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## BASICS FOR APPLYING A CONTEMPORARY CONCEPT FOR HUMAN RESOURCE MANAGEMENT\*

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**Abstract:** In the process of organizational adaptation to environmental demands, primarily through the anticipated outputs, human resources play a key role. The procuring of necessary human resources, their working commitment and development, are the basic assignments of the management of human resources. The appliance of a contemporary concept of management of human resources, based on theoretical and practical cognizance of successful organizations, contributes to a successful execution of these and other assignments. In order to develop such a concept it is necessary to provide, in addition to the relevant basics, a whole chain of professional and managerial activities.

*Key words:* management, human resources, organization, human resource management, changes.

### INTRODUCTORY ANNOTATIONS

A feature of the new millennium, among other things, is its enhanced degree of changes in all fields of human activity. They are achieved under the great impact of a number of factors: political, economic, socio-cultural, technological et al. <sup>2</sup>It is expected of the management of human resources to by means of pro-active activities eliminate or alleviate the threats and dangers, mitigate the weaknesses, utilize the strengths and create the chances that have a direct impact on the business results and development of the business organization. <sup>3</sup>For this reason all successful business organizations dedicate special attention to the management of human resources that are expected to ascertain the correspondent (a) input of human resources, (b) increase of working potential of employees, (c) their maximal active and creative engagement, and (d) the effects of that engagement. The efficacious procurement of the mentioned elements, for the most part, contributes to the implementation of a contemporary concept of managing human resources, which implies to have a systematized knowledge of management of human resources – its elements (structures and

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<sup>2</sup> Dessler, G. (2002). A Framework for Human Resource Management. Pearson – Prentice Hall, New Jersey., pp. 6-8.

<sup>3</sup> Torrington, D., Hall, L., Taylor, S. (2004). Menadzment ljudskih resursa. Data status, Beograd, p. 7.

processes) and their inter-relations. In this case the concept does not only represent an explanation of the role and function of management of human resources in theory and practice. It is at the same time the model of functioning with definite results in the actual business system.<sup>4</sup>

To create this concept and its efficacious application, particularly in countries undergoing transition, it is necessary to procure the relevant social, organizational, technological and informational fundamentals. A significant role in this process is played by the owners and managers of a business organization. The owners are primarily expected to express a positive attitude towards changes and to give support to the management to carry out these changes. The managers are also expected to form positive attitudes towards changes in the domain of management of human resources, but likewise to intensely get involved in the change process and create conditions for implementing the projected plans and promote development of this domain of management. In addition to them, a very important role in this process is played by specialists who deal in the domain of management of human resources. They need to provide the respective professional grounds for creating this concept, chiefly through contemporary theoretical cognizance of this domain, knowledge of universal practice, and to possess relevant informational basics. At the same time it is necessary to bear in mind that the changes in the sphere of human resource management must be conducted in continuity, because with the passage of time the old forms become outdated. New solutions are sought; ones that are expected to eliminate all perceived faults and considerably enhance effectiveness.

## **1. BASIC CHARACTERISTICS OF CONTEMPORARY HUMAN RESOURCE MANAGEMENT**

Contemporary human resource management, as one of the sub-systems of the business organization, represents a set of processes within a framework in which the functions connected to the employees of the business organization are carried out (determining executive profiles, planning, procurement, training, development, security and so on).<sup>5</sup> At the same time this field of management should also be observed as a separate concept that considers employees as the most important resource of the business organization, on basis of which it acquires a certain strategic and competitive advantage. Knowledge, skills, capabilities, personal characteristics and ambitions of employees become the dominant factor of development of the business organization, and in this context, of its adaptability to the demands of the environment. The manner in which we procure the necessary executives, carry out the division of working roles, route development and motivate them for work and creativity, to a great extent has an impact on the business results of the business organization. That is why economically developed countries pay special attention to human resources, since under the conditions of modern technology and high level of organization, only this organizational element can be a comparative advantage with regard to the incremental

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<sup>4</sup> Analoui, F. (2007). Strategic Human Resource Management. Thomson Learning, London, p. 3.

<sup>5</sup> Dessler, G. (2002). A Framework for Human Resource Management. Pearson – Prentice Hall, New Jersey, p. 5.

growth and intense development of competition. The basic assignment of the personnel management boiled down to procurement of a relevant number and structure of employees, i.e. to coordination of technology, organization and human resources. The modern management of human resources is likewise expected to carry out this assignment successfully, but it is far more significant that in addition to this it creates the organizational, social, economic and other premises for maximal utilization of the creative and working potential of employees. In the modern organization, the focus is on creativity, and this pertains to all the sub-systems of the organization: development, marketing, manufacturing/servicing activities, economics, information management... For that reason the social dimension of the organization is often the actuating force of its development. In order to successfully fulfill this role, contemporary management of human resources is also expected to provide and coordinate the collective and individual aims of the employees, and this is through an implementation of two strategies: the strategy of development of the business organization and the strategy of development of human resources.<sup>6</sup>

For application of a contemporary concept of management of human resources in the former socialistic business organizations it is necessary to carry out a sequence of important changes, which basically boil down to the following: (a) change of management's attitudes towards human resources, (b) change of work order, especially in the segments connected to workplaces/workstations, (c) change in methods of performing managerial functions, (d) qualification training of managers for implementing new technologies in executing their functions, and so on.

Besides procuring an optimal number and structure of employees (firstly based on their work and creativity potential), some fundamental assignments of the management of human resources also include: the development of a corporative culture that conforms with the needs of the business organization; the selection of corresponding models to motivate employees for work, development and creativity; the improvement of interpersonal relations; the creation of positive attitudes towards changes; a proactive commitment of both management and employees in bringing about changes within the business organization; the achievement of desired and planned business results; the constant development of the business organization and its employees.... In order to fulfill the mentioned and other assignments that emerge due to the concrete needs of the business organization, it is indispensable to secure a chain of preconditions: optimize the organizational structure; utilize the procedural approach in organizing the performance of business and assignments of the business organization; execute the disposal of decision-making competencies with regard to human resources (primarily by means of decentralization of authorizations and stepping-up responsibility for the effects of the decisions); lay down the strategy and policy in the domain of human resources (as the grounds for bringing decisions and employee behavior); form appropriate teams of experts on human resources and treat the development of human resources as a priority assignment. At the same time it is essential to bear in mind the basic characteristics of contemporary management of human resources:

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<sup>6</sup> Robbins, S. i Coulter, M. (2005). Menadzment. Data status, Beograd, p. 187 and p. 282.; Noe, R., Hollenbeck, J., Gerhart, B., Wright, P. (2006). Menadzment ljudskih potencijala. Mate, Zagreb, p. 43.

- focusing on management needs to procure and engage human resources;
- planning, supervising and controlling as the dominant activities in relation to mediation;
- problems are solved with other management members involved in human resources, and not directly with employees or their representatives;
- the management of human resources is focused more on what has been done for the managers than what the managers have done for all the other employees;
- there is a preventive role of line managers;
- there is a managerial responsibility in the sense of culture. <sup>7</sup>(Torrington 2004)

## 2. WHY ARE CHANGES IN THE MANAGEMENT OF HUMAN RESOURCES INDISPENSABLE?

The reasons for changes in the domain of management of human resources among the domestic business organization are primarily immanent in: (a) the demands of its environment, and in (b) the needs of the business organization.

The **Environment** acts upon the business organization through legal legislation, markets and other factors, to which it has to counteract by arranging its structures, organizing its performance of business processes and creating certain products and performing certain services respectively.

Basic changes in the environment, which have a great impact on the business organization as a business and legal entity and within it on the performance of management of human resources, occur in the following spheres: proprietary relations, business conditions, business decision-making, labor regulations, etc.

Transformation of the system of business decision-making and carrying out the function of management, are the driving force for a successful business activity of the organization of countries in transition. They are developing a new business philosophy founded on policies that are: commercialized, developmental and a human resource policy whose substance and scope have to be new.

The characteristics of doing business in a market economy are, among other things, of an intensely dynamic quality. Namely, they change constantly and rapidly, hence the business organizations must permanently coordinate all their structural and business elements accordingly. The market economy is based on competition, so that also for that reason the business organization is obliged to continually administer the process of adapting to this segment of the environment.

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<sup>7</sup> Torrington, D., Hall, L., Taylor, S. (2004). Menadzment ljudskih resursa. Data status, Beograd, p. 10.

The system of business decision-making, particularly in the field of management of human resources, also undergoes great changes. In addition to the changes in the regulatory provisions of the rights, commitments and liabilities of employees, there are also the changes in the manner of carrying out processes associated with employees of the business organization. They fundamentally boil down to the creation of organizational and procedural conditions for enhancement of the quality of decisions on human resources, speeding up the decision-making procedure, linking decisions to expectation of the effects of the decisions that were brought, changes of the forms and contents of standard bylaws and enactments on labor, and so on. Within the structure of this process, specific importance is given to determining the authorization for making decisions on implementation of employee rights, obligations and responsibilities. With the increase of subjects who make decisions regarding human resources, their responsibility for the quality and effects of such decisions must also be heightened.

The **business organization's needs**, as the second reason for change in the domain of management of human resources come forth to a great extent as the consequence of the effect of the environment. Namely, in order to reduce its entropy to a minimum, the business organization should coordinate all the elements of its business system: structure, manner of developing business procedures, the number and structure of employees, organizational relations established in the course of the workflow, and so on.

The reason calling for change is due to a sequence of evident faults that have shown up in personnel management. The basic flaws which, with the development of a modern concept of managing human resources, should be eliminated include the following:

- a lack of strategy and policy in the domain of human resources,
- the concentration of authority to make decisions concerning employee rights and responsibilities is in the hands of the top management,
- frequent implementation of formalism in decision-making regarding human resources, i.e. a predominance of labor law components in this domain,
- a low usage level of professional knowledge in preparing and making decisions on the attainment of employee rights, responsibilities and liabilities,
- a lack of responsibility for the effects of adopted decisions,
- inadequately developed organizational entities for human resources (deficiency of research and development processes and incomplete teams lacking in qualified experts),
- mainly engaged in administrative tasks and insufficiently in the performance of developmental processes, and so on.

A part of the requirements are linked to the specificity of the business organization. The nature of its activity, location of sectors of its business system, technological preparedness of its work process, state of development of its information

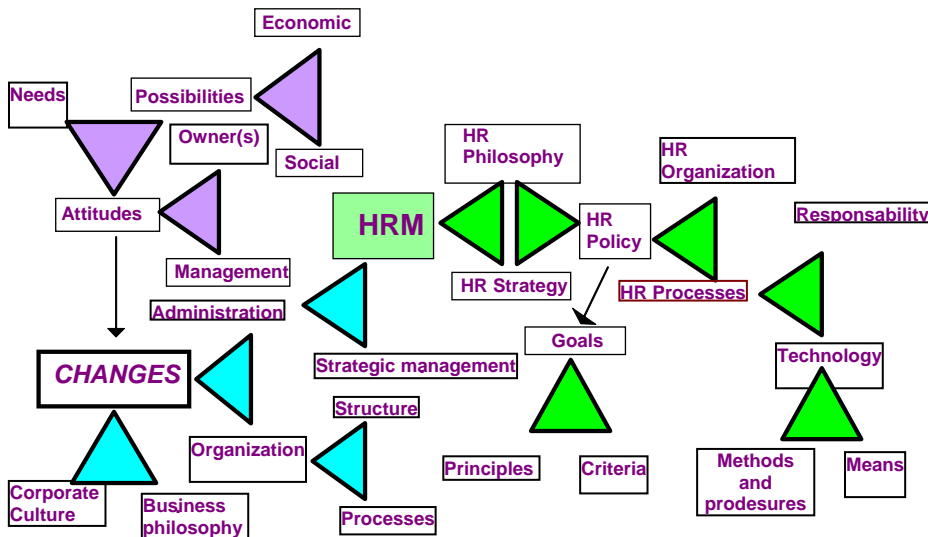
system, its corporate culture, organizational level and other factors also determine the substance and methods of performing the management of human resources in the business organization.

### 3. THE MEANING OF CHANGES IN THE MANAGEMENT OF HUMAN RESOURCES

Changes in the domain of management of human resources that are underway in companies with higher organizational levels, and which should also be executed in organizations that have not yet begun carrying out this process, chiefly boil down to:

- establishment of the new philosophy on human resources;
- elaboration of a policy of procurement, labor engagement and development of human resources on new fundamentals;
- transformation of competencies in decision-making on human resources;
- modification of contents and forms on the procedure of regulating employee rights, obligations and responsibilities;
- build-up of the new role and alteration of status of organization's units involved in the business related to human resources;
- modifications in the manner of running the process related to human resources;
- consolidation of information techniques related to human resources, etc. (Figure 1).

**Figure 1:** Elements of change in the management of human resources



In the changed market conditions of the economy, the earlier concepts on the philosophy of human resources cannot be applied. It is necessary to constitute a new philosophy of organization in this field. The concept of that philosophy, as its key element, introduce its main perceptions, principal ideas, basic views, in other words the global vision of the aspects of human resources within an organization. It is at the same time a global aspect on the relations between human and other resources of an organization, as well as of interpersonal relations.

The application of philosophical views on the policy of procurement, engagement and development of human resources and interpersonal relations constitute the basis for guidance to the goal of accomplishing the aims in the domain. The purpose of the human resources philosophy basically boils down to the reason for its establishment, i.e. the intention to actualize definite global results in the domain.

In addition to the main perceptions regarding the forming of a definite business organization philosophy, a great impact is also achieved with regard to realization of values attached to human resources as a segment of the organization's development and business affairs. The mentioned components of the Human Resources Philosophy have an essential influence on the course of action, way of thinking, behaving and conducting human resources in the organization (both in relation towards the organization, as well as in relations towards creativity and labor).

Management occurs as a key subject in decision making on human resources. Bearing in mind the different types of these decisions, it is necessary to institute a precise division of empowerment to make decisions. Thereby it is necessary to strive to bring decisions on the management level that pursues coordination of the workflow for the following reasons:

- this management level directly creates the information base for making decisions,
- enhances the speed of decision making,
- in case of changed conditions the decision can readily be corrected,
- managerial interest on this level for bringing optimal decisions is particularly pronounced,
- effects of conducting each of the decisions can directly and quickly be ascertained, and so on.

The tendency towards optimal decisions on human resources and a modern method of performing the jobs connected to human resources in the business organization, transforms the role and status of the organizational whole for the business affairs in human resources. Besides operational jobs it is expected that their major activities be carried out creative and professional assignments, chiefly of a developmental character. Within this transformation of basic activities these organizational units should have an appropriate organizational and material status.

Efficacious realization of the new concept of a policy of procurement, labor engagement and development of human resources, is mainly based on a greater degree of utilization of professional knowledge and comparative experience. For this reason the development of human resource management should also be founded on the enhancement of carrying out the basic processes in the field of human resource management, i.e., the application of modern technology (methods, procedures and facilities) in the performance of the process. The technology of applying certain activities is as a rule, determined through organizational procedures and instructions. These organizational documents are effective only if they are dynamic. They ought to reflect every change in technology and at a given moment represent the highest level of knowledge on how to best carry out a certain activity of the business organization. As soon as new knowledge and ideas emerge regarding how some activities can be done in a better way, a change in the respective document on procedures should be made.

The greatest share of activities in this domain is relevant to the transformation of information on human resource and processes that are done within the framework of human resource management. Therefore every progression of technology in this domain also accompanies the development of a corresponding system of information. This is of special importance for the process of decision making on human resources, which should be based on application of corresponding expert systems.

#### **4. METHOD OF EXECUTING CHANGES IN HUMAN RESOURCE MANAGEMENT**

Changes in the domain of human resource management are done in compliance with the changes in the system of management and changes in carrying out business processes within the organization. They are based on a research of all the elements that have an impact on the shaping of human resource management, as well as on the projection of development of the business organization and the human resource management.

A business organization's capability to change is directly linked to the extent of its openness toward its own interior activities as well as toward the activities of its external environment. Changes are the process or result that accompany the life cycle of every organization. The application of a contemporary concept of human resource management factually boils down to changes in this domain of management. In order to efficiently cope with the process of change in human resource management it is essential that it is carried out in an organized mode and by competent persons from the organization and the organization's environment.

The entire process of change, which represents the creation and application of a new concept of human resource management, unfolds through the following phases: initiation of the necessity for change; making the decision on accession to preparations for the change; research; planning the change; decision-making regarding the acceptance of the change; empowerment of the change and control of its empowerment.



The Initiators of the need for changes in the domain of human resource management can be the organizational units of the human resource management and their managers. The organizational unit for human resource management, in addition to carrying out entrusted assignments, is also obliged to conceptualize the development of human resource management.

Managers are the key persons in dealing with the functioning and development of the business organization. In the performance of their functions they often spot the need for changes in certain elements of the organization, hence it is quite understandable that they come to pass as the initiators of changes. That does not mean that their role for every initiative should be managerial in the process of creation and empowerment of the changes. Depending on the organization's type of activity, the changes in the organization can be handled by other personnel in the organization or by external consultants.

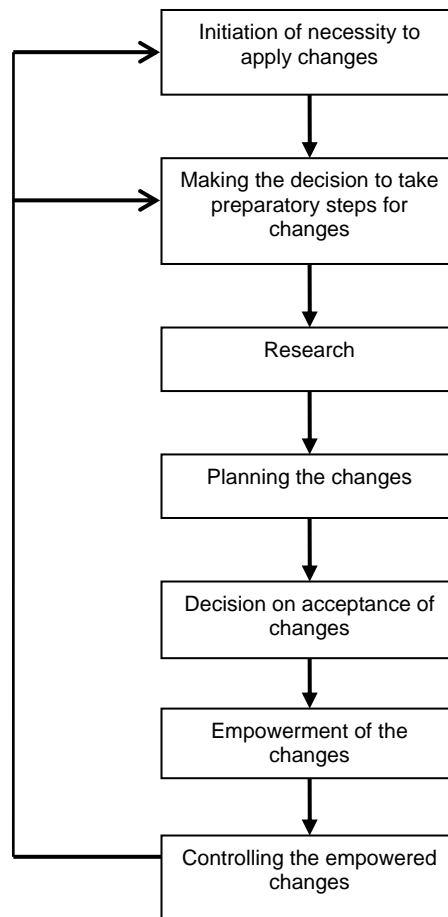
According to the type of initiated change, the authority for decision-making on accession to preparations for the change in human resource management is ascertained. With this decision, the initiation is accepted, the objectives intended to be achieved by changing to a new concept of human resource management, a team for preparation of the change is formed, certain guidelines for the method of preparation are given, the activities for preparation and execution are defined, the necessary material and other indispensable resources for preparing the change are established. In essence, this decision contains all the elements of the projected assignment and plan for its realization.

After bringing the decision on accessing the preparations to carry out changes, a corresponding research is executed, its purpose being to accumulate relevant data for effecting the changes. The necessary information is assembled, both within the organization as well as from its environment. As methods for accumulation of data, the following procedures are used: interviews, polls, document analysis, measures, etc. The collecting and processing of information, as well as its interpretation in the research report can be carried out by the organization's employees or external consultants, depending on the research subject matter that needs to be executed, available time and material means, as well as on the organization's research potential.

On basis of research results, which in most cases exemplify the picture of prevailing conditions in the domain of human resource management, the prelude to the key phase of the change is: projecting (planning) of the new concept of human resource management. The designing of this concept boils down to creating and elaborating its key elements: the strategy and policy of human resources, unfolding of the decision-making process, establishment of organizational units of human resources, process elaboration of the domain of human resource management and development of a system of controlling the performance of the new concept of human resource management.

The decision to adopt a new concept on human resource management can be brought by the same body that launched the initiative, which again depends on the type of change and competencies for making decisions about it. When the issue is related to labor regulations, then the decision is brought in the form of a normative provision. If the issue is related to a change of technology for the execution of certain actions in the domain of human resource management, then the decision is brought in the form of relevant procedures for carrying out such actions, and so on. Besides adoption of the project of change, the decision also determines the competencies for its execution, the deadlines for its execution, the necessary resource for the execution and manner of controlling the execution and establishing the effects of the execution.

**Figure 2:** The Change Process in Human Resource Management



Control of execution of a new concept of human resource management has a dual function: ascertaining whether all the personnel are carrying out the entrusted assignments and ascertaining the effects of the change. Each change is done for the purpose of realization of certain objectives. Therefore it is of utmost importance to keep track of its execution and establish the results of the execution. On basis of following the execution and the established effects, we may assert a need to carry out certain corrections of the projected solution. The reasons for corrections may be diverse: failure to provide necessary material facilities, lesser effects than expected, strong opposition by workforce that can be neutralized quickly and easily, environmental alterations that were the inducement for the change and it therefore serves no useful purpose, etc. For effective control, it is indispensable that in addition to establishing the competencies to execute the controlling, to determine the methods of control and responsibility of reporting the results of the control to the decisive managerial structures. In that way the circle of change closes accordingly, while keeping track of the effects of a change, new initiatives to change certain elements of the new concept of human resource management emerge.

### CONCLUSION

The turbulent changes, which arise in the environs of a business organization are reflected on all of its segments, hence in the domain of human resource management as well. Observed in the long run it is necessary to carry out a series of important operations in the domain of human resource management, starting firstly from the transformations that take place in the organization as a consequence of changes in its environs. In order to carry this out successfully, it is necessary to create the appropriate grounds, which consist of the following: establishment of the reason(s) for changes of the concept of human resource management; establishment of the contents of the changes and elaboration of methods and procedures that are in the function of efficacious transformation of the mentioned management. The utilization of positive experiences from the previous period can to a great extent contribute to a successful creation of the mentioned grounds, as well as utilization of the comparative experiences of economically developed countries.

Changes in this domain are performed in continuity. With the passage of time, old forms become superseded. New solutions are sought, which often contain (and quite justifiably) remains of previous practices, but nevertheless have far more elements that are new. Namely, parallel with the enrichment of practice, so does the development of the science that deals with the research and study of phenomena connected to human resources in business organizations. For this reason the contemporary concept of human resource management, which is to a great extent determined by the environs of the organization, can carry the attribute contemporary only in the sense of belonging to the present time. Every change in the environs, which has an effect on the human resource management, as well as the changes within the organization, demands an adaptation to such a change. In order to improve the effects of such changes regarding decisions and performance of the process in the domain of human resource management, it is indispensable on occasion of conceptualizing the changes and their execution to make use of comparative knowledge and experiences.

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