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## MANAGEMENT OF HUMAN RESOURCE

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#### Abstract

Human resource management is a comprehensive coherent approach to staff recruitment and development. Human resource management can be considered as a philosophy of how people should be managed, and which is supported by numerous theories related to the behavior of people and the organization. Human resource management involves the application of policies and practices in the field of organizational design and development, providing resources for employees, learning and development, work and rewarding and providing services that improve employee well-being. All of these strategies are integrated and aligned with the organization's business strategy. Human resource management refers to all aspects of hiring and managing employees in the organization. Covers activities from strategic human resource management, human capital management, corporate and social responsibility, organizational development, resources (workforce, planning, recruitment and selection and talent management), learning and development, performance and reward management, relationships with employees, employee well-being and employee service delivery. Human resource management also has an international dimension.

#### Keywords: management, business strategy, human capital, organization

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## Introduction

Human resource management is a comprehensive coherent approach to staff recruitment and development. Human resource management can be considered as a philosophy of how people should be managed, and which is supported by numerous theories related to the behavior of people and the organization. Human resource management deals with the contribution it can make in terms of improving the organizational effectiveness through people, but also taking into account the ethical dimension- how to treat people according to moral values. Human resource management involves the application of policies and practices in the field of organizational design and development, providing resources for employees, learning and development, work and rewarding and providing services that improve employee wellbeing. All of these strategies are integrated and aligned with the organization's business strategy. Human resource management refers to all aspects of hiring and managing employees in the organization. Covers activities from strategic human resource management, human capital management, corporate and social responsibility, organizational development, resources (workforce, planning, recruitment and selection and talent management), learning and development, performance and reward management, relationships with employees, employee well-being and giving services to employee .Human resource management also has an international dimension.

The key factor for successful management of enterprises is the focus on each activity, function or business process in a way that it is performed as quickly as possible and with better quality and lower financial costs. As one of the answers to the set requirements appears the outsourcing which enables the orientation of the enterprise towards the basic activities of operation and leaving the secondary activities to other enterprises that specialize in performing a certain type of activity.

#### The concept of human resource management

Human resource management is a process of managing people with a humane approach. A humane approach to the workforce allows managers to see people as an important resource. It is an approach through which the organization can use the workforce for the benefits of the organization, but also for the growth, development and satisfaction of all employees. That is why human resource management is a system that focuses on the development of human resources on the one hand and the effective management of people on the other hand, so that employees enjoy human dignity at work. (Ganesan: 2003: 147)

Emphasizing the importance of people for organizational success, i.e. in general, the scientific activity with the "human side" of the organization and management is not something new. Relatively new is the real practical interest of companies for human resources and their development and their management as a vital interest not only for the development and success of operations, but also the very survival of the company. (Koteski, C., Jakovlev, Z., Josheski, D.,: 2013)

When we talk about the human dignity of employees, we mean their capacity, potential, talents, success, motivation, abilities, commitment and so on. So their personalities to be recognized as valuable human beings. Human resource management is involved in every business and management activity.

Human resource management refers to all aspects of hiring and managing employees in the organization. Covers activities from strategic human resource management, human capital management, corporate and social responsibility, organizational development, resources (workforce, planning, recruitment and selection and talent management), learning and development, performance and reward management, relationships with employees, employee well-being and services to the employee Human resource management also has an international dimension.

Human resources are of great importance for the success of any organization, because most problems in the organizational environment are primarily human and social in nature. In the words of Oliver Sheldon, "No industry can be effective until the importance of a humane approach is recognized" (Geet, Deshrande & Deshrande: 2008: 24).

The philosophy of human resource management is often criticized by academics as a manipulative term, but that critique is gradually waning as the term human resource management becomes increasingly synonymous with what was once called personnel management. As Storey puts it, "In its generic broad and popular sense, human resource management simply refers to any system of human management" (Storey: 1998: 3-19)

Human resource management can be defined as a strategic, integral and coherent approach to employees, employee development and well-being. Boxall and Purcell define it as "all activities related to the management of employees' relationships in firms" (Boxall, Purcell, & Wright: 1997: 1–16)

According to Watson, human resource management is the use of the efforts, knowledge, skills and behaviors with which people contribute to the performance of work tasks in a way that enables the company to survive in the future. (Watson: 2007: 15–31) Human resource management is an executive function in the organization, whose goal is to treat employees as efficiently as possible in order to achieve organizational and individual goals. (Ivancevich: 2006: 5)

Human resource management refers to the human dimension of management. Given that each organization is composed of employees who perform their tasks, develop their skills, motivate employees to high performance and provide continuity in their commitment to the organization, is the basis for achieving organizational goals. Hiring and retaining good employees is critical to the success of any organization, whether it is a private, public or nonprofit organization.

Definitions of human resource management can be grouped into two categories. According to the first approach, human resource management is a process of managing people in the organization in a structural and thorough way. This approach applies to employment activities, employee retention, remuneration and benefits, performance management, change management and leaving the organization. This is the traditional definition of human resource management, leading some experts to define it as a modern version of the former Personnel Management.

The other aspect of human resource management refers to the management of people in the organization from a macro perspective, i.e. management in the form of a collective relationship between managers and employees. This approach focuses on the goals and outcomes of the human resource management function. This means that the function of human resource management in modern organizations refers to the employees their development and focus on building an "employment relationship" that meets the expectations of both management and employees.

Simply put, human resource management is a managerial function that assists managers in recruiting, selecting, training and developing members of the organization and the process of efficient and effective use of human resources in order to meet the goals of the organization. Human resource management is constantly changing and improving, abandoning the traditional management models, which give way to modern, flexible, practical and humane forms of management, where we can freely talk about the humanization of productive relations expressed through greater motivation, satisfaction and adequate stimulation of employees.

## The human factor in the organization

The turbulent changes in the environment, as well as the changes in the organization of modern enterprises, give a basic stamp to modern management models. The new paradigms of management models contain fundamental changes, primarily in the attitudes and valuation of the human factor in the organization. Namely:

- $\ensuremath{\boldsymbol{\varkappa}}$  . Human resources are the most important factor of operation
- □ Project, teamwork and cooperation are affirmed.

The theory and practice of management are dominated by the so-called "Soft variables", knowledge, creativity and ability of employees. In that sense, human resources become on the one hand a basic assumption for successful management, and on the other hand one of the focuses on which this function concentrates its attention. (Tanasijevic: 1993: 40-45)

Traditional human resource management consists of various practices grouped into areas such as remuneration, selection, training, evaluation. In doing so, human resource management treats these areas as separate functions. Traditional human resource management encompasses technical knowledge to run these functions and it is on the margins of the management structure. Modern human resource management is becoming a key area of strategic management in the modern organization. It includes:

- Human resource practice such as recruitment, selection, evaluation and reward
- Human resources policy that directly and specifically determines the development of a specific practice of human resource management
- Philosophy of human resources with specific values that reflect the policy and goals of the organization

Successful human resource management, in addition to managers who are deployed at all organizational levels, requires appropriate experts with knowledge and skills in the field of psychological, sociological, organizational, legal and other sciences. With joint efforts and activities between managers and experts from human resources services, the best results are achieved in the process of managing employees and their potentials in the work process. (Tanasijevic: 1993: 46)

The competencies of these human resources services have been expanded and adapted to the modern organizational needs and interests, in relation to the work and activities of the former services that mostly dealt with employment and dismissal of employees, keeping personal documentation, recording and resolving certain social issues and similar. The traditional way of designing these services is abandoned over time because as a result of changes in the environment, accelerated technical and technological development, new challenges are set before management. Job requirements are changing and organizations need competent and capable people, visionaries, innovators and creators. In order to avoid misunderstandings and conflicts between line managers and human resources services, a process of division of tasks and activities takes place.

Human resource management is gaining importance in the modern organization, and its potential is used to achieve broader, flexible goals of the organization. Key developments in human resource management today include:

- Greater responsibility of managers for deciding on the recruitment of employees and the use of selection mechanisms that link the characteristics of employees with the requirements of the organization
- Rewarding according to the individual contribution, the assessed achievements of the goals, abilities and competencies required by the organization, which is contrary to the collectively determined and standard cost of work
- IDevelopment of individual abilities and competencies through training, which is specifically related to the requirements of the organization and which establishes a link between individual career advancement and the dynamics of change and development of the organization.

It is obvious that the modern organization is increasingly demanding an active approach to human resources. This means new challenges and temptations for human resource management; employees will increasingly turn to organizations that will provide comprehensive personal promotion. At the same time, the organizations will be more and more determined to occasionally hire experts from specific professional profiles. Employees will be stimulated teamwork, decision-making, initiative, creativity, self-control and responsibility.

## **Objectives of human resource management**

Human resources are a very important factor for achieving the goals of organizations. The specificity of human resources is reflected in the range of properties they possess in relation

to material resources. Human resources, whose capacity is fully used in an adequate and constructive way, provide a synergistic effect, because the overall results of the work are greater than the individual. The attitude of the organization and its management towards employees has an impact that is of economic, health and social nature. Only renewal and development are particularly important features that human resources possess and which with the use, i.e. entering the work process are not devalued, but on the contrary are confirmed and increased. In the opinion of many experts in the field of human resource management, investing in their development and management is much more profitable than investing in any other type of resources, due to the fact that without human labor there is no possibility of creating surplus value.

Establishing a balance between achieving the goals of the organization and the individual goals of employees is an ideal of human resource management. A basic principle that guides human resource managers is that the right people are in the right place at the right time, and in accordance with their capabilities and results are rewarded accordingly. The primary goal of human resource management is to provide a capable and competent workforce for the organization. In addition to this goal, there are other goals, which can generally be divided into four groups: (Aswathara: 2001: 8)

- Social, organizations to be ethical in their work, socially responsible for the needs and challenges of society.
- ☑ Organizationally, to recognize the role of human resource management in achieving organizational efficiency. Human resource management is not an end in itself, but a means to assist the organization in achieving its primary goals.
- ☑ .Functional, maintaining the contribution of special departments at an appropriate organizational level to meet the needs.
- ☑ Personal, to assist employees in achieving their personal goals, to enhance the individual's contribution to the organzation. Employees' personal goals must be maintained, maintained and motivated.

Other goals of human resource management are:

- Support the organization in achieving the goals, through the development and implementation of human resource management strategies as an integrated part of the business strategy of the organization
- Setting up and developing the organizational structure and desired working relationships between all members of the organization.
- Contribution to the development of a culture of high performance
- An organization that has talented, capable and motivated employees, as well as ongoing training and development programs.
- Creating a positive environment and relationships between management and employees, as well as a climate of mutual trust
- Ethical approach to human resource management
- Developing coordination between individuals and groups in the organization and ensuring the integration of the organization.
- When it comes to the time dimension, goals can be divided into:
- Long-term (strategic) goals that arise from the long-term needs and goals of the organization
- Medium-term and
- Short-term (operational) which, unlike the long-term, are more detailed and aimed at rational use of available human potential.

The objectives of human resource management must be in line with and compatible with the objectives of the overall operation. It is necessary to harmonize individual, organizational and

social goals, and at the same time to enable the realization of the strategy and reduce the negative impacts that come from the environment.

#### Functions of human resource management

- The basic activities related to human resource management, inherent in all organizations are:
- Job analysis job description, salary formation, on-the-job education and the like
- . Planning forecasting the required workforce
- Recruitment seeing the opportunities and sources for recruiting the necessary staff
- . Selection selection of the best candidates
- □ Introduction to work integration of selected individuals in the organization
- Employee development career policy development
- . Health and safety at work
- Motivation for work
- Assessing the success and discovering the managerial potentials of the employees

Each of these activities has equal importance in the formation of human resources policy, but also its own special place, role and significance.

Job analysis is the process of gathering relevant information about work processes and specifying the knowledge, skills, skills and other requirements necessary to perform the job tasks. The job description and specification, the requirements from the candidates for a certain job enable the average of finding and retaining the candidates to be successful. (Petkoviħ, ħaniħijeviħ, & Bogiħeviħ: 1993: 454) Without determining the specifics of the job and the specific knowledge, skills and abilities that employees should possess, recruitment cannot be approached.

The good attitude of employees towards work does not happen by itself. Job analysis and the correct projection of job assignments also have implications for the fairness of the reward system. Without good analysis it is difficult to justify differences in employee earnings.

"<u>Recruitment</u> is a process in which the organization expresses its needs, in terms of structure and number of executors, on the one hand, and interested candidates express their desire to work in a particular organization." It is a two-way process in which both parties should be satisfied. The purpose of the recruitment is to attract as many candidates as possible, so that the appropriate selection can be made later.

The recruitment of candidates can be done from two sources, from the organization itself (internal recruitment) as well as from outside, from the labor market (external recruitment).

Internal recruitment can also be used as a way to promote employees, as a form of rotation from one job to another, as well as a form of internal transfer of employees between organizational units in the organization. This way of recruiting has its pros and cons. The positive aspects are reflected in the fact that it is a cheaper way of recruitment, in this way the loyalty of the employees and their commitment to the work is encouraged, because they know that they will be rewarded for the successful work by promotion or transfer to a better job. The disadvantage of internal recruitment is that in this way the organization over time becomes closed to new, fresh ideas and changes.

External recruitment is done from external sources. It can take place through schools and colleges, through specialized agencies, media advertising and the like. Unlike internal recruitment, external recruitment means higher costs for the organization, additional training costs and introduction to the job. In addition, there is a greater risk of choosing an inappropriate candidate. The benefits of internal recruitment are many: new people refresh the organization, drive change, and make the organization more open, flexible and vital.

<u>Selection</u> is a process in which a selection is made between the candidates according to predetermined criteria, which best suit, the needs of the organization. Selection is a complex and responsible process that consists of several stages: (Petkoviħ: 1999: 207)

- Filling out application forms
- First detailed interview
- Tests
- Check the data and attached recommendations
- Analytical interview
- Job offer

During the selection, it is possible that after the first interview the candidate will be offered the job, but if it is not possible to assess the candidate, testing can be applied as a form of checking the abilities of the candidates. Based on the test results, the candidate's impression and the reference check, the manager decides whether the candidate will be offered the job.

The newly selected employees should be involved in the work process, get acquainted with the organizational culture, the code of conduct, the expectations from the workplace. All this is done through the <u>process of introducing</u> new employees.

An important function of human resource management is the <u>training and development of</u> <u>employees.</u> Modern organizations invest large sums in training and development of employees. A distinction needs to be made between training and development. The training is a change in specific knowledge, abilities and skills, and its purpose is to improve employee performance. Unlike training, employee development does not have to be related to an existing job. The purpose of development is to prepare for a new job and to be promoted.

The training of the employees can be done through trainings that can be organized on the job, outside the organization through courses and simulations and the like. Development management on the other hand is necessary due to the large fluctuation of managers, the lack of quality managers and the growing affirmation and importance of continuing education and development. The purpose of employee development is to strengthen the ability of employees to successfully take on broader responsibilities in the organization. Development usually refers to the improvement of the intellectual or emotional abilities necessary for better performance of work tasks. The quality and quantity of training and development are influenced by certain assumptions, including:

- Changes in the external environment technological changes, new laws
- Changes in the internal environment new processes, new markets
- Availability of the necessary skills among the existing staff
- To what extent is the idea of internal career development supported in the organization?
- To what extent does management view training as a motivating factor for employees
- The knowledge and skills of the people conducting the training

<u>Performance appraisal</u> is a complex, delicate and responsible activity in the organization because it depends on the position of the employee in the organization, the amount of salary, career advancement. A well-designed and standards-based performance appraisal system is

the basis for properly comparing the achieved results with the planned ones, and the basis for undertaking corrective actions.

Different methods can be used for performance evaluation such as: questionnaires (scales), pair wise comparison, ranking and the like. The more techniques and methods used in combination, the more reliable the assessments and assessments will be.

<u>Employee rewarding</u> applies to all employees and is one of the main tools in shaping employee behavior. Rewarding includes tangible and intangible rewards. Material rewards are included in the earnings system, while intangible rewards are related to status, career advancement.

Earnings consist of direct and indirect part. The direct part consists of the basic salary as a fixed amount and the earnings based on the performance as a variable component. Indirect earnings are influenced by legislation and include benefits (health, social security) and benefits (free kindergartens, food, recreation and other benefits). (Bogiħeviħ: 1996: 54)

A good reward system should favorably affect the organizational climate, interpersonal relationships, be based on the principles of equity, because only such a reward system will be a good motivator and motivator for achieving individual and organizational goals and performance.

Organizations are committed to <u>providing a healthy and safe work environment</u> for their employees. On the one hand, physical and mental health affects the final results of the organization, and on the other hand, there are laws that prescribe the levels of safety that must be maintained in the work environment. The main goal of health and safety programs is to prevent workplace injuries and accidents and knowing the causes that affect the health and safety of employees is crucial.

Everyday monotonous things can cause monotony in employees, who begin to pay less attention to their tasks, to create bad habits that can lead to accidents and injuries in the workplace. The only way to solve this problem is to redesign the work in order to avoid monotony. Other factors such as fatigue, poor lighting, and equipment layout and control point must also be considered. In organizations it is necessary to conduct training of employees on better use of protective equipment, to reduce fatigue and strengthen awareness of the dangers in the workplace.

Employers must also conduct regular systematic check-ups for employees, which is an investment in the physical health of employees who are unable to see a doctor due to inconvenient work schedules, indecision or lack of funding. When employees have problems, usually they use the organization times. Organizations in which employees are constantly exposed to stress have higher rates of absenteeism and fluctuations; the number of accidents at work is also increasing. Stress also affects employee satisfaction, so organizations can and should manage the stress experienced by employees.

Good coordination of human resource activities is especially important to ensure equal treatment of all employees in the organization. Policies, rules, procedures, discipline, are just some of the methods used to achieve good staff coordination. Procedures are common methods of performing certain activities, the rules more closely determine the activity to be taken in a given situation, while policies must be consistent, reasonable, necessary, applicable, understandable and conducive to communication between employees.

## Human resources as a source of competitive advantage of organizations

The bearers of the process of globalization are the large global organizations, which in modern economic conditions represent the skeleton of the world economy.

"Global organizations are a group of economic entities, which, regardless of the legal form or sector of action, operate in two or more countries, in the decision-making system, which allows with the help of one or more decision-making centers to pursue a specific policy and joint strategy. "They can have a significant impact on the performance of those who become involved, especially when it comes to the distribution of knowledge, resources and responsibilities." (Hofstede: 2005: 218-268)

Their emergence is associated with the rapid development of the productive forces, science, technique and technology.

Global organizations play the most important role internationally and become a significant economic power and the most powerful subject of international economic relations. The power of global organizations comes from their unique ability to use finance, technology and modern operations to integrate production globally and thus pave the way for a large world market. The very fact that these organizations have a large number of branches in other countries in the world, where the workforce is employed, indicates the importance they have for the economies of those countries in which they conduct their economic activity.

Many countries, especially those with lower levels of development, are opening the door to foreign direct investment and global companies as their carriers. Competition and constant changes in the environment affect all areas of human life and work. Successful in such an environment are those organizations that develop the ability to quickly learn and use available resources to create competitive products and services.

In a competitive global economy in which all other factors of production - capital, technology, raw materials and information - can be copied, people in organizations will be the only source of constant competitive advantage. That is why global organizations must pay attention to this resource through which they can provide a competitive advantage over other organizations. (Deresky: 2008: 156-220)

The global environment imposes the need for global, creative leaders and managers who manage knowledge, provide an entrepreneurial atmosphere, and create organizations that base their work on teamwork. For the organization to be able to develop its global staff, it must strive to create an atmosphere in which staying in another country is a positive experience for managers. This means that staff planning must be done carefully, global staff must be supported during their stay in another country and their experiences and skills must be used. The global organization must create an effective global management team and maximize the benefits of the workforce in different locations around the world.

The organization can benefit from developing new skills and experiences that a manager can gain on assignment in another country. The organization must use that knowledge if it wants to create an experienced management team that will be globally oriented, and which will be a significant part of the organization's competitive advantage.

The role of the global leader is to work with employees to achieve the goals of the global organization. In order to help employees, realize their greatest potential in the workplace, managers must develop the perfect strategy to create a successful organization. (Kitchin: 1991: 203-225)

The modern operation of organizations in a turbulent environment cannot be imagined without adequate production resources, and people with their abilities are one of those resources. The importances of human resources are considering that they directly affect the efficiency of organizations, and thus the competitive advantage.

Modern management should not be a new and successful way of manipulating employees and their abilities and opportunities in order to make more profit. It should be a new style of employee management, which above all ensures the well-being of each employee, its positive development but also the development of the organization, and thus the society as a whole. (--Tangl - Šušnjar, & Zimanji: 1997: 8)

The purpose of modern management is to predict the future and to create such a job where employees will give their best. Competitiveness that used to be built on the possession of specific resources, low costs, gives way to competitiveness based on knowledge possession and effective knowledge management. That is why modern organizations are increasingly directing their resources to education, continuous training of employees and management of their careers. The ability of people to learn and apply their knowledge is an indispensable resource for the organization and its enduring competitiveness. The key competencies of the employees are built through the learning process, which further emphasizes the importance of human resources as a lasting source of competitive advantage. (--Tangl - Šušnjar, & Zimanji: 1997: 8)

## Conclusion

The topic covered in this paper is "Human Resource Management". The motivation for processing this topic was the fact of the great importance of the human factor for effectiveness and efficiency in business activities. It is also worth noting that there are a small number of researches in this field, within our area, so it should be further studied from a scientific and practical point of view given its relevance.

The turbulent changes in the environment, as well as the changes in the organization of modern enterprises, give a basic stamp to modern management models. The new paradigms of management models contain fundamental changes, primarily in the attitudes and valuation of the human factor in the organization. Human resources are a very important factor for achieving the goals of organizations. The specificity of human resources is reflected in the range of properties they possess in relation to material resources. Human resources, whose capacity is fully used in an adequate and constructive way, provide a synergistic effect, because the overall results of the work are greater than the individual. The attitude of the organization and its management towards employees has an impact that is of economic, health and social nature. Only renewal and development are particularly important features that human resources possess and which with the use, i.e. entering the work process are not devalued, but on the contrary are confirmed and increased. In the opinion of many experts in the field of human resource management, investing in their development and management is much more profitable than investing in any other type of resources, due to the fact that without human labor there is no possibility of creating surplus value.

The modern operation of organizations in a turbulent environment cannot be imagined without adequate production resources, and people with their abilities are one of those resources. The importance of human resources is reflected in the fact that they directly affect the efficiency of organizations, and thus the competitive advantage.

Modern management should not be a new and successful way of manipulating employees and their abilities and opportunities in order to make more profit. It should be a new style of employee management, which above all ensures the well-being of each employee, its positive development but also the development of the organization, and thus the society as a whole. The purpose of modern management is to predict the future and to create such a job where employees will give their best. Competitiveness that used to be built on the possession of specific resources, low costs, gives way to competitiveness based on knowledge possession and effective knowledge management. That is why modern organizations are increasingly directing their resources to education, continuous training of employees and management of their careers. The ability of people to learn and apply their knowledge is an indispensable resource for the organization and its enduring competitiveness. The key competencies of the employees are built through the learning process, which further emphasizes the importance of human resources as a lasting source of competitive advantage.

Unfortunately, it is concluded that not enough attention is paid to this issue in companies in our country and it is high time to make fundamental changes in the attitudes of managers involved in business activities towards a full appreciation of human potential. Only in that way R. Macedonia will move closer to economically developed countries.

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