

# PLANNING EMPLOYMENT AND MANAGEMENT OF HUMAN RESOURCES IN THE BUSINESS SYSTEM

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## Abstract

*In the work are displayed the human resources management milestones in the public business system, which is organized in three organization levels (Head management of the company, departments and organization units). Public company has the ownership over total areas of approx. 13000 ha. Annual turnover of the employees is 1,28%, and the stability index is 86,33%. For the successful business of the Public company the crucial fact is to attract the personnel, recruit it, make selection, socialize employees, motivate them, educate and specialize, justifiably award them, associate in syndicates, make them appropriate safety and health system on labor, solves their appeals and complaints, all with a view to as longer persistence of employees in the company, in order to acquire earned retirement, and such steps are actually the core content of this work.*

## Keywords

*management, human resources, recruitment, selection, performance, development, career.*

## Subject matter, aim and importance of the work

Subject matter is the description and interpretation of obtained and collected data and information, and related suggestions for the solutions and changes, with a view to the improvement of the management of human resources in the Public company „Vojvodina forests“. The aim and importance of the work is contained through recognition of the experiences and activities of the employees in this area.

Pursuant to the data and information analysis obtained during the conversations with the employees in the Department for general, legal and personnel affairs of the company and the Department for the development and IT, and within the conclusion making on the real status related to the policy and provision of jobs in the area of human resources management in PC „Vojvodina forests“. Indicated jobs comprise human resources management, recruitment and selection of employees, training and development of the employees, their earning system, health protection and welfare of employees etc. We also stated the suggestions for the solutions of certain problems and for the improvement of the status in the area of human resources management in the company concerned.

## Method of work

Methodology of work based on the collection of data from the company and through the description of its implementation aims to provide real picture and to display real status in the area of human resources management in this concerned company.

Necessary information is obtained primarily using the method of examination, using personal communication, i. e. oral hearing – interview. Interview has been carried out with the employees in order to collect data on their experiences during the performance of the work, as well as on the company policy in all human resources management steps, and evaluation of the status as well as future perspective.

We used desk research, which comprises analysis of the documents and literature, which used to be available for the given topic and which contributed implication of the positions related to the problems in the human resources management.

### **Data resources**

Data resources are represented in the primary data and information obtained during interviewing employees and managers in this area. Secondary data is obtained from an appropriate domestic and foreign vocational and scientific literature, scientific works, internal statistical evidence and documents, decrees and rulebooks on the Public company „Vojvodina forests“, Laws which govern business of this company in the area of human resources management, and relevant websites.

### **Introduction**

Human resources management in today`s contemporary business represents one of the key factors of the survival and the development of each company. People are still considered as „the most important and most valuable source“ on the disposal of each organization, even during this IT and computer revolution. Most of managers have the position that the human resources management is, above all, occupation, and managers in both private and in public sector depend on human resources in order to be successful.

Focus of this work is on the presentation of the real status related to the policy, activities and provision of services in the area of human resources management, as well as on the suggestions on improvement of human resources management in PC „Vojvodina forests“.

Public company "Војводина forests" with the registered seat in Petrovaradin has been established in 2002, with the aim to integrally manage forests and protected natural wells and hunting areas in accordance with the principles of the sustainable development (sustainable forestry) and profitability, with the increase of forest density and improvement of existing forest fund of the AR Vojvodina. Assessed value of the real estates, plants and equipment in the last year was 1.998.441.000 RSD, while planned value in 2015 is 2.373.428.000 RSD. PC „Војводина forests“ belongs large companies and it is organized in three levels: management of the company, which contains 6 departments: IT and development, forestry, hunting and fishery, utilization of forests, finances, commercial affairs and marketing and for general, legal and personnel affairs, sectors of the company – forest economy (4) and part of the company „Војводина forests-Hunting tourism“ and organization units - forest management (19) and other working units (5).

### **Research results**

Activities and jobs of the human resources management are carried out within two company sectors, Sector for general, legal and personnel affairs and Sector for IT and development. Indicated affairs comprise human resources management, recruitment and selection of employees, training and development of employees, employees` earning system, health protection and welfare of employees, retaining of employees etc.

In 2015, company has planned 1560 employees. Activity which is naturally adhered to the process of planning human resources is recruitment of human resources. In PC „Vojvodina forests“, the selection of aspects of recruitment which will be applied depends on the evaluation by the Department for general, legal and personnel affairs. Initial point is determination of the potential of human resources which are on the disposal of the company. Selection of recruitment sources also depends on the nature of work, i.e. category and significance of free employment position. PC „Vojvodina forests“ during recruitment potential candidates for work uses formal methods, for advertising, agency consulting and

recruitment via the university, and informal methods, as employment of ex-employees. The company also applies one alternative method like temporary employment, in the course of performance of jobs which are closely related to the seasonal impact. In addition to these basic methods, the company recruits human resources also via vocational practices of the students and pupils in the duration of 2 months. PC „Vojvodina forests“ aims in the future to look for its potential employees in the employment fairs, i.e. career days.

After recruitment, follows the process *of selection* of candidates. This process in PC „Vojvodina forests“ begins when General Manager should assign free position to an individual. Within the selection process, in addition to attendance of the expert for selection of employees, is often attained by the managers which look for new people, sometimes employees who shall work with the candidate who gets the job. The most important selection methods applied in PC „Vojvodina forests“ are testing of candidates using personal tests and ability tests, interview and specific methods of selection related to the job, like probation and ability and skills tests. Interview which is mostly implemented in the company during selection is structured, using application or CV of the candidate. During the interview of the candidate, company sometimes faces the problem of subjectivity, primarily due to the fact that key role in decision making is human.

Most important selection methods applied in PC „Vojvodina forests“ are testing candidates, interview<sup>8</sup> and specific selection methods related to the job itself.

During the testing of the candidates, within the selection process, personal and ability tests are mostly used, as follows:

1. IQ tests and creativity tests, during selection of candidates for manager and managing positions in the company. An example of the personal test which is applied during the selection of candidates for managing positions is as follows:

#### **Personal test for managers**

##### **1. In the business decision making, you are using analyses, not intuition.**

- a) I combine both, in the business two plus two sometimes are not four.
- б) I lean more on analyses, I do not have 'third eye'.
- и) I never lean on intuition, I'm rationalist.

##### **2. When problems arise, you remain 'cold-headed', and you instantly and efficiently analyze situation of crisis and you make some hard decisions.**

- a) I manage to be calm in crisis, that is why I must be manager.
- б) Sometimes I do not have all control in my hands, because I do not function well under pressure.
- и) I don't have problems ever, and I stick to 'let my concerns to be transferred to another manager'.

##### **3. You encourage your team about the creativity, and you motivate them to bring ideas and opinions and include them in decision making.**

- a) Always, because well managed project always have the team behind, not one man.
- б) I mostly do everything by myself, because I am not good in organizing team work and motivation of employees.
- и) I neither ask other people for ideas, because my ideas are the best, nor include them I decision making, because my word is the last.

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<sup>8</sup> Description related to candidate interview in PC „Vojvodina forests“, is in the Chapter 4.3 *Interview during the selection and types of interview.*

#### 4. You recognize changes and successfully adjust to the same.

- a) Yes, we always should go step or two ahead and adjust to trends.
- б) I give my best, but it happens that changes paralyze me.
- и) I firmly stick to the owner's strategy.

#### 5. You justifiably allocate all tasks within the company.

- a) yes, there must be regular allocation of work, because this is key to success.
- б) Sometimes I undertake too much responsibility, because I am not keen to 'managing'.
- и) Most of jobs I transfer to other people, because I however work on 'higher aims'.

Source: Internal documents of PC "Vojvodina forests"

After taking into employment service of the selected candidate, there follows his/her **socialization**. Introducing newly-employed into the business within PC "Vojvodina forests" is realized by each person in its role – general manager, personnel department, and direct manager. The Rulebook on socialization and mentoring define the participants, method of implementation and duration of the program of introducing into the work and mentoring of workers which are firstly employed in the company. Newly-employed in the company is provided with the training due to socialization and support by the mentor during the first three to six months from the date of employment. Upon finishing of socialization, newly-employed is able to understand jurisdiction, aims and activities of PC "Vojvodina forests" and in the best possible manner he/she performs his/her job.

PC „Vojvodina forests“, upon the model of the companies which make business in contemporary economy, provides big attention to the **vocational education and specialization** of its employees. In accordance with its financial capabilities, company also organizes certain courses and trainings, taking vocational exams, specialization etc. Organizing and implementation of business training of employees in PC „Vojvodina forests“, is defined by the Rulebook on education and vocational specialization. Education of employees is carried out on the basis of the personnel education plan. Sector for IT and development, in cooperation with the Directorate for companies, organizes, manages, and compiles the plan and carries out evaluation of the training quality in the company.

Each company aims to increase **motivation** of its employees, in order to make them work more efficiently. Through tracking, evaluation and guidance of the performances of employees is realized this very significant aim, and in the same time it defines the plan of the future **development of the employees**. Evaluation of the performances of employees in PC „Vojvodina forests“ may be positioned in the following three phases:

1. Evaluation of necessary performances for certain job position or working assignment;
2. Evaluation of necessary performances of already employed people;
3. Evaluation of performances of the employees with the aim of their „movement“ within organization.

Within PC „Vojvodina forests“, development of the employees represents the complex process, which is still is not sufficiently implemented. It implies constant development of employees` competencies, due to quality performance of their working obligations. With a view to realization of the conditions for provision of stable development of the employees, and in the same time the company itself, PC "Vojvodina forests" in 2014 has formed **Internal fund** for development, within which is reserved 1% of wood sales revenue in domestic market. Since this Fund is recent, the company used to have short period of time for the development of employees and their careers. Company plans in the future to pay more

attention to this area, with the aim of constant retaining of highly-qualified people in the company and realization of organization success and targets.

**Table 1: Structure of the Internal Fund for development of PC "Vojvodina forests"**

<b>Crt. nr.</b>	<b>Project title</b>	<b>Amount in RSD</b>
1	Project on improvement of breeding lowland forests	7,920,000
2	Project on the research of the habitat of poplars and willows and drafting of pedological maps	2,100,000
3	Project on the preservation of forests of PC Vojvodina forests	3,300,000
4	Project on the observation of the level of subterranean waters in the region of FH "Sremska Mitrovica"	1,084,074
5	Business technical cooperation in the area of preservation of herbs-small rodents	1,243,200
6	Project on standardization of works in the forestry with a special view on the selection of optimal work technology	950,000
7	Program of the research of the role of pathogens in the deterioration of oak woods	1,650,000
8	Project on the construction of piezometer network for monitoring the level of subterranean waters in the region of FG Sombor	600,000
9	New potential development projects in 2015	4,149,853
10	Publishing activity	1,500,000
11	Specialization and training of the personnel	700,000
12	Participation in scientific and vocational meetings	500,000
13	Study tours	1,500,000
<b>Total:</b>		<b>27,197,127</b>

Source: Internal documents PC "Vojvodina forests"

Basic role of **the awarding system** in the organization is to reconcile individual interests of employees and strategic targets of the company through attraction and retaining of capable people. PC „Vojvodina forests“ ha very complex earning system. During calculation of earnings and wages, employees in the Sector for finances, commercial affairs and marketing use computer package „AB SOFT“, which facilitates and improves the business. During defining the structure and amount of the salary, the company leans on the evaluation of jobs. During the evaluation of jobs is used the method of points. Employee is calculated with fixed monthly salary by translating starting points into calculation points. PC „Vojvodina forests“ in its earnings calculation system does not apply earnings based on the performances. Among employees, there is an opinion that fixed salary they get is completely satisfactory, notwithstanding their personal performances.

**Motivation** occurred as one of the most significant factors of working efficiency and realization of set targets, both for each employee and entire company. The aim of each

company is to have as larger number of motivated individuals and groups of employees, which means that it is crucial to make plan and systematic work on the improvement of motivation. In PC „Vojvodina forests“, as well as in the majority of our companies however, there is no continued measuring system for the satisfaction and motivation of employees.

According to all world laws on the labor, it is not justifiable if employers **discriminate workers** in any phase of their mutual relationship. In accordance with the Labor Law, in PC „Vojvodina forests“, it is forbidden direct and indirect discrimination of persons who look for employment, as well as employees, considering gender, birth, language, race, skin color, age, pregnancy, health status, i.e. invalidity, nationality, religion, marital status etc.

**Employment relationship** within the PC „Vojvodina forests“ is conditioned with the Rulebook on systematization, which defines type of the job, educational level, and special conditions for work on such jobs. Employment is based on Employment contract, which is to be concluded in written form between general manager and person to whom employment shall be concluded. In PC „Vojvodina forests“, it is possible to establish employment relationship on indefinite time, definite time, part-time with increased risk and carrying out of jobs out of the company premises.

In majority of countries, employees have the right to **associate into Syndicates** towards improvement of working conditions as wages, working hours and benefits. Within PC „Vojvodina forests“, employees in the company may establish and be the members of the Council of employees and Syndicate. Council of employees gives their opinion and participates in decision-making in economic and social rights of employees. **Unique syndicate organization of PC „Vojvodina forests“** is established due to expressing, reconciliation and realization of special, mutual and specific interests of members, and due to unique posture towards employer. Today, there are approx. 90% of employees in the company subscribed in PSO „Vojvodina forests“.

**Collective negotiations** is carried out on meetings between representatives of PSO „Vojvodina forests“ and representatives of the employer PC „Vojvodina forests“, due to conclusion of collective agreement. Long-term practice in the company has shown that the following elements of collective agreements are mostly appealed and suggested to be changed by the syndicate: length of annual vacation, calculation and payment of employees` salaries, amount of allowance for on-site work, loan for employees etc. If there is no solution about the elements of the collective agreement, syndicate may issue the decision on strike. If syndicate representatives agree with all elements of collective agreement, the following meeting is scheduled about the next procedure on the conclusion of collective agreement. Collective agreement is to be concluded for the period of three years, upon which there will be new negotiations upon the elements of the agreement.

Main purpose **of the labor safety and health system** in the organization is to prevent injuries and accidents on labor. Activity of PC “Vojvodina forests” is such, to require constant dedication and support to the provision of safe labor conditions by the management. The most important document which defines labor safety and health system is the Rulebook on labor safety and health, enacted in 2006, and Act on evaluation of the risk for all working positions in working environment. With a view to recognition of dangers and risks during the works on cutting, manufacturing and taking of wooden assortment, PC "Vojvodina forests" for each contractor during signing the agreement provides with the Elaborate on the arrangement and performance of works on utilization of forests. Within the company, there are Labor safety and health officers, who perform control and expert supervision over implementation of measures and rules of the labor safety. The company is obligated, in accordance with certain standards, to make records on injuries at work for all assigned workers. Analysis of injuries at work, professional diseases and diseases related to the work,

working positions with the highest number of injuries, the most frequent causes of injuries at work and parts of the body which are most frequently injured in the period between 2004 and 2013, can take us to the conclusion that total number of injuries reduces constantly from year to year. PC "Vojvodina forests" will make efforts to make number of injuries as minimum, but it is unreal to expect that injuries may be completely prevented.

Each company makes business in accordance with certain rules, and all employees are obligated to observe them. In PC "Vojvodina forests", during **solving the complaints**, there are two types of appealing procedures, as follows:

1. Appealing procedures during solving complaints and appeals by the employees, and the disputes between the company and employee shall be solved by the arbitration, and

2. Appealing procedure during solving complaints by third parties, within which in the Directorate of the company and parts of the company there is established special record and the course of procedures of solving appeals - „Internal book of petitions and complaints“. Depending on the subject of the complaint, using the internal book, the responsible expert person is assigned in the company, in order to draft the suggestion of the decision signed by the general manager of the company or Department manager.

**Retaining of personnel** becomes an important activity and the task of the human resources management and represents big challenge. PC „Vojvodina forests“ tries in various manners to retain its employees. Some of the strategies *стратегија* which efficiently prevent dissolution of employees are attractive payment system and bigger investment in the training and education.

In PC „Vojvodina forests“, leaving the organization may be willingly and unwillingly. Willing leave is realized using agreeable termination of employment, based on written agreement between the company and employee. Unwilling leave of organization is depicted in notice of termination by the employer, if there are justifiable reasons, i.e. if it is defined that an employee: does not realize working results, does not have necessary know-how and abilities for the performance of job, does not respect working discipline, commits criminal act at labor, misuse sick leave etc.

The last aspect of termination of employment is **retirement**. In PC „Vojvodina forests“ there is the obligation of retirement after fulfillment of legally defined conditions related to the age and length of service. Retirement insurance is mandatory for all employees, and the company is obligated to pay legally defined percent into the state pension fund, and employees are also paid with the severance payment before the retirement in the amount of two and three salaries. The company, based on the salaries of employees in 2015, has performed the provisions for payment of severance benefits at the retirement in the total amount of 90.491.000 RSD. Age structure of employees is relatively unfavorable for the company, in terms of legal provisions, because there will be no retirement in the following two years.

## **Conclusion**

**Today, Human resources management** is more complex, due to changes in external environment to which organizations are faced. New principles in terms of human resources and proposing new solutions may successfully improve human resources management. Having in mind the significance of the know-how and potentials of the employees for the realization of competitive advantage and realization of business success, in PC „Vojvodina forests“ may be formed special **Department for the development of key resources** (managers and talents). This department would be the most appropriate to be formed within the Department for IT and development, since this sector organizes and manages vocational specialization of personnel and the development of the entire company. Development of key resources would be realized through the support in **managing their careers**, and all with the

aim of their longer sojourn and realization of organization success and targets of the company. Development of employees shall be one of the dominant personnel activities in the future of the company. It is necessary to prepare more financial means, efforts and time, in order to carry out this activity better.

In addition to forming the Department for the development of key resources, improvement of the system of awarding may also motivate highly-qualified personnel to stay in the company as longer as they can. As an example of many big companies worldwide, it could be tried with implementation of the salaries based on the performances into the system of awarding of PC „Vojvodina forests“. It is expected in the future, employees who possess high education, know-how and experience, shall be considered as inadequately paid for their work and shall require, in addition to fixed salary, additional awards in accordance with the realized results of work and specialization. Due to such reason, as the best solution is seen **implementation of salaries based on performances**, which shall be adequate allowance with the fixed salary. Possible implementation of this salary system should be approached very carefully, since it is new for employees, and most of employees in the company is satisfied with the system of fixed salaries which is actually in place.

Based on the analyses of all available information and data, it may be concluded that the HR management in PC „Vojvodina forests“ is very complex activity, which is organized on the high level. Strategies and policies which are applied provide satisfactory results, however, we should strive to changes and improvements, having in mind that recognition of HR management is constantly changes and improves.

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