

# SPECIFICATION AND MODIFICATION OF HUNGARIAN MILITARY HR STRATEGIES 1<sup>ST</sup> PART (HRM BASICS – GENERAL SURVEY – ITS CHARACTERISTICS DURING THE POLITICAL TRANSFORMATION)

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## **Abstract**

*According to the experts of social and economic sciences, HR and its appropriate management is an indispensable element of efficient and successful work.*

*When analysing organizational performance, a complex phenomenon emerges, where causes and effects or connections cannot be strictly separated from each other without distorting their significance and role, therefore these concepts should be reviewed on a strategic level.*

*Present article is the first part of a series. The article - after the presentation of the general survey - analyses certain periods during the transformation of the Hungarian Defence Forces (HDF), based on the ideas mentioned above. What were the characteristics of Hungary's regime change, what were the plans and what could be realized of them?*

The parts of the study released earlier (Conference book, GMTK 2015, Kecskemét) presented the different specifications of military HR strategies and showed how much of them came true in the given period (e.g. 2008, 2012). The study reflects the author's thesis.

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## **1 Introduction**

Society is the totality of specialized organizations and associations composed by individuals. However, not only the organizations are specialized, but also the various roles within them. Therefore the organization's success or failure can hardly be interpreted without the individuals who form it, and this goes vice versa, too.

An organization's quality and competitive advantage is most permanently influenced by its people as a resource, since humans can develop themselves consciously and the individual development expands the organizational knowledge, generating thereby the person-centred learning organization. This is far more than the simple sum of individual knowledge; in fact it is a synergistic total effect whereby the organization (employing its positive elements and omitting the harmful ones) will be able to develop itself and to induce continuous changes. One characteristic of person-centred HR strategy is that the constant development affects the renewable innovation of other organizational members, too, because it continuously increases the individual's success criteria to a higher level.

One of the main figures dealing with the development and management of human resources was the American economist Theodore W. Schulz. He considered human knowledge to be the

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result of a long, costly process and compared it to such a long-lasting investment procedure which includes individual, organizational and social responsibility and provides the establishment and maintenance of the workforce's work ability. Schultz points out that 'economy and culture, moreover lifestyle cannot be separated from each other, and they mutually influence each other. Both quantity and quality of workforce play an important role in the economic development. The quality of workforce is chiefly influenced by the institutional system that establishes and maintains the workforce. Creating this kind of quality is a long-term process' [1]. It is quite obvious that such a long process can only be realized in a strategic framework.

Significant technical and personnel changes went through during our NATO membership. They should still continue, because as a full member of the NATO, Hungary – considering its economic power – has to answer the requirements of capability development; these come from the strategic concept which arose after the latest potential threats. (The NATO 2020: the concept of Assured Security Dynamic Engagement focuses on topics of collective defense, of crisis management and of cooperative security. It declares that the pledge of security consists of two main facts: strengthening the existing partnership structures, and establishing a new, widespread co-operative network which is able to co-operate with all the determining nations and safety organizations [2].) This assumes the systematic establishment of new weapon systems, battle procedures and protocols. However, all of these need a well-prepared staff with special competencies, and therefore new recruitment and selection methods which could also foster the setting of specific learning paths as well: it has to be based on competencies and on job profiles instead of mass-based recruitment. According to A. Varga, 'Skills are determined basically by applied technologies and procedures, by the advancement and quality standards of the available technical equipment, as well as by the staff's competence and moral indicators.' [3].

In 2012 the fourth, strategy-based human resources plan was developed by the Ministry of Defence (MoD). To understand how much it has changed (comparing it to previous HR strategies) it is worth taking a short overview on its basics, and examining what kind of effects and circumstances have formed it in certain periods.

## **2 The basics of military HR management – general survey**

When planning strategic human resource management, three factors should always be considered [4]. These are the environmental factors (Hungary's economic situation, the development of its geopolitical policy and strategy; changing challenges, dangers, threats, etc.), the organizational and structural issues (organizational transformation, changing of management and planning systems, changes and development of combat methods, new technology, etc.) and the employees' characteristics (individual competencies, attitudes, social habits, acknowledgement, etc.). The combinations of these factors appear together and keep on changing continuously.

The most important question of creating military HR strategy is whether we are able to find the appropriate formula for the above equation which contains several unknowns, so that we can achieve our aims defined as success criteria. In other words, whether we are able to provide a competitive staff, leaders and subordinates in the appropriate time, place, number and quality, not exceeding our economic resources (the expected 2.0% share of GDP fell short by far the NATO). The defense costs in the proportion of the GDP: from 1,5 to 1,8% between 2000 and 2004, from 1,9 to 1,25% between 2005-2010. Between 2011 and 2015 they were between 0,78-0,88%. [5]. For 2016 only 0,85% was planned by Hungarian Parliament [6]. This staff should be able to answer the requirements of international conventions, domestic legislation, and also meet the domestic social expectations.

The environment is given, and Hungary's future is determined by its Transatlantic and European alliances, although the country's role and capability-based development may still change in the future. Considering Hungary's economic indicators it is hard to imagine that the MoD would receive the required resources from the GDP for military development. The reaction time shortens continuously, therefore the factors which forced the organizational changes (eg. shortening periods between NATO peaks assessing the challenges, threats, risks opposing the Member States) needed the fast actualization of new strategies.

The organizational and management model has continuously changed in the last decades. No other national defence forces have been reorganized as often as the Hungarian one has been in the last 25 years – quite often in the midst of mindless waste. Troops and armaments have come and gone, have been transformed or disappeared, and after that – maybe in some other form – turned up again. The changes had only one continuous accompanying phenomenon, and this was the permanent downsizing – or temporary stagnation when possible. Despite all these, the proportions between the rank categories never reached the desirable level. Most problems occurred in each case because of the high rate of generals and officers (especially field officers) staffs, which have not changed significantly with the reorganization.

It was due to the constant downsizing and to the unique changes of staff tables (which quite often depended on garrisons and individuals) that two (otherwise theoretically compatible) modular organizations often had unique scope of activities (but their functions were in many cases different, enlarged or had modified responsibilities). The job analysis at the HDF and at the MoD was conducted in the early 2000s; it distinguished more than 3000 different military jobs from each other. The reason for this was that the HR policy preferred individual aims instead of organizational ones, and its consequence was the growing number of individual division of work (that was typical only for the given organization). There were job profiles with detailed procedure rules, and the continuous and direct control and supervision over them meant higher status and rank – therefore there were serious prestige fights for these positions. A significant part of decisions about appointments and advancements had got neither strategic, nor organizational developmental base.

By the 21<sup>st</sup> century the roles of managers and leaders have changed. Military leaders have difficulties to recognize that their task should consist of understanding correlations, answering challenges immediately, establishing and maintaining resources and developing the organization. Among other things, this is how a shared values-driven organization can be achieved.

Soldiers have always stood on the edge of society. The society did not know their work, and as a matter of fact did not acknowledge it (even nowadays), and the suspension of compulsory military service could not make any significant changes to it. Its consequence could not have been anything else but insecurity and frustration. Society drilled soldiers to a kind of minority feeling, ignoring that their education level increased, moreover that the proportion of deviances continuously decreased. Society compared the soldiers to the gentry's life characters or to the unschooled participants of previous periods (which were known for their political reliability primarily). This stereotype has been fixed even after the turn of the millennium. It also contributed to the fact that the organization could not really represent its own sectorial interests and practically there was not any government term where the army could have been a winner.

However, the situation of the MoD limited the military leadership roles. Military leaders have always been socialized during their lives to draw conclusions from the available information and make decisions according to them, moreover to command the implementation of their decisions. Instead of this, after the regime change certain situations often caused the postponing of decisions and the refusal of taking responsibility. Final decisions were based mainly on rule-following considerations, control was meant as behaviour control and education and training were more and more single-looped which means that it was about following the rules of normative behaviour.

With these work attitudes the constant change which was accompanied by the organizational modifications could hardly be realized. Parallel to the educational system's change new employees appeared on the labour market: they were highly skilled with special knowledge and a problem-solving attitude. But the actual intrinsic motivators of the army could not cope any more with the extrinsic motivators that the labour market's competitive sphere offered – therefore the former ones were not enough for these educated soldiers any more (or only temporarily). Hence mainly those well-educated and trained experts left HDF who found their place in the labour market as well, therefore the resulting fluctuation very often led to counter-selection.

Of course, the livelihood assistance was provided by the military service pension, which was primarily meant to be a social safety net that protected the soldiers who left the service – whether it was their own fault or it was not their own decision. Unfortunately the MoD was not able to handle well the knowledge management arising from its central opportunities. Quite often the leaders of different military organizations could not even fulfil their strategic or distributional

function – because of the economic or political pressure. Their supporter and developer activity (in the sense of human resource) were completely side-lined because of the listed reasons.

According to Bakacsi, the way of the future cannot be anything else at a modern organization than '[...] the definition and control of the performance targets unfolded from purposes; [...] the selection and development of competencies reflecting successful behaviour; the establishment, maintenance and widespread acceptance of organizational culture controlling employees' behaviour; the establishment and maintenance of a learning organization with constant renewal and innovation based on the understanding of causes and effects.' [4] (Bakacsi, 1999)

Employees' motivation is determined mainly by their organizational positions, by their acknowledgement and by their group status. Hungary may not have any other aim than establishing an armed force, where society takes the responsibility for developing a part of the above mentioned facts, since organizations like the army can not provide them on their own. It should be emphasised that both extrinsic and intrinsic motivation are needed to establish a well-functioning organization. The intensity of intrinsic motivation experienced on different organizational levels depends on its location (in case of leadership levels placed on the bottom of the pyramid it is rather low, while it gradually increases towards the top of it). Still, when considering the future of the HDF, it is quite clear that the motivation of the contracted staff employed in the lower assignments of the HDF will have an equally determining role in ensuring the successful strategy of the MoD.

### **3 Modifications of the HR strategies of Hungarian Defence Forces - Characteristics of the military personnel policy during the regime change and its subsequent period**

Although the Hungarian People's Army (HPA) formed a closed community before the regime change, it was part of the society – even if the social changes (mainly the positive ones) streamed into the organization belatedly. The citizenship obligations that arose from the Hungarian Constitution (act XX of 1949. The Constitution of the Republic of Hungary [7]) defined the compulsory military service at the HPA. Low-level legislations (eg. No. 10 of 1971 Statutory Regulation of the Presidential Council of the Hungarian People's Republic about the professional personnel's service conditions of armed forces and armed bodies [8]), internal regulations (eg. Service Rules of Armed Forces of Hungarian People's Republic 'Ált./20' [9]) and (qualified) internal measures (No. 010/1970 Measure Personnel Director's of General Staff [10]) contained the detailed rules about providing personnel and its management. Usually the officer and noncommission officer (NCO) service became a profession for life, and the personal career almost equalled to the career within the organization (except certain politically and socially stigmatized cases). By the changes of international and national political situations the professional duties of defence forces declined or even ended (mainly because of the economical situation before the regime change). The organization compensated these specialized military tasks with a bureaucratic activity. Despite these facts the strong political control over and within the HPA existed up to the last minute of regime change. It was not question of ideology or belief; the majority of staff in that era's political arrangement found easier services and more secure career by taking political officer or party-political assignments.

The 'civil disobedience' appeared relatively early in connection with the compulsory military service. Citizens who wanted to seem to be unfitted for military service (in several cases, first-class sportsmen were given a medical exemption from compulsory military service) came up before the recruiting commissions – many others defected and left the country, referring to the compulsory military service. On the other hand, the military service system offered to the society's certain privileged sectors the possibility of carrying out reduced (e.g. miners) or lightened (e.g. sportsmen) military service.

The growing social dissatisfaction was directly proportional with the increased number of people who (referring mainly to ideological or conscientious objectors – e.g. among other things, members of the Jehovah's Witnesses sect - wanted to deny their compulsory military service. The convicts who had earlier refused the compulsory military service were released after the regime change, and the civil service, launched in 1989, created new alternative opportunities for national

defense obligations [11]. In a short period of time the number of men choosing civilian service increased from a few mille up to 15-20%.

The compulsory conscripted military service's duration declined continuously. The three-year military service that had been introduced in 1949 shortened to two years, and since 1977 to one and a half years [12]. Due to the initial euphoria following the regime change, to the successive governments' popularity-seeking policy and to the economic difficulties, the service's time decreased to one year in 1992, to nine months in 1998, and to six months in 2002. Finally, during the campaign of European Parliament in 2004, the compulsory military service system was cancelled with 80% of social support [13].

The regime change was accompanied not only by ideological and economic turning points, but also by the mass cutback of the army, which resulted the downsizing of 75,000 people [14]. It means that in a short period of time, thousands of inactive people – who previously constantly worked – appeared in the labour market. The labour market was not prepared for such a mass of job-seeking employees, because people were demobilized from compulsory military service, but the number of new members was declining (the number of conscript's staff gradually decreased from eighty thousand to six thousand since the regime change, because the MoD tried to replace the conscripted soldiers with contracted ones), and the time of service was shrinking. Therefore the supply in the open labour market greatly increased.

The largest part of officers and NCOs retired during this period, and only a small number of them became entrepreneurs, or appeared in the labour market [15]. The Social Politics Foundation of HDF, which was founded with 40 billion HUF capital in 1990, and the individual (eg. Rapid Response Project) and the sources projects - financed by the Labour Market Fund – contributed to a minimal extent of people's reconversion, but these solutions were still uncertain and neglected efficiency (in 1992, the support which had been given to re-trainings earlier returned into the Labour Market Fund). The employees' situation was improved by a new legislation [16] appearing as a pioneer one in Europe in 1991, which defined different tasks for employers – therefore also for the HDF – to promote employment. However, it did not appear on the ministry level's resource management for a long time - although one cannot talk about sectorial HR strategy at this time.

The first contracted soldiers appeared in the HDF in 1996. However, it was possible to take the so called 'extended service' even before that, but the number of filled vacancies in these statuses was very low – out of about 6,000 assignments of this type only 28% was supplied in 1993 [17].

## 4 Conclusions

When creating the sectorial HR strategy, following factors have to be considered:

- the effect of external strengths and internal factors influencing the organization,
- the factors inducing motivation, (and the causes of motivation gaps – if there is any)
- the peculiarities of national and European labour-market situation (it answers primarily the question 'to recruit or to train'),
- the direction of social and organizational values' modification (human orientation is weak, individualism and the aggression escalates),
- the causes of the general lack of trust in connection with the organization (according to sociological researches of 2012 and of previous years, a high level of pessimism is appreciable among staff members.
- the possible solutions of conflict management (dissolving conflicts caused by antagonism that appears between the modified pension system and the career model)
- the continuous modifications of outsourcing (outsourcing services – e.g. object protection – then re-organizing it),
- the consequences deriving from the weakening position of social and labour organizations',
- the services (e.g. healthcare, cultural) of the repeatedly modified institutional system,
- the opportunities of minimizing the permanent contrast between the state and market distribution systems,
- the efficiency of measures aimed at corruption and criminalization tendency, appearing on the social level, to prevent infiltration into organization,

the potential impacts of knowledge transfer which has turned for a while within society.

The military HR strategy should not only fit to the country's existing defense strategy, but it also has to be a glaring part of it. The military HR strategy is more than the planning of headcount.

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