

CURRENT TRENDS IN THE MONITORING OF KEY EMPLOYEES IN THE CZECH REPUBLIC

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Abstract:

Key employee is a term used specifically for an important employee or executive who is core to the business. The goal of this paper is to compare the organization size by number of employees with frequency of the monitoring of key employees in the Czech Republic. The paper's methodology uses the basis of a questionnaire and comparative research. An overall comparison of the data acquired presents current trends in using the monitoring of key employees. The paper tries to highlight that, in the current knowledge economy, the monitoring and manage of key employees is important.

Introduction

Human resources management perceives Koubek (1995) as the newest concept of personal work, which began to take shape during the 50s and 60s, and becomes the key of management of the company and most important task of managers. Petříková (2002) perceives employees as a source of knowledge and corporate performance. Urbanová (2009) the notion of key employees characterizes as workers without which would be significantly compromised the business.

Hovorková (2010) claims that key employees are very important for the company and can be a competitive advantage. She characterizes them as talented employees who have a close working focus, hard to find on the labour market. This author claims that his death, disability or absence could prove to be disastrous, not only financial loss (eg. transfer of know-how towards to competition). For this reason, companies opt for a “keyman insurance” policy which provides safeguard against losses incurred due to sudden demise or disability of the key employee. This type of policy is alternatively referred to as key person coverage, key employee coverage, etc. (Jason, 2014)

Horník (2007) adds that it is possible to determine the number of key employees in a concrete company, it is first necessary to carry out an evaluation of employees or their performance, abilities, skills and corporate benefits. The goal of this paper is to compare

size of companies by number of employees with frequency of the monitoring of key employees in the Czech Republic. The intention of the research investigation is to map the current state and trends of the examined problematic of key employees monitoring.

1. Methodology

The research's methodology is based on comparative qualitative research using a questionnaire given in the Czech Republic in 2014 as its basis. The basic sample for the survey included the most prevalent sectors among the first 100 most significant companies in the Czech Republic.

The research investigation took place on the basis of a questionnaire given in 2014 and 2015 from October 2014 until February 2015. The questionnaire was sent by email and included an accompanying letter. Establishing the basic sample for questioning first consisted of determining which sectors were the most prevalent among the top 100 most significant companies in the Czech Republic. The association CZECH TOP 100 (2014) has an online document which served for this purpose.

The following five sectors were established as being among the most prevalent sectors:

CZ NACE 350000 Manufacture and distribution of electricity, gas, steam and air conditioning;

CZ NACE 290000 Manufacture of motor vehicles (except for motorcycles), trailers and semi-trailers;

CZ NACE 190000, 200000, 210000 The chemical, pharmaceutical, rubber and plastic industries;

CZ NACE 640000, 650000, 660000 Banking and insurance;

CZ NACE 260000, 270000 Electronics, optics and electrical equipment.

In addition to the chosen sectors, the following additional criteria were established:

- legal entity;
- turnover of above 30 mil. CZK;
- number of employees above 50;
- all areas of the Czech Republic;
- actively engaged in business.

Next, specific companies with the above-listed selected criteria were established using the MagnusWeb database information system. The final sample for questioning amounted to a total of 1295 respondents. From these, 95 companies were in CZ NACE category 350000; 249 companies in CZ NACE 290000; 473 companies in CZ NACE

190000, 200000 and 210000; 142 companies in CZ NACE 640000, 650000 and 660000; and 336 companies in CZ NACE 260000 and 270000. The rate of return for correctly filled-in questionnaires was 9.73 %, with 126 overall.

The following research question has been established:

There is a difference between average size of companies by number of employees and frequency of key employees monitoring?

To answer the research question a statistical evaluation was used T-test for independent variables (Kozel, 2011; Kubanová, 2008). In this case, the dependent variable sizes are companies and independent variables is the monitoring of key employees. The level of significance by the test was determined $\alpha = 0.01$. If the p-value is smaller than the significance level $p < \alpha$, there will be a difference in the size of the company by number of employees, depending on whether companies use the monitoring of key employees or not. Calculation of this test was performed in STATISTICA software.

2. Results

Present Empirical generalization and interpretation of the determined results was conducted on the basis of the survey results. On the basis of the questionnaire, the following facts were established and empirical generalization and interpretation of the final results was conducted.

TAB. 1: Hard Data

Legal Business Form		Organization Turnover [CZK]		Number of Employees	
Joint-Stock Company	52 %	30 – 59,99 mil.	34 %	50 – 150	42 %
Private Limited Company	48 %	60 – 99,99 mil.	11 %	151 – 250	13 %
General Partnership	0 %	100 – 199,99 mil.	7 %	251 – 500	15 %
Limited Partnership	0 %	200 mil. – more	48 %	501 – more	30 %

Source: Own research

Table 1 depicts the so-called hard data that was acquired and represents the data listed by respondents in percentages. The most common legal business forms for the respondent sample were the joint-stock company and private limited company; next, the most prevalent type of organization ownership was domestic. The organization's size according to turnover was most prevalent in the range of 200 mil. or more with the range of 30 – 59.99 mil. following. Organization size according to the number of

employees had highest representation in the range of 50 – 150 and 501 or more employees.

TAB. 2: The Result of T-testing in STATISTICA Software

Variable	T-test; Group. 1: 0 – Do monitoring Group. 2: 1 – Does not monitoring				
	Average (0)	Average (1)	t	sv	p
Organization size, Monitoring	3,081633	1,966667	4,086879	77	0,000106

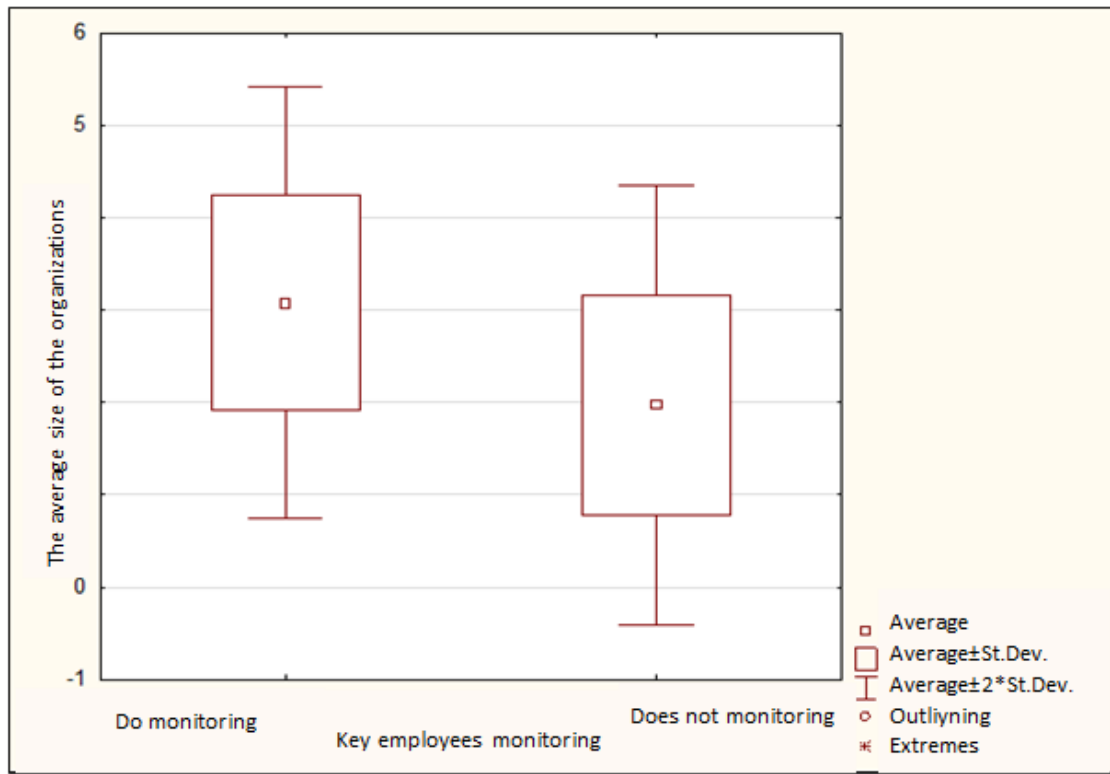
Source: Own research by STATISTICA software

Table 2 shows the result of T-testing in STATISTICA software. The results show that the p value is less than the specified level of significance of the test α ($p = 0.000106 < \alpha = 0.01000$). On average large organizations use the monitoring of key employees. Fig. 1 illustrates the result of the performed test.

According to survey results, 61 % of respondents monitor the number of key employees. This was based on the following methods:

- periodic workshops led by company management;
- process management;
- personnel administration;
- SKILL MATRIX method;
- HR department with the support of external auditors;
- business results;
- the annual evaluation interviews with employees, incl. talent management.

FIG. 1: Box Chart Showing the Average Size of the Organizations at the Key Employees Monitoring



Source: Own research by STATISTICA software

3. Discussion

Current methods and tools allow the organizations use the monitoring of key employees. Many authors agree that it is important to know the number of key employees in the organization (Urban, 2013).

The basic question is who will be responsible for the monitoring of key employees and which methods/tools should be used. The author of the paper considers that a competent person for the detection of key employees should be HR manager. To the second question results of the research corresponds. Next of the possible tools could be Enterprise Social Networks. Černý (2013) enterprise social networking is perceived as part of internal communication, aimed at cooperation, sharing information, getting feedback and communication between people in the organization. The transfer of internal communication in social networks is inevitable in the future. (Sedlák, 2012) The author of this paper sees a great potential in using of enterprise social networks. Enterprise Social Networks do not allow installing the monitoring of key employees yet. It will be interesting to monitor technical development of Enterprise Social Networks and others tools.

Conclusion

During the last years there has been to significant changes in the view of the employee. Currently the one of the critical factors in the success the organization includes the number of key employees. Companies are aware that employees are a valuable asset of the organization.

The goal of this paper was to compare companies' size by number of employees with frequency of the monitoring of key employees. The overall results of the research data presents current trends in using of the monitoring of key employees in organizations in the Czech Republic. The result of T-testing in STATISTICA software shows that companies which using the monitoring of key employees are on average larger by number of employees. There is a space for discussion and question why larger organizations pursue this indicator about the number of key employees. In modern organizations is of crucial importance detect a number of key employees. Some businesses have excessive dependency on particular executives who are extremely important for the smooth functioning of the business. The absence of such key employees can cause huge losses. Therefore, competitive organizations are looking for ways to detect the number of key employees, and managers looking for ways how to treat with this indicator.

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