

ANALYSING DEVELOPMENT OF HRM PRACTICES IN SERBIA¹

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Abstract

In recent past capital and added value formation were relying mostly to money and material resources. However in today's developed organizations human resources represent major source of capital and added value. Employees, their development and job satisfaction are becoming a major tool for generating competitive advantage in highly competitive global market. The result of such changes is development of human resource management as a new philosophy and management practice. The goal of this paper is to evaluate the level of development of such HR practices in Serbia, and to confirm that there are significant opportunities for improvements. We have determined which most common HR practices are and which departments and what profession of employees are devoted for its implementation. Our conclusion is that in Serbia HR practices are far behind what current practice in developed countries is, and that it is necessary to devote a lot of attention to educating company management on the importance of HR practices for building competitiveness on the market.

Key words: *HR Management, HR Development, Organisations*

Introduction

In contemporary macroeconomic environment investing in its employees is the most cost-effective investment that a progressive company can conduct (Nica, 2012). Employees are seen as the initiators of the ideas and visions which guide a company through the “maze” towards achieving its strategic goals. The benefits that people can contribute to the whole community and especially to the organization are inevitably beyond the contribution of technology, computerization and the Internet (Boudreau, Ramstad, 2013). What can one organization differ from the others are its employees. The way employees are treated creates specific organizational culture and unifies them into one micro-community (Torrington et al, 2004).

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Therefore the tasks of human resource sectors is generated the goals set to them which include: selection and development of required human resources; evaluation of employees in accordance with results; setting good relationships within the company; an improving productivity, quality and service (Armstrong, 2012).

However, there are companies that even today still do not observe human factor as the most important factor in achieving success in the changing markets. In Serbian market, general practice of human resource management is underdeveloped and there exist several reasons to resentment for its introduction (Ignjatijević et al., 2012). Such a climate does not allow for the strategy to be implemented properly as part of the whole organization's culture towards its path of achieving its goals.

The goal of this paper is to evaluate the level of development of HR practices in Serbia, and to confirm that there are significant opportunities for improvements.

In the first section of the paper is presented the methodology of research. In the second we will present the results and discuss on what are the important issues affecting HR practices in Serbia. Finally the paper ends with some conclusions and recommendations.

Methodology

In this paper research methodology is based on the survey conducted among companies in Republic of Serbia. The questionnaire was composed primarily based on the indicators of HRM development practices (Vemić Đurković, 2007).

The total number of organizations that are included in the sample in this study was 180. The sample was drawn using the principles of proper distribution of companies across the country employing over 50 employees. The total number of responses received was 120.

Organizations surveyed are engaged in various business sectors: industry, public sector, service organizations, as well as some educational institutions with different size and number of employees.

The questionnaire contains 23 questions concerning the organization and functions within it. Four questions are devoted to personal attitudes of the respondents, as well for giving specific comments and recommendations on the survey.

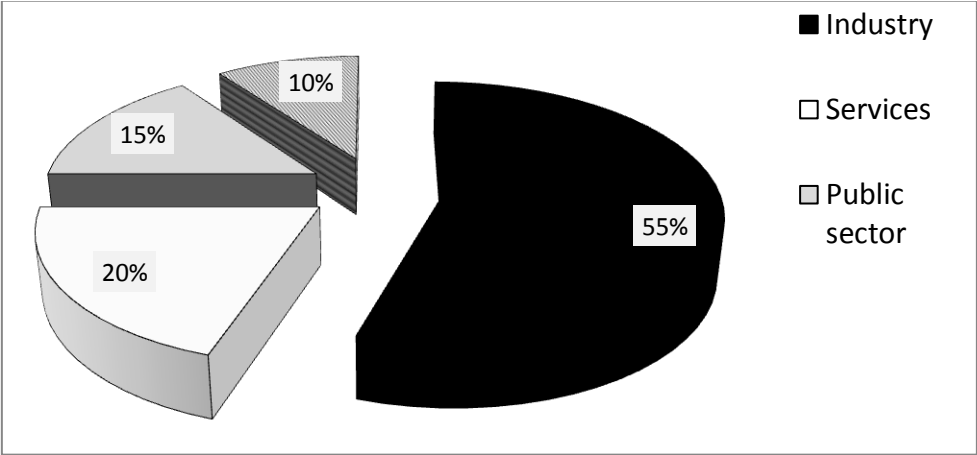
Prepared questionnaires were forwarded electronically to the email addresses of the sample organizations.

Based on the data collected and completed questionnaires there was initiated the analysis of results, most of which are displayed using histograms and pies, while some are due to the complexity of presentation elaborated only in the text form.

Results and Discussion

As noted in the methodology section the survey was conducted on a sample of different types of organisations operating in Serbia. Distribution of organisations by type is shown on Figure 1.

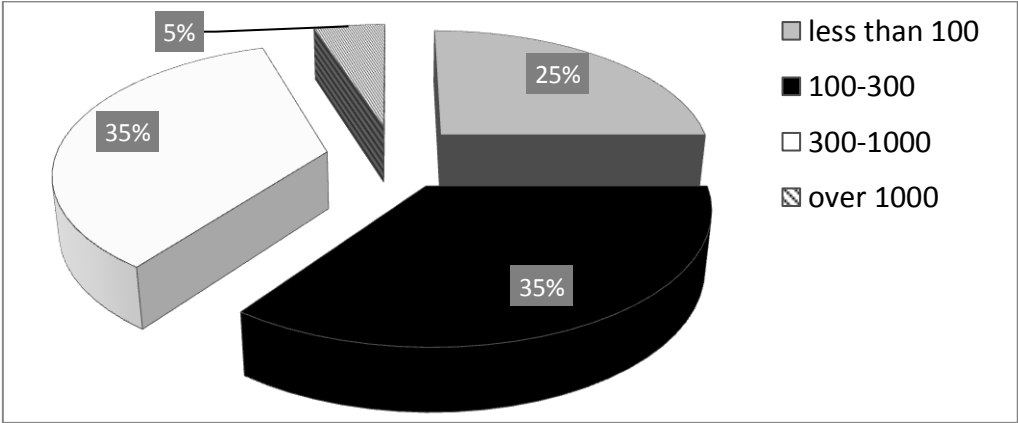
Figure 1. Type of surveyed organisations



As seen on Figure 1 the largest number of organisations is from the Industry sector (55%), while service organisations represent 20%. Public sector is represented by 10% of the companies and finally other types of organisations represent 10% of the sample.

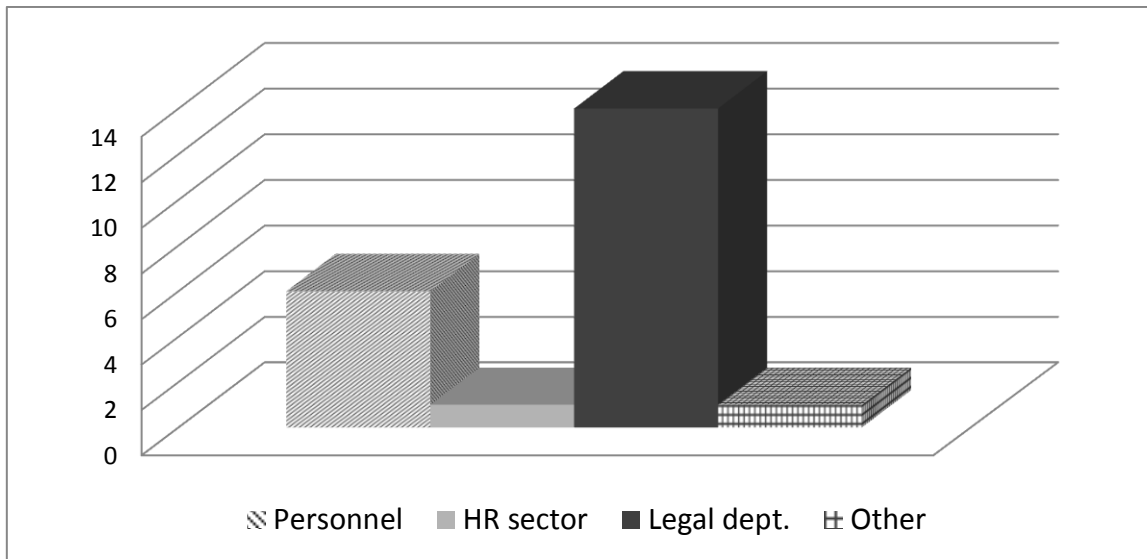
The size of surveyed organisations in terms of the number of employees is shown in Figure 2. The organizations employing 100-300 persons are the most common in the sample, which is followed by the organizations that have 300-1000 employees. It is inevitable to note that these are organizations with a large number of people, which implies the existence of the need to take care of them through developed HR sector, which is a complex activity.

Figure 2. Company size



Different types of activities performed in surveyed organisations are shown in Figure 3.

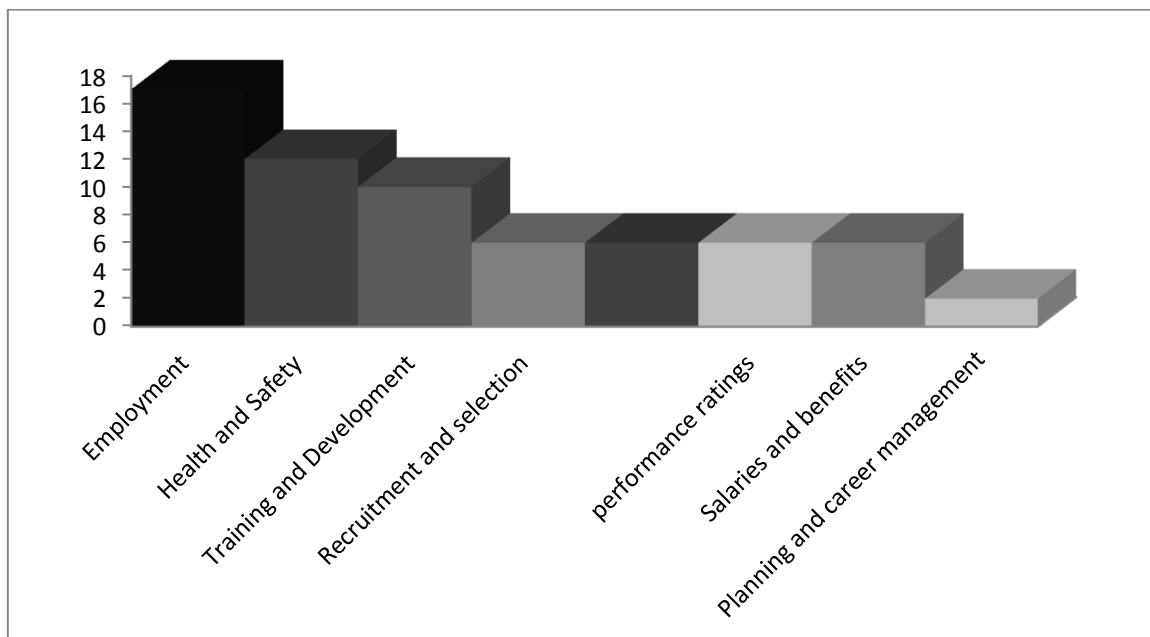
Figure 3. Implementation of HRM functions



The activities of human resource management within the organisation are most commonly allocated in the legal and personnel department. That certainly leads to the fact that not all necessary activities related to HRM are implemented. Such activities need to treat employees as the essence and the centre of all processes in the organization who are one of the key factors in the survival of the changing market. That is resulting with appropriate HR activities to be almost ignored.

After defining which departments are devoted to accomplishment of HR activities, it was necessary to determine which types of activities are performed and which are the most common. Results are shown in Figure 4.

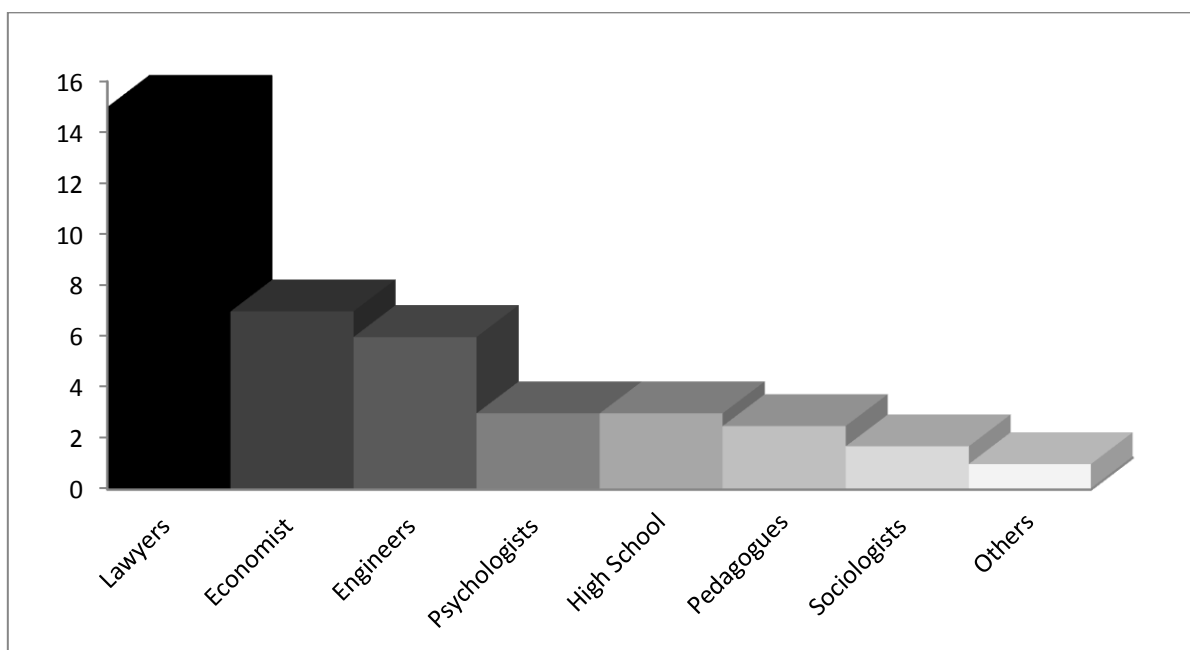
Figure 4. The most common HR procedures



High share in appointment of Legal department to performing HR activities significantly affected the distribution of HR activities. Therefore the outcome resulting from data in Figure 3 is that the most common HR activities are employment, health and safety issues at work. Given that the majority of companies were surveyed in the industry sector, issue of health and safety are inevitable factor. Other HR activities concerning employees are far below to what one modern organization should have and which involve performance assessment, rewarding, training, recruitment and selection, career management, etc.

Finally we can observe the structure of employees in the departments which are assigned to perform HR procedures (Figure 5).

Figure 5. Structure of employees in HR departments



Another outcome of legal department allocation to HR activities is the most common profession in that department are lawyers that mediate between employees and employers. They are followed by the economists and engineers. If we recall the HR as primarily soft skill activity according to Japanese management principles, it can be noticed that those who can perform such activities like sociologists, psychologists, pedagogues are minority in employment in observed organizations. That does not comply with the need in organisation to provide activities of actively communicating with employees and enabling them to feel as part of the organization, as opposed to just being there for the sake of mere survival.

It can be clearly seen that the results just pursue towards the conclusion that in Serbian organizations HR activities are conducted within the legal services without precise direction of which are the key HR activities. It is unnecessary to talk about most common activities of HR, because it from what was presented previously it

can be seen that procedures that one HR department should be dealt with are least developed, with planning and career management being almost neglected, while the issues of establishment and breach of employment and health and safety figure as major activities.

Conclusion

The problem of human resources management can be observed from different perspectives, depending on the objectives of the research and the variables that are included. Management of human resources in Serbia lags behind the knowledge and practice of it in developed countries. Recently there is progressively introduced a different approach towards employees, primarily in the sphere of business, but probably it will be necessary a lot of time to harmonize international experiences with psycho-social specificities of Serbian working population. Complex socio-political and economic situation in Serbia in recent decades, in some sense can be observed as a challenge for adjustment and application of contemporary approaches to employees within the working environment.

It is obvious that in surveyed organizations legal departments along with personnel departments, which mainly deal with legal and administrative issues related to employment. In some rare cases it can be noted an increase in interests for satisfaction of employees' needs. Other organizations base their relation with employees mainly on the employment issues and wages.

During the survey in certain companies interviewees even raised the question about the meaning of HR, which indicates that this activity is still not developed in its true form. That can signal to a problem of poor interest for innovation. Insufficient knowledge of what human resource management can provide to one organization is real obstacle, which is not unbeatable, but it needs a lot of time and efforts to overcome it.

Establishment of HR sectors in Serbian companies has just recently begun. According to research it is estimated that less than one in ten companies have established a HR department. It is especially tempting that the majority of companies do not have a personnel service department set up, therefore the issues related to human resources are to be solved by legal departments.

Activities from the field of HR in most companies are limited to questions of labour relations, health and safety, while less than a quarter of observed companies are actively engaged in activities related to recruitment, selection and career development, as an essential parts in development of associates that can take an active part in company development.

Insight of the gap between the real goals of HR and what are the current situation and the level of development in observed organisations opens a wide range of opportunities for action and dissemination of knowledge about benefits that HR practice brings to organizations.

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