

CONSIDERATIONS AND COMPARISONS REGARDING THE IMPORTANCE OF PUBLIC AND PRIVATE EXPENDITURES IN EDUCATIONAL FIELD, AS PREMISE FOR AN EFFICIENT HUMAN RESOURCE MANAGEMENT

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Abstract:

Education remains one of the most important factors in shaping the assembly of skills and knowledge, of an individual, in a particular area of interest. Therefore, it is important for the individual to ensure a permanent preoccupation for a continuous evolution in a certain field of specialization. On the other hand, the state is the one involved in a direct educational or vocational training of human resources at a national level. This can be considered as a premise or a starting point for a future efficient human resource management, as a basis on which and depending of which there can be built the right strategies for achieving optimal performance.

Key words: public expenditure, private expenditure, education, human resource

JEL classification: H52, M54, I22

1. Introduction

Human resource development can acquire different connotations depending on the perspective by which we evaluate this category of resources. We can look on some sociological or psychological points of view, but we can develop these theories through economic instruments, creating a parallelism especially between investment and human resources. As its human resources can be called an investment for an organization, they also have to be developed through other investment strategies.

Human resource development is of major strategic importance for institutions or organizations as long as they can create added value. This concept becomes even more important as globalization has sharpened competition and the economic environment, as well as the rest of the macro environment of an entity goes through a period where progress is vital. Rise of economic powers like the United States and Japan increases the tendency to align with international standards requirements, and for this, human resource development is valued. Examples of foreign countries, involving substantial investments in personnel and human resources in general, call for better management of financial elements in order to create a positive development and also increase performance.

The main purpose of this paper is to highlight the fact that education plays a specific part in developing a proper human resource management, not only at macro economical level, but also when talking about small and medium sized enterprises. Optimal performance can be achieved only through a permanent training and education of skills.

2. Overview of human resource issues in the current economic context and the importance of investments in this area

Currie defines human resource development as "a strategic approach to investment in human capital" (Currie, 2009, pg 198), but a complex process that involves a series of steps, beginning with the discovery of suitable resources to the proper ways of improving it.

The terms used to define the idea of developing human resources differ from each other, but according to David Gross (1996), they are often confused and given the similar or even identical meanings.

Table no. 1 - Evolution of GDP (billion euro)

	GDP billion Euro			
	2000	2009	2010	2011
EU 27	9208	11770	12268	12643
Euro Region	6789	8953	9191	9421
Belgium	252	339	353	370
Bulgaria	14	35	36	38
Czech Republic	61	137	145	156
Denmark	174	222	234	240
Germany	2063	2397	2499	2593
Estonia	6	14	15	16
Ireland	106	161	156	159
Greece	138	235	230	209
Spain	530	1054	1063	1063
France	1440	1889	1933	1997
Italy	1191	1520	1549	1580
Cypru	10	17	17	18
Latvia	8	19	18	20
Lithvian	12	27	27	31
Luxembourg	22	38	42	43
Hungary	51	93	98	100
Malta	4	6	6	7
Netherlands	418	572	591	602
Austria	208	274	284	301
Poland	186	310	354	370
Portugal	127	169	173	171
Romania	41	117	122	131
Slovenia	22	35	36	36
Slovakia	22	63	66	69
Finland	132	173	180	189
Sweden	268	291	347	388
United Kingdom	1602	1566	1697	1747
Island	9	9	10	10
Liechtenstein	3	3	:	:
Norway	183	267	312	353
Switzerland	271	355	396	476
Croatia	23	46	46	:
Macedonia	4	7	7	:
Turky	290	440	554	:
Japan	5057	3613	4122	:
United States of America	10775	9994	10958	:

Source: www.epp.eurostat.ec.europa.eu

When referring to human resource development through investment, it is important to state that this can be done on one side at the micro level, on the other hand the macroeconomic level. In both cases, however, there are three categories of

beneficiaries of investment and also of development results: we first consider human resources, personified by employees of the institution / entity, which through adequate professional training acquire new knowledge, skills, abilities, being able to carry out tasks with better precision, dedication and confidence, contributing more actively to improving the performance of the organization. Human resources are therefore a strategic tool for growth at the microeconomic level, creating a "force of the relationship between human performance and organizational success" (Currie, 2009, pg. 201). The last link in the chain mentioned is the State, the beneficiary of the results that have an impact on the external environment of the firm, through contributions to the national economy. An enterprise performance, featuring not only skilled labor, but regularly trained in order to meet certain professional standards and to align at a European level, leads to the acquisition of benefits in terms of society.

PEST analysis is an important tool in this case to determine those standards mentioned above as well as a way to reach the conclusion that it is necessary to design a SWOT analysis in order to identify the main gaps in present and to develop the opportunities .

Educational management should gradually harmonize its principles with the mechanism of the market economy and keep pace with technological developments, but also should consider aligning with European standards.

As follows, we will try to illustrate the issue of investment in human capital from an economic perspective, the comparative evolution at European level regarding GDP during 2000 - 2011 being illustrated in the table 1 and figure 1.

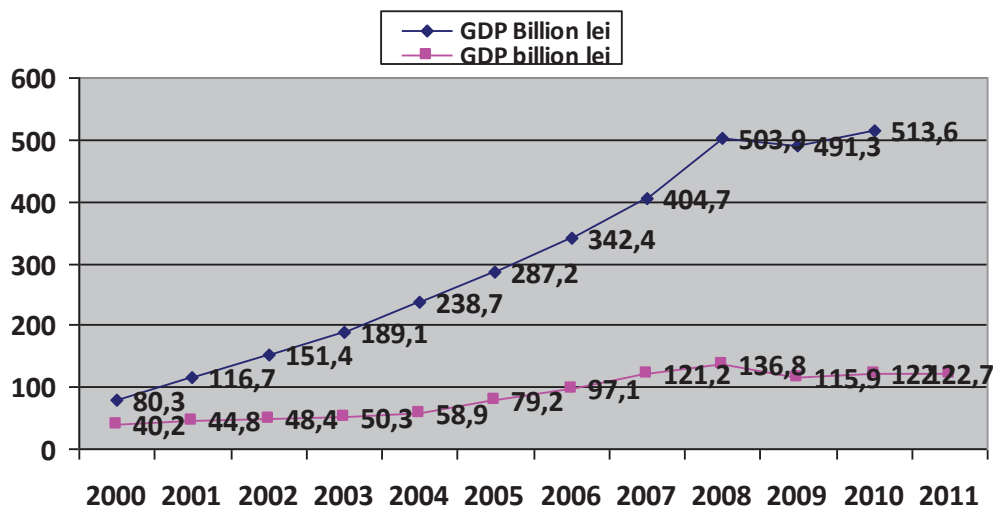


Figure no. 1 Evolution of GDP in Romania during 2000 to 2011
Source: National Institute of Statistics, www.insse.ro

The first stage of investment in the human factor remains the educational system. This, in time, raises the professional training offered in the workplace, by the National Human Resources Development Programs or certain courses conducted individually. The main and common purpose is, however, to increase employee performance and therefore the results of their work. It becomes necessary, therefore, to formulate a cost in accordance with the overall strategy of the company when referring to independent entities, or conversely, the national strategy for vocational training.

The organization defines at the same time the human resources policy, this being the responsibility of the manager who manages this section, initiates an analysis of the

training needs, acquiring a significant role in determining the specificity of training, the level, extent and costs of such a process.

Below are shown the percentages and values dedicated to education, both in public spending and private, in European countries, and also United States or Japan and the EU as a whole.

Analyzing the data on the situation of public spending, private or levied as a percentage of GDP, while considered as an investment category, we find, through an overview of the period 2004 - 2011, that the values are different from one country to another and can be identified including a variation in time.

Table no. 2 - Statement of public / private expenditure on education

	Public expenditures on education (% of GDP)			Private expenditure on education (% of GDP)	
	2004	2010	2011	2004	2010
United States	5,32	5,47	:	2,33	2,03
Japan	3,59	3,61	:	1,21	1,60
EU 27	5,06	5,41	5,5	0,65	0,79
Belgium	5,95	6,57	6,3	0,34	0,38
Bulgaria	4,40	4,58	3,8	0,62	0,66
Czech Republic	4,20	4,36	4,8	0,58	0,58
Denmark	8,43	8,72	8,1	0,32	0,33
Germany	4,62	5,06	4,3	0,92	0,80
Estonia	4,92	6,09	6,8	0,38	0,36
Ireland	4,65	6,50	6,0	0,32	0,37
Greece	3,83	:	3,8	0,19	:
Spain	4,25	5,01	4,9	0,61	0,72
France	5,80	5,89	6,0	0,55	0,61
Italy	4,56	4,70	4,5	0,42	0,45
Cyprus	6,77	7,98	7,5	1,18	1,53
Latvia	5,08	5,64	6,2	0,82	0,58
Litvain	5,17	5,64	6,1	0,47	0,66
Luxembourg	3,87	3,15	5,1	:	:
Hungary	5,44	5,12	5,6	0,52	:
Malta	4,79	5,46	5,8	0,44	1,36
Netherlands	5,46	5,94	5,9	0,97	1,01
Austria	5,48	6,01	5,7	0,39	0,51
Poland	5,41	5,10	5,7	0,59	0,77
Portugal	5,10	5,79	6,5	0,13	0,38
Romania	3,26	4,24	3,4	0,40	0,11
Slovenia	5,74	5,70	6,6	0,83	0,68
Slovakia	4,19	4,09	4,5	0,75	0,72
Finland	6,42	6,81	6,5	0,13	0,16
Sweden	7,09	7,26	7,0	0,19	0,18
Great Britain	5,16	5,67	7,0	0,93	1,87
Iceland	7,47	7,82	8,3	0,74	0,74
Liechtenstein	2,43	2,05	:	:	:
Norway	7,42	7,32	5,9	0,05	0,11
Switzerland	5,72	5,55	:	0,58	0,60
Croatia	3,87	4,33	6,0	0,26	0,36
Turkey	3,07	:	:	0,08	:

Source: <http://epp.eurostat.ec.europa.eu>

The highest rates correspond to Scandinavian countries: Denmark, Sweden, Norway, and Iceland, all assigned values above 7% of GDP. It is noteworthy, however, that the United States, as Japan, although lower values are approximately 5% and 3.6%,

calculating their investment value is much higher budget, this being a GDP more higher than in the rest of cases.

The general trend is to increase the share of public expenditure in 2010 compared to the 2004 values, taken as the reference year, except Luxembourg, Hungary, Poland, Slovenia, Slovakia, Norway and Switzerland.

Variation is greater if we consider the private expenditure analysis, but trends are the same, the stagnation or growth percentages allocated exception of Romania, which reduced allocations from 0.40% to 0.11%.

Maintenance or improvement of public expenditure ratios leads to the conclusion that, although recent years have been dominated by the economic crisis, education and training were not considered elements of sacrifice.

If we analyze the trends of recent years corresponding human resource issues in Romania, we conclude that this issue has been extensively discussed, mainly education, followed by further training, given a priority role in society.

Before 1989, the education system was centralized in nature, not sufficiently adapted to the needs of society. This was attempted to be remedied in the near future, but its main features remained until the mid 90s, trying to introduce changes mainly based on international models. However, not all quality improvement strategies were successful education system, the main obstacle identified was that of insufficient funding allocated annually to this sector, and resistance to change, induced mainly by the mentality and habit.

Living in a society where knowledge is the main factor that ensures success is vital educational training of human resources. In addition to new trends in technical and technological, that human resources must be in harmony, it is necessary to promote a "global education" (Cornelius Russu in Ovidiu Nicolescu, page 165), consisting of interactive applications, requiring flexible curriculum and university mobility processes.

3. Human resources - managerial perspective

But any strategy aims to achieve a higher level of performance in general and human resource performance as a specific case. In this case it is necessary to take into account the main attributes of the people in the organization.

Providing human resource performance is achieved through the harmonious blending of theory with practice. However, one can identify two types of strategies: a category focuses on technological side and one that takes into account primary human side.

Strategies become more difficult to outline, how individual and organizational objectives often differ, and management must find a common ground to unite the interests of both parties.

Classification of human resources strategies can be based on several criteria, taking into account on the one hand the role that human factor has in management processes, on the other hand the typology managers. It should be considered in the overall strategy of the firm, given that HR strategy should align the coordinates of the original set. Be mentioned that human resource strategies contribute to the success of the overall strategy and provide increased organizational performance.

One can however ask whether the man should be seen as a resource or as an asset of the company. Experts argue both ways, because man is seen as a resource in itself, but has the ability to capitalize on other assets of the organization.

Unlike strategy, which means long-term vision of the organization and planning of its activities based on predetermined objectives through policy, an enterprise shall establish ways of action which aims to achieve those objectives. Two companies that

establish similar strategies in relation to a particular issue may pursue policies very different in their performance.

Modernist perspective supports the principle of state intervention in matters of human resources within an organization, while other approaches reject the idea. Human resources represent a difficult problem, whether it's a large enterprise or SME one.

Large companies promoting authority manager, unable to speak clearly participatory management system, even one based on clearly defined objectives.

Small businesses, on the other hand, do not put great emphasis on clarity managerial functions, often promoting human resources system based on personal engagement, taking into account the relationship or kinship or friendship. Preval, especially small businesses, personal interest, short-term oriented planning without having a clear vision of future interests.

Further, SMEs represent the largest category of companies with largest share in the business; they exert a leading role in the establishment of balance and recovery.

Conclusions

Education represents one of the most important factors with role in shaping the assembly of skills and knowledge when speaking about an individual. More than this, it is important to demonstrate a permanent preoccupation for a continuous evolution in a certain field of specialization. On the other hand, not only the individuals are the ones who must concern about education and permanent training, but the state also is the one involved in a direct educational or vocational training process of human resources.

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