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## The Influence of the Social, Political and Economic Impact on Human Resources, as a Determinant Factor of Sustainable Development

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### Abstract

Romanian society has seen an unpredictable political, economic and social dynamic due to political changes that took place in the late 90's, following until today a path dotted by numerous disturbing elements. Superimposed on European and global reformation, these changes have requested inclusion of Romanian policies into economic and social paradigms, which has caused major changes in all public administration systems. The HR segment, sensitive to the challenges of the external environment, perceived as a source of opportunity, but equally as a source of threat - by continuously changing laws, economic conditions, demographic policies, social and technological changes, etc. - strongly feels such changes. Thus, the major role of HR departments is a sound and efficient management of their resources, by adopting flexible adaptation strategies, based on accessing opportunities and avoiding threats. However, HR structures must consider staff response to consequences caused by these changes, in addition to external positive or negative impact. A major goal of sustainable development was the implementation of policies intended to optimize administrative capacity and professionalization of public services, as a measure of effective governance and good public policies. In achieving this, human resource occupies an important place, and the major challenge was to harmonize this segment, with influence in any governmental institution, with the effervescent environment to which it belongs. The study presented in this paper is based on a focus-group research that, by applying an interview matrix to the samples selected, analyzing and interpreting the responses, aims to highlight the political, social and economic impact on human resources, and the ability of organizations to adapt to these changes.

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## 1. Introduction. Background

Political activity is felt in all socio-economic areas. In this context, political activity, along with social and economic activities, strongly influences the individuals, forcing a certain pace and particular direction of development. The influence of politics on the management of public organizations is a current topic and an ongoing concern of both managers and researchers in various fields, such as political science, sociology, law and administrative sciences. The challenges of public sector management, affected by the external political environment, require the adoption of paradigm shifts, to provide balance to this relationship. These changes are, in fact, the result of resolving issues such as political impact on decision-making processes within public institutions or the relationship of interdependence between the degree of political involvement and professionalization of institutions.

In the current global context, local government is faced with an extremely complex situation, by the large number of interdependencies characterizing it, and the current world economic crisis amplifies an aspect that is realized with great intensity, specifically sustainable development. *The concept of sustainable development involves the pursuit of satisfying present needs without compromising the ability of future generations to satisfy their own needs.* By complementing the competitiveness, sustainability helps to define and implement an adequate strategy, developed in the medium-long term, consistent with the short-medium term strategy. Thus, failure to adopt sustainable development policies hinder opportunities to improve the services provided, improvement of processes, the focus on critical areas, and creation of opportunities.

The role of public administration - whether we speak of local or central government - is to achieve its specific tasks/activities through laws imposed by political power, and assume accountability for implementation thereof. Therefore, government has two basic elements – the enforcement of law and the provision of certain public services, within the limits imposed by law. Associated, they are a way of implementing government policies in everyday reality. The collaboration between the political and administrative powers is essential, because political power is achieved and the necessary framework for the economic and social development of an entity is configured by the administration.

There are many political functions in the public administration system that help to coordinate the activity of this system, as there are functions with predominantly technical nature, complex and integrated, which, even if they seem excluded from political impact, help the political function in substantiation of decisions. In this context, the evidence of influence of political factors on public administration, especially on human resources in this system is overwhelming.

Much of the public offices/public managers at various hierarchical levels are occupied by representatives or supporters of the ruling political system. It is believed this causes malfunctions in the HR management, by interrupting the natural process of professionalization, focusing on intellectualization (Dumitrescu & Dumitrescu, 2014), fracturing the ideological foundation of institutions, due to different cultures and visions of the political clients within the administration, and blurring the transparency of public service and current human resources.

The employee-employer binomial model is based on a continuous exchange relationship, perceived by the contributions each employee deems to be personal contribution - input - and receipt of a reward for the added value provided. The concept of equity and inequity within organization is based on how this relationship is perceived. Unlike the private sector, public administration does not have many resources.

The most effective and most precious one is the human resource. When we speak of it as a "resource", we must take into account that each employee who develops professionally adds value to the organization, increases its value and efficiency, and is a source of income. This is where the essence of HR management is seen: in the ability to create an environment enabling development, in order to improve the institution. Thus, public sector managers are facing a hopeless problem: they have to motivate their employees but do not have the necessary financial resources (Dumitrescu & Dumitrescu – Peculea, 2014).. They have to use alternative methods of motivation. One of them is the implementation of a well-specified collective labour agreement, in order to satisfy human resources, by segments: job security, even wages, transparency in evaluation and promotion, communication.

Sustainable HR development policies should consider the components such as demographic development - strongly affected by the economic situation - education, culture and health. Human resources are influenced by the evolution of culture, especially the political, economic, behavioural, moral, family culture, etc. Sustainable development of human resources can be achieved through the extension, diversification and increased quality of social services and governmental services.

A focus-group represents a *variety of techniques* (Carey, 1994:226) for the collection of data, *beliefs, attitudes, perceptions and opinions that support an observable behaviour* (Carey, 1994:225), necessary for exploratory studies in various fields (marketing, education, health, gender research - for example those made from a feminist perspective - Patton, 2002:389, social-cultural, etc.) focusing on *an area of interest determined in a permissive framework, devoid of threats* (Krueger, 1994, as cited in Patton, 2002:386). It should be stressed that a focus-group is *not a group for solving problems or making decisions* (Patton, 2002:385). It is a qualitative method of collection and results are *ideas, perceptions, feelings, associated values, motives, preferences, suggestions* (Chelcea, 2004).

The study proposed in this paper will try to find answers to questions that allow shaping a vision as close to reality as possible, concerning the link between government - human resources, political power, in the context of sustainable development. It addresses topics such as the extent to which the budgetary regulations of the executive - decisional political power - limit the HR management in public institutions; impact of the current social life and economic development on specific HR management processes: recruitment, selection, promotion and personal satisfaction felt in every phase of this process. The findings will try to highlight the positive and negative impact and to propose improvements in the institutional management process.

## 2. Research methodology

Due to the efficiency of the focus-group method in gathering information, corroborated with minimal cost and reduced time for carrying out research, our study proposes an analysis of *The social, political and economic impact on human resources, as a determinant factor of sustainable development*, by using this method.

Investigation methodology involved organizing two groups, differentiated by positions held within institutions. We chose this approach because, in previous research, different positions were found of those in such groups concerning the particulars of public service and influences felt, and because of the need of homogeneity in responses. Thus, we organized the group of core governmental officials (group A) and the group with higher- and medium-level leadership positions (group B). The number of participants in this semi-directive interview was 39, distributed as follows: 22 in group A and 17 in group B. The number of participants is higher than recommended in focus-group case studies, but there was a burning desire to participate in such discussions, a desire that overlapped with the miscommunication, especially vertically in hierarchy, within public institutions. Ages of participants were between 25 and 57 years, secondary to higher education, and gender distribution was 69.23% women – 27 and 30.77% men - 12.

Participants were from the public sector, from various local and central institutions, which have been sent invitation to talks. The invitations were not nominal, but sent to the email address of institutions. Venue was the conference room of a hotel in Bucharest, and central/local distribution was 24 people from the central government and 15 from the local government.

In the two group interviews, participants expressed their views freely on the topics addressed. Communication between members of groups, and between them and the moderator was open and participatory. Research limitations were represented by the small number of those interviewed in relation to HR dimension within the Romanian public administration structures, and the study results cannot be extrapolated nationally.

Questions in the interview matrix were formulated *in order* to highlight the perception of the degree of involvement and influence of political, economic and social factors on the development of human resources within Romanian public institutions, and to emphasize the positive or negative role of this involvement. The results of this research will allow us to emphasize the involvement in all specific HR management processes - recruitment, motivation, professionalism - and the effects of this involvement on the dynamics of public institutions in the light of changes in the form and content on human resources, and issues related the current political context, legislation in force and optimal directions for development.

We intend that our study to serve as a starting point for HR managers in setting priorities and directions for the development of industry-specific processes, in correlation with organization policy adjustment needs for efficient results.

**Objectives of this study** were identification of the impact of political, economic and social factors on the optimization of HR management of public institutions, amid their sustainable development process and harmonization of staff professional paths with the dynamics of the effervescent environment of which they are a part.

**The interview matrix was centred on the following pillars:**

1. Legal framework
2. Pressure of the economic environment
3. Pressure of the political system
4. The quality of human resources

***Research assumptions:***

H1: There is a political, economic and social impact on the HR management;

H2: There is a positive impact of these factors on human resources;

H3: There is an average degree of satisfaction of human resources within public institutions, due to management policies in this segment.

H4: Public institutions easily adapt to the dynamics of the external environment due to their HR policies;

Each interview sessions lasted for approximately 90 minutes: a) 10 minutes – introduction of participants; b) 10 minutes - explaining the objectives of discussions; c) 60 minutes - interaction between participants, discussions; d) 10 minutes - consolidation of information conveyed. The moderator took notes about the content of discussions and ideas expressed by the participants. Non-verbal and paraverbal reactions have also been noted. A summary of partial results was prepared for each individual group.

### **3. Results and discussions**

Following the summarized interpretation of the results, the following were extracted (presented briefly):

**A. *The legislative framework*** was an intensely debated topic. A correlation was made between this pillar of the interview matrix and the pillar of ***Human Resources Quality***. Legislative deficiencies were highlighted, which render impossible the accurate HR management for sustainable development. Legislative gaps are the basis of the HR deprofessionalization. For these two pillars problems have been identified, such as:

- Excessive turnover of human resources - with reference to the migration of Romanians to other countries with living, culture and civilization standards considered to be superior, which involves the migration of human resources with higher levels of education and expertise - doctors, researchers, athletes, etc.
  - Aging/demographic decline, as a result of poor social policies and of a not very attractive economic context, which does not provide the possibility of renewal of human resources in fields requiring young staff. The aging of human resources is an obstacle in accelerating the flexibility of institutions, given the greater resistance to change in the elderly. Although it seems a paradox and the average age of human resources increases, reluctance of employers is observed, even those in public administration, to employ persons past of a certain age.
  - Obsolete law that does not meet the current challenges was noted. There are no mechanisms of recruitment, selection and promotion of human resources to provide motivation and stability. In the shadow of this legal vacuum, transparency of these processes is low; procedures are not unique, which leads to a lack of motivation/anxiety/stress at work. The lack of documents, such as collective labour agreements, leads to lowering of effective human resource protection against political changes or arbitrary decisions of decision-makers.
  - Lack of an attitude to combat discrimination of any kind. Inclusion in the government of all disadvantaged groups would enhance institution's image and foster greater interaction of the state with socially disadvantaged groups or of those with problems.
  - Lack of policies to increase the quality of social services to governmental employees, by adopting effective legislation and creating awareness of its importance in the development of human resources involved, with positive impact on economic development, by streamlining and professionalizing the services offered.
  - Lack of harmonization of academic specializations with labour market or the abolition of vocational education.
- Using a scale of 1 to 10, where 1 represents the minimum, and 10 represents the maximum, respondents were asked to score the intensity of problems identified.

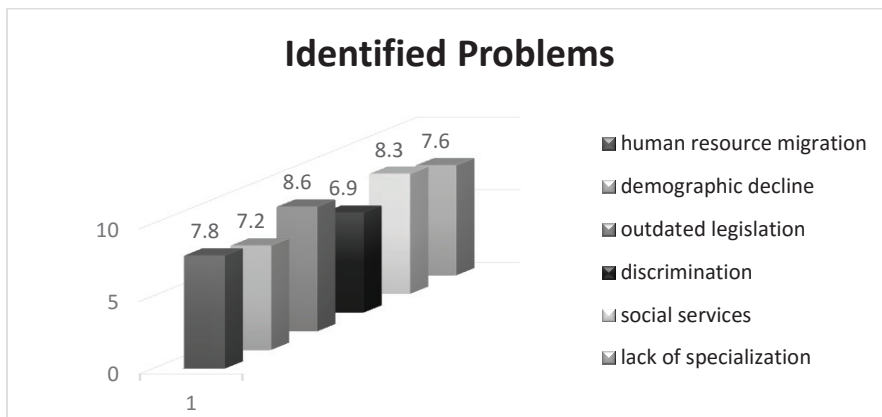


Fig 1. Problems of the efficient management implementation

**A. Pressure of the economic environment** is highly visible amid the current economic crisis. The recent measures of cutting income of most governmental staff have imposed an additional, unexpected financial pressure on those involved. A decrease in jobs in the public administration was imposed, involving increased responsibility of every employee. All these, correlated, led to the creation of unproductive tensions within the human resources in public administration, also felt by the consumers of public services. Stopping/slowing the process of computerization of institutions in the public domain was noted, due to its costs of acquisition, implementation and maintenance, delaying the optimization of processes/services and thus assistance in decision-making to the management of these institutions, through dedicated IT systems.

**B. Pressure of the political system.** In this chapter, responses of those involved in our study fluctuated between being very vocal/accusatory or highly reluctant. The pressure of the political factor in the whole public administration is still strongly felt. There are problems like *instability of function* - an issue perceived especially by those in management positions, amid the absurd politicization of managing levels, without regard to expertise, continuity, growth, future prospects, but only to a false motivation of the political clientelism. Local or central government cannot delineate from the political factor because it implements government political decisions, but it needs capable and motivated human resources to develop the institution and to increase its value, in the context of sustainable development. Fractures occurred within the middle management are not beneficial for an upward path of the institution, and they stop the reforming process. *The vision of the institution does not have a linear path*, but a tortuous one, depending on the vision or political mandate entrusted to each middle manager. Other issues raised were the *preferential allocation of funds*/financial resources, without taking into account the priorities on the medium-long term of the institution, and financial motivation of a certain segment of staff, with no transparency in their evaluation.

Analyzing the responses in this study chapter, three directions were identified: those who believe political involvement as an important factor of decline/stagnation in development - 27 people, representing a percentage of 69.23%; those who believe that politics has substantial involvement, but it does not have decisive impact on the path of the institution - 10 people, representing a percentage of 25.64%; and those who did not respond or consider that there is no impact of politics on the HR management - 2 persons, representing a percentage of 5.13.

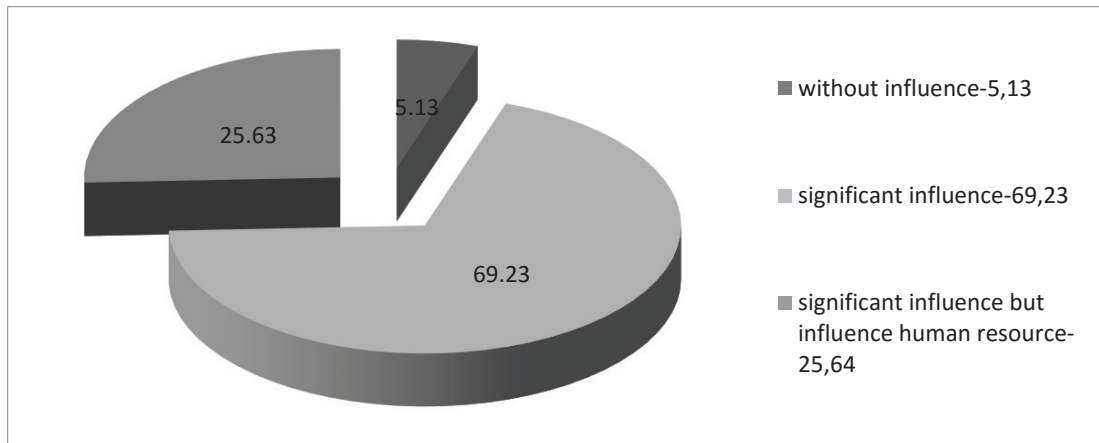


Fig. 2. The degree of influence of responses in relation to the issues addressed

Another issue intensely debated was the *wage system* - the lack of a sustainable strategy concerning wages and development of a generalized system of assessment, promotion and remuneration. Motivation of human resources is necessary, through adequate wages, to attract and retain valuable items – added value to the public institution - and reducing discrepancies between the same categories of officials or between the private and public sectors.

Conclusions from the responses provided by the participating respondents compiled issues felt by human resource on all four pillars of the interview matrix. Political involvement - beyond its natural functions - is excessive and is achieved by coercion, and influences of such involvement are perceived, in particular, as negative; motivation is to a minimum; human resources are averagely satisfied by the management under which they operate. Instead, institution flexibility is difficult, not following a linear upward path, with loopholes in legislation and institutional culture, with poor management and a lack of transparency that leads to suspicion. Thus, of the assumptions of our study, two were largely validated. There is major impact of political, economic and social factors on the HR management, and this resource is averagely satisfied by the policies in the field. Instead, no majorly positive impact of political and economic factors is seen in management from the human resource level, their negative influence being actually enhanced in the decision-making process, reform, and transparency, and hence in the adaptation and flexibility of public institutions to current challenges through management tailored to an effervescent environment.

#### 4. Conclusion

Our study was intended as a basis for management decisions in the field of human resources within Romanian public institutions where, beyond the application of generally valid principles in this area, it should take into account the particularities of the abusive involvement of political factors and national policies in the economic and social field on governmental staff satisfaction and, consequently, on the efficiency and optimization of public services provided. In parallel with the validation of study assumptions, a direction in which HR management must act, changes to be made in the legislative field, changes in the behaviour and culture of those in decision-making positions were outlined. Resistance to change of decision-makers involved in the reform was also noted – old-aged managers, outdated managerial concepts, political clientelism, reluctance in using national or European funds, and lack of a culture of staff motivation.

Other complementary problems of human resources, which are substantially influenced by political, social and economic factors, are the lack of programs and projects that bring added value to the entrepreneurial culture during university education or training, lack of effective communication and information flow optimized in relation to the communication needs of the institution and external factors, lack of IT services integrated and optimized in relation to the areas of activity, and cumbersome adaptation of the institution to new challenges, mainly due to fractures in decision-making and lack of medium-long term development policies. We must emphasize, however, the existence of positive accumulation within the Romanian government - human resources - during the evolutionary process imposed by the reform of the last 25 years.

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