he questioned the universality of American HRM and argued for the existence of a European HRM model (Gooderham-Nordhaug, 2010).

The existence of the contextual nature of HRM was argued and has still been argued by the authors for a number of compelling reasons. Thus, among others, the existence of several macro-models of capitalism (e.g. liberal-market capitalism and coordinated market capitalism) in Anglo-Saxon or continental Nordic or Latin countries has been highlighted. It was pointed out that the management of firms in European countries is not as independent as that of American firms. The organization and different levels of development of trade unions also have a significant impact on the different nature of HR work (Mayrhofer-Brewster, 2005)

Also, building on the basic assumptions of those who have studied the impact of national cultural values, attitudes and behaviors on business and management styles and HR practices (Hofstede 1998; Bandura 2001; Fisher 2008), different cultural contexts have been identified in many countries around the world, and a useful summary assessment has been made (Reiche et al., 2012).

The Cranet network, which has been operating for more than thirty years, is one of the few international research organizations whose repeated surveys offer not only spatial but also temporal comparisons, i.e. longitudinal analyses (Lazarova et al. This network now includes almost every country in Europe (including Hungary), so that the possibilities for exploring the HR practices of Western Europe in the early decades and identifying features that differ from the American model (Brewster 1994) are expanding.

The Faculty of Economics of the University of Pécs (PTE KTK, Cranet member since 2004) and the Institute of Agricultural and Food Economics of the Hungarian University of Agrarian and Life Sciences – MATE (Cranet member since 2011), as members of the Cranet international research network and Hungarian professional HR organizations, like the National Association of Human Professionals (HSZOSZ) and the National Association of Human Management (OHE) with professional support, for the fourth time (2004/2005; 2008-2009; 2015-2016; 2021), conducted a HR survey on Cranet basis regarding the situation of human resource management in Hungary, which can also form the basis of international comparative studies (Lazarova, Morley&Tyson, 2008).

3. Methodology

In all cases, examinations applied during the research are based on facts, objective data and not opinions. The questionnaire, after regular revision over three decades to ensure comparability over time, has undergone only minor changes and, in most cases, uses closed questions to facilitate statistical analysis. It asks respondents to indicate the most typical of the pre-written answers, which cover a wide range of topics.

The survey, based on the Cranet international questionnaire, contains more than 60 questions, which in this round was extended to companies in Hungary below the threshold of the 100-strong Cranet methodology. The questionnaire, used worldwide, consists of the following seven main parts:

- ❑ The first part of the Cranet questionnaire looks at the main characteristics of the EEM activities of the organizations surveyed.
- ❑ The second part of the questionnaire asks about the staff provision activities of the responding organizations.
- ❑ The third part deals with issues related to performance appraisal, staff development and career development.
- ❑ The fourth part explores the methods used to provide incentives and remunerations.
- ❑ In the fifth part, the questionnaire asks about the existence and forms of employee/staff relations and communication within the organization.
- ❑ The sixth section contains questions on general organizational data.
- ❑ The seventh section collects personal data from the respondent filling out the questionnaire.

4. The HR practices of recent years in the light of the 2021 survey

During the past two and a half years, three significant changes have influenced and continue to impact the HRM systems of organizations and institutions both in the world and in Hungary. In a way not typical of previous crises, the unprecedented closures required and initiated a wave of measures that had not been experienced until now, which greatly affected the employees and HR practices of various organizations.

In the following, we summarize the results of our Cranet survey conducted in 2021, which also includes the HR characteristics of responding organizations with less than 100 employees.

Our survey published in our article reports on the personnel/human resources (HR) management policies and practices of 311 public and private organizations (companies and institutions). A total of 236,179 people work for the indicated organizations, i.e. more than 5.1 percent of the people currently employed in Hungary (KSH, 2021).

Based on size, two-thirds of the responding organizations belong to the organizational size category below 250 employees. A quarter of our responding organizations were founded in the first decade of the 2000s, and another quarter have been operating for barely 10 years, but among them all size categories appear in the same proportion, i.e. about a fifth of the largest can be considered relatively young (Chikán, 2020).

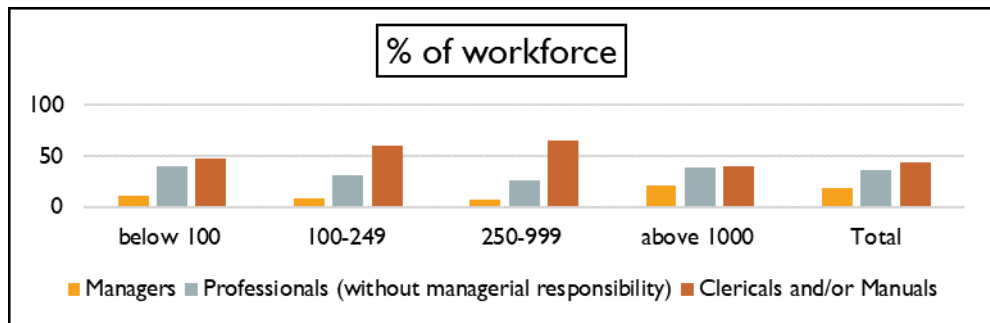
Table 3: Size of responding organizations

Number of employees	Size of responding organizations	
	n	%
Below 100 people	150	48.5
100-249 people	53	17.2
250-1000 people	62	20.1
1001-2000 people	13	3.9
2001-5000 people	25	7.8
Above 5000 people	8	2.6
Total	311	100.0

Source: Authors' own research

Office/administrative and/or physical workers make up more than half (44.1%) of the total number of responding organizations. They are followed by the layer of white-collar (professional) employees (37%), and the sample share of the group of leaders/managers is 19%.

Figure 1: Percentage of workforce at responding organizations



Source: Authors' own research

4.1. Main characteristics of the HR activity

As expected, the appearance of the HR functional area as an organizational unit is more and more likely as the size of the organization increases. According to our survey, nearly two-thirds of the responding organizations have some kind of HR department or a person performing such a function. 80% of the examined organizations had an independent personnel department due to Cranet survey 2014-2016.

In our country, the trend typical of previous decades is still very typical, i.e. that nearly four-fifths of those employed in this field are women.

There is an interesting change in the number of employees per HR employee. Compared to the Cranet surveys/researches conducted in Hungary in the previous years (2014-2016, 2008-2010 and 2004-2005), the number of employees

per HR worker has increased. This phenomenon can also be assessed as a result of the increased efficiency of these HR departments due to the digitalization in the meantime.

Table 5: Number of employees per one HR employee

Cranet surveys	2021	2014-2016	2008-2010	2004-2005
Number of employees per HR employee	73.1	67	45	41

Source: Authors' own research

We also found that it is typical for the majority (62.1%) of organizations employing more than 1,000 people that HR managers are involved in the strategy creation and formulation process from the very beginning. For the majority of other responding organizations, the trend indicated above is not typical at all.

For the respondents, the proportion of wage costs within the operating costs of organizations is typically in the range of 21-40%, with the exception of respondents with 100-249 employees.

4.2 Activities for the provision of the workforce

In the last three years, the total number of full-time employees in the responding organizations has not changed in only 13% of the surveyed organizations. The majority of them implemented a staff-increase, while a smaller part was characterized by some kind of staff reduction, the most common method of which was voluntary departure / natural attrition and the application of a headcount freeze. In the case of different occupational groups, the responding organizations use different recruitment and labor-force retention methods.

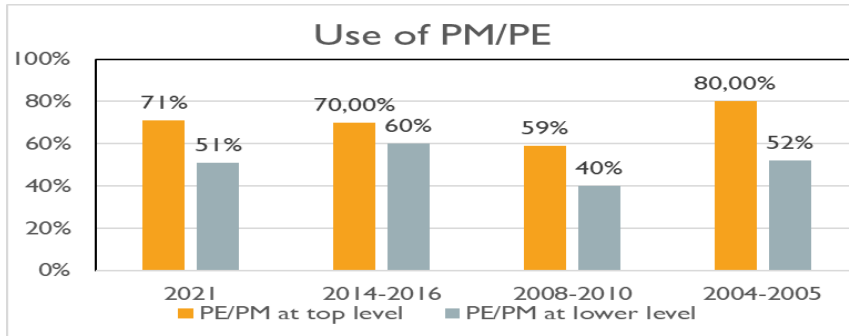
The researched organizations typically focus on younger, disabled and female employees when they organize action programs for employees with special situations – mainly regarding their recruitment.

4.3 Staff development

The most common forms of flexible working are flexible working hours and part-time working hours, which are used by more than three-quarters of the responding organizations.

Almost two-thirds of the responding organizations use some kind of formal PE/PM (performance evaluation/performance management) system, the introduction of which becomes more and more typical as the size of the organization increases. Most often, the immediate supervisor is the person who conducts such a performance evaluation. The PM/PE performance evaluator was the immediate supervisor in 50-80% of the cases during the four survey periods (2004-2021).

Figure 2: Use of PM/PE

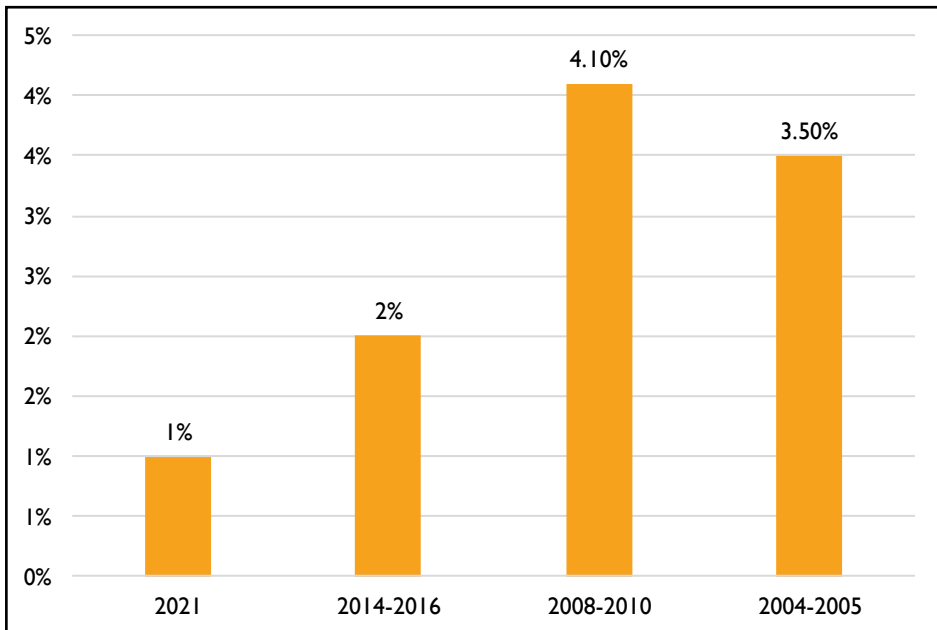


Source: Authors' own research

Appraisal data used to inform decisions in 70-75% of cases during the four survey periods (2004-2021).

In the course of our research, we found that more than one-third of the respondents use less than 1 percent of their wage costs to finance the various training courses¹. For a quarter of them, the typical training cost ratio was 4-5 percent.

Figure 3: Proportion of the annual payroll costs currently spent on training



Source: Authors' own research

¹ This low value may also be characteristic of the fact that this sample also includes respondents with less than 100 employees.

Figure 3 also shows that our analyses for the period 2008-2010 and 2004-2005 show much higher values compared to the latter period. This can be explained, among other things, by the fact that in Hungary, in the first decade of the millennium, the training cost could be accounted for as an expense reducing the corporate tax base (Poór et al., 2018).

Cranet global survey visits for the last three survey periods show the values presented in Table 6.

Table 6: Global average of training cost in different Cranet surveys

Years	2014-2016	2008-2010	2004-2005
Global average (%):	3.70%	4.62%	3%

Source: Authors' own research

The number of days spent on formal training per year among managers and white-collar (specialist) employees exceeds by more than one day (with a value of 7.2 days/year) the typical value for professionals, the sample average of which is 6.0 days.

4.4. Compensation and benefits

The results obtained in all employee categories show that the larger the size of the organization, the stronger the regional and national wage bargaining . Based on the responses to our survey, it can be concluded that there are clearly identifiable differences in terms of job categories with regard to the incentive solutions that are part of each remuneration package.

4.5 Employee communication and TU

Among the channels of bottom-up communication between employees and management, informing the immediate superior comes first (64%), followed by informing the top managers directly (with 46.3%). The use of electronic channels is also in third place, but the most perceptible here is that the rate of use of upward channels among our respondents is significantly lower than that of top-down channels, almost regardless of organizational size.

5. Emerging trends

Two-thirds of the organizations participating in the survey do not have a trade union at all. The proportion of these organizations shows a strong relationship with the size of the organization, as the proportion of those operating without trade union members is getting lower as the staffing categories we examine increase. (Note: This trend has not changed significantly compared to previous years.)

The Covid-19 crisis severely affected Hungary's export-oriented economy and ended the period of continuous GDP growth from 2016-2019, during which incomes increased steadily and the unemployment rate fell to a 30-year low (3.5%) (Fazekas, 2021). At the beginning of the pandemic, researchers mainly looked at the similarities and differences between this crisis and previous ones (Diamond, 2019; Fergusson, 2021). According to various sources, Covid-19 has accelerated, not disrupted, HR trends (Caligiuri et al., 2020; Gartner, 2021; Ulrich, 2021).

The "CoronaHR" research group was established in Hungary with the cooperation of researchers from twelve universities in Hungary and one abroad, including two Hungarian Cranet partner universities (Pécs and MATE-Gödöllő) as well. During the three virus waves, the three survey response periods were as follows: 1st research: 12.06-31.07.2020; 2nd research: 01.08-15.11.2022; 3rd research: 01.03-20.04.2021. In the three periods, a total of 1,785 respondents (companies, institutions and non-profit organizations) sent back evaluable questionnaires. Thus, among other things, we have found as follows:

HR had to respond to the unexpected global health, social and economic crisis of Covid-19.

Based on our research findings (2020-2021), organizations face similar problems as their peers worldwide.

HR has become important in the crisis management process, especially regarding internal communication, atypical employment and occupational safety measures.

HR managers also need to find new, forward-looking measures for the post-Covid-19 period.

Another important result of our research was that the Corona virus pandemic, similar to that experienced in other countries of the world, has devalued and made many jobs dangerous due to overwork and overload (e.g. healthcare).

Employers need to retain their employees with much more complex and innovative solutions than before.

In 2021, during the recovery from the pandemic, the economic performance increase of the Hungarian economy was high (7.1%). The fact that a significant number of Hungarian organizations saw the coronavirus crisis not only as a problem, but also as an opportunity, contributed to this. Today, the era of low-wage export-driven economy is over. New measures are needed to ensure the survival of organizations and the physical and mental health (wellbeing) of employees.

At the same time, the process of recovery from the Covid-19 crisis and the initial recovery may be overshadowed by another crisis that may be triggered by the Russo-Ukrainian war (Tooze, 2022). The war in Europe has had a global economic impact in six months, culminating in rapidly *rising inflation in Europe and a shortage of raw materials and growing uncertainty*.

6. Conclusion

Based on the broad outlines of our Cranet HR survey research and other HR surveys conducted in the last two years, the situation of HR in Hungary can be summarized in the following, without claiming completeness:

- ❖ In the beginning, HR changes in Hungary seemed to be faster and more powerful in many respects than in other CEE countries.
- ❖ The decisive decision-makers of HR policies in Hungary are still direct (line) managers.
- ❖ Multinational companies contributed very significantly to the transformation of HR in Hungary.
- ❖ The strength and influence of trade unions is still significant in the public sector and in some special sectors in Hungary.
- ❖ The changes that have taken place in the last two years have greatly accelerated the changes in the field of HR.

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EMPLOYEE ENGAGEMENT AND JOB BURNOUT IN THE CONTEXT OF TELEWORKING

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Abstract: This paper explores the relationship between engagement and job burnout perceived by teleworking employees. The theoretical framework of this paper explains the concepts of telework, work engagement, and job burnout, but also the relationships between these variables. Telework is a “new reality” for many employees, and in this new work context, engagement and burnout must be investigated, especially for entry level employees. We analyzed the relationship between engagement and telework, respectively burnout and telework based on a questionnaire. The results reveal a positive relationship between engagement and telework and a negative correlation between burnout and telework. The research results also show that burnout has a high level among telework employees, and exhaustion is the most pronounced problem.

JEL classification: J24, M54, O15.

Keywords: employee engagement, burnout, teleworking

1. Introduction

The context of the COVID-19 pandemic has generated significant changes at the workplace. Since social distancing was a necessity, teleworking was the only solution for many companies to comply with the rules imposed.

Before this global pandemic situation, many employees in organizations around the world had little experience with teleworking. After the outbreak and spread of this dangerous and unprecedented virus in 2020, millions of people around the world were forced to work remotely, and this resulted in a de facto global experiment in remote working. Employers and employees soon realized that teleworking would become the “new normal” (Wang et al., 2021).

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Even if this crisis was overcome, teleworking remained among the preferences of employers and employees. From the employee perspective, some of the positive aspects of this work system are: increased job motivation and satisfaction (Baard and Thomas, 2010; Kirk and Belovics, 2006), better work-life balance (Raiborn and Butler, 2009), increased autonomy towards manager (Dambrin, 2004), increasing digital skills among employees but also improving soft skills (time planning, personal effectiveness), reducing the time spent commuting between home and office (Guerin, 2021; Aguilera et al., 2016), greater schedule flexibility (Moroe and Haug, 2022).

Although teleworking offers many benefits, some drawbacks have been noted for both employees and employers. From the employee perspective, some of the negative aspects of teleworking are: reduced psychological well-being (social isolation, anxiety, depression and burnout are among the most common negative effects on mental health), some work-life balance problems (due to increased working hours or potential distractions from family members) (Gold and Mustafa, 2013; Boell et al., 2016), increased personal costs (electricity, internet costs, etc.), overtime is not always adequately compensated by employers, and not in lastly, problems related to living in overcrowded houses/apartments (Raiborn and Butler, 2009), which makes teleworking difficult.

Therefore, in this paper, we want to observe to what extent telework, with its benefits and disadvantages, influences employee engagement and burnout in the context of entry level employees from Romania.

2. Literature review

2.1. Employee engagement

Employee engagement is a broad concept that has been analyzed in many studies. However, what is important to note is that there is no agreement among practitioners or scholars regarding its definition and conceptualization. Consequently, we will discuss several approaches of this concept.

Bakker and Leiter (2010) argue that the exact origins of the term “employee engagement” are not very clear, but the first appearances of the concept most likely date back to the 1990s. Schaufeli (2013) mentions that this concept of engagement began to gain popularity also due to the fact that the psychologization of the workplace appeared - for an organization to survive, it needs employees with psychological capabilities such as teamwork and communication.

However, two separate dimensions are discussed: work engagement and employee engagement. Work engagement reflects the relationship of employees to the work they do, and employee engagement includes the relationship of employees with the organization (Bakker and Leiter, 2010:10). We observe that work engagement refers to involvement, dedication, passion, enthusiasm, concentrated effort, absorption and energy. Also, work engagement signifies a motivational concept: employees feel the need to succeed, and when they set themselves some clear goals, they will devote themselves strongly to achieving those goals. Moreover, they will be excited while working. This strong involvement in work will therefore reflect personal energy on which employees will incorporate

into their challenging work. Employees will show increased attention to problem solving, interact or connect with other individuals, and bring added value to their work through innovative ideas. Bakker and Leiter (2010:2) also mention the contribution of management in this context, by specifying that employees maintain a constant level of work engagement if the work environment is stable and work engagement thrives best in workplaces that emphasize strong connections between organization and individual values.

Maslach, Schaufeli and Leiter (2001) also discussed the increased focus on positive states among early 21st century scientific studies that focus on human power and optimal functioning in organizations. Their study specifies that prior to the 21st century, more attention was focused on negative states, such as burnout, but a “positive psychology” has over time become a good alternative or supplement to the previously analyzed deficit states. Specifically, Maslach et al. (2001:416) define engagement as the positive antithesis of burnout (known as a negative psychological state), specifying that burnout would be an “erosion” of engagement. In other words, this definition states that, unlike those who suffer from exhaustion (burnout), engaged employees have an energetic connection to their work, and a demanding job for them will not be a stressful thing. Thus, engagement has as main characteristics: energy, involvement and effectiveness, and this approach of engagement offers a much more complex and detailed perspective on the relationship of individuals with their work.

On the other hand, Schaufeli and Salanova (2011) define employee engagement from another perspective, considering that job burnout is not the opposite of employee engagement. It is argued that burnout reflects both the inability and the lack of desire to perform at work, so it is logical that employee engagement is defined by the ability and desire to work. Their argument is based on the idea that if you're not professionally burned out, it doesn't mean you're engaged, and if you don't feel engaged, it doesn't necessarily mean you're professionally burned out.

In the same direction, another research states that engagement is a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption. Moreover, engagement is not a momentary state, but rather a more persistent affective-cognitive state that is not focused on specific objects, events or behaviors (Schaufeli et al., 2002:74). While Maslach et al. (2001) consider engagement as a positive antithesis of burnout, Schaufeli et al. (2002) believe that engagement is an independent or distinct concept that is not positively related to burnout.

There are three dimensions of employee engagement, namely: vigor, dedication and absorption (Schaufeli et al., 2002). Vigor is characterized by a high level of energy and mental resilience in working time, a deliberate desire to put an effort into the work and last but not least, perseverance – even when the employee is in a moment of balance or when facing difficulties at work. Dedication is a dimension that is characterized by a sense of importance/significance, excitement, inspiration, pride and challenge. Schaufeli et al. (2002) mention in their study that they prefer to use the term “dedication” instead of “involvement” (term used by Maslach et al. (2001)) because, although both terms denote a psychological link between the employee and work/effort or organization, the term “dedication” comes with greater importance both qualitatively and quantitatively in the meaning that the

employee not only finds himself/herself in his work, but is particularly strongly involved in it. Therefore, dedication involves both a cognitive state and an affective dimension. The last dimension of engagement is absorption which is characterized by full concentration and a deep absorption in work, a period in which time passes extremely quickly and employees may have difficulty detaching themselves from work.

The same approach is followed by other studies: employee engagement is defined by how employees perceive their work as stimulating and energizing towards which they want to direct their time and effort. This is considered to be the vigorous component, then the dedication and absorption in work is added by focusing the employees on their tasks. Following this engagement, employees feel tired, but what differentiates them from workaholics is the fact that this fatigue is considered to be a pleasant state, being associated with certain positive achievements, because for them work is something pleasant (Bakker et al., 2011).

From the description of these three dimensions of engagement, it can be understood that any activity undertaken by an employee in which a high level of dedication, vigor or absorption can be observed will be an activity carried out on his/her own initiative that will help to achieve strategic, tactical or business operations and will determine performance and productivity.

Knowing some of the definitions, characteristics and dimensions of employee engagement, a question that arises is: "What is the importance of engagement?". Bakker and Leiter (2010) show some pertinent arguments that can answer this question. In their opinion, work engagement has far-reaching implications for employee performance. They argue that employee energy and focus are inherent parts of engagement that enable the employee to demonstrate their full potential at work, and with the help of this energy and focus, the quality of work or the quality of the employees' main work responsibilities also improves. The authors also highlight the fact that work engagement also supports performance and activities that are not directly related to the basic responsibilities of a job. Employers expect employees to take a proactive approach to work, to take the initiative to develop new knowledge, respond to unique opportunities, and even support the company community through mentoring, volunteering, or paying close attention to coworkers.

Moreover, Bakker and Leiter (2010) discuss the "broaden-and-build" theory. This theory claims that positive emotions will encourage new, exploratory thoughts and actions. These positive emotions will not only be motivating but have the ability to change cognitive processes so that employees will be open to opportunities that they would normally overlook when under pressure or facing difficulties. Therefore, positive emotions encourage integrative and creative perspectives, which bring added value to organizations. Thus, there is also a growing connection between companies' effort to create a healthy work environment and their desire to increase individual performance - two factors that will contribute to the success of the organization. Therefore, employee engagement is both effective and fulfilling, ultimately leaving both the employee and the employer satisfied (Bakker and Leiter, 2010:3-5).

2.2. Job burnout

Burnout is a complex concept, difficult to understand because, although there has been a wide variety of opinions over the years about what this concept might mean and how it might be managed, there has not been a unanimous definition (Maslach et al., 2001, p.402).

The first conceptualizations define burnout as a psychological syndrome of emotional exhaustion, depersonalization and reduced personal fulfillment, which can occur among people who work with other people. An important thing about this definition is that its basis was not derived from existing theories, but was developed on the basis of several researches conducted over several years, researches that were carried out with the help of interviews, direct observations or surveys on employees in “people-oriented” professions, such as health system, social services, education or criminal justice (Maslach, 1993, p.2).

Bakker et al. (2014:390) also explained burnout, referring to the history of this concept. They stated that although initial research confirmed that burnout is a slow process of progressive loss of energy and enthusiasm, the idea that burnout is found exclusively in the human/social service sector has been rejected, and researchers have adapted early conceptualizations of burnout to make it applicable to different occupations.

More recent work has indicated increasing interest in this concept, showing that there is a greater concern for burnout as it has begun to be discussed not only in academic communities, but also in different organizations.

Leon T. de Beer et al. (2020) mentioned the fact that studies from the last decades have shown that burnout has negative consequences for individuals (health problems such as diabetes, heart problems), for organizations (absenteeism, reduced and unsatisfactory performance), and also general consequences for society (such as early mortality). It is also mentioned that studies have made it very clear that burnout and its consequences exist in different occupations and environments. So, reflecting on the analyzes made previously, the concept of burnout was defined as a state of emotional exhaustion that is directly related to a person’s work and is characterized by extreme fatigue, cognitive or emotional deficiencies and mental detachment.

Another recent study also states that burnout is a phenomenon that affects both an employee’s individual performance and organizational performance. In terms of individual performance, the feeling of exhaustion can influence both the mental and physical health of an employee, which can result in a lack of energy to carry out daily tasks, but which can also affect relationships and the workplace environment (Woranetipo and Chavanovanich, 2021:60).

The definition given by Maslach (1993:2) highlighted three initial dimensions that made up the bases for the analysis of burnout, and these are emotional exhaustion, depersonalization, respectively success or reduced personal fulfillment. According to the explanations, emotional exhaustion refers to the feeling of being emotionally overworked or drained especially in contact with other people. Depersonalization refers to a negative, insensitive, or excessive response to detachment from other people who in normally work directly with those who issue this negative response. Low personal achievement refers to a decrease in feelings of competence and a decrease in confidence in achievement or success at work.

Since Christina Maslach was among the early pioneers of this concept, her studies have had a major impact on the development of burnout. She designed The Maslach Burnout Inventory (MBI) scale that includes the three dimensions mentioned above, and these dimensions help to assess burnout.

Over time, the original scale was optimized to be applicable in several domains: MBI-Human Service Survey (MP) for medical personnel, MBI-Human Service Survey for social service staff, MBI-Educators Survey for the educational system, MBI – General Survey which is a general survey applicable in several fields, MBI – General Survey for Students is also a general survey applicable to university students. An important aspect to mention at this point is that the depersonalization dimension has been replaced by cynicism in the MBI – General Survey, and this represents a distant attitude towards work in general and not necessarily towards people. Another difference is that the overall survey replaces the “personal accomplishments” dimension with “effectiveness” that measures satisfaction with past and present achievements and explicitly assesses an individual’s expectations of continued effectiveness at work (Maslach and Leiter, 2016). So, the optimization of the original survey meant that the research expanded over time to more general occupations, demonstrating that burnout at work can be a recurring phenomenon when employees have been exposed to excessive emotional demands, which indicated that a certain survey model would be restrictive and ineffective.

2.3. Employee engagement and job burnout

Work engagement is characterized by a high level of energy and a strong identification with one’s work, while burnout is characterized by the opposite: a low of energy and a weak identification with work (Bakker and Leiter, 2010).

Engagement and job burnout represent two concepts very frequently analyzed together in different studies, and the purpose was to find out the relationship between these concepts and to find out if there are similarities between them or if they are perfect antonyms. According to what is presented below, we will notice that the experts’ opinions are divided.

The study of Schaufeli et al. (2002) addressed this topic, pointing out that work engagement would be the opposite of burnout, highlighting the arguments of Maslach and Leiter who argued that engagement is characterized by energy, involvement and effectiveness, which are considered the direct opposites of the three dimensions of burnout: exhaustion, cynicism and lack of effectiveness. The researchers point out, however, that they object to Maslach and Leiter’s idea of measuring engagement as the opposite of Maslach Burnout Inventors (MBI) scale results. Schaufeli et al. (2002) argue that both concepts are opposite poles of a continuum that is covered by a single instrument, namely the MBI. They agree, however, that, conceptually, engagement is the positive antithesis of burnout. Burnout and engagement are opposite concepts that should be measured independently with different instruments. They further argue that, unlike the other elements of burnout and engagement, which are considered direct opposites or direct antonyms (exhaustion vs. vigor, cynicism vs. dedication), low efficacy and absorption are not direct opposites, but rather are conceptually distinct aspects that

do not represent an endpoint for an underlying continuum. This last idea about the relationship of engagement with dimensions of burnout is also supported by Halbesleben, who states that, compared to the close relationship between vigor and burnout, respectively dedication and cynicism, the dimension of engagement called absorption does not have a corresponding dimension of burnout, and the dimension of personal efficacy in turn does not have a specific equivalent among the dimensions of commitment (Bakker and Leiter, 2010).

In a more recent work from 2011, Bakker, Albrecht and Leiter formulate 10 key questions and explore work engagement in detail. One of these questions is “How should engagement be measured?” and the researchers make the following arguments: any measurement tools used must have a clear theoretical basis and have published statistical evidence to support their validity and reliability. Moreover, Bakker et al. (2011) argue that there are many questions regarding the measurement of engagement, one of which would be the potential negative consequences of too much engagement and whether the scales that measure engagement cover experiences ranging from burnout at the negative pole to commitment at the pole positive? As an example, the authors propose that engagement should therefore be assessed with broader spectrum measures such as the OLBI. Therefore, they consider the Utrecht Work Engagement Scale (UWES), the Oldenburg Burnout Inventory (OLBI) and the Maslach Burnout Inventory (MBI) to be the most pertinent scales that already have a well-designed basis on which a study should use. On the other hand, Schaufeli and Salanova (2011) come up with a different approach. The authors’ argument is that an important theoretical piece of information omitted by Bakker et al. is that in the UWES, work engagement is defined as the opposite of burnout (since burnout reflects both inability or exhaustion and unwillingness to perform at work, it makes sense that work engagement is characterized by ability, energy, vigor and desire, involvement, dedication to perform). Regarding the MBI and the OLBI, the two authors are of the opinion that they are not good alternatives to measure work engagement because the questionnaires assume that burnout and work engagement are perfect counterparts to each other (this means that low scores on the MBI or OLBI are equivalent to high scores on work engagement and vice versa). They believe that, from a psychological point of view, that inverse relationship based on existing scales between burnout and work engagement is not feasible. More precisely, if an employee does not feel the feeling of burnout at work, it does not mean that he is engaged, and if he does not feel engaged, it does not mean that the feeling of burnout occurs, in fact, both commitment and burnout can to appear or be felt at the exact same time to some extent (Schaufeli and Salanova, 2011).

Finally, we observe that the relationship between these two concepts has generated debates and there is no unanimously accepted conclusion regarding the exact relationship between burnout and work engagement because work engagement is seen either as the positive antithesis of burnout, or as a distinct concept. More recent studies support the ideas presented by Schaufeli and Salanova, where results argued in favor of the conceptual distinction and measurement of burnout and work engagement through separate scales. Moreover, the burnout bases and engagement components are considered opposite to each other, placed on two distinct “bipolar” dimensions (i.e., energy -

vigor and exhaustion; identification - dedication and cynicism) (Maricuțoiu et al., 2017). It is also mentioned that most studies have approached the relationship between the two concepts based on a cross-sectional methodology, which makes it extremely difficult to investigate the causal or general relationships of the concepts. Based on research done over time, Schaufeli and Salanova (2014) concluded that these are constructs that describe forms of well-being that are connected but distinct.

Therefore, this study proposes the following hypotheses:

H1. Teleworking is associated with a high level of engagement for entry level employees.

H2. There is a high positive correlation between teleworking and work engagement.

H3. There is a negative correlation between teleworking and burnout.

3. Methodology

To test the research hypotheses stated above, we used a questionnaire that was applied online. The targeted respondents were entry-level employees who have been teleworking for at least 6 months before completing the questionnaire.

The questionnaire is structured in 5 sections: (1) a filter question through which respondents who did not telework were redirected to the end of the questionnaire; (2) general questions to identify respondents (gender, age, field of activity, length of service, occupation and number of hours worked per week from home); (3) Questions about respondents' perception of telework; (4) Items that analyze work engagement; (5) Items that analyze job burnout.

The section on respondents' perception of teleworking includes statements such as "Teleworking is the most suitable form of work for me" or "I was able to easily adapt to teleworking". These items were scored on a 5-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5)

Work engagement was measured using The Utrecht Work Engagement Scale (UWES). This scale consists of three dimensions that serve to assess employee engagement. The three dimensions are: vigor, dedication, and absorption. Although the original scale consists of a total of 17 items, in this paper we used the short version with 9 items, each dimension having three items (Schaufeli and Bakker, 2004). In the survey, statements were scored on a 6-point frequency scale ranging from "never" (1) to "always" (6).

Burnout was measured using The Oldenburg Burnout Inventory (OLBI), described by Demerouti et al. (2006; 2010) as an instrument which can be used practically in any occupational context. For the current survey, a total number of 10 items were chosen – five for exhaustion, respectively 5 for disengagement/non-involvement (Schaufeli & Bakker, 2004). In the survey, the items were scored on a 5-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5) in the case of reversed items and "strongly disagree" (5) to "strongly agree" (1) for the rest of the items.

4. Data analysis and findings

The study was conducted on 357 entry level employees, of which 88.7% answered affirmatively to the question “Have you teleworked in the last 6 months?”.

The general characteristics of the respondents are as follows. By gender, 82% were female and 18% were male. Regarding age, the average age was 24.3 (SD=1.5). Regarding the field of activity, it is a varied one: accounting, support services, human resources, customer service and telecommunications. 22% of the respondents hold a management position in the organization where they work, and the others do not hold a management position.

In terms of number of hours worked per week in the telework arrangement, 76% of the respondents work an average of 40 hours per week, and 24% of the respondents work in the telework system between 8 and 36 hours per week.

The adequacy of the measurement model was assessed through examining construct reliabilities. All Cronbach’s α values were above 0.70 recommended by Cronbach (Tong, 2009:290 after Cronbach, 1951). All the constructs met the internal consistency reliabilities with the lowest measure of 0.72 and highest 0.85, as presented in Table 1:

Table 1: Cronbach’s coefficient alpha

	No. of items	α
Perceived usefulness of teleworking	8	0.72
Employee engagement	9	0.85
Job burnout	10	0.82

Regarding the usefulness of teleworking, the results of the study showed that: teleworking is a suitable way of working for 68% of the respondents, 43% of the respondents have a high productivity at work, 42% of the respondents had a hard time adjusting to teleworking, 52% of the respondents did not feel job insecurity, 38% of the respondents considered that teamwork was efficient, and 64% of the respondents felt higher empathy towards their colleagues.

The results of this research are in the same direction as the research developed by Harker Martin and MacDonnell (2012) who sought an answer to the question “Is telework effective or beneficial for organizations?”, and the results of the research indicated that there is a small but positive relationship between teleworking and productivity, retention, engagement, and performance. Also, another research by Gajendran and Harrison (2007:1535) had similar results, claiming that “teleworking is mostly a good thing”. So, other research also show that there are no predominantly negative relationships between telework and other organizational related variables.

In terms of work engagement, the average of the responses is predominantly medium to high. On the vigor dimension, it can be seen that the vast majority of respondents (entry level employees) are full of energy, power and vigor when they work, but opinions were more divided on the item that analysed how energetic they are when they wake up. In terms of dedication, the main observation

is that employees take great pride in the work they do, indicating that even though they may struggle in a normal working day, they will not let the quality of their work deteriorate. Moreover, the mean of the responses is medium to high for the items that analysed whether the respondents consider their workplace to be an inspiration and whether they are enthusiastic about their workplace. The last dimension, absorption, shows us through a very high score that the respondents are very involved in the work they do. So, the respondents confirm again that they value the quality of work very much and strive to perform their tasks as well as possible. But, in contrast to this statement, respondents also confirmed that they do not always feel happy when they work, thus confirming that there are influences within the workplace that directly and negatively affect them.

Moreover, the results obtained in this section of the research are in the same direction as the research developed by Nagata et al. (2021) that highlighted that work engagement is significantly associated with teleworking, especially remote work of moderate intensity (2-3 days per week) as high work engagement was recorded in this case. This study was carried out during the pandemic and the authors argue that there is a possibility that working from home may have increased engagement because teleworking reduced the risk of infection with the SARS-Cov-2 virus (Nagata et al., 2021).

If in the results from work engagement we identified certain aspects that negatively influence the vigor, dedication and absorption for the respondents, the results in burnout helped us to understand the situation better.

The results of the vigor dimension indicated that most employees often feel tired before starting work and are exhausted after work. However, they tolerate the pressure at work well and also confirmed that they have time left for recreational activities, which indicates that they have this fatigue under control. The results of the dimension of non-involvement show us that work tasks tire the majority of respondents to a certain extent. However, most of the participants in this survey claim that they do not say negative things about their workplace.

The results of a study by Holger Raúl Barriga Medina et al. (2021) also indicated a high level of burnout among telework employees. More specifically, the results showed that work-family conflict negatively affects burnout.

Means, standard deviations and correlations for the studied variables are presented in Table 2:

Table 2: Correlations among variables and shared of measures

	Mean	SD	Perceived usefulness of teleworking	Employee engagement	Job burnout
Perceived usefulness of teleworking	3.64	0.567	1	0	0
Employee engagement	3.68	0.602	0.37	1	0
Job burnout	2.98	0.576	-0.35	0.61	1

SD-Standard deviation; $p < 0.05$

As observed in Table 2, the variable with the highest score is employee engagement (Mean=3.68). The highest correlation coefficient was between employee engagement and job burnout (0.61), while the lowest correlation coefficient was found in perceived usefulness of teleworking and employee engagement (0.37). Consequently, H1 and H2 are partially supported. Also, respondents registered a moderate level of burnout (they showed signs of a high level of burnout to the statements that emphasized their fatigue) so H3 is supported. The table above also indicates that the value of the Pearson correlation coefficient between the telework variable and the burnout variable is (-0.35). So hypothesis 4 is partially supported.

5. Conclusion

The research results indicate the respondents' favourable perception of the usefulness of teleworking and support this form of work. The conclusion that can be drawn is that Romania has the potential to have in the future a large number of telework employees, with a similar percentage (25%) as in the countries of northern Europe. Respondents found that the adjustment process was easy, they are working effectively and, in some cases, more productively, and the relationship with co-workers has not worsened. Also, many respondents did not feel afraid that they might lose their jobs.

Regarding work engagement, the average of the answers to the 9 items is 3.68, which shows an average level of engagement of the respondents. Moreover, we observe a positive correlation between work engagement and telework, which again indicates that teleworking is more advantageous in the view of respondents. The first category of employees showed high engagement while teleworking, as we mentioned above. The second category of employees refers to the respondents who showed a medium to high level of burnout where professional exhaustion as a dimension (caused especially by tiredness felt all day) was clear evidence of this state of burnout. These two clusters confirm the theory stated by Schaufeli and Salanova (2011) which claims that if an employee does not feel burnout at work, it does not mean that he is engaged in work, and if he does not feel engaged in work, it does not mean that the feeling occurs of burnout, indeed, both engagement and burnout are felt among these employees at exactly the same time to some extent.

Regarding the limits of our research, we believe that telework intensity also affects engagement (or even burnout). This paper did not focus on the intensity of telework, which would have helped in a more concrete analysis of its influence on engagement and burnout. So, in future research, we suggest a more detailed analysis of telework classified as follows: high intensity (more than 4 days per week), medium intensity (2 or 3 days per week), low intensity (more than once per month, but not weekly).

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SUSTAINABLE DEVELOPMENT AND THE CRITICAL ROLE OF HRM

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Abstract: The link between sustainable development and human resource management (HRM) has been only recently widely established in the literature. Systematic studies are available but there is a wide range of interpretations and several overlapping terms that often cause confusion to practitioners. HRM practices included in the CSR Programs of a company are often linked with sustainability, business ethics and workplace justice and are often under the terms of sustainable HRM. It is well recognized that HR can play a critical role in enhancing corporate sustainability through policies and practices that benefit its people and society in general and that all these initiatives must be documented and reported to gain visibility and credibility. Lately great emphasis has been placed on the U.N. Sustainable Development Goals (SDGs) and the dimensions of the Environment, Society and Governance (ESG) which form the criteria for documenting and reporting relevant practices implemented by business firms. HRM can play an important role in designing and implementing such practices, especially those linked to society. This paper presents the notion of Sustainable Development, its increasing importance for companies and its link with Human Resource Management. (HRM). It describes and clarifies Sustainable Development Goals (SDGs), their history and the three pillars e.g., Environment, Society and Governance (ESG) which form the basic criteria for organizations to implement and report relevant practices in order to prove their involvement in sustainability. Third, the paper presents the concept of Sustainable HRM, and Sustainable practices implemented by companies in Greece following the 2010 economic crisis and the need for reporting them mainly under the social dimension of the ESG Criteria. To stress the need for the involvement of HRM in sustainability in order to enhance its ethical profile, expand its agenda and improve its role as a strategic partner and a source of competitive advantage.

JEL classification: M54.

Keywords: sustainable development, HRM

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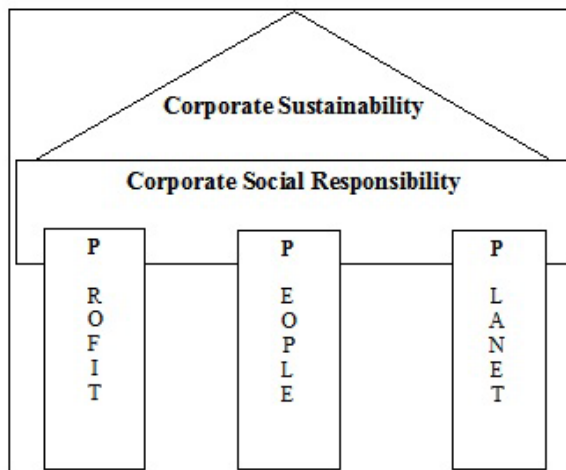
1. Sustainable Development and its link with HRM

According to the World Commission on Environment and Development (WCED 1987) "Sustainable Development is seeking to meet the needs and aspirations of the present, without compromising the ability to meet those of the future".

At the company level, the term is referred to as Corporate Sustainability (Dyllick & Hockerts, 2002), placing extra emphasis on the effects business operations have on environmental issues such as pollution, global warming, recycling, protection of eco-systems etc. In order to simplify sustainable development for business, the use of the "Triple Bottom Line was introduced" by Elkington (1997), including the 3 Ps i.e. Profit, Planet and People. This means that corporate results should be measured not only by the financial bottom line (profit) but should include environmental (planet), societal and ethical (people) performance.

At the same time, starting in the 80's a growing interest was shown by companies in Corporate Social Responsibility activities as a response to society's demand for using part of their financial profits for the general good. Corporate Social Responsibility includes a range of activities undertaken by companies on a voluntary basis going beyond their legal obligations which center around the 3P's. Therefore, CSR can be considered as the implementation of sustainable development. (See Figure 1)

Figure 1. Relationship between the balance in Profit, People, Planet, CSR and Corporate Sustainability (Rompa, 2011)



The concept of CSR is widespread in today's business world showing a transition from the importance given to shareholders in past years to the stakeholders' approach which implies that the interest of various groups interacting with a company (employees, customers, providers, local community, society etc.) should be taken into consideration. (Carroll 1991 & 1999). Corporate Social

Responsibility is closely related to HRM as in practice, CSR activities offered by companies include apart from the environment and society, their own employees and in most small and medium companies the responsibility for CSR falls in the hands of HR practitioners. Furthermore, the growing emphasis on the long-term outcome of HRM has led to the belief that HRM could help in the realization of corporate sustainability goals (Ehnert, 2009).

2.The History of Sustainable Development Goals

The 2030 Agenda for Sustainable Development adopted by U.N. Member States in 2015 (U.N. 2015) aimed at promoting peace and prosperity for people and the planet, now and into the future. It is based for its implementation on the 17 Sustainable Goals (SDGs) which invite all countries to engage in a global partnership to end poverty and deprivation while improving health, education, equality, and the environment.

These goals are the product of a long period of efforts starting with the 1992 Earth Summit in Rio de Janeiro, followed by the 2000 Millenium Summit in New York during which the Global Compact was launched, the 2002 World Summit in South Africa, the 2006 U.N. Principles for Responsible Investment, the 2012 U.N. Conference again in Brazil and finally the 2015 Agenda for the 17 SDGs.

Business firms, as social partners, have taken an active role in implementing and reporting sustainability. The already mentioned Triple Bottom Line or the notion of People, Planet, Profit urged for the first-time companies to focus on the two other P's beyond profits. This concept was the starting point of what later became ESG (Environment, Society, Governance). Since the launch of Principles of Responsible Investment in 2006 the laws and standards of ESG have moved to the top of the financial services agenda. Recently in 2021 the Sustainable Finance Regulation stresses the promotion of ESG values for investment purposes and fund management and everything shows ESG will play an important role with 80% of investors intending to have an ESG plan in place by 2023 (S & P 2022). The fiduciary duties of investors require them to incorporate ESG factors into their investment decisions and encourage high standards of ESG performance in the companies in which they invest. It also appears that ESG yields financial returns as during the Covid-19 pandemic, ESG stocks performed better than traditional stocks (Squire, Patton & Boggs, 2022)

3. What is included in ESG

The three dimensions of ESG include in general the following policies and practices.

Environment: Assesses a company's impact on the planet involving energy use, waste disposal, raw material sourcing, carbon emissions, water usage and recycling processes.

Social: Assesses a company's impact on its workforce and the wider community. Issues include diversity & inclusion, gender equality, employee rights, charitable activities, assistance to the community, care about agency workers and volunteer work.

Governance: Looks at how a company is directed and controlled i.e. the composition of board members, investor and stockholders' relations, internal audit and risk management, executive pay and shareholders; rights, gender equality in Boards. Responsibility for ESG factors is now the norm in the investment community. Concerns over climate change, issues of inequality and widespread corporate scandals have led to a demand to consider not only shareholders but also the interests of the stakeholders such as employees, customers, suppliers, the local community, and wider society. (Squire, Patton & Boggs, 2022).

Data analytics, metrics and meticulous reporting are used, following various available systems and platforms which have been introduced by public and private entities. However, ESG reporting remains a complicated task and policymakers are asked to provide uniform standards and disclosure requirements in order to enable greater transparency and consistency in reporting and help companies, especially smaller ones, to adopt systems which will help them implement and report their sustainable practices.

4. The link of ESG with Sustainable Human Resource Management

The Society dimension of ESG is a natural place for HR to lead, show results and fully acquire the much-desired position as the firm's strategic partner. According to S&P Reports (2022) labor relations can prove the key to profitable operations.

The same holds true for a variety of workforce practices, some of which fall under the CSR umbrella, but which should now be documented under ESG criteria in order to form part of sustainability reports, the Global Reporting Index (GRI) and other platforms available for sustainability reporting.

Starting in the 2000s the growing interest in exploring the role of HRM in designing policies and practices adding to sustainability has led to the concept of Sustainable HRM which was gradually regarded as a value-added alternative based less on cost cutting or profit generation and more for its contribution to individual and collective well-being.

Wagner (2013) defines a sustainability oriented HRM as that which meets the current needs of a firm and society at large without compromising its ability to meet any future needs.

On a more practice-oriented level, Sustainable HR can be defined as the long-term socially and economically efficient and fair recruitment, development, retention, and treatment of people. (Ehnert 2009). A more recent definition by the same author describes Sustainable HRM as the adoption of HRM strategies and practices enabling the achievement of financial, social and ecological goals with an impact inside and outside the organization and over a long-term horizon, while controlling for unintended side effects and negative feedback (Ehnert, 2014).

According to Rompa (2011) there are three topics related to sustainable HRM:

- a. Sustainable supply of future employees through training, talent management, better work-life balance
- b. Good treatment of employees to avoid staff turnover, dissatisfaction, stress at work and loss of morale.

- c. Engagement of employees in CSR practices, since it is through their voluntary involvement in activities benefiting the environment and society and by their ethical behavior that their organization can implement sustainability in practice.

Apart from Sustainable HRM, a number of new models emphasizing individual and collective well-being have emerged such as Socially Responsible HRM (Shen and Benson, 2016), Green HRM (Renwick et al. 2016, Jackson et al. 2011) and Common Good HRM (Aust, Matthews and Muller-Camen, 2020). The International Labour Organization has also developed the notion of “human centered HRM to support achievement of SDGs (Cooke, Dickmann, and Parry, 2022).

In view of the above, the main question for exploration is the changing and enriched agenda of HRM, its actual involvement in sustainable HRM policies and practices and the subsequent impact on its strategic role at a company level. We decided to explore this question among companies operating in Greece, examining relevant HRM practices during the past 10 years.

5. The case of Greece over the past decade

Having described the concept of sustainable HRM, we will present HR practices linked to sustainability which have been applied both by smaller and larger companies operating in Greece. In order to identify practices, we studied in depth websites and published reports by companies belonging to the Greek Network for Corporate Social Responsibility and the Qualitynet Foundation. We focused on practices aimed at the wellbeing of employees in the workplace or their involvement in volunteer work aiming at social and environmental issues. We also studied reports by a number of Institutes and Associations organizing award-winning contests for CSR, sustainability and HRM practices such as the Best Workplace Institute and the HR Annual Awards. We then approached a number of HR Managers for in-depth interviews.

Our general impression was that many large and a considerable number of small-medium companies felt the need to assist their people in facing social problems and encouraged them to get involved in volunteer work both within the company for the benefit of co-workers and outside the company for the benefit of society.

A careful study of reported practices showed emphasis on the following:

Health and safety programs which became very important during the COVID Pandemic.

Distance or hybrid flexible working systems adapted to job requirements with special emphasis on work/family balance needs of employees and provision of appropriate technological equipment for distance workers.

Outplacement Programs during downsizing which was very extensive during the first years of the 2010 economic crisis.

Concern for employee well-being especially at the psychological level with provision of counseling, hot lines for personal advice and Employee Assistance Program Services offered by external consultants.

Re-skilling and Up-skilling to enhance employee competencies, improve their digital skills and retain their employability in the labor market for cases of job loss.

Diversity, Equality, and Inclusion programs with an emphasis on gender balance, promoting women to leadership positions, facing gender pay gaps and sensitivity training to face hidden bias against underrepresented or diverse groups within companies. Also, inclusion programs for people with special needs, different race, religion, ethnicity, and sexual orientation.

Programs to help unemployed, older people, migrant workers and women returning to the workplace to get employment or practical experience.

Programs against workplace bullying and harassment include awareness training, appointing a responsible person for handling complaints, communicating the procedure for facing such incidents, supporting victims and penalizing violators.

Career counseling and talent management especially for young graduates and older people following downsizing of their company and need for professional re-orientation.

Employee involvement in volunteer programs for the local community offering help especially to underprivileged groups, unemployed and poverty struck individuals following the economic crisis.

Employee participation in projects to protect the environment, plant trees, clean beaches and save resources both within and outside the company through recycling, energy saving etc.

The practices described and especially those receiving distinctions at the Best Workplace, the Qualitynet Foundation and the HR Annual Awards were quite impressive. The interesting part was that not only MNCs which follow as a rule parent companies' guidelines, but also smaller family-run Greek firms had implemented especially employee-centered practices. It is true that following the 2010 economic crisis solidarity among company members became important for survival reasons. Employees' ideas and suggestions were taken into consideration, suggestions for improvement were invited and people especially in SMEs were mobilized to help navigate their companies across dangerous waters. It is interesting to note that the economic crisis led to an increase in Greek exports since the local crisis urged companies to look for solutions abroad (Papalexandris & Nikandrou, 2014).

Following identification of best HR practices, a series of eight in-depth interviews with HR managers in companies most active in employee-centered activities took place in October 2022. Respondents were asked about the degree to which they believed that their HR practices were part or contributed to corporate sustainability, their knowledge about the notion of sustainable HR and their willingness to report practices under the ESG criteria.

All respondents were very enthusiastic about their HR practices. They were also proud for receiving an award and thought that the impact on their employees' motivation and commitment was very favorable. They believed that they had a lot to gain from continuing their efforts especially with employee well-being, diversity and inclusion and anti- harassment/bullying policies. Volunteer programs and initiatives with an impact on the environment were also considered important but were more the responsibility of production departments with HR assisting mostly in employee communication. It was evidenced that companies were more ready to engage in practices for the benefit of their internal than their external stakeholders.

This coincides with the findings of a paper by Ehnert (2016) in which she examines sustainability reporting practices by the world's largest companies. Her findings show that the overall reporting of HRM performance is equally high as environmental performance and that companies tend to report more on their employees than on their external stakeholders.

Respondents were aware of the concept of corporate sustainability and had heard about SDGs which they considered more relevant to corporate governance and the environment.

They were informed about the emphasis placed on a series of regulations regarding corporate governance, reporting guidelines and compliance standards, which were very high on the corporate agenda but belonged mainly to the set of tasks for auditors, financial services and the legal departments. The only HR involvement in the corporate governance criteria had to do with gender balance requirements for boards of listed companies. This had to do with diversity, gender equality and inclusion which was very high on their priority list.

With reference to the environment, they also felt that their companies were quite active in improving their ecological profile and were mostly responsible for employees involved in company-sponsored efforts such as recycling, tree planting and day-to-day energy saving initiatives. Larger environmental interventions were the responsibility of technical staff with the assistance of external experts.

As far as initiatives for internal and external stakeholders were concerned, although our respondents were actively involved and with great fervor in their implementation, they did not consider them as an important part of the sustainability agenda but rather as part of CSR. It is true that the boundaries between CSR and the Social criteria of ESG are not clear yet and many companies are not yet aware of the need for documenting and reporting employee-centered practices.

With reference to sustainable HRM, the term is not so popular and the same holds true for green HR which they mostly consider a fad rather than a real movement. All respondents believe the link between HR and sustainability has become critical after the economic and the COVID crises and that what can be generally classified under sustainable HRM is becoming an important part of corporate strategy and an important tool for improving the workplace. As was mentioned by most respondents the silent resignation which took place in the US as a result of the pandemic rang a bell about the need for more anthropocentric and human oriented company initiatives to safeguard the retainment, wellbeing, motivation and commitment of the workforce.

Finally, our respondents were feeling that HRM involvement in sustainability expands the HR agenda and improves their status as strategic corporate partners. Their main reservations had to do with the lack of clear guidelines for reporting and the recent booming but sometimes confusing available platforms. They were also afraid of the extra burden imposed on HR departments with the addition of extra tasks such as handling Diversity and Inclusion, Workplace Bullying and Harassment, Health and Well-being Issues which had gained extra importance especially after the pandemic. An extra preoccupation came from the demand to adapt distance or hybrid working systems to meet employee work/life balance needs and the gap in leadership and team supervisory skills existing mostly among middle managers which they would have to cover with extra training and development.

6. Study Limitations

Future research should explore the existing situation among a representative sample of Greek companies. Although the situation might not appear so optimistic, we believe that given the comparatively small size of the country and the great emphasis and publicity given to sustainability, more and more companies will start applying sustainable practices especially under the pressure expected by banks and investors.

HRM practices will also be in demand due to the labour scarcity which although not very evident has also started to appear in the Greek labor market and the growing demand for employee wellbeing in order to enhance retention and improve performance.

7. Conclusions

The general impression about Sustainability and HR in Greek firms based both on published sources and interviews was that HRM practices adding mainly to the social dimension of Corporate Sustainability are gaining attention and that various employee and community-centered activities for and with the assistance of employees have increased during the Greek economic crisis and the pandemic which succeeded it. It is now commonly accepted both at the top management and at the Board level that better treatment of employees in the workplace is an important element of corporate sustainability, keeping employees' morale and enhancing their performance. Furthermore, the launching of the 17 SDGs by the U.N. in 2015 and the emphasis on ESG criteria for reporting their implementation has mobilized initially listed companies and gradually smaller non-listed ones to observe standards and engage in relevant policies and practices.

Lately the Qualitynet Foundation a Greek Volunteer Association received a prize for preparing the Greek Sustainability Code which was presented during the U.N. Conference on Trade and Development in Switzerland. This Code is part of the Greek Sustainability Toolbox and is based on an extended dialogue and consultation under the auspices of the Greek Ministries of Development and of the Environment in collaboration with the Association of Greek Industries (S.E.V.), 120 private companies, 44 local authorities and 17 Citizens' Associations. The Sustainability Code provides a free framework which aims at supporting Greek firms in publishing non-financial information about sustainability and ESG, according to the European CSRD Directive (Corporate Sustainability Reporting Directive) voted in EU in November 2022, the National Legislation and market requirements.

All companies participating in the Code preparation have reported their best practices thus contributing to the development of sustainability also among smaller firms who can also form suppliers' networks and gain the label of a sustainable company (Qualitynet 2022). As already mentioned, companies meeting the ESG performance criteria can receive positive evaluations from Financial Institutions from Investors and Society in general thus improving their competitiveness and their appeal to investors and customers.

All these late developments will help in improving sustainability reporting for social and employee-centered activities thus adding to the credibility and importance of HRM. An excellent opportunity is therefore presented for HRM to present its initiatives, improve its status as a strategic partner and add with its policies and practices both to the well-being and the competitiveness of business firms.

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**GOVERNMENT EDUCATIONAL SPENDING AND HUMAN CAPITAL
DEVELOPMENT IN ECOWAS SUB-REGION:
IMPLICATION FOR SUSTAINABLE DEVELOPMENT**

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Abstract: The critical need to create economic prosperity and ensure inclusive and equitable education and lifelong learning for all, especially in developing countries has been the motivation behind the various advocacies by the policymakers and other stakeholders in these countries to achieve the SDGs comes 2030. Meanwhile, ECOWAS sub region is characterized with the lowest human capital development alongside the highest rates of illiteracy in the world despite the continuous rise in government educational spending over the years. Against this backdrop, the role of government educational spending on human capital development in ECOWAS sub-region has been investigated with a view to driving one of the strategic goals of Sustainable Development- inclusive and equitable education and lifelong learning for all. In order to achieve this, annual data from 1990 to 2019 was utilized using a panel ARDL as a technique of estimation. The findings that emerged in this work are summarized as follows; the relationship between government educational spending and human capital development in ECOWAS sub region is more of a long run phenomenon. Therefore, government educational spending and human capital development have a positive and significant relationship in the long run. In the light of the above findings, this study therefore makes the following recommendations for the policymakers in ECOWAS sub region and by extension developing countries,

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any time the goal of these policymakers is inclusive and equitable lifelong learning via human capital development, the government at levels should embark on sustainable educational spending. In the same vein, these policymakers should be committed to funding of educational sector as stipulated by both the United Nations and the Abuja declaration of 2001, advocating for 26% of annual budget for educational sector in developing countries.

JEL Classification: H51, H52, J24, F63, I32, O15, C32.

Keywords: Human Capital, Development, Government Educational Spending, ECOWAS, SDGs

1. Introduction

The strategic role in which education occupies in advancing economic prosperity has always been the major proposition of the popular endogenous growth model (Barro, 1991; Romer, 1990; Lucas, 1988). Meanwhile, the critical need to create economic prosperity and ensure inclusive and equitable education and lifelong learning for all, especially in developing countries like ECOWAS sub region stimulated the institutionalisation of the Sustainable Development Goals (SDGs) otherwise tagged the agenda 2030 by the United Nations (United Nations, 2015). The strive to achieve SDGs come 2030 has invariably activated the global commitment in developing world to explore development of human capital, which is the invaluable asset in economic development (Mankiw *et al.*, 1992; Galor and Weil, 2000; Lucas, 1988).

However, human capital development which is domiciled in adult literacy rate and the combined primary, secondary, and tertiary gross enrollment ratio is one of the critical issues that cannot be undermined currently in ECOWAS sub region. In view of the above, this study is designed to investigate the influence of government educational spending on human development in ECOWAS sub region. This study is very germane in West Africa because this economic sub region is in a dire state of the lowest human capital development alongside the highest rates of illiteracy in the globe, in which a state of emergency is needed to be declared in this regards (The Danish Institute for Human Rights, 2017). Corroborating the above assertion, a cursory look into the human development indicators in ECOWAS sub region shows that about 11 out of the 15 countries in this economic bloc belong to the countries with the lowest Human Development Index in the world (UNDP, 2019).

Meanwhile, investment on education is one of the indispensable catalysts that propels development of individual manpower and the economy as a whole. It has been argued in both theoretical and empirical studies that any country that devotes huge investment to education, research and development will experience a sporadic rate of advancement in human capital development and other important macroeconomic variables (Becker, 1975; Lucas, 1988; Barro and Lee, 2010; Barro, 2013). The quest for most countries in developing world to enhance their productive human capacity and break the vicious cycle of poverty has been the principal motivation for the advocacy of huge investment in education (Anyanwu *et al.*, 1997). Meanwhile, the available evidence proves that government educational spending

among some economies in ECOWAS sub region has increased over the time. For instance, in Nigeria, educational spending rose from ₦171 billion in 2010 to ₦394 billion in 2017. In the same vein, Ghana spent 23.93%, 20.94%, 21.02% and 22.56% of its total expenditure on education in 1990, 2010, 2015 and 2017 respectively. Similarly, other countries such as Cote d'Ivoire and Senegal have witnessed a rise in government education spending in the recent times. Cote d'Ivoire recorded a rise education spending as percentage of total budgets from 18.81% in 1990 to 21.17% in 2000, which further rose to 21.17% in 2015, and 22.12% in 2017 simultaneously. The reports from Senegal indicate that education spending as percentage of total budgets rose from 16.25% in 1990 to 24.05% in 2000 and 25.27% in 2015 concurrently. (World Bank, 2017). This implies that government educational expenditure has been on the increase in ECOWAS sub region in the past few decades.

Consequently, despite the fact that government education spending in ECOWAS sub region has increased noticeably, its spillovers on human development remains a subject of debate among the scholars and policymakers. Steaming from the post assessment of the Millennium Development Goals (MDGs) in 2015, it was discovered that the global action to promote universal basic education has been achieved significantly in ECOWAS sub region because the majority of countries within this economic bloc experienced a substantial increment in both primary and secondary schools enrolment rates (World Bank, 2017; Temple, 2010). In spite of this significant successes, human development indices in majority of countries in ECOWAS sub region has not been impressive in the past few years. For instance, inclusive development which is domiciled in the Human Development Index (HDI) of 11 out of the 15 countries belong to countries under the lowest ladder of Human Development Index in the world (World Bank, 2019; UNDP, 2019). In the light of the above, the study regarding government education spending and human development becomes highly imperative in ECOWAS sub region. The urgency of this study lies within these compelling gaps in the literature; firstly, the scarcity of empirical studies regarding this subject matter within ECOWAS sub region. It has been observed that the focus of the recent empirical studies is on nexus between government educational spending and growth of the Nigerian economy in one hand, and innovation and human development on the other hand (see Roland and Joel, 2020; Ejemeyovwi *et al.*, 2019; Obialor, 2017; Lawanson, 2015). However, few studies such as Lyndon and Ebiapko (2019), Eneisik (2021), Bello and Waziri (2020) that focus on government educational spending and human development in ECOWAS sub region failed to utilize educational current and capital expenditure as percentage of GNP and HDI which are the principal variables in this study. As a departure from the existing studies, this study has been designed to fill the identified gap by providing empirical answer to the nexus between government educational spending and human capital development in ECOWAS sub region. Similarly, this study is unique in terms of utilizing a panel ARDL as a technique of estimating the objective of this study, in which no study, to the best of our knowledge has employed within ECOWAS sub region in the recent times.

Furthermore, considering the contribution of the government educational expenditure on human capital development, and the overall inclusive development in ECOWAS sub region, and the inevitable threats and shocks of COVID-19 to

revenue generation in this economic bloc, this study contributes to knowledge by examining how government educational spending contributes to human capital development in ECOWAS sub region since the implementation of the MDGs to 2020, in order to forecast if the achievement of the Sustainable Development Goal 4 – inclusive education for all is a mirage or a reality in ECOWAS sub region at the expiration of SDGs timeline in 2030.

2. Review of Relevant Literature

The term “government expenditure” refers to all expenditures made by a country’s government to meet the country’s collective requirements (Muguro, 2017). These costs are divided into two categories: recurrent and development (capital) expenses. Recurrent expenditures refer to government spending on wages and salaries, products and services, and other administrative costs on a regular basis. They differ from capital expenditures, which often take the shape of investments in development projects such as road and bridge construction, railway construction, school and hospital construction, and so on.

Human capital development refers to methods such as training, education, and other inventions that aim to improve an employee’s level of knowledge, skills, abilities, values, and social assets, resulting in improved employee satisfaction and, eventually, improved firm performance. Human capital incorporates the aggregated investment in activities, such as education, health, on-the-job training and relocation that lead to the enhancement of an individual’s output in the labor marketplace.

While utilizing data from 13 ECOWAS countries between 1985 and 2016, Samuel and Ngozi (2019) examined how government education affected human capital development using panel OLS and Granger causality to obtain the findings which argue that both government education and health expenditure caused a direct and significant impact on both primary and secondary school enrolment in the countries under consideration. Also, a two way causality run between government education and health expenditure and both primary and secondary school enrolment. In another empirical study, Riasat *et al.* (2011) used the bonds test and ARDL approach to estimate the relationship between educational expenditure and economic growth in Pakistan between 1972 and 2010. It was discovered from the study that the impact of education expenditure was significantly positive on the growth of the country’s economy in the long run. Meanwhile, Wang, and Shasha (2016) estimated the linkage between education human capital and economic growth utilizing a panel education data of 55 fifty-five countries between 1960 and 2009. The results of the study indicated that education human capital and economic growth had a significant direct relationship. Lawanson (2015) examined how human capital- education and health affected the growth of the West African countries between 1980 and 2013. The study employed the Diff-GMM dynamic panel technique to argue that both education and health influence the economic growth in the sub region significantly. Mussagy and Babatunde (2015) applied a cointegration and error-correction model to investigate nexus between government education expenditure and economic growth in Mozambique from 1996 to 2012. The authors posited that the expenditure of government on educational sector in Mozambique was not adequate because government spending not greater than 20% of total

budget for the past 15 years. A long run equilibrium convergence was confirmed between economic growth and government expenditure in the country. Mallick, Pradeep and Pradhan (2016) explored 14 major Asian countries while examining dynamics of education spending and economic growth using a balanced panel Fully Modified OLS (FMOLS) and Granger causality between 1973 and 2012. The authors submitted that educational spending contributed a significant positive to economic growth in the countries under investigation. The results of the Granger causality show that a unidirectional causality flows from educational spending to economic growth in all 14 major Asian countries. However, in a related study in Algeria, Mekdad, Dahmani and Louaj (2014) made use of endogenous growth model and Granger causality to assess how education impacted economic growth in Algeria between 1974 and 2012. It was discovered from the study education spending contributed positively to economic growth in the country. While using the framework of computable general equilibrium (CGE)-micro simulation (MS) model, Odior (2011) appraised the dynamics of government education spending and economic in Nigeria between 2004 and 2015. It was discovered from the study that the contribution of government spending on education led to a significant rise in economic growth Nigeria.

Lyndon and Ebiapko (2019) while investigating the linkage between educational spending and the development of the Nigerian economy from 2001 to 2017 with the application of econometric technique. It was discovered from the study that government educational spending caused a direct influence on the development of the national development in the country.

Eneisik (2021) found that that public education expenditure had significant impact on human development index and concluded that public expenditure through investment in education and health sector influence human capital development in Nigeria. The study recommends that the Nigerian government should raise education funding to achieve the basic requirements for education, science, and culture. Education should be made a constitutional provision to ensure that educational quality improves and that political leaders are committed to the growth of the educational sector. The government should create a master plan for human capital development that is based on both a short and long-term time frame, and it must be committed to by both the present and future governments in Nigeria.

Bello and Waziri (2020) examined the nexus that exists between expenditure of government on education and human capital development in Nigeria from 1970-2015. The policy implication of this study is that if public education spending is to contribute to human capital development, more focus on increasing budgetary allocation as well as effective and efficient resource management should be placed on improving quality education. However it recommends that in the context of human capital development in Nigeria, a comprehensive examination of public expenditures should be carried out by prioritizing education for all through greater spending. Furthermore, proper funding is not only necessary but also essential for operations, maintenance, and investment in education facilities, as government capital expenditure on education has a long-term positive impact on enrolment rates. Education spending policy should concentrate not just on recurrent but also on capital expenditures.

Zahari and Sudirman (2017) investigated the effect of government expenditures in education and health against human development index in Jambi province from 2001 to 2015. The study found that there's a positive influence between government spend on education and health to human development index.

Mohammed., Mukaramah and Mohd (2017) examined government funding in education industry. Education institutes are considered suppliers in this study because they provide tertiary education services. Students, on the other hand, are clients who use educational services. Government education financing will attract and encourage students from secondary school to pursue their education at the university level. It is also a type of human capital investment that aims to reduce income inequality, poverty, and economic growth by increasing the number of skilled workers in various industries.

Conclusively, it is evident that the reviewed studies show that a gap exists in the literature in terms of methodology and coverage of the study regarding the relationship between government educational spending and human capital development in ECOWAS sub region.

3. Data and Methodology

3.1 Theoretical Framework

The endogenous growth theory initiated by Romer (1986) serves the purpose of the theoretical framework in this study. In correcting the deficiencies identified in the neoclassical (exogenous) growth model, the endogenous theorists opined that human capital is composed of a strategic factor input that occupies cogent space in the production function. Therefore, the sustainable output growth is an aftermath effect of an endogenized technical progress. However, the enhanced version of this theory as enunciated by Mankiw *et al.* (1992), Ncube (1999) and Lucas (1988) embraced innovation, which happens to be the miniature of human capital development and improvement in technique of production are the catalysts of economic growth.

Furthermore, this theory is based some critical assumptions such as positive externalities motivating increasing returns to scale. Also, in the long run, economic growth is a multivariate function of human capital variables like knowledge, skill and training acquired by individuals in conjunction with technical progress. Therefore, advancement in innovation and research leads to the emergence of progressive technologies, because technical improvement or knowledge is a non-rival good.

3.2 Nature of Data

This study made use of secondary data. And the data was sourced from the World Development Indicators of the World Bank.

3.3 Empirical Model

In building an empirical model to estimate the relationship between human development and government educational spending in ECOWAS sub region, an insight was drawn from Eneisik (2021) as follows

$$\text{HDI} = F(\text{EDG}) \quad (1)$$

Meanwhile, in order to improve the robustness of model (1), some control variables such as exchange rate, capital formation, trade openness, inflation and population growth were added. The inclusion of these variables should be driven from the argument of the extant literature that these variables have both direct and indirect influence on both government expenditure and human capital development (Oloke *et al.*, 2022; Aderemi *et al.*, 2021; Akinbode *et al.*, 2020; Olowookere *et al.*, 2022; Babasanya, Oseni and Awode, 2018).

$$\text{HDI} = F(\text{EDG}, \text{EXCH}, \text{GCF}, \text{TRO}, \text{INF}, \text{POP}) \quad (2)$$

If model one (1) is log linearized, it gave birth to model (2) expressed as below:

$$\text{LogHDI}_t = \beta_0 + \beta_1 \text{Log EDG}_t + \beta_2 \text{Log EXCH}_t + \beta_3 \text{Log GCF}_t + 4 \text{Log TRO}_t + \beta_5 \text{Log INF}_t + \beta_6 \text{Log POP}_t + \mu t \quad (3)$$

Transformation of equation 3 into a panel autoregressive model was motivated from the fact that the pre-estimation of the employed data shows that the data are mixture of I (0) and I (1) variables. Therefore, this study utilizes a panel ARDL as a technique of estimation following the submission of (Pesaran, Shin and Smith, 2001; Pesaran and Pesaran, 1997 Pesaran *et al.*, 1999), which it states as follows;

$$\begin{aligned} \text{LogHDI}_{it} = & \sum_{i=1}^{p1} \Omega_1 \text{LogHDI}_{it-i} + \sum_{j=1}^{p2} \Omega_2 \text{LogEDG}_{it} + \\ & \sum_{k=1}^{p3} \Omega_3 \text{LogEXCH}_{it} + \sum_{k=1}^{p3} \Omega_4 \text{LogGCF}_{it} + \sum_{i=1}^{p1} \Omega_5 \text{LogTRO}_{it} + \\ & \sum_{j=1}^{p2} \Omega_6 \text{LogINF}_{it} + \sum_{k=1}^{p3} \Omega_7 \text{LogPOP}_{it} + \theta \text{ECM}_{it} + \\ & \sum_{i=1}^{p1} \Omega_{11} \Delta \text{LogHDI}_{it-i} + \sum_{j=1}^{p2} \Omega_{21} \Delta \text{LogEDG}_{it} + \sum_{k=1}^{p3} \Omega_{31} \Delta \text{LogEXCH}_{it} + \\ & \sum_{i=1}^{p1} \Omega_{41} \Delta \text{LogGCF}_{it} + \sum_{j=1}^{p2} \Omega_{51} \Delta \text{LogTRO}_{it} + \sum_{k=1}^{p3} \Omega_{61} \Delta \text{LogINF}_{it} + \\ & \sum_{i=1}^{p1} \Omega_{71} \Delta \text{LogPOP}_{it} + u_t \end{aligned} \quad (3)$$

Furthermore, it is important to stress that t is the scope of the study, and ranges from between 1990 and 2020. The reason why 1990 was used as the based year is due to the implementation of MDGs in 1990. Also, the study will focus on four (4) ECOWAS countries as follows Cote d'ivoire, Ghana, Nigeria and Senegal. The reason for using these four countries was majorly motivated by the availability of data.

3.3.2 Measurement of Variables

Abbreviation	Description	Unit of Measurement	Source(s) of Data
HDI	The HDI – The UNDP defines HDI as a composite index that measures welfare in the form of the average achievements of a country in three basic aspects of human development: health, knowledge, and standard of living. Life expectancy at birth represents health; knowledge is the combination of the adult literacy rate and the combined primary, secondary, and tertiary gross enrollment ratio, and GDP per capita based on Purchasing Power Parity (PPP) indicates standard of living in the HDI calculation (For details on how to calculate HDI, please refer to the technical note of the Human Development Reports available in United Nations Development Program website.	Percentage	World Development Indicators of World Bank
EDG	This used to proxy real government expenditure on educational sector, and is measured as educational current and capital expenditure as percentage of GNP	Percentage	World Development Indicators of World Bank
GCF	Gross fixed capital formation This is defined by World Development Indicators as outlays or additions to the fixed assets of the economy plus net changes in the level of inventories. It was measured in the present study as percentage of gross capital formation relative to GDP. Capital accumulation was included in the estimated model leaning on endogenous growth model, this represents level of physical capital in the economy that can be used in the production of output and knowledge	Percentage	World Development Indicators of World Bank
TRO	Trade Openness; this is addition of imports and exports as percentage of GDP	Percentage	World Development Indicators of World Bank
INF	This is inflation rate	Percentage	World Development Indicators of World Bank
POP	This is population growth rate	Percentage	World Development Indicators of World Bank

Source: Author's Compilation (2022)

Meanwhile, the apriori expectation is as follows $\beta_5 < 0$, but β_1 to $\beta_6 > 0$. It should be noted that Ω_1 to Ω_7 represent short run parameters and Ω_{11} to Ω_{71} represent long run parameters respectively. And θ is the speed of adjustment between short run and long run parameters.

4. Result and Discussion

Table 1: Descriptive Statistics

Descriptive Statistics	EDG	EXCH	GFC	HDI	INF	POP	TOP
Mean	3.523077	30.64963	21.33054	0.570521	10.87328	2.610186	62.75336
Median	3.868000	0.499000	22.93700	0.471000	7.200000	2.552359	60.87000
Maximum	8.160000	315.0000	53.12200	0.611000	72.84000	3.606675	116.0500
Minimum	0.850000	0.033000	8.253000	0.376000	-2.250000	2.085445	20.72000
Std.	1.832899	67.13771	8.585830	0.058943	13.59583	0.299110	20.13492
Deviation							
Skewness	0.031046	2.371548	1.010860	0.374306	2.218976	1.297141	0.200698
Kurtosis	2.664005	8.064792	4.804848	2.511950	8.571501	5.432700	2.621619
Jargue-Bera	0.578877	238.7392	36.41810	3.959788	251.5712	62.71460	1.508780
Probability	0.748684	0.000000	0.000000	0.138084	0.000000	0.000000	0.470297
Sum	419.2461	3647.306	2538.334	55.99200	1293.920	310.6121	7348.650
Sum Sq. Dev.	396.4230	531881.7	8698.544	0.409962	21811.89	10.55707	47838.96
Observations	119	119	119	119	119	119	119

HDI = Human Development Index (0-1), GFC = Capital accumulation measured as % of GDP, POP = Population growth rate in %, INF = Inflation rate in %, TOP = Trade openness in %. Nigerian HDI data was extrapolated backwards from 2003 to 1990 due to paucity of data and that of Senegal was extrapolated forward from 2018 to 2019.

Source; Authors' Computation (2022)

In table 1, the summary of the various descriptive statistics of the relevant employed variables in this study were presented. This is very germane because econometric analysis largely relies on the normal distribution assumption of the dataset. EDG which is used to proxy educational current and capital expenditure as percentage of GNP, GFC, HDI, POP and TOP in ECOWAS sub region from 1990 to 2019 have mean values that less than standard deviation respectively. This shows that these variables are moderately dispersed from their mean values. However, the rest of the variables show otherwise. All the variables possess positive skeweness which shows that the variables of interest agreed with symmetrical distribution assumption. Therefore, the data was further utilized for econometric analysis.

Table 2: Correlation Matrix

	GFC	INF	EDG	EXCH	POP	TOP
GFC	1.000000	0.370549	-0.302026	0.009224	-0.181824	-0.382072
INF	0.370549	1.000000	-0.330247	0.078225	-0.057934	-0.148741
EDG	-0.302026	-0.330247	1.000000	-0.645898	-0.000827	0.669266
EXCH	0.009224	0.078225	-0.645898	1.000000	-0.013268	-0.581505
POP	-0.181824	-0.057934	-0.000827	-0.013268	1.000000	-0.253045
TOP	-0.382072	-0.148741	0.669266	-0.581505	-0.253045	1.000000

Source: Authors' Computation (2022)

The estimated results of various pairs of correlation analyses displayed in table 2 indicated that the degrees of correlation between various pairs of the explanatory variables were not too high to cause multicollinearity problem in the subsequent estimation. Meanwhile, the above statement is validated by the proposition of Goldberger (1991), which argued that simple correlation between a pair of regressors could cause the danger of multicollinearity in models if it is greater than 0.9.

Table 3: Panel Unit Root Tests- Levin, Lin & Chu t* Test and Im, Pesaran and Shin W-stat Test

Variables	Levin, Lin & Chu t* Test				Remark
	Level	Probability	1st Diff	Probability	
HDI	2.10209	0.9822	1.95106	0.0075	I(1)
EDG	-0.80161	0.2114	-5.33861	0.0000	I(1)
GFC	-1.27372	0.1014	-3.56107	0.0002	I(1)
INF	-0.98212	0.1630	-4.09785	0.0000	I(1)
POP	-9.40460	0.0000	-	-	I(0)
TOP	-1.33861	0.0903	-	-	I(0)
EXCH	-2.41880	0.0078	-5.61910	0.0000	I(1)
Variables	Im, Pesaran and Shin W-stat Test				
	Level	Probability	1st Diff	Probability	
HDI	3.95288	1.0000	-1.54083	0.0417	I(1)
EDG	-0.55513	0.2894	-4.29176	0.0000	I(1)
GFC	-1.52456	0.0637	-4.08284	0.0000	I(1)
INF	-1.60479	0.0543	-5.85220	0.0000	I(1)
POP	-8.09157	0.0000	-	-	I(0)
TOP	-1.72190	0.0425	-	-	I(0)
EXCH	-1.08760	0.1384	-5.50174	0.0000	I(1)

Source: Author's Computation (2022)

Spurious or nonsense regression has been identified as one of the aftermath effects of time series data in empirical analysis. In order to resolve this problem, the test for the stationarity properties of data becomes one of the pre-estimation checks that are very crucial in empirical study that utilizes data that is much trended in nature. Against this backdrop, this study made use of panel unit root tests- Levin, Lin & Chu t^* Test and Im, Pesaran and Shin W -stat test to examine the stationarity properties of data employed for this study. The estimated results displayed in table 3 indicate that POP and TOP are stationary at level while other variables are stationary after first differencing. This implies that the variables of interest are the combination of $I(0)$ and $I(1)$ variables.

Table 4: Johansen Fisher Panel Cointegration Test

Trend assumption: Linear deterministic trend

Lags interval (in first differences): 1 1

Unrestricted Cointegration Rank Test (Trace and Maximum Eigenvalue)

Hypothesized Number of CEs	Fisher Stat.* (from trace test)	Prob.	Fisher Stat.* (from max-eigen test)	Prob.
None	111.6	0.0000	69.14	0.0000
At most 1	80.59	0.0000	37.63	0.0000
At most 2	52.75	0.0000	26.49	0.0000
At most 3	31.94	0.0000	12.15	0.0163
At most 4	23.61	0.0001	14.26	0.0065
At most 5	12.94	0.0116	11.46	0.0218
At most 6	8.502	0.0748	8.502	0.0748

Authors' Computation (2022)

*Probabilities are computed using asymptotic Chi-square distribution

The results of Johansen Fisher Panel Cointegration Test presented in Table 4 show that a long run equilibrium relationship exists between the dependent variable and other set of the explanatory variables in the model despite the fact that unit root existed in some set of data which could have led to a short run disequilibrium among these variables.

Table 5: VAR Lag Order Selection Criteria

Dependent Variable: LHDI					
Model	LogL	AIC*	BIC	HQ	Specification
1	356.096514	-6.237187	-5.259256	-5.841189	ARDL(1, 1, 1, 1, 1, 1, 1)

Authors' Computation (2022)

In estimating a panel ARDL, it is instructive to utilize the appropriate and optimal number of lags in order to achieve the best results. In view of the above, lag order selection criteria was estimated in Table 5 in which its results show that lag one (1) is the appropriate and optimal number of lags as suggested by all information criteria.

Table 6: Panel ARDL Estimation of Government Educational Spending and Human Capital Development in ECOWAS Sub-Region

Regressors	Long Run Coefficient	Prob.	T-statistics	Short Run Coefficient	T-statistics	Prob.
LEDG	0.356042***	0.0412	2.078556	0.052041	1.127491	0.2632
LGFC	-0.123328*	0.0000	4.374491	0.125622	1.546750	0.1262
LINF	-0.019141	0.2199	1.237505	0.000580	0.420653	0.6752
LEXCH	0.002951	0.8578	0.179788	-0.004872	0.287766	0.7743
LPOP	0.291500**	0.0791	1.780818	-0.346686	0.660614	0.5109
LTOP	-0.037674	0.1969	1.302193	0.011796	1.100466	0.2747
COINTEQ01	-0.206871	1.070091	0.2881			

Notes: The value in parenthesis denotes the p-values *Significant at 1% ***significant at 5% **Significant at 10%

Source: Author's Computation (2022)

Table 6 shows the estimated panel ARDL of both the short run and the long run results showing the relationship between government educational spending and human capital development in ECOWAS sub region. It is important to state that none of the short run parameter is significant. This implies that there is a lack of short run relationship between government educational spending and human capital development in ECOWAS sub region. In the same vein, the adjustment between the short-run and the long-run in the model is very weak because the coefficient of the convergence parameter (-0.206871) has the expected sign, but not significant at 10% level of significance. The implication of this is that relationship between government educational spending and human capital development in ECOWAS sub region is more of a long run phenomenon. Hence, the long run relationship between the variables of interest are discussed as follows; firstly, government educational spending and human capital development have a positive and significant relationship in the long run. A unit change in government educational spending leads to 0.35 rise in human capital development in the long run in ECOWAS sub region.

Meanwhile, gross fixed capital formation and human capital development have an inverse and significant relationship in the long run. A unit change in gross fixed capital formation brings about 0.12 reduction in human capital development in ECOWAS sub region. Population growth rate and human capital development have a direct and significant relationship. If population growth rate changes by a unit, it

brings about 0.29 rise in human development in ECOWAS sub region in the long run. However, both inflation rate and trade openness have a negative but insignificant relationship with human capital development in the long run in ECOWAS sub region. Exchange rate and human capital development have an insignificant positive relationship in ECOWAS sub region in the long run.

Consequently, it could be submitted that government educational spending has a positive and significant relationship with human capital development in ECOWAS sub region in the long run. The finding in this study corroborates the assertions of Samuel and Ngozi (2019) in a similar study focusing on West Africa, Lyndon and Ebiapko (2019), Eneisik (2021) in related studies in Nigeria and Sudirman (2017) in a related study in Indonesia despite the variation in the techniques of estimation.

5. Conclusion and Recommendation

In this study, the role of government educational spending on human capital development has been investigated between 1990 and 2020 in ECOWAS sub-region with a view to driving one of the strategic goals of sustainable development- inclusive and equitable education and lifelong learning for all. Consequently, in order to achieve this, this study employed annual data from 1990 to 2020 using a panel ARDL as a technique of estimation. The findings that emerged in this work are summarized as follows; the relationship between government educational spending and human capital development in ECOWAS sub region is more of a long run phenomenon. Therefore, government educational spending and human capital development have a positive and significant relationship in the long run. Gross fixed capital formation and human capital development have an inverse and significant relationship in the long run. Population growth rate and human capital development have a direct and significant relationship in ECOWAS sub region in the long run. However, both inflation rate and trade openness have a negative but insignificant relationship with human capital development in the long run in ECOWAS sub region. Exchange rate and human capital development have an insignificant positive relationship in ECOWAS sub region in the long run. It is important to stress that the major limitation of this study is domiciled in its scope (ECOWAS countries). In the light of the above findings, this study therefore makes the following recommendations for the policymakers in ECOWAS sub region and by extension to African policymakers, any time the goal of these policymakers is inclusive and equitable lifelong learning via human capital development, the government at levels should embark on sustainable educational spending. In the same vein, these policymakers should be committed to funding of educational sector as stipulated by both the United Nations and the Abuja declaration of 2001, advocating for 26% of annual budget for educational sector in developing countries.

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A DECADE OF TALENT MANAGEMENT PRACTICES IN SMALL AND MEDIUM SIZED ENTERPRISES, A SYSTEMATIC REVIEW OF A DEVELOPING FIELD

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Abstract: Talent management (TM) is a relatively new management discipline that has generated considerable interest among scholars and practitioners within the past decade. It has been studied extensively among large enterprises and global organizations, but the practices have received limited investigation among Small and Medium Sized Enterprises (SMEs). This research paper uses a systematic review of the existing literature from 55 papers to present some insights into how TM is defined, conceptualized, and practised. An agenda for future research of SMEs TM is presented to spur further study. The paper uses the PRISMA methodology recommended by (Moher et al., (2009) to search the databases of Web of Science, Scopus, and Google Scholar for papers published within the last ten years between 2011-21. The findings confirm that the study of TM in SMEs is a developing field, and while there has been an encouraging increase in the number of publications in the past 10 years, it still lags behind other fields. Thus, there is a need for researchers and academics to accelerate the pace of research.

JEL classification: M5, M12.

Keywords: talent management; small and medium sized enterprises; systemic literature review

1. Introduction

Talent management has been gaining popularity in businesses as a means of accelerating growth and expanding operations. Many scholars regard it as an integrated process for attracting, integrating and developing, and retaining workers with the requisite skills, knowledge, and competencies required by an organization (Ansar & Baloch, 2018). While TM is a fairly new management discipline, numerous studies acknowledged that it is essential to the survival of an organization and well as a useful tool to enhance its competitiveness in the market (Serban & Andanut, 2014).

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Through TM, organizations can more effectively manage their workforce to boost output, increase efficiency, and enhance workers' output in a more positive way (Bibi, 2019). Based on findings from several studies, an organization as a whole and its employees are favourably impacted by the implementation of TM practices.

There have been many studies that support the positive impact of TM on companies, but most have been done on large enterprises and global companies, with limited investigations on Small and Medium Sized Enterprises (SMEs) (Festings, 2017). This has prompted researchers like Krishnan and Scullion (2017) to note that despite the significance of SMEs, there is a dearth of studies of TM research on this sector (Krishnan & Scullion, 2017). According to the literature, SMEs are significant drivers of employment and contribute to commerce and economic activities in most countries (Krishnan & Scullion, 2017). They foster entrepreneurship and innovation in many countries (Olusegun, 2012). But, like many other organizations, they face challenges in attracting, developing, and retaining the talents they need (Kuratko et al., 1990).

Scholars have cited a number of differences for SMEs that set them apart from larger firms. SMEs, unlike many large enterprises, are hindered by factors relating to insufficient financial resources, lack of managerial skills, equipment, and technology as well as regulatory issues, and market access (Joshua & Quartey, 2010). The literature further asserts that SMEs tend to be simple entities often lacking the complexity and hierarchical structures that are characteristics of their larger counterparts (Unger et al., 2011). Hanks and Chandler (1994) highlight their structural and managerial differences (Chandler & Hanks, 1994). Dundon and Wilkinson (2009) point to the high degree of informality in regard to their HR practices and the challenges they experience in attracting talents (Redman & Wilkinson, 2009). The takeaway from these studies is that TM practices in SMEs are challenged by several obstacles relating to the contextual setting of SMEs. As such, more investigation is needed to shed light on how TM is defined, conceptualized, and practiced in SMEs.

At the same time, research has shown that when properly implemented, TM can lead to increase organizational efficiency and better employees' outcomes in terms of turnover intention and job satisfaction (Mensah, 2019). A number of reasons have been cited in the literature to explain why TM practices in SMEs are different from their larger counterparts.

The first is that given the different contextual setting of SMEs, their understanding, and use of TM is more likely to be dissimilar to those of large organizations and multinational corporations. It can thus be inferred that for SMEs the contextual setting is integral to their operations and practice of TM (Gallardo-Gallardo et al., 2020). The second consideration is that SMEs have distinct institutional and structural features that differentiate them from large companies and this also influences how they regard and manage talents (Krishnan & Scullion, 2017). A third consideration is the scarcity of financial resources which can cause SMEs to redirect funds away from areas such as staff development and training, leading to issues of low productivity and high staff turnover (Abor & Biekpe, 2006). Added to this is the inability of many SMEs to afford the high cost of training and when this is added to the scarcity of management talent, has created skills and talent gaps in the SME sector (Kayanula & Quartey, 2000). These issues have not only put significant constraints on the development of SMEs but have also

tempered their ability to embrace and benefit fully from TM. What the literature has revealed is that matters relating to talent and challenges with HR were identified as one of the most acute issues for many SME owners and managers (Tocher & Rutherford, 2009).

2. Research objectives

The purpose of this systematic literature review is to explore the factors that constrain TM in SMEs. We will do this by examining the findings from past studies on SMEs to better understand how they define, practice TM, the strategies they employed, and the results they obtained. If scholars and HR practitioners in SMEs are to fully grasp the issues that dogged how TM is conceptualized and operationalized, then it is helpful to look at what past findings have revealed. This study is useful in several ways.

First, it is important to know precisely which aspects of TM were investigated or overlooked in prior studies (Shahi et al., 2020). The relative areas of interest linked to various components of TM are better understood by HR practitioners and researchers as a result (e.g., talent identification, talent attraction, talent development, and talent retention). Second, to better understand the themes and issues that appeared to cut across the different contextual settings (SMEs compared to global companies) as well as those aspects of TM practices that appear to be contextually dependent. Third, and lastly, by critically analyzing the body of past works, researchers may be able to identify several crucial areas that were overlooked and suggest others for further investigation in SMEs (Shahi et al., 2020).

Thus, this study aims to fill this gap by addressing this understudied area of TM scholarship. Specifically, we will seek to review what aspect of TM practices predominates in the SMEs and assess whether the emphasis was on organizational or individual performance. The study will also seek to identify other relevant gaps in the literature on TM in SMEs and suggest some areas for future research focus.

This systematic literature review will focus specifically on talent management in Small and Medium Sized Enterprises and will span all aspects of TM that are practiced in any SME. By doing this, it aids in fostering a better understanding of TM impact in SMEs by HR practitioners and scholars. The rest of this paper is arranged as follows. First, we explain the methodology used in our review. Second, we present the results and findings, Third, we discuss the key highlights from the findings, and lastly, we provide our conclusion and recommendations for future studies.

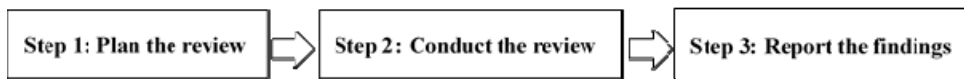
3. Methodology

3.1 Search Strategy

The study was conducted using a systematic literature review and a qualitative content analysis of the relevant literature. A systematic literature review provides researchers with a protocol to review relevant literature in a thorough, methodical, and objective way that is both transparent and replicable (Xiao & Watson, 2019). The choice of this method was deemed appropriate as not only is it widely used in the literature, but it also allows for the quantitative assessment of the information collected in the review.

The study focused on papers that were published between January 1, 2011, and December 31, 2021, and which dealt with the subject of TM in SMEs. The 10-year period was selected to provide an extensive body of papers including more recent publications on the subject. The study followed the guidelines recommended in the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) principles (Moher et al., 2009). The PRISMA guidelines were used to determine the eligibility criteria that were used, information sources that were accessed, data items, and the collection process to collect and synthesize the results. The review process also followed the three-steps approach proposed by Kitchenham and Charters (2007), that is, planning, conducting, and reporting the systematic review, as set out below in Figure 1:

Figure 1. Steps in the Review



3.2 Database search and search terms

The search started with the two major databases where the largest pool of peer-reviewed articles is found. The two major databases used were Web of Science and Scopus. In addition to these two databases, additional searches were conducted in Google Scholar. Guided by the approach recommended by Shulga and Busser (2019), this strategy was undertaken to expand the pool of available papers with the first 10 pages of the results being examined (Shulga & Busser, 2019). The combination of keywords and search terms was Talent Management AND SMEs OR Talent Management in SMEs. As an additional step, we identified more papers using a snowballing technique, where references to other relevant papers were considered for inclusion (Gallardo-Gallardo & Thunnissen, 2016).

3.3 Inclusion and exclusion criteria

To select the relevant papers for inclusion in our review, the titles and abstracts of these papers were examined, and three inclusion criteria were used to decide whether to include them. Included papers had to meet the following criteria (1) be published between January 1, 2011, and December 31, 2021, (2) focus on talent management in the SMEs, and (3) explicitly examine all or some aspects of TM in the SMEs. Any empirical studies, book reviews or papers not covering any of the stated criteria were excluded from the review.

3.4 The selection process

The initial search of the databases resulted in 102 papers. From this number, 12 papers were deleted due to duplication. A thorough screening of the remaining 90 papers was performed to decide which were not relevant and could be rejected based on the inclusion criteria that were set for reviewing the title and abstract. This exercise resulted in the exclusion of 25 additional papers. Full copies of the remaining 65 papers were obtained, and a detailed second screening was done using the same inclusion criteria. Each paper was evaluated at least two times to determine whether it met the criteria. This second screening resulted in another 10 papers being excluded after a review of the full paper, thus leaving a final count of 55 papers. This systematic review process followed the PRISMA protocols and is represented in Figure 2 with the exclusion criteria outlined in Figure 3. A spreadsheet was used to collect and organize the information for analysis.

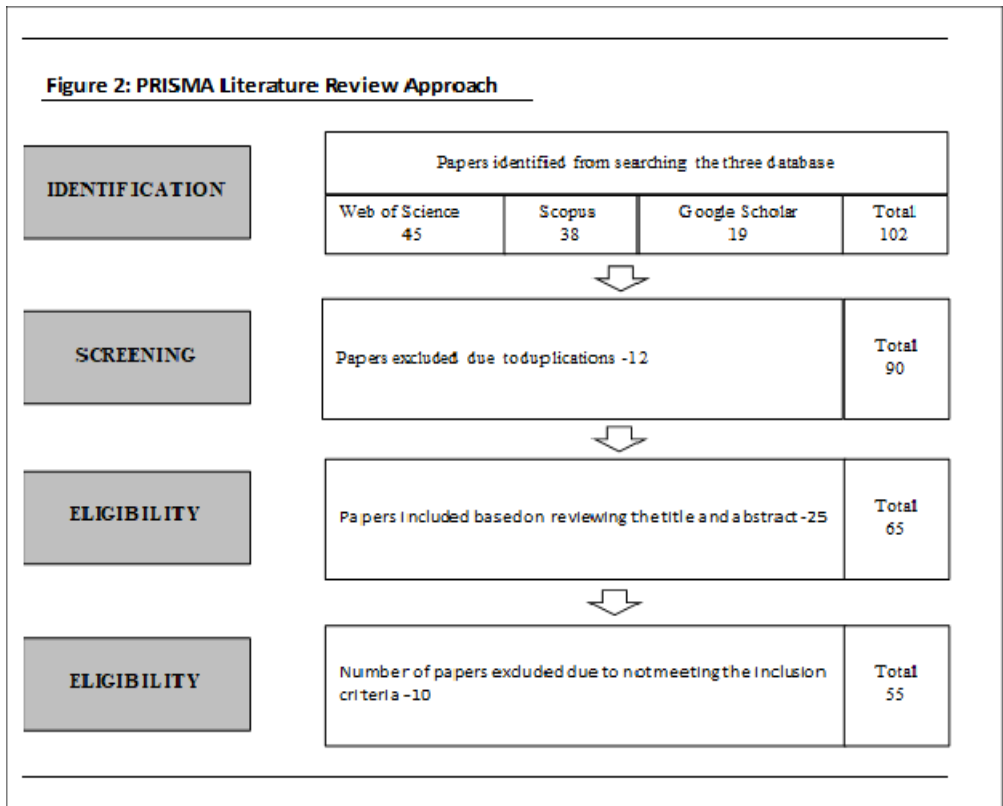


Figure 3: Inclusion criteria

Inclusion criteria	Detailed argument
1. The papers are written in English.	The English language is the main research language in business and management research. The use of English ensures easier comparability of the results.
2. The papers published in or after 2011	While talent management has been around since the 1990s, serious investigation of the construct within the SME sector started much later, so the last 10 years is a good point from which to start the review
3. Type of publication: scientific article, review, or early access paper	This review focuses only on quality, peer-reviewed scientific papers available from industry recognized-publications inclusive of conference papers or book chapters that were deemed applicable.
4. Journals from Business, Management, Human Resources and Personnel Management	This review focused on the impact of talent management on both the employees and SMEs for which they worked.
5. The papers were all relevant industries	Since SMEs operate in sectors of a country's economy, papers from all industries were included.
6. The paper focused on the impact of TM in SME	This was managed by setting the restriction through search keywords to identify relevant results germane to the research questions.

4. Literature review findings

The summary findings from the research are shown in Figure 4 and detailed finds are outlined thereafter.

Authors	Article Title	Country	Industry	Methodology	Theme	Theory
1 Baharin & Hanafi, 2018	Effects of TM on employee retention: A case study of hospitality industry	Malaysia	Hospitality	Quan	TR	SET
2 Baporikar, 2021	Post-Pandemic Restorative TM Strategy for SME Development. In <i>Cases on Small Business Economics and Development During Economic Crises</i>	India	Mixed	Qual	TDCO	NS
3 Bender, 2021	TM IN GERMAN SMALL AND MEDIUM-SIZED COMPANIES (SMES) PART I-A CRITICAL ANALYSIS.	Germany	Mixed	Qual	TDCO	PAA
4 Bish & Jorgensen, 2016	Employee perceptions of the TM message: Case analyses in Danish SMEs	Denmark	Mixed	Qual	TA, TRc	PC
5 Chang & Werther, 2021	TM innovations in the hospitality industry: Insights from the winners of the hospitality HR Award. In: TM innovations in the international hospitality industry.	NS	NS	Qual	TI	NS
6 Chaudhuri et al., 2018	Borrow or Grow: An Overview of Talent Development/Management Practices in Indian IT Organizations	India	IT	Qual	TDCO, TD	NS
7 Chung & D'Annunzio-Green, 2018	TM practices in small- and medium-sized enterprises in the hospitality sector: An entrepreneurial owner-manager perspective	UK	Hospitality	Qual	TDCO	AMO
8 Crowley-Henry et al., 2021	What goes around comes around: Exploring how skilled migrant founder-managers of SMEs recruit and retain international talent	Ireland	Mixed	Qual	TRc, TR	KYT
9 Cui et al., 2018	Strategic TM in service SMEs of China.	China	Mixed	Qual	TA, TR	NS
10 Dabić et al., 2021	Embodiment of TM within entrepreneurship: a bibliometric approach. In <i>Contemporary TM</i>	Global	Mixed	Quan	TDCO	NS
11 Darcy et al., 2014	A consideration of organizational sustainability in the sme context a resource-based view and composite model	Global	NS	CP	Sustainability	RBV
12 Deeba, 2020	The Role of Data Analytics in Talent Acquisition and Retention with Special Reference to SMEs in India: A Conceptual Study.	India	NS	CP	TA, TRc	NS
13 Domi & Domi, 2021	The interplay effects of skill-enhancing human resources practices, customer orientation and tourism SMEs performance	Albania	Hospitality	Qual	TRc, TS, TT	NS
14 Egerová et al., 2015	Perspectives of TM: Evidence from Czech and Slovak business organizations.	Czech & Slovenia	NS	Quan	TDCO	NS
15 Epie, 2014	Improving talent retention in an SME in the Nigerian environment: Reflections on a case study	Nigeria	Media	Qual	TR	NS
16 Festing et al., 2013	TM in medium-sized German companies: an explorative study and agenda for future research	Germany	Mixed	Quan	TR	IT
17 Gallardo-Gallardo et al., 2020	TM: context matters	Global	Mixed	CP	TDCO	NS
18 Ghosh et al., 2021	Examining collective creative self-efficacy as a competency indicator of group TM: a study of SMEs in an emerging economy.	India	Mixed	Qual	TR	PC
19 Harney & Alkhalaf, 2020	A quarter-century review of HRIM in small and medium-sized enterprises: Capturing what we know, exploring where we need to go	Global	Mixed	Qual	TDCO	NS
20 Hasan & Saufie, 2021	THE CURVILINEAR EFFECT OF TM ON FINANCIAL AND INNOVATION PERFORMANCE OF SMES	Malaysia	Mixed	Quan	JP	RBV
21 Heuri, 2018	Effects Of TM On Small and Medium Enterprises (SMES) In Nairobi	Kenya	Mixed	Quan	TRc, TC, TR, TD	NS
22 Ismail et al., 2021	Effect of TM practices at SMEs in Malaysia.	Malaysia	Food, Beverage	Qual	TE, TR	NS
23 Kallianan et al., 2016	Effective TM in Malaysian SMEs: A proposed framework.	Malaysia	Mixed	Qual	JS, Org Culture	NS
24 Kaur et al., 2015	Using social media for employer branding and TM: An experiential study.	India	IT	CP	TA	NS
25 Kohnová & Papula, 2020	WHO drives innovation activities? Evidence from innovative European countries	DACH	Mixed	Quan	TDCO	NS
26 Kravarit et al., 2021	Weathering the storm: TM in internationally oriented Greek small and medium-sized enterprises.	Greece	Mixed	Qual	TRc, TD, TR	IT
27 Krishnan et al., 2020	TM practices impact on Malaysian SMIs managers job performance	Malaysia	Manufacturing	Quan	JP	NS
28 Krishnan & Scullion, 2017	TM and dynamic view of talent in small and medium enterprises	Global	Mixed	CP	TDCO	IT, ET
29 Lawless et al., 2019	Talk-about talent: underlying philosophies on talent in Thai SMEs	Thailand	Mixed	Qual	TI, TR	CoP

Authors	Article Title	Country	Industry	Methodology	Theme	Theory
30 Leu et al., 2020	TM and the Digital Journey: Case Studies on the Apparel SMEs in Malaysia	Malaysia	Manufacturing	Qual	TDCO	DCT
31 Lin et al., 2021	Key factors affecting technological capabilities in small and medium-sized Enterprises in Taiwan	Taiwan	Manufacturing	Qual	TD	NS
32 Lin et al., 2011	New Product Development and Commercialization Process in the SME Fashion Design Houses	UK	Manufacturing	CP	TD	NS
33 Liu et al., 2012	The Discipline of SME Cellular Innovative Organization	NS	IT	CP	TD	NS
34 Ližbetinová, 2015	Potential of TM for SME	Czech	Service	Quan	TR	NET
35 Martidianty et al., 2020	Job embeddedness of manufacturing SME employees in Indonesia	Indonesia	Manufacturing	Quan	TR	JET
36 Mates et al., 2011	Intellectual Capital Management: Case Study Portugal Versus Romania	Romania, Portugal	NS	Qual	TD	ICM
37 Mendy & Rahman, 2019	Application of human resource management's universal model: An examination of people versus institutions as barriers of internationalization for SMEs in a small developing country	Bangladesh	Manufacturing	Quan	TD	IT, UT
38 Michailova & Ott, 2019	TM in small advanced economies: In TM in Small Advanced Economies.	Switzerland, Singapore, Norway	Mixed	CP	TDCO	NS
39 Monteiro et al., 2020	Employer branding applied to SMEs: A pioneering model proposal for attracting and retaining talent	Portugal	Mixed	Quan	TA, TR	ASA
40 Morawski, 2018	MANAGEMENT OF KNOWLEDGE WORKERS: SUPPORT FOR CREATIVE THINKING AND ACTION - THE CASE OF CREATIVE INDUSTRIES	Poland	Creative Industry	CP	TD	NS
41 Nauileau 2014.	The prerequisites of TM: a French SME case study	France	Building suppliers	Qual	TI	NS
42 Nawangsari & Sutawidjaya, 2019	TM in mediating competencies and motivation to improve employee's engagement	Indonesia	Hospitality	Quan	TD, TM	AMT
43 Pauli, 2018	TM Practices in Polish Small and Medium Enterprises	Poland	Mixed	Quan	TDCO	NS
44 Pauli & Poczowski, 2019	TM in SMEs: An exploratory study of polish companies.	Poland	Mixed	Quan	TDCO	NS
45 Phoemphan et al., 2015	Cross Case Analysis of TM in Thai SMEs: Multiple Case Studies Approach	Thailand	Lifestyle	Qual	TDCO	NS
46 Savov et al., 2020	Size of the company as the main determinant of TM in Slovakia	Slovakia	Mixed	Quan	TDCO	NS
47 Sheehan et al., 2018	Strategic TM: A macro and micro analysis of current issues in hospitality and tourism	Global	Hospitality	CP	TDCO	NS
48 Skoumpopoulou et al., 2019	TM in European SMEs: case analysis between Slovenia and Poland	Slovakia, Poland	Mixed	Qual	TDCO	NS
49 Skuza & Scullion, 2015	TM: Contemporary issues in a European context	Europe	Mixed	CP	TDCO	PC, SET
50 Stokes et al., 2016	Managing talent across advanced and emerging economies: HR issues and challenges in a Sino-German strategic collaboration	Germany, China	Manufacturing	Qual	TRc	NS
51 Supian et al., 2021	Exploring Recruitment Practices and TM Among SME Manufacturing Workers in Selangor.	Malaysia	Manufacturing	Quan	TRc	NS
52 Valverde et al., 2013	TM in Spanish medium-sized organizations	Spain	Mixed	Qual	TDCO	NS
53 Vargas-Hernandez & Elias, 2017	Organizational Culture Based on Human TM as a Factor of Retention of SMEs in Zacatecas	Mexico	Mixed	CP	TDCO	NS
54 Zamcu, 2014	Trends and Challenges in the Modern HRM-TM.	Romania	Mixed	Qual	TD	NS
55 Zhumabayeva & Mahmood, 2021	TM in SMEs of Kazakhstan	Kazakhstan	Mixed	Quan	TDCO	NS

KEY: Methodology: Qual = Qualitative; Quan = Quantitative; CP = Conceptual Paper
Theory: NS=Not Specified; PC=Psychological Contract; SET=Social Exchange Theory; AMT=Achievement Motivation Theory; ASA=Attraction, Selection, Attrition
IT=Institutional Theory; AMO=Ability, Motivation; Opportunity; RBV=Resource Based Theory; JET=Job Embeddedness Theory; KYT=Know Why Theory
PAA=Principal Agency Approach; SCT=Social Cognitive Theory; CoP=Communities of Practice; DCT=Dynamic Capability Theory; ICM=Intellectual Capital Model
ICM=Intellectual Capital Model; UT=Universal HR Theory; ET=Economic Theory | Themes: TE= Talent Engagement; TM= Talent Motivation; JP= Job Performance; TI=Talent Identification
TA=Talent Attraction; TRc= Talent Recruitment; TR= Talent Retention; TD= Talent Development; TDCO= Talent Definition, Conceptualization, Operation; TT= Talent Training

4.1 Type of articles/papers

The search among the databases for this review focused on papers that were available in open sources and the review revealed that 84 percent (46 papers) were articles from journal publications while 9 percent (5 papers) were conference proceedings. The remaining 7 percent (4 papers) were shared between books and one dissertation thesis (Table 2).

Table 2: Distribution of the reviewed papers according to type of articles

Type	Total	
	No	%
Thesis	1	2%
Book chapter	3	5%
Conference proceedings	5	9%
Journals	46	84%
Total	55	100%

4.2 Journals and publication frequency

Although TM has been around since the 1990s, the investigation of its impact on SMEs can be considered still an emerging field. Based on the period of the review, the vast majority of papers were published since 2015. This is evidenced by the fact that since 2015, 87 percent of the papers reviewed were published as of 2015 (less than 6 years ago). On closer analysis, roughly 34 percent was since 2020 and 20 percent in 2021 (Table 3). These findings suggest that the pace of scholastic inquisition of TM in SMEs is in its infancy (Harney & Alkhalaf, 2021), offering a lot of room for even further investigation of the subject in the future.

Table 3: Distribution of the reviewed papers according to publication year

Year	Journal	Conference	Chapter	Thesis	Total	
					No	%
2011		2			2	4%
2012		1			1	2%
2013	2				2	4%
2014	4				4	7%
2015	5				5	9%
2016	2	1	1		4	7%
2017	2				2	4%
2018	6	1	1	1	9	16%
2019	6		1		7	13%
2020	8				8	15%
2021	11				11	20%
Total	46	5	3	1	55	100%

4.3 Publication journals

The 55 reviewed papers were published in 42 different journals (Table 4). Roughly 60 percent of the paper appeared in 33 different journals, while those dealing primarily with issues relating to human resources appeared to have been most frequently mentioned, there was no concentration in any particular one. The review revealed that researchers had their papers published in journals covering such diverse areas as engineering, risk management, tourism, and even medicine. This would suggest that research of TM in SMEs is still a novel enough subject that piques the attention of editors or the publishing community is still trying to figure out where the discipline should reside as its preferred home.

Table 4: Distribution of the reviewed papers according to journals

Name of Journal	Total	
	No	%
Human Resource Management Review	2	4%
Worldwide Hospitality and Tourism Review	2	4%
Thunderbird International Business Review	2	4%
International Journal of Management	2	4%
Human Resource Management International	2	4%
Human Resource Management	2	4%
European Journal of Training and Development	2	4%
International Journal of Human Resources	4	7%
Conference Proceedings	4	7%
Others	33	60%
Total	55	100

4.4 Countries and regions

The vast majority of the papers reviewed showed that the construct was studied mainly in countries outside of North America. Studies conducted in 23 countries located within Europe, Asia, and Africa accounted for 73 percent of the reviewed papers (Table 5). Cross-country studies conducted within 2 or more countries accounted for the second-largest category with 25 percent of the papers. Interestingly, countries within this group from Europe figured prominently among the cross-country studies. Studies from SMEs within the Americas accounted for only 2 percent of the papers reviewed. Scholars like Al Ariss et al., (2014) have been among the voices calling for a shift away from a North American viewpoint of TM (Al Ariss et al., 2014). It is thus promising to see that roughly 73 percent of the papers reviewed represented studies done on SMEs in Europe, Asia, and Africa. This would suggest that viewpoints about TM in SMEs have appeared from other countries, and seem not to be dominated by the US experience.

Table 5: Distribution of the reviewed papers according to countries

Name of Country/ Region	Total	
	No	%
Europe	20	36%
Albania	1	
Denmark	1	
France	1	
Greece	1	
Ireland	1	
Portugal	1	
Spain	1	
Slovenia	1	
Czech Republic	2	
Germany	2	
Romania	2	
UK	2	
Poland	3	
Asia	18	33%
Bangladesh	1	
China	1	
Kazakhstan	1	
Taiwan	1	
Indonesia	2	
Thailand	2	
India	3	
Malaysia	7	
North America	1	2%
Mexico	1	
Africa	2	4%
Kenya	1	
Nigeria	1	
Multiple Countries	14	25%
Czech Rep & Slovenia	1	
DACH (Austria, Germany & Switzerland)	1	
Germany & China	1	
Slovenia & Poland	1	
Switzerland, Singapore, Norway	1	
None Specified	2	
Global	7	
Total	55	100%

4.5 Research methodologies

In the review, we identified 25 of the 55 papers (45 percent) that utilized a qualitative approach (Table 6). The qualitative studies were thus the largest category of empirical TM research using systematic reviews, case studies, and in-depth interviews of owners/managers, and employees within SMEs. Quantitative studies followed next, being used by 33 percent of studies using primarily various survey approaches to gather data. Conceptual papers accounted for the remaining 22 percent of research methods using a mix of thematic analysis, and comparative analysis.

Table 6: Distribution of the reviewed papers according to methodology

Method	SLR	Case Study	Survey	Other	Total	%
Qualitative	3	8	1	13	25	45%
Quantitative			13	5	18	33%
Conceptual Papers					12	22%
Total	3	8	14	18	55	100%

4.6 Theories

There were many theories used in the studies that were reviewed. The reviewed papers revealed that 13 different theories were used by researchers (Table 7). Three theories accounted for 9 percent of those mentioned and were the most frequently found used. The three theories were accounted for by the Resourced Based View (2 percent), Psychological Contract (3 percent), and Institutional Theory (4 percent). However, 65 percent of the papers did not specify a theory or were not explicit about the theory on which the study was grounded.

Table 7: Distribution of the reviewed papers according to theories

Theory	Total	
	No	%
Ability, Motivation & Achievement	1	2%
Achievement, Motivation Theory	1	2%
Attraction, Selection, Attrition	1	2%
Community of Practice Theory	1	2%
Dynamic Capabilities Theory	1	2%
Intellectual Capital Theory	1	2%
Job Embeddedness Theory	1	2%
Knowing Why Theory	1	2%
Principal Agency Theory	1	2%
Social Exchange Theory	1	2%
Resource Based View	2	4%
Psychological Contract	3	5%
Institutional Theory	4	7%
Not Specified/ None used	36	65%
Total	55	100

4.8 Thematic categorizations

Although talent management has been around since the '90s, there is still debate about its definition (Pauli & Poczowski, 2019). Scullion et al. (2010) regarded it as a systematic series of activities for identifying, attracting, developing, engaging, and retaining the talents needed by the organization to attain its business objectives. The study identified more than 8 different thematic focus in the articles that were reviewed (Table 8). Talent conceptualization was the theme featured in 36 percent of the papers. This category included the probing of SMEs' owners/ managers and staff about what TM mean to them and how is it practiced and operationalized within their organization. Talent development and training of staff was the second-largest category with 20 percent, while issues surrounding the attraction, recruitment, and retention of talent were the third and fourth themes highlighted by SMEs accounting for 13 and 11 percent respectively.

Table 8: Distribution of the reviewed papers according to themes

Theme	No of paper	
1. Talent management conceptualization	20	36%
2. Talent Development & Training	11	20%
3. Talent Attraction & Recruitment	7	13%
4. Talent Retention	6	11%
5. Talent Identification	3	5%
6. Talent Attraction & Retention	2	4%
7. Job Satisfaction	2	4%
8. Others (Engagement, Performance)	4	7%
Total	55	100

4.9 Whose views are surveyed

The review found that researchers displayed a disproportionate preference for surveying the views of either the owners, CEOs or managers of SMEs. This was the case in 51 percent of the papers (Table 9). Next, the views of both the employers and owners were the second preference with 18 percent of the papers. The views of employees were only featured in 13 percent of the papers.

Table 9: Distribution of the reviewed papers according to whose views were surveyed

Category	No of paper	
Owners, CEO, Managers	28	51%
Both (Employers & Employees)	10	18%
Employees Only	7	13%
None Specified	10	18%
Total	55	100

5. Discussion

Based on the papers that were reviewed, we were able to make some observations and gleaned some useful insights on SMEs talent management. We outline present our discussion as follows:

There is a level of uncertainty among SMEs owners and managers about how TM is defined and practiced, with some likening it to human resource management. This uncertainty extends to within the SMEs where there seemed to be a gap between the expectations of employees and employers (owners and managers) about TM practices in SMEs (Phoemphian et al., 2015; Pauli, 2018; Skoumpopoulou, et al., 2019). This may not be a unique issue that is confined to SMEs as there remains tension in the broader TM debate around this same matter (Ansar & Baloch, 2018; Bostjancic & Slana, 2018).

Given the challenges that SMEs have with resources that have been highlighted in other literature, it was stated by some SMEs that implementing TM would increase their cost and reduce their financial performance (Valverde, 2013; Lonial & Carter, 2015; Grimmer et al., 2018; Hasan & Saufie, 2021). The literature on SMEs is replete with studies that point to the constraint on their operations caused by insufficient resources, so it is not unusual that this may extend to areas of HR and TM (Bakhtiari, et al., 2020)

The approaches taken to TM and talent are largely determined by the size, resource, culture (organizational, national), and knowledge (HR, Owner, manager) of the SMEs. The larger and more financially endowed the SME, the more like they are to embrace TM and be knowledgeable of how to operationalize elements of it (Valverde & Scullion, 2013; Epie, 2014; Sheehan et al., 2018; Harney & Alkhalaf, 2020, Gallardo-Gallardo et al., 2020). "Context matters" is a significant point that was stressed by Gallardo-Gallardo et al., (2020) and which has been validated by the work of other scholars (Gallardo-Gallardo et al., 2020; Cosgrave & O'Dwyer, 2020).

Attracting talents, identifying, and designating persons as talents, training, developing and retaining talented staff featured prominently among SMEs' owners and managers as matters of pressing concern for them (Zamcu, 2014; Lizbetinova, 2015; Stokes et al., 2016; Lawless et al., 2019). The war for talent prompted by McKinsey's study has been one of the seminal works in TM studies (Beechler & Woodward, 2009). The essence of this warning is that talents are essential to an organization's competitiveness and organizations should seek to attract and retain the talents who will help them achieve this objective (Ansar & Baloch, 2018).

Countries in Europe and Asia were the ones featured most often in the SME talent management research. We came across no studies focusing on SMEs in the USA during the 10-year review. Scholars like Al Ariss et al., (2014) have been among the voices calling for a shift away from a North American viewpoint of TM (Al Ariss et al., 2014), and it is noteworthy to see many of the papers were from SMEs in Europe, Asia, and Africa. This would suggest that viewpoints about TM in SMEs have appeared from other countries, and they are not dominated by the US experience.

While the qualitative research method was the preferred approach among researchers, there seemed to be a definite preference for using the case study method for data collection. Many researchers selected it as it uses real-life

evidence that allows for a more in-depth study of a field that is still emerging (Epie, 2014; Skuza et al., 2015; Vargas-Hernandez & Elias, 2017; Sheehan & Garavan, 2018).

6. Conclusion

In response to the call for more research in TM in SMEs, this study was undertaken by reviewing 55 prior papers that have been done on the subject and the results have generated some useful insights. While talent management remains a fairly new field of discipline for scholars and HR practitioners the current state of inquisition into the construct in SMEs is growing. The literature review points to a field of study that is still developing, but with opportunities for development with regard to how talent management is viewed, conceptualized, and operationalized within SMEs. It was McDonnell et al., (2017) who asserted that the broader TM research was approaching the adolescent phase, so based on this assertion, it is safe to conclude that its advancement in the SME sector is at the infancy stage (McDonnell et al., 2017). The review also holds significant ramifications for future research as well as for the practical application of the discipline to enhance the human resource practices of companies within the SME sector.

The review's main contributions are to provide a critical analysis of the literature to review the breadth, scope, and depth of existing works that have been done on talent management within the SMEs sector in terms of how it is viewed, defined, and operationalized by organizations and their stakeholders within the sector. By offering fresh information on the different approaches to talent management, the review provides a firm foundation for other researchers to accelerate the pace of research in the sector. This contribution also aligns with the calls of many scholars for more research on talent management within the SME sector (Krishnan & Scullion, 2017). The limited number of publications on SME talent management studies alongside the heightened interest in TM presents an important opportunity for researchers and academics to improve the theoretical development of the field.

7. Agenda for future talent management research in small and medium sized enterprises

One of the main aims of this review is to spur further interest in the field so that the pace of research will increase in the coming years. In this regard, we propose the following agenda for future research.

More research is needed to reflect the voices of the workers in SMEs. The majority of studies in our review have polled the views of SME owners and managers, but given the gap that exists between both groups, a more concerted effort is needed to capture the views of workers. How do they perceive TM, and how does it impact their behaviour in terms of turnover intention, job satisfaction, and performance?

Researchers need to undertake more cross-industry, country studies, and longitudinal studies. Many of the studies we reviewed stressed the importance of looking at the contextual setting when examining TM in SMEs (Krishan & Scullion, 2017) and others have shown the influence of organizational and country factors. It's now an opportune time for researchers to explore these further for SMEs.

We are living in the age of the 4th industrial revolution which has been described as the new modes of production where consumption patterns will transform all the major industrial systems (Johnston, 2018; Claus, 2019). This will have huge implications for SMEs engaged in manufacturing, which will, in turn, have implications for their TM strategies, particularly regarding the recruitment, development, and retention of talents (Antoniuk et al., 2017). Yet only one study in our review explored this trend. This we believe is yet another understudied area warranting more investigation.

One of the ongoing debates among TM practitioners is which TM practices are more effective (King & Vairman, 2019). This inquisition requires more focus among SMEs.

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