





“What HR decisions are crucial in turbulent times? An analysis of differences in manufacturing and non-manufacturing companies”

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WHAT HR DECISIONS ARE CRUCIAL IN TURBULENT TIMES? AN ANALYSIS OF DIFFERENCES IN MANUFACTURING AND NON-MANUFACTURING COMPANIES

Abstract

Manufacturing and non-manufacturing companies are represented to varying degrees in the structure of advanced economies. Their business success in turbulent times depends on smart business decisions, including decisions concerning human resources (HR) that affect the companies' ability to survive and compete. However, such judgments may differ in manufacturing and non-manufacturing companies. The paper aims to reveal potential differences in HR decisions between analyzed manufacturing and non-manufacturing companies and bring suggestions for challenging employment and compensation decisions that affect the companies' economic and social position. The analysis uses the HR Analysis in Companies 2023 survey conducted by Gi Group/Grafton Recruitment Czech Republic at the end of 2022. The survey covered responses from 478 manufacturing and non-manufacturing companies in all fourteen regions of the Czech Republic regarding employment and compensation decisions in 2022 and plans for 2023. The analysis revealed tendencies of manufacturing companies to change the total number of employees and the offer of benefits more often than non-manufacturing companies to more flexibly change the labor demand and labor costs depending on the demand for final production. On the other hand, regardless of manufacturing or non-manufacturing companies, the overall findings revealed tendencies of surveyed companies to follow certain HR decisions from the past in the future and confirm the necessity to concentrate on effective HR decisions related to employment and compensation in turbulent times to manage the labor demand and labor costs efficiently.

Keywords

business turbulences, managerial decisions,
human resources, manufacturing companies, non-
manufacturing companies, Czech Republic

JEL Classification

M12, M50

INTRODUCTION

The business environment of recent years is globally characterized by dynamic and difficult-to-predict changes in political (e.g., restrictions), economic (e.g., inflation), social (e.g., work attitudes), and technological (e.g., social networks) conditions, which fundamentally affect the operation of companies across industries. If companies want to survive, they must focus on the factors that directly and indirectly affect their productivity and competitiveness (Bondeli & Havenvid, 2022). Such factors are mainly quality human resources, which allow companies to perform well and meet expected objectives (Alfes et al., 2021).

The issue of human resources (HR) includes a range of activities, from human resource planning and employee recruitment and selection through employee evaluation and compensation to employee



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training and development (Hitka et al., 2019). Key and related HR issues affecting the operation of any company are employment and compensation. Employment means deciding how many and what kind of employees a company needs to achieve its objectives. Compensation means deciding on labor costs, such as how much cash and non-cash sources a company needs to pay wages for work done and provide benefits in connection with employment relations (Grencikova et al., 2022). Both of these issues concern the budget and the company's ability to make money and generate profit to employ the necessary number of employees and provide employees with the fair wages and benefits they deserve (Ginieis et al., 2020).

Mainly in economically uncertain times, every company needs effective employment and compensation decisions to manage employee numbers and labor costs efficiently (Hudakova et al., 2020). Employment and compensation decisions are usually the first any company makes when it needs to cut costs (Schulz & Wiersema, 2018). Companies generally reduce the number of employees, wages, and benefits in this situation. However, such downsizing must be considered, as a company still needs to retain key employees to maintain its operations (Alnahedh & Alrashdan, 2021).

1. LITERATURE REVIEW AND HYPOTHESES

Experiencing turbulent times means facing sudden and unique changes in outside factors that affect company performance and competitiveness, from government policies over economic and population growth to technological innovations (Cole & Snider, 2019). In such a turbulent business environment, a company needs to be prepared for unexpected situations and events, to know its strengths and weaknesses, as well as its opportunities and threats, and to be able to adapt intentionally and dynamically (Savastano et al., 2022). A company acquires such an ability mainly through capable and engaged people who are highly skillful, motivated, and involved in their jobs. They perform well and show extra effort in challenging unusual, ill-defined, and hard-to-solve problems (Lin, 2021).

Company performance and competitiveness in a turbulent business environment rely on intelligent business decisions to efficiently deal with specific issues and achieve expected goals under fundamental and unpredictable changes (Liu, 2013). In dealing with a turbulent business environment, a company needs to be aware of both its strengths (e.g., skilled employees) and weaknesses (e.g., outdated technology), as well as its opportunities (e.g., market gap) and threats (e.g., economic uncertainty). Being aware of its internal environment is as vital to a company as being aware of its external environment (Frank et al., 2022). This is the on-

ly way to use strengths and overcome weaknesses to take advantage of opportunities and avoid threats (Florek-Paszowska et al., 2021). In this context, quality human resources are a necessary success factor in ensuring company performance and competitiveness in a turbulent business environment. Capable and engaged people bring a company a competitive advantage (Katou, 2022). To attract, retain, and develop the necessary number of capable and engaged people, a company needs effective HR decisions to efficiently resource the company with needed people (Momeni & Martinsuo, 2018).

The HR decisions made by the company's management should help people working to align with the company's business goals and become aware of what skills and behaviors the company needs and values (Uppal, 2021). The HR decisions must cover all core functions of the company's HR management, such as human resource planning, recruitment and selection, evaluation and compensation, or training and development (Walger et al., 2016). Together, they help meet the essential purpose of the company's HR management, which is to have the right number of people in the right place at the right time (Alatailat et al., 2019). The HR decisions to meet this essential purpose of the company's HR management must be strategic (Florkowski & Olivás-Lujan, 2016). They must comply with the company's business strategy and must be directed toward achieving the company's business goals (Zhao et al., 2019). Many internal and external factors naturally influence such HR decisions. From

the point of view of internal factors, the company's organizational structure and culture mainly matter (Schulman, 2020). Among the most significant external factors are social factors related to the potential workforce, such as population growth, aging of the workforce, education level, work attitudes, etc. (Kluza et al., 2021). Concerning the most influencing internal and external factors of the company, the common aim of individual HR decisions should be to achieve a fit between individuals working for the company and its organizational characteristics (Liu et al., 2021).

From the perspective of the essential purpose of the company's HR management, the fundamental HR decisions of any company should define (1) how many and what sort of people the company needs, (2) how many of these people the company can afford to hire and pay, and (3) where and how the company can get such people. These decisions are mainly related to employment and compensation decisions, which significantly impact company performance and competitiveness (Sandvik et al., 2021).

Employment decisions are part of human resource planning, employee recruitment, and selection. These activities enable the company to hire the required number of quality people the company needs (Shtembari et al., 2022). First, it is necessary to assess the labor demand and decide on the numbers and sorts of people needed. Second, assessing the labor supply and deciding on the available sources of people needed (internal and external) is necessary. Finally, the suitable criteria and methods of recruiting and selecting the people needed must be decided. The labor demand generally depends on the demand for final production (Katou, 2022). Especially in turbulent times, any company needs to make the right decision about the total number of people needed to keep it in line with business needs and labor costs (Zhang et al., 2020). Making the right decision about the number of people needed makes it possible to avoid issues with a potential surplus or shortage of people when the company temporarily or permanently has more or fewer people than it needs, affecting labor costs (Murro et al., 2022). Therefore, employment decisions must be flexible enough to allow the company to respond quickly to changing labor demand due to changes in the business environment (Lai et al., 2022).

Similarly critical are the compensation decisions, which decide what monetary and non-monetary compensations the company wants and can afford to provide people for work done and in connection with employment relations (Martono et al., 2018). A typical compensation package includes base pay for standard performance within the set working hours, contingent pay for above-standard performance, and lifestyle benefits such as health-care, family support, and work-life balance for an employment relationship with the company. Such diverse compensations strive to retain people and stimulate them to high performance. The introduction of attractive compensation packages is in line with current trends in the labor markets, where people expect much more attractive compensation for the work done than just base pay (Ngoc et al., 2022). However, any decision to introduce an attractive compensation package must be made with consideration of the company's budget possibilities and its ability to make money and generate profit (Boudreaux, 2021).

It follows from the above that HR decisions, including employment and compensation, directly affect labor costs and thus company performance and competitiveness and therefore deserve the proper attention of the company's management (Tekieli et al., 2018). The HR decisions made by the company's management should be evidence-based to generate beneficial HR results determining the company's outcomes (Molina et al., 2020). Such HR decisions can relate to both structured (well-known, well-defined, and relatively easy to solve) and unstructured (unique, ill-defined, and relatively hard to solve) HR issues (Holm, 2018). An example of a structured HR issue is job analysis or creating a job description and specification. For this, it is possible to use proven practices and procedures (Cangialosi et al., 2023).

On the contrary, an example of an unstructured HR issue is attracting missing talents or creating a motivating compensation package. This usually requires a unique solution based on the knowledge and experience of the company's managers and HR professionals (Abaker & Al-Titi, 2019). All HR decisions should be economically acceptable (concerning the company's requirements) but at the same time socially sensitive (concerning people's needs), which takes work to achieve (Di

Fabio, 2017). To make such HR decisions, the company's managers and HR professionals need both professional knowledge and experience as well as emotional intelligence (Ashkanasy & Daus, 2002), mainly empathy and perception of the HR decisions made, not only from the perspective of the business but also of people (Bozac & Kostelic, 2021).

The literature review shows that the issue of HR decisions in various forms matters; however, few research studies deal with specific HR decisions, such as employment and compensation decisions, and their differences in different types of companies, such as manufacturing and non-manufacturing companies.

Therefore, this paper aims to reveal potential differences in HR decisions between analyzed manufacturing and non-manufacturing companies and bring possible ways of dealing with challenging employment and compensation decisions. Two hypotheses were verified during the analysis:

H1: Implemented changes in the total number of employees, wages, and benefits are associated with the company size.

H2: Planned changes in the total number of employees, wages, and benefits are associated with past decisions on the total number of employees, wages, and benefits.

2. METHODOLOGY

The analysis of potential differences in HR decisions between manufacturing and non-manufacturing companies is based on the HR Analysis in Companies 2023 survey conducted by Gi Group/Grafton Recruitment Czech Republic from November to December 2022 (Gi Group Czech Republic, 2023). The survey covered responses from 478 manufacturing and non-manufacturing companies in all fourteen regions of the Czech Republic regarding employment and compensation decisions in 2022 and plans for 2023.

The original data collection within the HR Analysis in Companies 2023 survey was based on an online questionnaire survey among Gi Group/Grafton Recruitment Czech Republic cli-

ents. The Gi Group/Grafton Recruitment Czech Republic client database used included almost a thousand companies across natures (manufacturing and non-manufacturing) and sizes (small, medium-sized, and large) running a business in the Czech Republic. The link to the online questionnaire was sent through e-mail to the contact representatives of the individual companies, including HR specialists, HR managers, and managing directors. Out of the total number of almost a thousand approached companies, answers were obtained from 478 companies. The set of 478 companies included 61% of manufacturing companies and 39% of non-manufacturing companies, corresponding to the manufacturing structure of the economy in the Czech Republic. Among all these companies, there were 27% of small companies (100 or fewer employees), 44% medium-sized companies (101-500 employees), and 29% of large companies (501 or more employees).

The original questionnaire contained twenty-five questions and sub-questions about employment and compensation decisions, HR roles and challenges, and current topics such as whistleblowing or environmental, social, and governance reporting. For this paper, six questions and sub-questions about employment and compensation decisions were selected:

1. Has the total number of your employees changed (increased, decreased, remained the same, other) since January 2022?
2. Have your employees' wages changed (increased, decreased, remained the same, other) since January 2022? Why?
3. Have your employees' benefits changed (increased, decreased, remained the same, other) since January 2022? Why?
4. What are your employment plans for 2023?
5. What are your wage plans for 2023?
6. What are your benefit plans for 2023?

Available data were analyzed using Microsoft Excel. For each question, relative response rates were calculated and responses depending on the

nature (manufacturing and non-manufacturing) and size (small, medium-sized, and large) of surveyed companies were evaluated by applying a Pearson's correlation analysis and a one-sample t-test with the significance level of 0.05.

The procedure of confirming or disproving the hypotheses was based on assessing the relationship between the company size and the change in the total number of employees, wages, benefits (H1) and the relationship between past decisions on the total number of employees, wages, and benefits and planned changes in the total number of employees, wages, and benefits (H2) using results of Pearson's correlation analyses and one-sample t-tests.

The analysis of the HR Analysis in Companies 2023 survey brings added value in a closer look at potential differences in HR decisions between manufacturing and non-manufacturing companies and possible ways of dealing with challenging employment and compensation decisions. The suggestions and conclusions could be challenged by the limited scope of the analysis, including a relatively small set of manufacturing and non-manufacturing companies running a business in the Czech Republic. However, the analyzed employment and compensation decisions are common for most companies facing a lack of quality workforce and struggling for talented people in the Czech Republic and other European Union countries. These facts are a solid foundation for achieving beneficial suggestions and conclusions for both HR theory and practice.

3. RESULTS

The analysis dealt with HR decisions of 478 manufacturing and non-manufacturing companies operating in the Czech Republic concerning employ-

ment (total numbers of employees) and compensation (wages and benefits) decisions in 2022 and plans for 2023. Table 1 summarizes the shares of surveyed manufacturing and non-manufacturing companies depending on their size.

Non-manufacturing companies had a greater share of small companies, while manufacturing companies had a more significant share of large companies. This makes some sense, as industrial production is more massive and requires more capacity, including employees. The share of manufacturing and non-manufacturing companies among medium-sized companies was almost equal, with a slight predominance of manufacturing companies.

3.1. HR decisions in 2022

The analysis of the first three selected questions was related to employment (total numbers of employees) and compensation (wages and benefits) decisions of surveyed companies in 2022.

The first analyzed question asked representatives of surveyed companies about the change in the total number of employees from January 2022. In 44% of companies, the total number of employees increased; in 36% of companies, it remained the same; and in 20% of companies, it decreased. Among the 44% of companies in which the total number of employees increased, there were more manufacturing (57%) than non-manufacturing (43%) companies and more medium-sized (44%) than small (30%) or large (26%) companies. It was similar among the 20% of companies in which the total number of employees decreased. Among them, there were again more manufacturing (76%) than non-manufacturing (24%) companies and more medium-sized (51%) than large (39%) or small (10%) companies. Manufacturing or medium-sized companies seem to change the total

Table 1. The nature and size of surveyed manufacturing and non-manufacturing companies

Source: Gi Group Czech Republic (2023).

Company nature	Company size*			Σ
	Small	Medium-sized	Large	
Manufacturing	15%	47%	38%	100%
Non-manufacturing	45%	41%	14%	100%
Σ	27%	44%	29%	100%

Note: * Small (100 or fewer employees), medium-sized (101-500 employees), large (501 or more employees).

number of employees more often than non-manufacturing or small and large companies.

The second analyzed question asked representatives of surveyed companies about the change in employees' wages from January 2022. In 70% of companies, the wages increased across the board; in 17%, they changed individually; and in 13%, they remained the same. None of the companies decreased wages across the board; however, due to the turbulent economic situation, wages increased several times in 28% of companies in 2022. Among them, there were more manufacturing (74%) than non-manufacturing (26%) companies and more medium-sized (43%) than large (36%) or small (21%) companies. This confirms the above findings about the changes in the total number of employees.

The third analyzed question asked representatives of surveyed companies about the change in benefits of employees from January 2022. In 56% of companies, benefits remained the same; in 38%, they increased or new ones were introduced; in 5%, they changed individually; and in 1%, they decreased across the board. Newly introduced benefits included transport or energy allowances or benefits supporting a healthy lifestyle, work-life balance, and well-being. Companies generally do their best to offer attractive benefits (compared to competitors in the labor market); however, increasing existing or introducing new benefits took place only once in most (73%) companies during 2022. Among them, there were more manufacturing (62%) than non-manufacturing (38%) companies and more medium-sized (49%) than large (28%) or small (23%) companies. This further confirms the above findings about changes in the total number of employees and wages.

A Pearson's correlation analysis was performed (see Table 2) to assess the relationship between the company size and the change in the total number of employees, the change in wages, and the change in benefits. There was a negligible relationship between the size of the company and the change in the total number of employees ($r = -0.128$), the change in wages ($r = 0.147$), and the change in benefits ($r = -0.033$). Following these findings, H1 was rejected. However, Pearson's correlation analysis revealed a strong positive relationship between the change in the total number of employees and the change in benefits ($r = 0.410$). A one-sample t-test revealed that the relationship between the total number of employees and the change in benefits was statically significant: $t(476) = 9.817, p = 0.000$.

3.2. HR plans for 2023

The analysis of the remaining three selected questions was related to employment (total numbers of employees) and compensation (wages and benefits) plans of surveyed companies for 2023.

The fourth analyzed question asked representatives of surveyed companies about their employment plans for 2023. In 44% of companies, they did not plan any changes (34%) or did not have any plans yet (10%) regarding the total number of employees. In 15% of companies, they planned to reduce the total number of employees, of which in 10% of companies by 5% or less, in 4% of companies by 6-10%, in 0.5% of companies by 11-30%, and in 0.5% of companies by more than 30%. Among these companies, there were more manufacturing (74%) than non-manufacturing (26%) companies and more medium-sized (46%) than large (37%) or small (17%) companies. In 41% of companies, they

Table 2. The relationship between the company size and changes in the total number of employees, wages, and benefits in surveyed manufacturing and non-manufacturing companies

Source: Gi Group Czech Republic (2023).

Variables	Pearson's correlation coefficients (r)			
	The size of the company	The total number of employees	The change in wages	The change in benefits
The size of the company	1			
The change in the total number of employees	-0.128	1		
The change in wages	0.147	0.049	1	
The change in benefits	-0.033	0.410	0.075	1

planned to increase the total number of employees, of which in 17% of companies by 5% or less, in 17% of companies by 6-10%, in 6% of companies by 11-30%, and in 1% of companies by more than 30%. Among these companies, there were again more manufacturing (60%) than non-manufacturing (40%) companies and more medium-sized (41%) than large (26%) or small (33%) companies.

The fifth analyzed question asked representatives of surveyed companies about their wage plans for 2023. In 28% of companies, they did not plan any changes (9%) or did not have any plans yet (19%) regarding wages. In 3% of companies, they planned to reduce wages, of which 0.5% of companies by 5% or less and 2.5% of companies by 6-10. Among these companies, there were more manufacturing (71%) than non-manufacturing (29%) companies and more medium-sized (64%) than small (22%) or large (14%) companies. In 69% of companies, they planned to increase wages, of which in 33% of companies by 5% or less, in 61% of companies by 6-10%, and in 6% of companies by 11-30%. Among these companies, there were again more manufacturing (66%) than non-manufacturing (34%) companies and more medium-sized (43%) than large (32%) or small (25%) companies.

The sixth analyzed question asked representatives of surveyed companies about their benefit plans for 2023. In 71% of companies, they did not plan any changes (48%) or did not have any plans yet (23%) regarding benefits. In 2% of companies, they planned to reduce benefits, of which 1% of companies by 5% or less, 0.7% of companies by 6-10, and 0.3% of companies by 11-30%. Among these companies, there were more non-manufacturing (63%) than manufacturing (37%) companies and the same number of medium-sized (50%) and small (50%) companies. In 27% of companies, they planned to increase benefits, of which 15% of companies by 5% or less, 11% of companies by 6-10%, and 1% of companies by 11-30%. Among these companies, there were more manufacturing (65%) than non-manufacturing (35%) companies and more medium-sized (47%) than large (25%) or small (28%) companies. Table 3 compares HR decisions in 2022 and HR plans for 2023 of surveyed companies regarding changes in the total number of employees, wages, and benefits.

The findings in Table 3 indicate the tendencies of surveyed companies to follow certain HR decisions from the past in the future. Surveyed companies that decide to make a certain change in the total number of employees, wages, or benefits in 2022 tend to make the same change in 2023.

Table 3. Comparison of HR decisions in surveyed manufacturing and non-manufacturing companies in 2022 and HR plans for 2023

Source: GI Group Czech Republic (2023).

Percentage of surveyed manufacturing and non-manufacturing companies				
Surveyed factor	HR decisions in 2022		HR plans for 2023	
	The total number of employees	Increased	44%	Increase
Do not plan / No plans				24%
Reduce				7%
Remained the same		36%	Increase	20%
			Do not plan / No plans	63%
			Reduce	3%
Decreased		20%	Increase	65%
			Do not plan / No plans	20%
			Reduce	36%
Wages	Increased	70%	Increase	65%
			Do not plan / No plans	20%
			Reduce	3%
	Remained the same	13%	Increase	43%
			Do not plan / No plans	47%
			Reduce	3%
	Decreased	0%	Increase	0%
			Do not plan / No plans	0%
			Reduce	0%
Benefits	Increased	38%	Increase	36%
			Do not plan / No plans	57%
			Reduce	4%
	Remained the same	56%	Increase	21%
			Do not plan / No plans	73%
			Reduce	1%
	Decreased	1%	Increase	0%
			Do not plan / No plans	100%
			Reduce	0%

A Pearson's correlation analysis and a one-sample t-test revealed a statistical significance of these tendencies regarding the total number of employees and benefits, but not wages (see Table 4). There was a statistically significant strong positive relationship between changes in the total number of employees and benefits in 2022 and planned changes for 2023. However, there was a negligible relationship between wage changes in 2022 and planned changes for 2023. Following these findings, H2 was rejected. However, the statisti-

Table 4. The relationship between changes in the total number of employees, wages, and benefits in surveyed manufacturing and non-manufacturing companies in 2022 and planned changes for 2023

Source: Gi Group Czech Republic (2023).

Surveyed relationships	Pearson's correlation coefficient	t-statistic	p-value
A strong positive relationship between changes in the total number of employees in 2022 and planned changes for 2023	0.658	19.086	0.000
A negligible relationship between changes in wages in 2022 and planned changes for 2023	0.060	1.303	0.193
A strong positive relationship between changes in benefits in 2022 and planned changes for 2023	0.483	12.022	0.000

cally significant strong positive relationship between changes in the total number of employees and benefits in 2022 and planned changes for 2023 corresponds to a statically significant strong positive relationship between the change in the total number of employees and the change in benefits mentioned above.

4. DISCUSSION

The analysis of HR decisions of 478 manufacturing and non-manufacturing companies operating in the Czech Republic concerning employment (total numbers of employees) and compensation (wages and benefits) decisions in 2022 and plans for 2023 did not confirm hypotheses that implemented changes in the total number of employees, wages, and benefits are associated with the size of the company (H1) and that planned changes in the total number of employees, wages, and benefits are associated with past decisions on the total number of employees, wages, and benefits (H2).

However, the findings revealed a statically significant strong positive relationship between changes in the total number of employees in 2022 and planned changes for 2023 as well as a strong positive relationship between changes in benefits in 2022 and planned changes for 2023. These relationships show a tendency of surveyed companies to follow certain HR decisions from the past in the future.

Comparing relevant employment and compensation HR decisions in manufacturing and non-manufacturing companies, manufacturing companies change the total number of employees and offer benefits more often than non-man-

ufacturing companies. The explanation could be that the final production of manufacturing companies is more dependent on changes in the business environment. Hence, manufacturing companies need to flexibly change the labor demand and labor costs depending on the demand for final production (Katou, 2022). Such companies have to manage the workforce more flexibly to respond more flexibly to unexpected changes in the business environment (Timilsina, 2016).

Similarly, companies that need to change the labor demand and labor costs also have to change wages and benefits. Wages, as monetary compensations for the work done, represent the most significant item of labor costs and must be flexibly managed following the labor demand. On the one hand, wages must attract and retain the necessary number of employees; on the other hand, they must be within the company's budget (Martono et al., 2018). Benefits, as non-monetary compensations provided in connection with employment relations, represent another important item of labor costs, and wages must be flexibly managed following the labor demand (Shtembari et al., 2022). Benefits are sufficient to attract and retain the necessary number of employees, but they must also be within the company's budget. In other words, increasing the total number of employees leads to an increase in benefits or an introduction of new ones, while decreasing the total number of employees leads to a decrease in benefits (Sandvik et al., 2021). Changes in benefits are related to changes in the total number of employees, which help increase the number of employees and manage labor costs (Grencikova et al., 2022). Changes in wages in connection with changes in the total number of employees are more complex because wages are guaranteed by employment contracts and collective agreements (Bova & Yang, 2017).

These findings confirm the necessity to concentrate on effective employment and compensation decisions in today's turbulent business environment to efficiently manage the labor demand and costs and maintain the company's good economic and social position. Employment decisions are fundamentally about deciding how many and what sort of people the company needs to meet its requirements. However, these decisions are currently very challenging for most companies due to the general lack of quality people in both the Czech and other advanced labor markets. Companies have long experienced difficulties in finding enough qualified people with the required experience and willing to work under standard conditions (Egerova et al., 2021). The situation is particularly difficult for manufacturing companies that require both manual and expert workers with specific technical skills. Individual companies usually try to attract the right people through an attractive employee value proposition, including various monetary and non-monetary rewards and benefits (Gajderowicz, 2018). However, these compensation decisions are challenging due to increasingly higher requirements and expectations of potential job applicants. Most potential job applicants today are not only satisfied with money in the form of base pay for the work done but require and expect much more attractive working conditions, including greater time flexibility, meaningful professional development, or rapid career advancement (Bourmalt & Anteby, 2020). Within these initial facts, the proposals for both manufacturing and non-manufacturing companies related to challenging employment and compensation decisions resulting from the analysis and discussion could be as follows:

- Effective employment decisions should be funded using an efficient combination of internal and external hiring following the established human resource plan defining the perspective of labor demand and potential labor supply. Internal hiring provides career opportunities for talented individuals across the company. Especially for senior leaders and specialists, it is easier to raise the needed people by investing in their training and development. Their promotion within the company lowers hiring costs and improves individual engagement. These benefits outweigh the potential need for new ideas or a more diverse workforce. External recruitment should be aimed at developing a potentially larger applicant pool and bringing new talents into the company. Although it takes more time, money, and effort to orient, train and develop newcomers, it pays off in the long run. Systematic cooperation with educational institutions from primary to secondary schools and universities can be particularly beneficial.
- Effective compensation decisions should be funded on the use of an efficient system of total compensation, providing people with various monetary and non-monetary compensations from total cash (base pay, performance bonus, and long-term incentives) through lifestyle benefits (healthcare, family support, and work-life balance) to grow opportunities (additional training, career development, and promotion). It aims to attract, retain, and develop talented individuals to be high-performers engaged in helping the organization to achieve its goals. A compensation decision must be based on comparing the benefits and costs of implementing a total compensation system. On the one hand, the company must be able to attract, retain and develop the needed talents; on the other hand, the talents must help the company to be profitable and to be able to afford to invest in an attractive system of total compensations.

Following these fundamental HR practices should help companies make effective employment and compensation decisions to efficiently resource the company with enough quality people.

This analysis brings added value to HR theory and practice in a closer look at potential differences in HR decisions between manufacturing and non-manufacturing companies and possible ways of dealing with challenging employment and compensation decisions. Further research could be focused on the impact of various HR decisions on business success in turbulent times characterized by sudden and unique changes in outside factors that affect a company's processes and activities, including HR management. The investigation could cover all essential functions of the company's HR management, from human resource planning and employee recruitment and selection through evaluation and compensation to training and development that affect the company's ability to attract, retain, and develop needed people.

CONCLUSION

The analysis of HR decisions of 478 manufacturing and non-manufacturing companies operating in the Czech Republic aimed to reveal potential differences in HR decisions between manufacturing and non-manufacturing companies and bring possible ways of dealing with challenging employment and compensation decisions. The focus on the differences in HR decisions between manufacturing and non-manufacturing companies was chosen as logical concerning the typical structure of advanced economies, where both manufacturing and non-manufacturing companies are represented to varying degrees. Moreover, the focus on differences in HR decisions between manufacturing and non-manufacturing societies is rare in scientific studies.

The findings revealed the tendencies of manufacturing companies to change the total number of employees and the offer of benefits more often than non-manufacturing companies to more flexibly change the labor demand and labor costs depending on the demand for final production. On the other hand, regardless of manufacturing or non-manufacturing companies, it could be concluded that the HR decisions concerning the total number of employees, wages, and benefits have a direct impact on labor demand and labor costs, which significantly affect the company's ability to survive and compete and therefore such HR decisions require the proper attention of the company's management.

The proposals for both manufacturing and non-manufacturing companies related to challenging employment and compensation decisions resulting from the analysis focus on the general lack of quality people in the labor market and increasingly higher requirements and expectations of potential job applicants. Potential limitations of the suggestions and conclusions made lie in the limited scope of this analysis, including a relatively small set of manufacturing and non-manufacturing companies operating in the Czech Republic. However, the analyzed employment and compensation decisions are common for most manufacturing and non-manufacturing companies struggling for quality people in the Czech Republic and other advanced countries. Therefore, the suggestions and conclusions could benefit HR theory and practice. They could also encourage further research on the impact of various HR decisions on business success in turbulent times.

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