

The Impact of Human Resource Management of the Work Design Concept in Serbia

Dejana Pavlović^{1*}

¹ Institute of Economic Sciences, Belgrade, Serbia

ABSTRACT

Human Resource Management (HRM) has an important role in every organization. In addition, investment in human capital is not represented only in developed countries but also in non EU countries, such as Serbia.

Hence, in the last two decades, a large number of EU countries started to analyze the role of HRM in companies. One of the studies conducted in this field is CRANET, which represents the academic network for conducting HRM research in practice worldwide. The first results of CRANET survey were presented in 1999 and at the beginning only 24 countries were a part of this network and now the number doubled.

In the paper, the role of HRM will be analyzed in Serbian organizations by using the CRANET 2015 research results. According to the CRANET 2015 survey results, the role of HRM in Serbia is present but not to the extent that it is present in developed countries.

Key words: *Human Resource Management, CRANET, Serbia*

JEL Classification: J53, M54

INTRODUCTION

Human Resource Management is essential for the development of individuals but also for the company's prosperity. Investment in human capital is no longer represented only in developed countries, but also in developing countries, such as Serbia. However, the impact of HRM practice in different segments varies from country to country (Lekovic, Stangl-Susnjar, 2010). According to the research that used Cranet survey from 1999 to 2000, Ignjatović and Svetlik (2003) determined four European HRM clusters such as Nordic cluster (employee-focused HRM of medium intensity), Central Southern cluster (HRM is of low intensity and mainly gives administrative support to managers), Western cluster (HRM activities are intensive and professional and HRM is a strategic partner of management), Peripheral cluster (HRM has a low status and management focus).

In the past few decades significant changes in the work design among organizations worldwide have occurred as a result of technological innovations, the processes of liberalizations and privatizations, but also of the problems caused by financial crises. The shift from traditional job design strategies best described more than a century ago by the early works of the author Taylor (1911) to high-performance work practice (HPWP) including part-time

* E-mail: dejana.pavlovic@ien.bg.ac.rs

work, job sharing, shift and weekend work, overtime, annual hours, flextime, temporary work, fixed-term contracts, subcontracting, home-based work, tele-working etc. has been made.

Regarding above mentioned, author Oldham (2012) defined work design at its most basic level as the actual structure of jobs that employees perform in their organizations on a daily basis. In other words, work design focuses on the work itself and the tasks or activities that individuals complete daily in their organizations. Furthermore, in support of that author Osteman (2010) considered work design as a part of a larger package of employment practices that consequently has a significant influence on employees' work outcomes and different benefits related with the workplace. In other words, the main purpose of the job design is to create the adequate structure which best fits the requirements of the strategy that needs to be implemented. Taking into account the significance of the work design concept within the organizations, it is not surprising that nowadays it plays central role in human resource management (HRM).

HRM has gained a prominent role in the business and scientific world. Monitoring of the impact of HRM and the collection of comparable data on human resource management policy and practice in the business world in specific countries appeared for the first time in 1989.

Cranet, which represents the academic network for conducting HRM research in practice worldwide, has a current picture of the status of practice in the member countries. Coordination of activities is carried out by the Centre of European HRM at Cranfield School of Management in the UK.

The first study was conducted in the period from 1999 to 2000, when a total of 24 countries took part. However, the latest studies include even 40 member countries of the CRANET network.

The paper will show the influence of HRM in Serbia based on the results of CRANET research. Based on the presentation of individual HRM indicators and comparisons with EU countries, it is possible to determine how much the role of human resource management is present in companies in Serbia.

LITERATURE REVIEW

Looking back in the past, Taylor's basic idea was to increase employees work efficiency by designing jobs that were simplified and standardized, so that any unnecessary work could be eliminated and employees could be just as interchangeable as standardized machine parts (Oldham, 2012, p. 652). On the other hand, within the contemporary economic literature it is widely accepted that acquiring, developing and keeping talented individuals play central role at the management of human resources (Pittino et al., 2016).

Regarding previously mentioned, HPWP present the set of specific human resources practices developed during the last decade of 20th century (Combs et al., 2006). Often labelled as innovative HRM practices, HPWS have been extensively linked to organisational benefits expressed through higher levels of labour productivity, organisational competitive advantages, and profitability (MacKenzie et al., 2015). From the organisations' point of view, the usage of HPWP and non-traditional work arrangements is considered to be a good strategy to improve the organization's position in the competitive business environment (Roberts, 1996) having influence on the increase of motivation of the employees and consequently on company's productivity level. It symbolizes a new approach towards organization of work that promotes teamwork and flexibility, responds to complexity and variability of work assignments, and enhances employee's motivation and skill development (Hernaus et al., 2012) having the impact on both, employees' satisfaction as well as motivation and on company's performances.

Authors Rappapor, Bancroft and Okum (2003) argued that those organizations that can not retain the high performing workforce lose their ability to remain competitive. In particular,

empirical evidence indicates that the higher the number of HPWPs employed, the more positive the employee responses (Pittino et al., 2016).

According to the results presented in their study, authors (Gittleman et al., 1998) showed that the large organizations are more likely to use high-performance work practices. Furthermore, Myers (1999) considered implementing flexible working arrangements (FWA) one of the main factors to increase productivity and substantial reductions in absenteeism and turnover. On the other hand, authors Pittino, Visintin, Lenger and Sternad (2016) indicated that in family firms compared to non-family firms relational mechanisms originating from the family social capital may act as substitutes of formal high-performance work practices aimed at increasing employee involvement and commitment.

As a form of HPWP, flexible working arrangements (FWA) in firms have been identified as one important means of balancing work and other commitments (Evans 2001).

According to ILO (2000a), FWAs consist of working patterns involving modifications to the regular week, work at nights and at weekends, as well as work schedules where the starting and finishing times are at different hours of the day, the week or a longer reference period. Flexibility in the workplace allows employees to make arrangements about working conditions that best fit them. This helps employees maintain work/life balance and can help employers improve the productivity and efficiency of their business. Moreover, author Barker (Barker, 1995) in his paper argued that when employees work at their best hours they are more loyal to their employer, reducing absenteeism and turnover as a result. In some empirical research, though, the contextuality of FWA used across the countries and industries that have been the subject of analysis has been noticed.

Hara (2014) examined frequency and density of firm-provided training for workers in FWA. The author also analyzed the impacts on this kind of training on skills, productivity, and wage growth in Japan. The results showed that participation in firm provided training improved job skills and productivity, but did not appear to impact the wage growth of non-regular workers. However, participation in training program raised possibilities of transition from non-regular to regular workers, enhancing the probability of future wage increases.

Although, the vast majority of the mainstream HRM literature in its focus has had the pragmatic aspects of HPWP, the impact of labour unions on the adoption on HPWP seems to be neglected. Furthermore, there is no consensus in the literature regarding the impact of trade unions on the HPWP adoption.

Nevertheless, author Verma (2005) examine and summarize the different impacts (positive, negative, neutral or indirect) that labour unions have on HRM practices. The group of authors (Liu et al., 2009) in their study has noticed negative correlation between the level of unionization in the organizations and the usage of HPWPs. On the other hand, Rolfsen (2013) as well as Gill and Meyer (2013) in their papers concluded otherwise. With that regard, author (MacKenzie, 2015) has also demonstrated that strong trade unions facilitate the adoption of HPWP whereas trade union militancy negatively affects HPWP.

In their research Cristiani and Mari a Peiro (2015) find that organizations with the HR function strategically involved and with higher degree of union presence have more person-centred HRM practices, while performance-centred HRM practices were positively influenced by HR function strategic role. However, the findings do not support the moderating role of trade union presence on the relationship between the HR function strategic role and HRM practices.

In his study Galang (1999) argued that HPWP could be considered substitute to labour unions as those practices encourage employee individual voice instead of collective employee voice.

Gill and Mayer (2013, pp. 512-515) summarized the ways in which unions may contribute to the adoption of HPWP in an organization. In their study, authors argued that unions promote a long-term and organisation wide perspective and enhance collective and individual voice. Furthermore, they highlighted that union networks provide an effective communication

infrastructure. Authors also considered that in the organization, unions increase employee trust and commitment and reduce employee withdrawal, as well.

METHODOLOGY

Based on the results of the Cranet study conducted in the first half of 2015, the impact of HRM activities is presented in more than 150 organizations in Serbia.

Cranet study involves company surveys with more than 50 employees. The survey consists of 70 questions, and the survey is done by post or through a personal interview, where the questionnaire is filled out by experts in the field of human resources. The questionnaire contains questions for all the basic activities of human resources management, within six parts of the questionnaire:

- a) Human resource management activities in the organization
- b) The practice of obtaining and selecting candidates in the organization
- c) Development of employees in the organization
- d) System of compensations and benefits of employees in the organization
- e) Relations between employees and employers and communication in the organization
- f) Information about the organization.

Processing of collected data is done by teams of top experts of the Cranet organization and on the basis of results, they analyse trends from certain HRM activities. Data can be used for scientific and teaching purposes, while adhering to the basic academic principles of citations.

In the survey in 2015, 158 organizations participated, 104 of them from the private sector and 54 from the public sector. The companies' activity is mostly in the field of food, beverage, textile, wood and paper production, oil derivatives and similar products (share of 13.6% of the total number of companies surveyed); agriculture, hunting, forestry, fishing, mining and exploitation of stone (7.6%) as well as in the field of wholesale and retail (9.5%). More details about the surveyed subjects are listed in the table below (Table 1).

Table 1. General data of analysed organizations

	Frequency	Share
Private sector	104	66
Public sector	54	34
Total	158	100
Number of employees in organizations		
	Number	Share
Total		
Less than 100	27	17
100-249	68	43
250-1000	42	27
1001-2000	15	9
2001-5000	4	3
More than 5000	2	1
Total	158	100

Source: CRANET 2015 study

The paper will provide the analysis of the impact of HRM as well as the impact of trade unions in organizations.

HUMAN RESOURCES DEPARTMENTS

Out of the total number of organizations surveyed, about 72% confirmed that there is a special department responsible for human resources management. This share is about 64% and 76% in the public and private sector, respectively.

Table 2. Special department for human resources

	Average		Private Sector		Public Sector	
	Frequency	Share (%)	Frequency	Share (%)	Frequency	Share (%)
Exists	113	72	79	76	34	64
Does Not Exist	44	28	25	24	19	36
Total	157	100	104	100	53	100

Source: CRANET 2015 study

One of the signs of the strategic importance of human resources management is the existence of a general HR strategy, as well as specific HR strategies related to the most important activities of human resources.

Table 3. Share of organizations that have a strategic approach to human resources management

	Total	Private sector	Public sector
Mission Statement	76	77	73
Business/service strategy	87	88	87
HRM/Personnel strategy	59	60	57
HR recruitment strategy	45	51	32
HR strategy for training and development	53	56	47
Statement on corporate social responsibility	49	54	40
Statement on Respecting the Diversity of Employees	58	60	55

Source: CRANET 2015 study

From the table above, we can conclude that most organizations in Serbia have a business strategy (about 90%) and mission statements (about 75%). The share of companies with written general and special strategies is higher in the private sector than in the public sector. In addition, in more than half of the observed organizations, the HRM Department has been involved in drafting a strategy from the outset, i.e., there is a full connection between the top management that brings the business strategy and HR department.

Table 4. Share of union members (%)

Share	Total	Private sector	Public sector
0	31	43	6
1-10	6	9	0
11-25	6	6	8
26-50	8	6	11
51-75	22	18	28
76-100	28	18	47
Total	100	100	100

Source: CRANET 2015 study

In most of the analysed organizations (about 80%), the importance of HR department is not at the highest level because decision-making and implementation of activities still involve line managers. The share of such Serbian organizations in which the decision on the most important human resource management activities is made by the HR department itself or in consultation

with the line manager is about 20%. The results show that the HR managers' influence is more present in the private sector than in the public sector, but there is also the influence of line managers in the public sector.

Out of the 100 observed business entities, about 30% of organizations have no trade unions. A larger number of trade union organizations is present in the public sector. In 75% of public organizations, more than half of employees are members of trade unions. In the private sector this number is significantly lower, for example, more than half of the employees are union members in 22 companies. In 65% of organizations observed, trade unions have a role in negotiating. This number is higher in the public sector.

Table 5. Impact of trade unions on business in the organization

	Total	Private sector	Public sector
No impact	32	45	5
Low impact	8	8	8
Medium impact	10	10	9
Significant impact	5	5	6
Very significant impact	45	32	72
TOTAL	100	100	100

Source: CRANET 2015 study

In 45% of the total number of organizations observed, the influence of trade unions on the company's operations is very significant.

CONCLUSION

Cranet study enabled the monitoring of HRM's role in the business world. Based on previous results, we can certainly say that the role of HRM in Serbia is present but not to the extent that it is present in developed countries. Based on the answers obtained from 158 organizations, most companies and institutions do not perform outsourcing of basic HR activities, but about half of the respondents occasionally hire external consultants for training, recruitment and selection of employees. About 60% of the surveyed organizations have HR information system, but various self-service systems work only in about 20% of organizations.

The research results showed that the written mission, vision and strategy are present in almost all companies, both in the private and public sector. From the very beginning, human resource managers are involved in their drafting but with the help of liner messengers. However, in most organizations, especially in the private sector, important decisions regarding HR activities are made by line managers themselves.

In about 1/3 of the observed organizations, there are no trade union organizations. In the private sector, this share is over 40%, while in the public sector; over 90% of organizations still have some form of union activity of employees.

ACKNOWLEDGEMENTS

This paper is a part of research project number 179001 financed by the Ministry of Education, Science and Technological Development of The Republic of Serbia.

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Article history:	Received: November 7, 2017
	Accepted: November 23, 2017