

DIVERGING PATHS: HIRING IN THE PUBLIC AND PRIVATE SECTORS

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Abstract: *This study investigates the differences in recruitment and selection practices between public and private sector organizations in Serbia and Bosnia and Herzegovina. The research aims to explore the extent to which sectoral characteristics influence the adoption of traditional and contemporary hiring techniques and the mediating role of formal human resource (HR) departments in these processes. Data were collected through the CRANET survey conducted in 2021–2022, encompassing responses from 151 organizations, including 119 private and 32 public sector entities. The study employs non-parametric statistical methods, including the Mann-Whitney U test, to compare hiring practices and a three-step regression analysis to examine the mediating effect of HR departments. The results reveal significant sectoral differences in recruitment and selection techniques, with public sector organizations demonstrating a greater reliance on traditional methods, while private sector organizations adopt contemporary techniques more frequently. The presence and influence of formal HR departments partially mediate the relationship between sector and hiring practices, particularly in the adoption of structured and innovative hiring methods. These findings align with theoretical frameworks of sectoral differentiation and highlight the critical role of institutional factors in shaping HR practices. Furthermore, findings contribute to the understanding of HR practices in transitional economies and provide a basis for further research into additional mediators, such as organizational culture and leadership, that may influence hiring strategies in public and private sectors.*

Keywords: hiring, recruitment, selection, public, private

JEL classification: M50, M51

INTRODUCTION

The recruitment and selection of individuals with the requisite knowledge, skills, and abilities, who also align with an organization's values and behaviors, represents an inherently complex process. This complexity is further intensified by the ongoing disparity between labor market demands and the provisions of educational systems, frequently leading to a shortage of candidates with specialized skills (Zolak Poljašević & Ilić, 2016). Organizations that recognize this challenge utilize recruitment as an opportunity to gain a competitive advantage. Conversely, many organizations, constrained by outdated management philosophies, often neglect the importance of recruitment, thereby creating a foundation for future operational challenges.

Sectoral differences add another layer of complexity to recruitment and selection processes, as structural, operational, and institutional factors shape the approaches used in public and private organizations. In the public sector, hiring process is typically governed by regulatory frameworks and procedural requirements, prioritizing transparency and accountability. Conversely, the private sector emphasizes flexibility and innovation, often employing contemporary methods (Ostapenko, Kubetska, & Sidorov, 2024; Vodianka, Ratushniak, & Luste, 2022; Monteiro, Correia, & Gonçalves, 2019) such as digital platforms, proactive sourcing, and psychometric testing to maintain competitiveness. Understanding these differences is particularly relevant in transitional economies, such as Serbia and Bosnia and Herzegovina, where public and private sectors face unique challenges in aligning hiring practices with contemporary trends in human resource management (HRM). Transitional economies are characterized by dynamic changes in institutional frameworks and labor market demands, which significantly influence hiring practices (Chaltseva & Shvets, 2021). These sectoral distinctions necessitate a more nuanced understanding of how organizations adapt their hiring strategies to navigate these challenges and leverage opportunities.

The subject of this research is an in-depth examination of sectoral differences in recruitment and selection practices, focusing specifically on contrasting traditional and contemporary hiring techniques. Traditional methods, often associated with the public sector, include print advertisements, formal applications, and panel interviews, which ensure procedural transparency but may lack flexibility. In contrast, contemporary approaches, prevalent in the private sector, leverage digital technologies, social media platforms, and artificial intelligence, offering faster candidate filtering and better alignment with organizational goals (Biradar, et al., 2024). This study aims to determine the extent to which sectoral characteristics influence these practices and assess the mediating role of formal HR departments in shaping hiring strategies. The motivation for this research stems from the growing need to optimize HR practices in transitional economies, where institutional transformations and evolving market dynamics demand a deeper understanding of sectoral distinctions.

In this paper, it is assumed that public and private sector organizations differ significantly in their adoption of traditional and contemporary recruitment and selection techniques (H1). Furthermore, the analysis explores the mediating role of the presence and functional influence of a formal HR department in shaping the relationship between sector affiliation and hiring practices (H2). The analysis draws on data collected through the CRANET survey, employing statistical methods to compare hiring

practices and evaluate the mediating effects of HR departments. This focus on sectoral differences and the mediating role of HR departments provides a foundation for the study's theoretical and practical contributions. Theoretically, the research enhances existing literature by offering a nuanced understanding of how sectoral characteristics influence recruitment practices in transitional economies. The inclusion of HR departments as mediators offers new insights into their strategic role in bridging institutional differences and operational needs. Practically, the findings have implications for both policymakers and HR practitioners, providing actionable recommendations for enhancing recruitment processes to align with the specific needs of public and private sector organizations in transitional contexts.

This paper is structured as follows: the next section presents a review of relevant literature on recruitment and selection practices in public and private sectors. The methodology section details the research design, data collection methods, and analytical approach. The results and discussion section outlines the study's findings, contextualizing them within existing research. Finally, the conclusion revisits the hypotheses, evaluates the implications of the findings, and suggests paths for future research.

LITERATURE OVERVIEW

In today's knowledge-based economy, human resources are a critical driver of long-term competitive advantage, as the expertise and capabilities of employees provide substantial benefits to organizations through the effective management of human capital (Katolik Kovačević, Požega, & Vučemić, 2024). Among the most pressing challenges for companies today is the ability to attract, develop, and retain top talent (Gallardo-Gallardo, Thunnissen, & Scullion, 2019), underscoring the growing importance of strategic HRM practices. This highlights the pivotal role of processes such as recruitment and selection in maximizing workforce potential and aligning it with organizational goals. However, these processes vary significantly across sectors (Jakobsen, Løkke, & Keppeler, 2023; Suzuki & Hur, 2021; Leisink, Borst, Knies, & Battista, 2021), with the public sector standing out due to its unique complexities and characteristics, which make its HRM particularly distinctive and challenging (Reina & Scarozza, 2021; Sievert, Vogel, & Feeney, 2020).

The comparison of the public and private sectors in terms of hiring practices has been the subject of numerous studies (Vogel & Satzger, 2023). These studies indicate that the results are not uniform. While many highlight the private sector as more attractive for employment (Pepermans & Peiffer, 2022; Santinha, Carvalho, Forte, Fernandes, & Tavares, 2021; Fowler & Birdsall, 2020), others present evidence to the contrary (Cordes & Vogel, 2023; Weske, Ritz, Schott, & Neumann, 2020). Such divergent findings reflect the different methodologies and variables examined in the research. Regardless of the conclusions, both groups of studies emphasize the distinct approaches, goals, and priorities of the private and public sectors. While private organizations typically focus on performance-driven hiring to enhance efficiency and competitiveness, public organizations often consider broader societal objectives, such as promoting the inclusion of underrepresented groups or accommodating political appointees. These priorities are shaped by the legal and legitimacy requirements inherent to the public sector, which distinguish its hiring practices from those of the private sector (Jakobsen, Løkke, & Keppeler, 2023).

Public organizations often operate within strict regulations, standardized systems, and formalized procedures, emphasizing transparency, equality, and accountability in hiring processes. Conversely, the private sector is characterized by greater flexibility, focusing on speed, efficiency, and business outcomes. Hiring in private organizations often involves innovative methods, such as proactive candidate sourcing, digital platforms, and direct recruitment through networks (Vodianka, Ratushniak, & Luste, 2022; Monteiro, Correia, & Gonçalves, 2019). These methods allow private organizations to attract candidates with specific skills and competencies necessary for competitiveness. In contrast, public sector hiring prioritizes equal access and accountability, aligning with broader societal goals.

Both sectors employ a range of methods, techniques, and instruments to attract and select suitable candidates. The choice of recruitment and selection method often depends on the organization's specific needs, the nature of the job position, and the current labor market situation (Ostapenko, Kubetska, & Sidorov, 2024; Vodianka, Ratushniak, & Luste, 2022). These methods can be broadly classified into formal and informal approaches, relying on either internal or external recruitment sources (Osoian & Zaharie, 2014). In this study, recruitment practices are examined based on their fundamental characteristics and organizational implications, and classified into two primary categories: traditional and contemporary hiring methods. Traditional methods, such as print advertisements, formal applications, and multi-stage panel interviews, are often preferred in the public sector for their procedural transparency and adherence to regulatory standards. Contemporary methods, on the other hand, leverage digital technologies, psychometric testing, and applicant tracking systems (ATS) to streamline processes and align candidates more effectively with organizational goals. Digital transformation has significantly influenced recruitment practices across sectors, emphasizing the integration of digital technologies into all business processes (Jerković, Gavrić, & Ljubas Ćurak, 2024; Mia, Hossain, & Sangwan, 2024). Contemporary methods, particularly those supported by artificial intelligence, allow faster candidate filtering, shorter timelines, and improved alignment between candidates and organizational culture (Biradar, et al., 2024). These methods, however, require advanced technological literacy and adaptability from HR professionals. While traditional approaches ensure transparency and consistency, they are often slower and less flexible compared to modern techniques (Ostapenko, Kubetska, & Sidorov, 2024; Vodianka, Ratushniak, & Luste, 2022). These observed differences in the characteristics and applications of hiring methods across public and private sectors underline the need to examine how organizations prioritize these techniques depending on their sectoral contexts. This leads to the formulation of the first hypothesis:

H1: Public and private sector organizations differ in their prioritization of recruitment methods and selection techniques.

HR departments play a pivotal role in bridging organizational needs and labor market potential (Turek, 2020). In the private sector, HR functions extend to strategic workforce planning, identifying key competencies, and implementing innovative recruitment solutions. With the advancement of digital technologies, HR roles have expanded to include adapting recruitment processes for digital talent and supporting organizations' digital transformation (Gilch & Sieweke, 2021). Public sector HR departments, while evolving towards more strategic roles, remain deeply rooted in

procedural transparency. Their responsibilities often include organizing recruitment competitions, evaluating candidates against formal criteria, and coordinating with other governmental institutions to ensure accountability (Reina & Scarozza, 2021). Whether in the private or public sector, an effective HR department is essential for professionalizing recruitment and selection processes, minimizing errors, and improving the quality of newly hired employees. In today's competitive landscape, where talent is a critical asset, these processes have become strategic imperatives, directly influencing workforce quality, organizational performance, and long-term goals (Sai Sharan & Karpagavalli, 2023). By acting as a bridge between organizational goals and labor market demands, HR departments influence the adoption of recruitment practices in line with sector-specific needs. This mediating effect provides the foundation for the second hypothesis:

H2: The adoption of recruitment methods and selection techniques is influenced by sector, with the mediating effect of the presence and influence of a formal HR department.

To provide more focused testing, this hypothesis was divided into two auxiliary hypotheses:

H2.1: The relationship between sector and the adoption of traditional hiring techniques is mediated by the presence and influence of a formal HR department.

H2.2: The relationship between sector and the adoption of contemporary hiring techniques is mediated by the presence and influence of a formal HR department.

The proposed hypotheses underscore the importance of understanding how HR departments mediate recruitment practices across sectors. This is particularly relevant in transitional economies, where dynamic institutional and regulatory changes create additional complexities for both public and private sector organizations. These challenges often necessitate adaptations in recruitment strategies to align with evolving labor market demands and organizational goals.

The imbalance between labor market demands and the limitations of educational systems often results in a shortage of qualified candidates (Babić & Slavković, 2011; Ilić & Zolak Poljašević, 2017; Zolak Poljašević & Ilić, 2016). This issue has been evident even during periods of high unemployment, highlighting the misalignment between labor market needs and educational outcomes. During transition period, these challenges primarily affected the private sector, which needed to adapt rapidly to new economic and market conditions. In contrast, the public sector, though burdened by politicization and non-transparent practices, was perceived as a more attractive workplace due to job security and favorable working conditions. However, in recent years, the public sector has also faced increasing challenges in attracting and retaining qualified and talented workers. Although public institutions in transitional economies often aim to align their practices with international standards of transparency and accountability, they still struggle with political influence, rigid procedures, and a lack of flexibility (Chaltseva & Shvets, 2021). To overcome these challenges, it is essential to professionalize recruitment and selection processes through transparent procedures and the adoption of contemporary methods tailored to the unique demands of transitional economies.

From the previous elaboration, it is clear that in transitional economies, recruitment and selection processes are influenced by various external and internal factors,

making them challenging for both private and public sectors. This complexity highlights the need for further research into hiring practices in these countries, aiming to better understand how contextual factors affect the efficiency and transparency of these processes. Deeper analysis of these practices can contribute significantly to the development of strategies that improve recruitment, optimize the use of available talent, and align with the demands of the modern labor market. Building on this foundation and the proposed hypotheses, this study explores hiring practices in the public and private sectors of two transitional economies, Serbia and Bosnia and Herzegovina, and presents the findings of empirical research detailed in the methodology section.

METHODOLOGY

This study investigates recruitment and selection practices in public and private sector organizations in Serbia and Bosnia and Herzegovina, examining their alignment with contemporary HRM trends. The hypotheses tested in this study were derived from the literature review, which highlights sectoral differences in hiring practices and the mediating role of HR departments.

The data were collected through the CRANET survey, a global research initiative conducted in nearly 40 countries to facilitate comparative studies of human resource management practices. The survey consisted of closed-ended questions targeting HR managers in organizations with more than 100 employees (Zolak Poljašević & Berber, 2024). The dataset for this study comprises responses from 151 organizations, including 119 private sector entities and 32 public sector entities.

Data analysis was performed using SPSS, ensuring the reliability and rigor of statistical procedures. The independent variable, sector, was dichotomously coded to distinguish between public and private organizations. The dependent variables were categorized into two composite measures reflecting hiring practices: traditional hiring techniques (e.g., panel interviews, newspaper advertisements) and contemporary hiring techniques (e.g., social media profiling). These measures were designed to capture variations in the adoption of established and innovative hiring practices.

To ensure the reliability of the composite measures, Cronbach's Alpha was calculated for both constructs. The results indicated an acceptable level of internal consistency for traditional hiring techniques ($\alpha = 0.700$) and strong reliability for contemporary hiring techniques ($\alpha = 0.829$). These values confirm that the items within each composite measure consistently represent their respective constructs, validating their use in subsequent analyses. The analysis was further conducted across two employee groups: managers and professional staff, and administrative and technical staff. This categorization allowed for a nuanced examination of hiring practices, contrasting established methods with innovative approaches that leverage digital tools.

The normality of the composite variables was tested using the Shapiro-Wilk test, which indicated significant deviations from normal distribution ($p < 0.05$). Consequently, the Mann-Whitney U test, a robust non-parametric alternative, was employed to compare public and private sectors. This approach accounted for the non-normal distribution of data and the imbalance in group sizes ($N = 119$ for the private sector; $N = 32$ for the public sector).

To examine the mediating role of HR departments in the adoption of recruitment practices, a three-step regression analysis was conducted. First, linear regression

models were used to examine the direct effect of sector on hiring techniques. Second, separate regression models tested the relationship between the mediating variable and the adoption of traditional and contemporary hiring techniques. Finally, multiple regression models incorporated both the sector and the mediating variable to assess the adjusted relationships. The Sobel test was performed to validate the mediation effect, assessing the significance of the indirect effect of sector on hiring techniques through the mediating variable.

This rigorous methodological framework provides a comprehensive understanding of the direct and mediated effects of sector on recruitment practices. By distinguishing between traditional and contemporary hiring techniques, the analysis captures sector-specific dynamics and highlights the functional role of HR departments in shaping recruitment practices in public and private sector organizations.

RESULTS AND DISCUSSION

As detailed in the methodology section, the Mann-Whitney U test was employed to evaluate the first hypothesis. The results, presented in the following tables, compare recruitment and selection techniques across sectors for different employee groups.

Table 1. Mann-Whitney U Test: Recruitment techniques by sector for managers and professional staff

Ranks		N	Mean Rank	Sum of Ranks	Test Statistics ^a	
Managers and professional staff					Mann-Whitney U	1533.500
Traditional recruitment techniques	Private sector	119	79.11	9414.50	Wilcoxon W	2061.500
	Public sector	32	64.42	2061.50	Z	-1.726
	Total	151			Asymp. Sig. (2-tailed)	.084
Managers and professional staff					Mann-Whitney U	833.500
Contemporary recruitment techniques	Private sector	119	85.00	10114.50	Wilcoxon W	1361.500
	Public sector	32	42.55	1361.50	Z	-4.935
	Total	151			Asymp. Sig. (2-tailed)	.000

^a. Grouping Variable: Sector

Source: Authors based on CRANET 2021 database

For traditional recruitment techniques, the p-value (0.084) exceeds the significance threshold (0.05), indicating no statistically significant difference between public and private sector organizations. Conversely, for contemporary recruitment techniques, the p-value (0.000) is below 0.05, indicating a significant difference. The negative Z-value highlights that private sector organizations utilize modern recruitment methods, such as psychometric testing and social media profiling, more frequently than their public sector counterparts.

Table 2. Mann-Whitney U Test: Recruitment techniques by sector for administrative and technical staff

Ranks		N	Mean Rank	Sum of Ranks	Test Statistics ^a	
Administrative and technical staff					Mann-Whitney U	1209.000
Traditional recruitment techniques	Private sector	119	81.84	9739.00	Wilcoxon W	1737.000
	Public sector	32	54.28	1737.00	Z	-3.221
	Total	151			Asymp. Sig. (2-tailed)	.001
Administrative and technical staff					Mann-Whitney U	874.000
Contemporary recruitment techniques	Private sector	119	84.66	10074.00	Wilcoxon W	1402.000
	Public sector	32	43.81	1402.00	Z	-4.755
	Total	151			Asymp. Sig. (2-tailed)	.000

^a. Grouping Variable: Sector**Source:** Authors based on CRANET 2021 database

The results in Table 2 reveal statistically significant differences in both traditional ($p = 0.001$) and contemporary recruitment techniques ($p = 0.000$) between the sectors for administrative and technical staff. The private sector demonstrates greater reliance on contemporary methods, reflecting its adaptability and strategic focus. Public sector organizations, by contrast, prioritize traditional recruitment practices, aligning with their regulatory and procedural frameworks.

Table 3. Mann-Whitney U Test: Selection techniques by sector for managers and professional staff

Ranks		N	Mean Rank	Sum of Ranks	Test Statistics ^a	
Managers and Professional staff					Mann-Whitney U	1128.500
Traditional selection techniques	Private sector	119	82.52	9819.50	Wilcoxon W	1656.500
	Public sector	32	51.77	1656.50	Z	-3.730
	Total	151			Asymp. Sig. (2-tailed)	.000
Managers and Professional staff					Mann-Whitney U	1345.000
Contemporary selection techniques	Private sector	119	80.70	9603.00	Wilcoxon W	1873.000
	Public sector	32	58.53	1873.00	Z	-2.738
	Total	151			Asymp. Sig. (2-tailed)	.006

^a. Grouping Variable: Sector**Source:** Authors based on CRANET 2021 database

Table 3 summarizes the results for selection techniques among managers and professional staff. The p-values for traditional ($p = 0.000$) and contemporary ($p = 0.006$) techniques indicate significant differences between sectors. The private sector is more likely to adopt innovative, technology-driven selection methods, whereas the public sector predominantly uses traditional approaches.

Table 4. Mann-Whitney U Test: Selection techniques by sector for administrative and technical staff

Ranks		N	Mean Rank	Sum of Ranks	Test Statistics ^a	
Administrative and technical staff					Mann-Whitney U	1314.000
Traditional selection techniques	Private sector	119	80.96	9634.00	Wilcoxon W	1842.000
	Public sector	32	57.56	1842.00	Z	-2.862
	Total	151			Asymp. Sig. (2-tailed)	.004
Administrative and technical staff					Mann-Whitney U	1345.000
Contemporary selection techniques	Private sector	119	80.70	9603.00	Wilcoxon W	1873.000
	Public sector	32	58.53	1873.00	Z	-2.738
	Total	151			Asymp. Sig. (2-tailed)	.006

^a. Grouping Variable: Sector

Source: Authors based on CRANET 2021 database

Table 4 demonstrates that both traditional ($p = 0.004$) and contemporary ($p = 0.006$) selection techniques differ significantly between sectors for administrative and technical staff. The findings again confirm that private sector organizations prioritize modern approaches, while the public sector leans towards conventional methods.

The findings across all tested relationships confirm significant differences in recruitment and selection techniques between public and private sector organizations, supporting the first hypothesis (H1). These results align with existing research highlighting the private sector's strategic reliance on contemporary methods to maintain competitiveness. For example, Monteiro, Correia and Gonçalves (2019) emphasize the role of digital platforms and e-recruitment systems in streamlining candidate sourcing and selection processes, methods increasingly adopted in the private sector to meet evolving candidate expectations. Furthermore, Biradar et al. (2024) underscore the transformative impact of artificial intelligence (AI) on recruitment practices, enhancing efficiency by enabling faster candidate filtering and better alignment with organizational culture. These trends resonate with the findings of this study, which highlight the private sector's adoption of innovative recruitment techniques, such as psychometric testing and social media profiling, to attract top talent. This shift towards digitization reflects broader changes in HRM, emphasizing the necessity for organizations to integrate modern tools and methods to remain competitive in a digitally driven labor market.

In contrast, the public sector’s reliance on traditional practices, such as panel interviews and print advertisements, underscores its focus on procedural transparency and compliance with regulatory frameworks. However, these approaches are often accompanied by rigid procedural frameworks and formalization that hinder the ability to attract and recruit skilled personnel. Research highlights that public organizations frequently face reduced applicant interest despite increasing vacancies, driven by perceptions of inflexible working conditions and complex recruitment processes (Fowler & Birdsall, 2020; Rose, 2013). As Sievert, Vogel, and Feeney (2020) argue, generational shifts also play a role in this dynamic. The retirement of the baby boomer generation (Pollitt, 2016) has created substantial vacancies that are difficult to fill, particularly as Generation Z, now entering the labor market, perceives public administration as an unattractive career option. This generational perspective is shaped by factors such as the public sector’s traditional image, rigid work structures, and the sector’s perceived inability to meet the career aspirations and workplace expectations of younger professionals. Also, formalized recruitment processes, intended to ensure fairness and equity, often result in administrative burdens that increase the cost of participation for applicants. These burdens include requirements for extensive legal documentation and compliance with standardized procedures. Moynihan, Herd and Harvey (2015) define administrative burdens as the compliance and psychological costs associated with interacting with bureaucratic systems, which discourage candidates from pursuing public sector roles. Furthermore, the use of formalized language and legal jargon in job advertisements, as noted by Gravier and Roth (2020), creates a perception of excessive bureaucracy, signaling a rigid organizational culture that may deter highly qualified applicants. Addressing these challenges requires the public sector to adopt more strategic and targeted recruitment practices (Sievert, Vogel, & Feeney, 2020). Emphasizing intrinsic rewards, such as the prosocial impact and job security of public sector roles, can appeal to candidates motivated by public service values (Asseburg & Homberg, 2020; Linos, 2018). Furthermore, rebranding efforts that align the public sector’s image with the career aspirations of younger generations could mitigate some of the generational challenges identified.

Addressing these challenges not only requires rethinking recruitment strategies but also highlights the critical role of formal HR departments in mediating the relationship between sector-specific characteristics and recruitment practices. To explore this mediating effect, regression analysis was performed as part of a three-step approach. The results for H2.1 and H2.2 are presented in subsequent tables.

Table 5. Direct relationship between sector and traditional hiring techniques

	Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	13.815	.695		19.882	.000
	Sector (Public vs. Private)	-2.250	.515	-.335	-4.372	.000
Dependent Variable: Traditional Hiring Techniques						

Source: Authors based on CRANET 2021 database

The regression analysis demonstrates a statistically significant negative relationship between the sector and the adoption of traditional hiring techniques ($B = -2.250$, $p < 0.001$). This finding indicates that organizations in the private sector adopt, on average, 2.25 fewer traditional hiring techniques compared to public sector organizations. The sector accounts for 11.2% of the variance in traditional hiring techniques ($R^2 = 0.112$).

Table 6. Influence of HR department on the adoption of traditional hiring techniques

	Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	9.955	.497		20.043	.000
	HR_Presents_Influence	1.963	.612	.274	3.209	.002
Dependent Variable: Traditional Hiring Techniques						

Source: Authors based on CRANET 2021 database

The results reveal that the presence and influence of a formal HR department significantly impact the adoption of traditional hiring techniques ($B = 1.963$, $p = 0.002$). Organizations with a formal HR department adopt nearly two additional traditional hiring techniques compared to those without. The presence and influence of a formal HR department explain 7.5% of the variance in traditional hiring techniques ($R^2 = 0.075$).

Table 7. Combined effect of sector and HR department on traditional hiring techniques

	Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	13.125	1.123		11.692	.000
	HR_Presents_Influence	1.518	.609	.212	2.494	.014
	Sector (Public vs. Private)	-2.491	.797	-.265	-3.125	.002
Dependent Variable: Traditional Hiring Techniques						

Source: Authors based on CRANET 2021 database

When the presence and influence of a formal HR department are included in the model, the sector remains a significant predictor of traditional hiring techniques ($B = -2.491$, $p = 0.002$). The coefficient for the presence and influence of a formal HR department also remains significant ($B = 1.518$, $p = 0.014$), indicating that the mediator explains part, but not all, of the sector's influence. The combined model explains 14.2% of the variance in traditional hiring techniques ($R^2 = 0.142$).

The Sobel test suggests that the mediation effect of the presence and influence of a formal HR department on the relationship between sector and traditional hiring techniques is marginally non-significant ($Z = -1.94$). This implies that while the presence and influence of a formal HR department play a role in mediating this relationship, their effect is not robust enough to be statistically confirmed at $p < 0.05$. The results provide partial support for H2.1.

The results of the analysis for contemporary hiring practices are presented below.

Table 8. Direct effect of sector on contemporary hiring techniques

	Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	11.626	.827		14.058	.000
	Sector (Public vs. Private)	-3.611	.612	-.433	-5.897	.000
Dependent Variable: Contemporary Hiring Techniques						

Source: Authors based on CRANET 2021 database

The analysis demonstrates a significant negative relationship between the sector and contemporary hiring techniques ($B = -3.611$, $p < 0.001$). This finding indicates that organizations in the private sector adopt, on average, 3.61 fewer contemporary hiring techniques compared to public sector organizations. The sector accounts for 18.7% of the variance in contemporary hiring techniques ($R^2 = 0.187$).

Table 9. Influence of HR department on the adoption of contemporary hiring techniques

	Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	5.773	.600		9.615	.000
	HR_Presents_Influence	2.639	.740	.302	3.568	.001
Dependent Variable: Contemporary Hiring Techniques						

Source: Authors based on CRANET 2021 database

The regression results reveal that the presence and influence of a formal HR department significantly impact contemporary hiring techniques ($B = 2.639$, $p = 0.001$). Organizations with a formal HR department adopt 2.64 more contemporary hiring techniques compared to those without. The presence and influence of a formal HR department explain 9.1% of the variance in contemporary hiring techniques ($R^2 = 0.091$).

Table 10. Combined effect of sector and HR department on contemporary hiring techniques

	Model B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	10.837	1.317		8.227	.000
	HR_Presents_Influence	1.928	.714	.221	2.700	.008
	Sector (Public vs. Private)	-3.979	.935	-.347	-4.254	.000
Dependent Variable: Contemporary Hiring Techniques						

Source: Authors based on CRANET 2021 database

When the presence and influence of a formal HR department are included in the model, the sector remains a significant predictor of contemporary hiring techniques ($B = -3.979$, $p < 0.001$). The coefficient for the presence and influence of a formal HR department also remains significant ($B = 1.928$, $p = 0.008$), indicating that the mediator explains part, but not all, of the sector's influence. The combined model explains 20.5% of the variance in contemporary hiring techniques ($R^2 = 0.205$).

The Sobel test confirms a statistically significant mediation effect of the HR department on the relationship between sector and contemporary hiring techniques ($Z = -2.04$, $p < 0.05$). This finding indicates that the presence and influence of a formal HR department partially mediate the effect of the sector. The results provide strong support for H2.2.

The results for H2 indicate that the presence of formal HR departments mediates the relationship between sector and recruitment practices, though this effect is partial. While HR departments facilitate the adoption of structured and innovative methods, sectoral characteristics independently shape these processes.

The partial mediation effect observed in this study suggests that, while HR departments play an important role, numerous studies have identified a wide range of influential factors on hiring practices, including organizational culture (Gambhir, et al., 2024), demographic variables (Thangaraja, 2023), job matching and differentiated needs (Hu, Lyu, & Sun, 2023), and working conditions (Lee & Mao, 2020), among others.

Future research could explore these additional mediators to provide a more comprehensive understanding of sectoral differences in recruitment practices. For instance, examining how organization culture or external labor market conditions interact with HR department functions could offer deeper insights into the dynamics of recruitment in transitional economies.

CONCLUSION

This study provides critical insights into sectoral differences in recruitment and selection practices in transitional economies, with a particular focus on Serbia and Bosnia and Herzegovina. The findings support the hypothesis (H1) that public and private sector organizations differ significantly in their adoption of traditional and contemporary recruitment techniques. The private sector demonstrates a greater reliance

on contemporary methods, such as psychometric testing and digital platforms, reflecting its strategic adaptability and competitive imperatives. Conversely, the public sector remains rooted in traditional practices, which emphasize transparency and adherence to regulatory frameworks. Furthermore, the study confirms that the presence and influence of formal HR departments partially mediate the relationship between sector affiliation and recruitment practices (H2), underscoring their critical role in shaping innovative hiring strategies.

These insights have significant implications for both research and practice. Theoretically, the study contributes to understanding how sectoral characteristics influence recruitment priorities, particularly in the unique institutional contexts of transitional economies. The findings highlight the need for future research to explore additional mediating factors, such as organizational culture, leadership styles, and technological adoption, to provide a more nuanced understanding of recruitment practices. From a practical perspective, the results offer actionable recommendations for enhancing HR strategies. Public sector organizations should consider integrating digital tools and streamlining administrative procedures to reduce bureaucratic barriers and attract top talent. Private sector entities, on the other hand, can benefit from continued innovation in recruitment technologies and targeted skill-matching initiatives. Both sectors should invest in strengthening HR capabilities, ensuring that HR departments are equipped to adopt flexible and forward-thinking approaches to recruitment.

In the broader context of transitional economies, this research underscores the importance of aligning recruitment practices with institutional and market demands. By addressing sector-specific challenges and leveraging contemporary recruitment methods, organizations can enhance workforce quality and contribute to broader institutional development. This alignment is particularly critical for fostering economic stability and competitiveness in rapidly changing environments. In conclusion, the study emphasizes that recruitment and selection are not merely administrative functions but strategic imperatives that directly impact organizational performance and societal outcomes. As transitional economies continue to evolve, adapting recruitment practices to meet the demands of a dynamic labor market will remain a key priority for both public and private sector organizations.

However, this study has several limitations that should be considered. First, the reliance on self-reported data from the CRANET survey may introduce response biases, as participants may provide socially desirable answers rather than accurate reflections of their practices. This limitation underscores the need for future studies to incorporate objective measures, such as organizational records or external audits, to validate self-reported data. Second, the focus on two transitional economies, Serbia and Bosnia and Herzegovina, restricts the generalizability of findings to other countries with different institutional, cultural, and economic contexts. Expanding the geographical scope to include a broader range of transitional and non-transitional economies could provide a more comprehensive understanding of sectoral recruitment practices.

Third, the study primarily examines the mediating role of HR departments, but other factors, such as organizational culture, leadership styles, and external labor market conditions, may also influence recruitment practices. Future research could explore these additional mediators to develop a more holistic framework. Lastly, while the study touches on the role of digital technologies in transforming recruitment processes,

it does not delve deeply into the specific tools, implementation challenges, and outcomes associated with their use. This area represents a critical path for future research, particularly given the increasing importance of digital transformation in HR practices.

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