

# LABOUR MARKET TRENDS AND THEIR IMPACT ON HUMAN RESOURCE MANAGEMENT IN LITHUANIAN COMPANIES

Rima Česnyienė\*, Danutė Diskienė, Asta Stankevičienė

*Vilnius University, Lithuania*

---

**Abstract.** *During the last decades, organizations operate in changing labour market conditions. Labour markets of many countries, including Lithuania, are in a continuous state of changes which demand a new approach to the management of human resources. The purpose of this study was to identify the key factors that transform labour markets and to outline how this transformation is impacting human resource management practices, particularly human resource specialists' functions and competences. To achieve this purpose, a detailed review of literature was performed and a research based on the questionnaire method was conducted in 2011–2012 in 92 Lithuanian companies. The research included 160 respondents – specialists of human resources departments. The research has demonstrated that, in the changing labour market conditions, the functions of human resource specialists have become more diverse and are increasingly directed towards fulfilling the needs of the business.*

**Key words:** *labour market, human resource management, functions, competences*

---

## Introduction

The management of human resources in any organisation does not take place in a vacuum, and its content and form (methods and procedures) are affected by various internal and external factors. One of the external factors, which causes a substantial concern, is the socio-demographic environment of the company. The last 2–3 decades have witnessed considerable shifts in the social and demographic environments. They have transformed the labour markets in many countries, Lithuania included. The impact of labour market transformation on the human resource management practices were analysed by such authors as Wilton (2010), Kalleberg (2003), Morris (2004), and others.

Along with the transformation of labour market, human resource management is going through the phase of revaluation of its own activities, objectives, and is considering the survival dilemma. Therefore, the present situation requires human resource departments to act in a more mature manner, to develop the necessary competences of the specialists.

*\*Corresponding author:*

Faculty of Economics, Department of Management, Vilnius University,  
Sauletekio Ave/ 9, LT10222, Vilnius Lithuania;  
e-mail: rima.cesnyiene@ef.vu.lt

The purpose of this research was to analyse trends in the contemporary labour market and their impact on human resource management, to find out how these trends transform the traditional functions of human resource specialists, resulting in the demand for new roles and promoting the development of new human resource specialists' competences. Therefore, difficulties arise in defining what methods of the competence development should be applied.

The issues of competence classification and methods of its assessment have drawn the attention of foreign and Lithuanian researchers in various fields (Boselie et al., 2005; Ulrich, 2007; Bakanauskienė et al., 2008; Jagminas, 2009; Lobanova, 2009, etc.).

However, the transformation of human resource specialists' competences in Lithuanian companies has hardly been researched. Therefore, it is necessary to analyse the shifts in the functions and competences of human resource specialists in the context of transformations in the contemporary labour market. The research was conducted among 160 participants – heads and specialists of human resources departments in 92 Lithuanian companies – to discover their viewpoints on the issue. The research pursued wider objectives than those covered in the present article. The study covered such acute human resource management issues as the status of the human resource department, its role in the strategy building process and the participation in making other important decisions (Česynienė, Stankevičienė, 2012). The research also aimed at finding out whether it is possible to elucidate changes in the priorities of the functions performed by human resources departments, as well as in the competences of human resource specialists.

## **1. The key factors transforming labour markets**

In order to find out the issues the human resources departments are expected to face in the future, it is necessary to analyse the factors that transform labour markets in various countries, including Lithuania. Some authors (Morris, 2004; Kalleberg, 2006; Wilton, 2010) single out the following five key factors:

1. Changes in the composition of economically active population.
2. The demographic situation.
3. Fluctuations in the rate of unemployment.
4. Legal restrictions.
5. The changing requirements for skill.

*The economically active population* consists of those who, during the research period, were working or actively seeking work (i.e. registered at the Labour Exchange / Job Centre). The key indicators of the Lithuanian labour market are presented in Table 1.

Table 1 demonstrates the contradictory trends that prevail in the Lithuanian labour market: the growing activity rate of the population in 2009–2011 and the increasing unemployment rate in the same period. Besides, the structure of the active population

TABLE 1. The key indicators of the Lithuanian labour market, 2009–2012 (%)

Indicator	2009	2010	2011	2012
Rate of employment	49.8	47.8	49.9	57.5
Rate of unemployment	13.7	17.8	15.4	13.2
Labour force participation rate (activity rate)	57.7	58.1	59.0	62.2

Source: The Lithuanian Department of Statistics: Employment statistics.

is experiencing a shift due to an increase in women's activity, which was caused by the decline in the birth rate, a boost in women's education, less time of household chores, etc. Another significant change in the structure of the active population is an increase in the number of elderly employees. In Lithuania, in 2010, the median age of the population was 39.4 years (men 36.7, women 41.8). This indicator has a tendency to grow due to the increase in the average life expectancy of the population.

### *The demographic situation*

According to official statistics, in 1990–2010, the population of Lithuania shrank by 449,200 people. It has been estimated that only the number of people who officially declared emigration in 2010 reached 83,500. In 2010, the number of emigrants increased 3.8 times versus to 2009. The scope of emigration is becoming dramatic: 6.6 persons per 1000 emigrated in 2009, while in 2010 this number reached 25.4. The 2011 census revealed that the population of Lithuania was still slightly over 3 million (3,054,000) and in 2012 – 2,988,000. The analysis of the age of the population also demonstrates other negative phenomena, among which the most important is probably the shift in the ratio between the employed and the unemployed population, i.e. the number of unemployed people dependant on employed is increasing.

### *Unemployment*

The research has revealed that the high level of unemployment causes concern about not only the unemployed but also the working population. The high level of unemployment allows employers to ignore the material and social needs of employees and to break labour laws. The rate of unemployment in Lithuania was especially low in 2007 when the economy was robust; in that year, it dropped to a mere 4.3%. However, due to the ensuing economic crisis, its level rocketed in 2010, soaring to 17.8%, which was the highest level in the last decade (Vaitiekūnas et al., 2011).

### *Legal restrictions*

In recent decades, Western countries have adopted numerous laws that regulate labour relations and protect employees from discrimination. The corresponding laws have also

been passed in Lithuania, e.g., the law on equal opportunities and the law on equal opportunities for men and women. These laws aim to stop discrimination on the grounds of age, gender, religion, race, nationality, or sexual orientation. Consequently, the senior management has felt ‘pressure’ while attracting and selecting new employees during recruitment.

### *The lack of qualified employees*

The shortage of qualified employees is becoming one of the key factors hindering economic development in Lithuania. The labour force qualifications frequently do not correspond to the demands of the market, and the phenomena of structural unemployment and low professional mobility can be observed. In its turn, the system of professional orienteering holds numerous flaws, the quality of training is inadequate, and employers allot too little attention and money to the training of employees.

Summarising all the five factors, it must be noted that the Lithuanian labour market is becoming increasingly less attractive and more contradictory. Human resource managers have to identify labour market trends and search for alternatives to the traditional methods of human resource management. Making such decisions not only requires adequate competence, but also a novel approach to the content of the functions of human resources departments.

## **2. Changes in the functions and competences of human resource specialists**

During various periods of the history of human resource management, personnel management specialists used to perform various roles, the content of which gradually expanded due to internal changes as well as changes taking place in the external labour market. At the beginning of the 20<sup>th</sup> century, human resource specialists took over the functions of hiring and firing from the administration. It was already in the 1930s that laws regulating the activity of trade unions were introduced; personnel management specialists participated in negotiations with trade unions and represented the interests of the company. In the 1960s and 1970s, the functions of employee attraction, selection, and training grew in significance. Since the 1980s, the strategic role of the human resources department has been highlighted, with an emphasis on the external environment, including the impact of labour market transformations.

In the fast-changing modern world when employees themselves and their exclusive skills create an ever-growing competitive advantage for the organisation (Lobanova, 2009), the role of human resource has grown even more. Consequently, more and more traditional functions of personnel management are related to the strategy of the organisation and the transformation of the personnel management into human resource

management. Departments of personnel management, which used to provide the auxiliary functions of supporting other departments, have gradually been taking on the role of a strategic partner and are becoming as important as other departments. When setting strategic goals, human resource specialists are included more frequently, which pertains to strengthening the role of the human resources department within the organisation. As one of foreign authors, Ulrich (1997), must be noted for his contribution to the analysis of changes in the functions of personnel management. Ulrich (Ulrich, Blokbank, 2007) singles out four essential roles of a modern human resource management specialist:

1. A strategic partner who collaborates with the upper and middle management in the implementation of the business strategy. The peculiarities of human resource management in organisations must reflect the core business model of the company and its strategy.
2. An administrative expert who advances administrative processes and applies the methods that enable the efficiency of the human resource function as well as the operation of the entire company to be raised.
3. A representative of the employees who ensures the employees' loyalty to the organisation and their commitment to the execution of its goals. This is achieved through efficient communication when the employees' viewpoints and suggestions provide quick feedback to the management, and through planning the opportunities for employees' personal and professional development.
4. An agent of change who facilitates the formation of processes which enable the organisation to identify the core success factors and to assess the company's strengths and weaknesses in relation to each success factor.

While performing the function of an "employees' representative", human resource specialists must be oriented not only to the current needs of the employees, but also to the preparation of employees for any forthcoming changes. "Administrative experts" must not only take care of the organisational efficiency, but also apply their expertise to ensuring the implementation of progressive practices of human resource management, which helps to develop business decisions, hence ensuring the desired outcomes for the organisation. The "strategic partner" must perform several roles and initiate changes in the organisation; the function of a strategic partner is executed by leaders who are able to increase trust in the company.

The scientists (Storey, 1992; Simpson et al., 2003; Ackah et al., 2003; Guest, 2004; Boglind et al., 2011; Choi Sang Long et al., 2012, and others) noted that the transformation from personnel management to human resource management allowed for the traditional functions to be supplemented with the new functions such as change management, and human resource strategy building in the context of processes within the organisation and the labour market.

Schuler (1990) (cited by Boselie et al., 2005) discerned an obvious transition from a narrow function of a personnel specialist to the function of the human resource specialist, which also includes competences in the sphere of business management. He claims that in the 1990s this function has become of paramount importance (Schuler, 1990) (based on Boselie et al., 2005).

The research carried out by Caldwell (2003) in Great Britain has demonstrated that human resource leaders perform the functions of an administrator (management expert) (24%) and a change agent (28%). The function of a strategic business partner is executed by a mere 33% of human resource leaders. More than half of them (56%), however, highlighted the importance of this function in the future. Caldwell (2002) demonstrates that the participation of human resource leaders in the process of the formation of strategy is essentially complicated, because only a third of them actually take part in this process, and the majority (60%) participate only in discussions concerning the strategy of human resource management (without an advisory voice) or only implement the policy of human resource management (65%). The authors conclude that the role of a strategic business partner is rather a target than a reality in British organisations.

The research of changes in the function of human resource specialists in Lithuanian organisations (Bakanauskienė et al., 2008; Jagminas et al., 2009; Kazlauskaitė et al., 2010; Lobanova, 2009, etc.) reveals that tensions in the labour market influenced a significant growth of the functions of human resource specialists in areas such as the recruitment and selection of employees, labour security, followed by induction, appraisal, and employee training; a significant growth awaits such functions as administering the payroll, strategic planning and administration, the development of teamwork skills, projection of the organisation, and change management.

In conclusion, it is possible to assert that human resource departments and their specialists confront a variety of traditional and new functions. The relevance of some functions has decreased, whereas the importance of others has increased or is beginning to grow.

As transformations in the labour market not only cause changes in the importance of the traditional functions of human resource specialists but also induce new ones to meet the needs of modern organisations, this creates a demand for changes in the competences of these specialists.

There is a range of definitions of the concept of competence (Latin *competentia* “performance, ability”) defined in various sources of professional literature. Moreover, both in academic literature and daily discussions, it is used in singular as well as in plural (competence, competences). According to Moore (Moore et al., 2002), until the 1980s, only the singular form “competence” was in use, but since then the idea of “managerial competences” has been in use, with the plural form of the concept. The concept aimed to describe the employees’ behaviour in the broad sense, i.e. considering it in the

context of the activity efficiency. There are various definitions of the concept, but they all have one feature in common – the concept “competences” is considered to have a broader sense than “competence”. Thus, for instance, Ordonez and Lytras (Ordonez, Lytras, 2008) claim that competence is the core feature of an individual, enabling him to carry out his duties quantitatively, whereas competences correspond to the contribution of the individual who performs the task. This contribution involves knowledge, approaches, qualifications, etc., which have an impact on the ability to perform a task. Boselie (Boselie et al., 2005) defines competence as requirements for an individual to do work, with an emphasis on the final result instead of attempts or contribution. On the other hand, he describes competences as the behaviour determining professional work performance. This behaviour includes critical thinking and analytical abilities, i.e. the features which an individual puts into his/her work. According to Moore (Moore et al., 2002), competence is a combination of ability and willingness to perform tasks. Competences reflect a mixture of the appropriate characteristics that are necessary for a successful and professional performance.

Nevertheless, most authors (Krol, 2008; Kasiulis, 2005; Petkevičiūtė et al., 2003; Diskienė et al., 2010, and others) note that currently the performance of tasks demands a combination of qualifications, knowledge, approaches, motives, and other constituents of competences. Consequently, both these terms can be used interchangeably as synonyms. The authors of the present article also adhere to this viewpoint and define competence/s as a combination of knowledge, motives, characteristics, approaches, skills and abilities, which leads to a successful performance.

The competences of human resource specialists were analysed most extensively by scientists of the Michigan University, who had been exploring the work of HR professionals and top managers in various organisations for ten years (1988–1998) (Ulrich, Brockbank, 2007). The research group has concluded that such a specialist requires three core competences: business competence (knowledge about the market and clients, knowledge of management, knowledge of economics, finance and marketing, and general comprehension and business acumen), professional competence (the management of communication processes, communication skills, as well as the ability to plan and execute the human resource strategy in the organisation), and the competence of change management (the ability to set goals, solve problems, and initiate changes). In addition to these key competences, two supplementary ones – the competence of corporate culture management and the competence of self-confidence – are pointed out (Ulrich, Brockbank, 2007).

Following another classification (Ordonez, Lytras, 2008), the competences that are essential to the human resource specialists are as follows: professional, social, personal, managerial, and methodical.

A professional competence comprises the knowledge and skills that are related to the employee's specific field of work; it also encompasses all the characteristics, abilities, and experience employed in the everyday activity (e.g., specific professional knowledge, the knowledge of procedures in a specific field, a mastery of the products and services); social competence is the ability to communicate with other people (as well as the ability to work in a team); personal competence is the ability to learn, analyse, and develop personal characteristics, and learn from experience, also cognitive abilities, analysis, and the ability to find solutions in critical situations; managerial competence inspires the ability to inspire, motivate, control stress and conflicts, and the ability to be in charge of the work of others (to plan, organise, motivate, and supervise); methodical competence is the ability to organise one's work, to plan, adapt, and prioritise.

The research conducted by the authors of the present article aimed at comparing the actual competences of human resource specialists and the competences necessary for performing human resource management functions.

### **3. The labour market impact on the functions of human resource specialists in Lithuanian enterprises**

The practice of human resource management in Lithuania during 1990–2013 can be separated into two periods. Each period was influenced by controversial groups of factors (Česnyienė, 2008).

The first period (1990–2004) was influenced by the traditions that came from the soviet regime: authoritarian work methods, the lack of employee initiative, material priorities of the employers. This period could be characterized by the domination the so-called “hard” human resource management.

The second period (since 2005) was influenced by new traditions: the European Union accession, establishment of branches of international companies which have brought new human resource management strategies on the one hand, and negative trends in the Lithuanian labour market, i.e. a huge increase in the emigration of employees, the rise of unemployment rate, the lack of skilful workers on the other hand, (Česnyienė, 2008). All these factors had an impact on the practices of human resource management.

The objective of this article is to show the impact the transformation of the labour market has on human resource management, especially on the functions of human resource specialists and on the competences necessary to execute those functions. In order to reach this objective, a quantitative analysis based on the questionnaire method was conducted in 2011–2012. The respondents of the research represented 92 companies such as “RIMI Lietuva”, “Achema”, “Lietuvos geležinkeliai”, “Stumbras”, etc. The researchers did not develop the selection criteria. The companies were selected randomly, and the research was based on the snowball principle, i.e. the researchers first focussed on the companies in which their former study peers or ex-colleagues worked. Later,



these respondents recommended other companies, and so on. In this way, the research involved 160 respondents. The objective of the research was to find out the respondents' approach to the shift in functions, changes in the competences of human resources department specialists. Therefore, the respondents consisted of the heads of human resources departments and personnel specialists (managers), whereas in the companies with no such departments, the respondents were the employees who, in addition to their direct duties, were responsible for executing the functions of human resource managers.

As regards the sphere of activities, the companies were as follows: 13% (20 companies) were engaged in production, 23.4% (36) in trade, 39.6% (61) in service industries, and 24% (37) were of mixed activities. According to size, 27.8% were small companies (up to 50 employees), 26.6% were medium-sized (50–250 employees), and 45.6% were classed as large (over 250 employees).

The analysis of human resource specialists' functions and their changes was based on Ulrich's classification (Ulrich et.al., 2007). The findings have revealed that in Lithuanian companies, human resource specialists most frequently perform the tasks of the 'administrative expert' (82.3%) including the administration of documents, ensuring health and safety conditions, selection, and training. The "business (strategic) partner" functions and those of "employee representative (champion)", encompassing human resource strategy building and execution, research into employee turnover and loyalty, ensuring the communication process in the organisation are performed less frequently (44.2%), whereas the function of the "change agent" (maintenance of internal organisational changes, corporate culture, and values) draws least attention (32.3%).

The respondents were asked to assess the current importance of human resource management functions and how the priorities will change in the future. Figure 1 demonstrates that on a 5-point scale, most points were assigned to such currently important functions as the attraction and selection of employees (4.2), training and development (4.0), and the sustainability of company management (3.8). According to the respondents, the relevance of these functions in the future will grow (4.4, 4.5, and 4.2, respectively).

The research aimed also at discovering the impact of negative shifts in the Lithuanian labour market on the functions of human resource management, as well as on the workload of HR specialists. The respondents stressed that in the last several years, the number of employees in their companies had decreased; the overall number of employees had plummeted by 68%, whereas in human resource management departments it had decreased by 44%. Accordingly, the demand to control the personnel management costs had grown (noted by 63.1% of the respondents), and the workload had soared (54.5%). The bigger workload was pointed out by representatives of trade enterprises (69.4%), whereas cost management was highlighted by HR specialists from all companies (production, trade, services, and mixed activities). Moreover, the importance of cost management was especially stressed by respondents from small companies (75%).

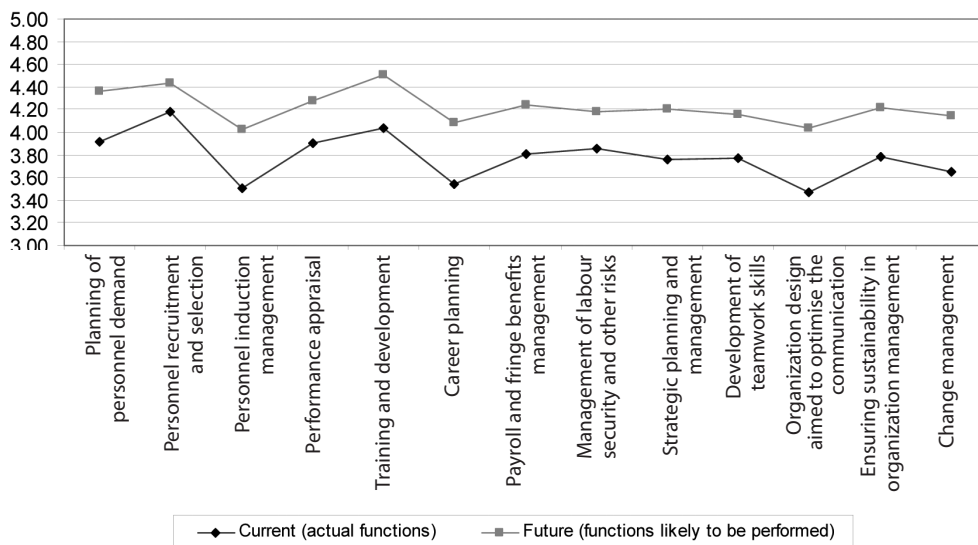


FIG. 1. Mean assessment variables of HR specialist functions (current and in the future)

Source: compiled by the authors on the basis of their research findings.

TABLE 2. The respondents' attitude to shifts in the relevance of HR management functions

Function	Changes in the relevance of the function		
	Practically disappeared	Remained the same	Increased substantially
Planning of demand for staff	26.0%	56.0%	18.0%
Attraction and selection of staff	19.0%	60.1%	20.9%
Management of staff induction	15.2%	72.2%	12.6%
Staff appraisal	15.0%	64.1%	20.9%
Training and development of staff	24.2%	61.4%	14.4%
Planning and management of staff career	26.5%	61.6%	11.9%
Management of payroll and fringe benefits	26.0%	56.7%	17.3%
Management of labour security and other risks	2.0%	90.1%	7.9%
Strategic planning and management	10.7%	61.1%	28.2%
Development of teamwork skills	12.8%	64.4%	22.8%
Company projection to optimise the system of duties and communication	19.0%	44.2%	36.7%
Ensuring the sustainability of company management	14.4%	61.0%	24.7%
Change management	9.7%	54.2%	36.1%

Source: compiled by the authors on the basis of their research findings.

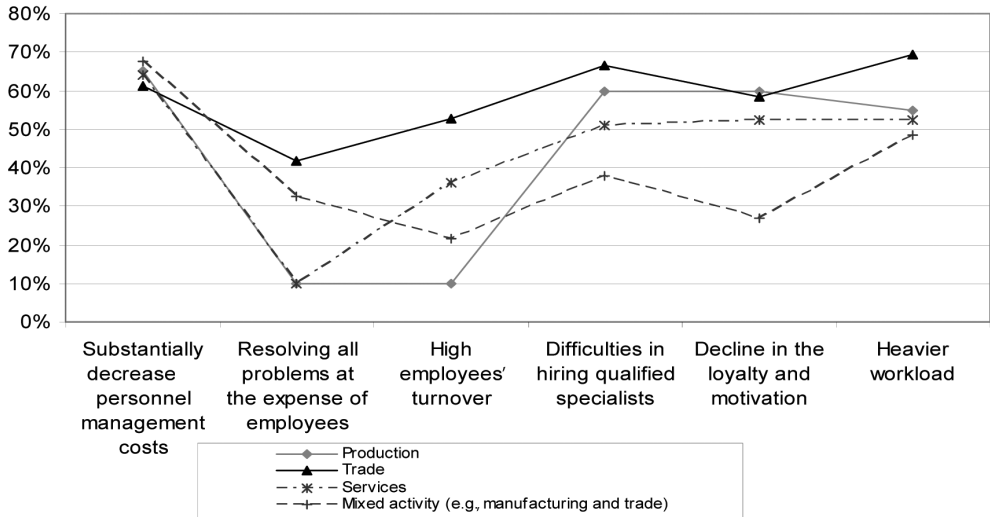


FIG. 2. The distribution of HR management problems according to the company activity

Source: compiled by the authors on the basis of their research findings.

Negative shifts in the labour market determined a substantial decline in the relevance of certain functions: personnel demand planning by 26%, career planning 26.5%, management of payroll and fringe benefits 27% (Table 2). The relevance of employee training and development decreased (24%), as did also the financing allotted to this function. The functions of labour security and of employee induction remained the same. The growth in the importance of such functions as change management (36.1%) and company design to optimise task process and communication (36.7%) should be treated as positive trends.

A decline in the relevance of the personnel planning function was more obvious in companies providing services and in those of mixed activities (29.4% ir 26.8%, respectively); the relevance of such functions as career planning, training and development, and reward management decreased in the companies of mixed activities as compared with other types of enterprises: production by 41.2%, trade 42.9%, services by 40.0%.

A noticeable difference can also be observed in the respondents' attitudes towards the key human resource management problems induced by the transformations in the labour market. The differences are especially striking from the perspective of the type of company activities (Fig. 2).

In conclusion, it is possible to assert that due to the transformations in the labour market, the HR specialists' function portfolio experienced gradual changes. On the one hand, the relevance of some traditional functions decreased. On the other hand, on the increase is, and should continue to grow, the role of such functions as strategic planning

and management, change management, the development of teamwork skills, etc. In practice, the functions related to administration prevail over the target to become business partners and initiators of change.

#### **4. The competence ranking of human resource specialists in Lithuanian companies**

Human resource specialists have to play special roles in dealing with the shifts in the labour market and must develop competences to support these roles. The research included four types of competences (professional, managerial, strategic, and social) and their variables. The respondents were asked to rank the actual level of their personal competences on a 5-point scale (I am...) and the necessary (ideal) level of their competences (I should be...).

While assessing the competences of human resource specialists, it is important to take into consideration their education, which makes part of the concept of competences. The research revealed that only 16.9% of the human resource managers and specialists had a specialised, i.e. personnel management, education; 4.5% had a degree in psychology, and 31.2% in business management, 5.2% were lawyers, 11.7% engineers, and even 24.7% were economists. Thus, only 17% of the respondents had an adequate education to perform this function, which could be one of the reasons why the strategic role of this department is often diminished.

The analysis of how the respondents perceive their level of current competences has demonstrated that the human resource specialists ranked the social competences most highly (Fig. 3), the average being 4.24 (the variables were ranked as follows: communication skills 4.43 out of 5, the ability to learn 4.39). Professional competence was also rated highly – on average 4.09 (the variables were: the knowledge of the organisation, human resource management, etc. 4.18; computer skills 4.43; work experience 4.08; knowledge of functional areas 3.99). Strategic and managerial competences received lower scores (3.95 and 3.88, respectively), and such variables as strategic thinking (3.66) and managerial skills (3.68) were rated the lowest.

The difference between the perceived personal leadership and strategic competences and their perceived importance amounts to 0.39 and 0.56 points, respectively. Human resource specialists perceive the future importance of these competences and acknowledge that their personal competence in these areas is insufficient.

The Pearson correlation coefficient was established between the perceived personal competences and all the variables of importance of the competences. Table 3, however, reflects only the variables whose correlation was statistically significant. Neither a very strong (when the coefficient is 0.9–1) nor strong (0.70–0.89) relationship was established between the variables. Almost half of the 18 variables exhibited a weak correlation (0.20–0.39); hence, they were not included in Table 3 which only presents the

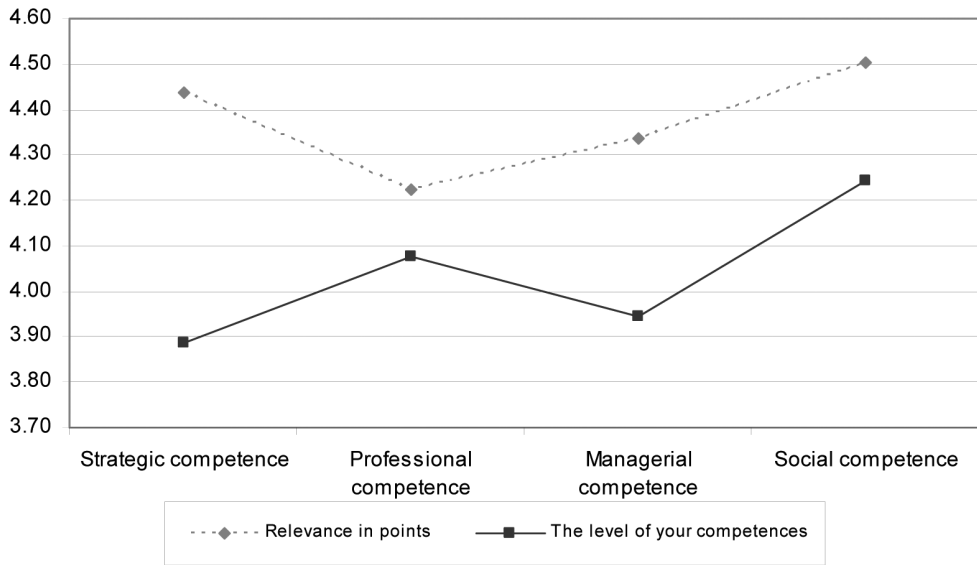


FIG 3. Mean ratings of how the respondents perceive the importance of competence and how they rate actual competences

Source: compiled by the authors on the basis of their research findings.

TABLE 3. The Pearson correlation between the variables of actual and necessary (ideal) competences

Competences and their variables	Correlation coefficient	Sig. (2-tailed)*	N
<b>Strategic competence</b>			
Strategic thinking	.511	.000	149
Systematic thinking	.536	.000	147
<b>Professional competence</b>			
Expertise (knowledge of functional areas)	.564	.000	146
Foreign language skills	.571	.000	146
Computer skills	.566	.000	144
<b>Managerial competence</b>			
Authority	.541	.000	141
Teamwork skills	.534	.000	140
Leadership skills	.466	.000	145
<b>Social competence</b>			
Ability to learn	.556	.000	147
Conflict resolution management	.569	.000	149

\* The Pearson correlation analysis. Values verified  $p = 0.05$  (2-tailed).

Compiled by the authors on the basis of their research.

variables with medium strength correlation (0.40–0.69). Within this band, the correlation is strongest between the variables of professional competences, indicating a slight difference between the actual and the desirable competences. However, the relationship between the variables of the actual strategic and leadership experience is weaker and points to a lack of these competences.

Thus, the personal competence perceived by human resource specialists in Lithuanian companies is adequate only in specialised areas related to concrete issues of human resource management (professional and social competences). The levels of strategic and leadership competences are insufficient, though. The relevance of the latter in the conditions of the current labour market is unquestionable, because only a strategically thinking manager with strong leadership skills can properly assess external threats (including the labour market) and opportunities.

In addition to the necessary specific competences, human resource managers and specialists must have a certain set of personal traits. While rating the perceived importance of their personal qualities, human resource specialists put a special emphasis on their responsibility (mean value 4.70), diligence (4.49), attention to details (4.40), and flexibility (4.29). Empathy (the ability to understand another person's situation), stress control, and creativity were ranked lowest (3.93, 3.80, and 3.88, respectively). This feature can be explained by the fact that the administrative functions, i.e. the functions the execution of which requires the characteristics rated highest, still dominate in the portfolio of human resource specialists.

The correlation between actual and necessary (ideal) personal characteristics is presented in Table 4 which demonstrates that the values of the correlation coefficient of the characteristics are lower than those of the competences; this might mean that the respondents treat them as less important for the execution of personnel management functions. According to the scale of the values of the correlation coefficients, a weak association prevails among the characteristics under research (0.20–0.39). The coefficient values of only three characteristics (self-confidence, temperament, and optimism) slightly exceed the scale mentioned above (in all cases sig. 2-tailed < 0.05). This indicates that despite the high assessment of certain characteristics, the respondents do not overestimate the importance of these characteristics for the personnel management.

The research revealed a discrepancy between the relevance of the perceived personal competence and the level of certain variables. Therefore, it was necessary to find out what methods are used to minimise or eliminate this discrepancy. The respondents pointed out the most frequently applied methods such as learning by doing (from one's own experience) (mean 4.46), internal training (4.01), and the exchange of experience with other human resource specialists (4.16). The least spread method is taking a sabbatical abroad (mean 2.58), which can be explained by the high costs related to this method and

**TABLE 4. The Pearson correlation between the perceived importance of actual and necessary characteristics**

Characteristics	Self-confidence	Flexibility	Stress Management	Initiative	Creativity	Accuracy	Responsibility	Empathy	Analytical thinking	Temperament	Optimism	Diligence	Innovativeness
Correlation coefficient.	.424	.354	.249	.313	.383	.265	.258	.261	.352	.416	.453	.369	.395
Sig. (2-tailed)	.000	.000	.003	.000	.000	.002	.002	.002	.000	.000	.000	.000	.000
N	143	144	142	144	139	141	141	141	141	141	140	141	141

Notes: \* using Spearman's correlation coefficient  $p = 0.05$  (2-tailed).

Source: compiled by the authors on the basis of their research.

**TABLE 5. The Pearson correlation between applied and preferred methods of competence development**

Development methods	External training	Internal training	Sabbaticals abroad	Studies in higher educational institutions	Exchanging experience	Learning by doing	Self-study
Correlation coefficient.*	.488	.378	.388	.322	.553	.658	.630
Sig. (2-tailed)	.000	.000	.000	.002	.000	.000	.000
N	116	118	93	91	112	108	104

\* Spearman's analysis. Values verified  $p = 0.05$  (two-tailed).

its limited application to certain employee segments (manual workers, service personnel, and similar groups). A correlation of the methods that are applied and the ones that the respondents would prefer is presented in Table 5.

Table 5 demonstrates that the prevailing correlation is weak (0.322–0.488) or medium (0.553–0.658). The latter is typical of the methods that require little organisational effort or investment, and is based on the initiative of the staff.

The findings of the analysis in the context of the size of a company have shown that the staff of small companies value the following methods of competence development especially highly: studies at higher education institutions (5.00), participation in internal training (5.00), and self-study (mean 4.75). In medium-sized companies, the priority is given to external training (mean 4.20) and learning on-the-job by doing (from one's own experience) whose mean was 4.61. Although larger companies have a wider choice of development methods, representatives of these companies expressed preferences similar to those in smaller companies.

The presented data show that the methods applied to develop the competences of human resource specialists usually do not require solid company investments. However, the respondents prefer more efficient methods of competence development, which are relatively more expensive.

To sum up the findings of the research, it is possible to single out the following shifts in the functions and competences of human resource specialists:

1. Human resource management plays the role of an interface between an organisation and its labour market. The changing labour market makes human resource management look for the new methods of employee recruitment, selection, hiring, and motivating in order to pursue the set targets.
2. The traditional functions require qualitatively different competences, such as the ability to analyse the situation in the labour market, to forecast its trends and their impact on the implementation of the company's goals. In addition, new functions of human resource specialists have emerged.
3. An essential shift in the functions of human resource specialists is the participation in and execution of the organisational strategy, which in its turn puts forth the requirements of developing adequate competences such as strategic and systemic thinking, or the ability to professionally resolve problems.
4. Due to the relevance of human resource management functions and the corresponding competences, employees' knowledge and abilities are becoming an essential object of assessment. This should encourage organisations to invest more heavily in the development of the competences of employees, including human resource specialists.

## **Conclusions**

The labour market of Lithuania and other countries is highly fluid and unpredictable, shaped by a wide range of economic, social, demographical, legal, and other factors. Changes in the labour market influence the approach an organization takes to human resource management, particularly to its strategic role. This situation requires human resources departments to reevaluate their own activities and objectives, to act in a more mature manner.

The recent trends in the labour market force human resource specialists to perform not only traditional human resource management functions (recruitment, appraisal, training and development, etc.), but also the functions of strategic planning and management, the development of team work skills, the designing of the organisation, and change management. The new functions require developing the competences of human resource specialists.

The research has demonstrated that in contemporary organizations, the functions of human resource specialists are becoming more diverse and approach the ever-growing



needs of businesses. This calls for a complex approach to the development of their competences. Company managers should keep this in mind when investing in the continued professional development of their human resource staff.

All these changes manifest a gradual transformation of traditional human resources departments into the ones that analyze trends in the labour market and other segments of the external environment and participate in the strategic management of organizations.

## REFERENCES

Ackah, C., Heaton, N. (2003), Human resource management careers: Different paths for men and women? *Career Development International*, Vol. 8, issue 3, p. 134–142.

Bakanauskienė, I.; Staniulienė, S.; Maziliauskaitė, I. (2008). Personalo valdymo veiklų plėtros tendencijos Lietuvos įmonėse. *Organizacijų vadyba: sisteminiai tyrimai*, 46, p. 33–48.

Boglund, A., Hallsten, F., Thilander, P. (2011). HR transformation and shared services. *Personnel Review*, Vol. 40, issue 5, p. 570–588.

Boselie, P., Paauwe, J. (2005). Human resource function competencies in European companies. *Personnel Review*, Vol. 34, issue 5, p. 550–566.

Caldwell, R. (2003), The changing roles of personnel managers: Old ambiguities, new uncertainties. *Journal of Management Studies*, Vol. 40, issue 4, p. 983–1004.

Česynienė, R. (2008), Globalization and Human Resources Management., *Economics. Research Papers. Vilnius university*, Vol. 82, p. 41–57.

Česynienė, R., Stankevičienė, A. (2012), Personalo / žmoniškųjų išteklių padalinių įtaka Lietuvos įmonių veiklai, Verslo ir teisės aktualijos. *Mokslo darbai*, Vol. 7, issue. 2, p. 437–455.

Choi Sang Long, Wan, Khairuzzaman Wan Islam. (2012). The HR specialist as an agent of change. *Human Resource Management International Digest*, Vol. 20, No 2, p. 24–28.

Diskienė, D., Marčinskas, A. (2007). Lietuvos vadybinis potencialas: būklė ir perspektyvos. *Monografija. Vilnius: VU leidykla*.

Guest, D., King, Z. (2004). Power, innovation and problem solving: The personnel managers' three steps to heaven. *Journal of Management Studies*, Vol. 41, issue 3, p. 401–402.

Jagminas, J., Pikturnaitė, I. (2009). Žmoniškųjų išteklių valdymo kaitos ypatumai. *Vadyba*, Vol. 14, issue 1, p. 73–78.

Kalleberg, A. (2006). Flexible firms and labour market segmentation: Effects of workplace restructuring on jobs and workers. *Work and Occupations*, Vol. 30, issue. 2, p. 154–175.

Kazlauskaitė, R., Bučiūnienė I. (2010). HR function developments in Lithuania. *Baltic Journal of Management*, Vol. 5, issue No 2, p. 218–241.

Krol, M. (2003). The challenge of the age and competency structure in industry for innovation and human resource policy. *Journal of European Industrial Training*, Vol. 27, issue 7, p. 355–371.

Lobanova, L. (2009). Žmoniškųjų išteklių vadybos vertė žiniomis grindžiamoje visuomenėje. *Verslas: teorija ir praktika*, Vol. 10, issue 3, p. 233–246.

Moore, D, Dainty, A. (2002), Competence, competency and competencies: performance assessment in organizations. *Work Study*, Vol. 51, issue 6, p. 314–319.

Morris, J. (2004). The future of the work: organisational and international perspectives. *International Journal of HRM*, Vol. 15, issue 2, p. 263–275.

Ordóñez, P., Lytras, D. (2008). Competencies and HRM: implications for organizational competitive advantage. *Journal of Knowledge Management*, Vol. 12, issue 6, p. 48–55.

Petkevičiūtė, N., Kaminskytė, E. (2003). Vadybinė kompetencija: teorija ir praktika, *Pinigų studijos*, 5, p. 65–80.

Simpson, P., Lenoir, D. (2003), Win some, lose some: woman's status in the field of human resources in the 1990s. *Woman in Management Review*, Vol. 18, issue 4, p. 191–198.

Sipavičienė, A., Jeršovas, M. (2010). Darbo jėgos migracija: poreikis ir politika Lietuvoje. Lietuvos socialinių tyrimų institutas.

Storey, J. (1992). *Developments in the Management of Human Resources* – Oxford, Blackwell Publishing.

TNS Gallup Research (2007). Strategic partners: do we want, can and know how to work together? TNS Gallup Research Report, available at: [http://www.tns-gallup.lt /disp.php/lt\\_news/lt\\_news\\_251](http://www.tns-gallup.lt /disp.php/lt_news/lt_news_251), referred on 08/01/2012.

Torrington, D., Hall, L., Taylor, S. (2005). *Human Resource Management* – Harlow, Prentice Hall. 703 p.

Ulrich, D. (1998). *Human Resource Champions* – Boston: Harvard Business School Press.

Ulrich, D., Brockbank, W. (2007). *Personalo vadyba: vertės pasiūlymas*. Vilnius: Verslo žinios.

Užimtumo statistika. Lietuvos Statistikos departamentas. Internet access“ <<http://db1.stat.gov.lt/statbank/default.asp?w=1024>>.

Vaitiekūnas, V.; Stefanenkova, E. (2011). Lietuvos žmogiškųjų išteklių geoeconomine struktūra. *Tiltai*, Vol.1, issue 54, p. 11–23.

Wilton Nick (2010). *An Introduction to HRM* – University of the West of England, Sage Publications. 544 p.