### UNIVERSITY OF BELGRADE TECHNICAL FACULTY IN BOR MANAGEMENT DEPARTMENT

## XIII INTERNATIONAL MAY CONFERENCE ON STRATEGIC MANAGEMENT



## XIII STUDENTS SYMPOSIUM ON STRATEGIC MANAGEMENT

# **BOOK OF PROCEEDINGS**

Hotel "ALBO" – Bor Bor, May 19 – 21, 2017

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### **INTERNATIONAL MAY CONFERENCE ON**

## STRATEGIC MANAGEMENT

#### HUMAN RESOURSE MANAGEMENT CHALLENGE FOR EFFECTIVE LOCAL GOVERNMENT

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Abstract: Organizations are a set of people who work together, where they coordinate their activities aimed at effectively and efficiently achieving the goals of the organization. Achieving the goals of the organization are carried out with the managers who manage the human resources and organize, coordinate and control all of the activities of the organization. Human Resource Management presents interdisciplinary science which unites a set of knowledge related to the people in the organization which provides guidance to managers how to manage human resources in the organization in order to achieve higher individual and organizational performance. As a result, this process involves critical analysis of the necessity of human resources, sorting and picking the best people that suit the needs of the organization, integration of the selected candidates into the organization by providing a system of appropriate rewards and career development, advancement of knowledge, assessment, control of operations, adequate protection and establishing responsibility and punishing or firing employes. Hence, the purpose of this paper is aimed at analyzing the human resource management in local government as an independent organization within the social system of the Republic of Macedonia. Considering the fact that people are the most important resource in the organization, the subject of this research is oriented to understand how the local government in the Republic of Macedonia has managed human resources and to explore the attitude of the manager towards the administration and towards all of the processes that encircle the entire management process. The methodology of this research is based on qualitative analysis, content analysis, interview and questionnaire composed of more than eighty participants, with job titles: mayors, administrative representatives and representatives of the local government council. The survey questions refer to the answers relevant to the purpose of the research. The results of the questionnaire suggest that human resource management in the local government is achieved on a satisfactory level. The approach of the human resource management is not fully staffed with organizational units. Adequate evaluation process, proper selection of employees, as well as motivation of the employees is lacking in the organizations. In many cases, there are employees with inadequate education and the process of training is reduced to a formality. It can be concluded that the human resource management in the local government in the Republic of Macedonia is not exercised in accordance with the rules and procedures of the human resources management. The heads of departments especially the employees in the sector of human resource management need to impose their knowledge as a necessity for efficient and effective management. Employees need to provide their own initiatives to their superiors about their capacities and capabilities that can help the success of the organization. Motivating plans and programs in form of benefits, system of awards and trainings need to be developed in order to enable the improvement in each organizational unit.

Keywords: management, human recourse, recruitment, selection, training, motivation

#### **1. INTRODUCTION**

The local self-government in Macedonia is a constitutional category, guaranteed in the Constitution from 1991<sup>9</sup> The main prerequisite for the local development of the Republic of Macedonia is the existence of effective local self-government. The Constitution and laws normatively govern the competences and the independent status of the local self-government in the political system in the country. The Law on self- government provides that municipalities, in accordance with the principle of subsidiarity, have the right to independently perform activities of public interest and their competencies are comprehensive and exclusive and must not be taken away or limited, except in cases established in Article 20 and Article 21 of the Law on local self-government.<sup>10</sup> Law on self-government establishes that the municipalities, in accordance with the principle of subsidiarity, have the right to independently perform activities of public interest and their competencies are comprehensive and exclusive and must not be taken away or limited, except in cases established in Article 20 and Article 21of the Law on local self-government<sup>11</sup>. Thus, the local self-government undertakes responsibilities that are of importance for the development of the local selfgovernment units and citizens living in the community and they are clearly stated in Article 22 of the Law on Local self-government<sup>12</sup>. The principle of independence means that no state organ can interfere in the work of the local self-government units in performing its independent powers. How far a local community will be developed depends on many factors, but the major effect is on how efficiently the governing bodies of the local self-government fulfill their function, or how they manage it, especially how it is managed with the local government employees (administration and other staff) so-called human resources in the local self-government. The quality of the decision making process in the local self-government will depend on the professional support provided by the local self-government administration. If the local self-government has inadequate or unskilled personnel we cannot expect efficiency and professionalism in making decisions. Although the management function in the municipality is entrusted to the municipal council and the leadership of the mayor, they are not sufficiently competent and professional in each area, in large part they base their decisions on the previous analyzes and expert materials prepared by the administration.

By increasing the powers of the local self-government units, a need to strengthen the political culture of the population in the local community appeared and active participation of citizens in the local processes. A need to increase the level of professionalism of the executive and administrative bodies in the municipality emerged, improved communication between the citizens and their greater involvement in decision making processes, resulting in a positive impact on municipal management.<sup>13</sup> By adopting the Law on Local self-government the authority of the local elected officials has increased as well as the powers of the municipalities.

<sup>&</sup>lt;sup>9</sup> Constitution of Macedonia (Official Gazette of Republic of Macedonia no.52/1991, 4/1992, 107/2005)

<sup>&</sup>lt;sup>10</sup> Law on local self-government (Gazette of Republic of Macedonia no.05/2002)

<sup>&</sup>lt;sup>11</sup> Law on local self-government (Gazette of Republic of Macedonia no.05/2002)

<sup>&</sup>lt;sup>12</sup> Law on local self-government (Gazette of Republic of Macedonia no.05/2002)

<sup>&</sup>lt;sup>13</sup> Law on local self-government (Gazette of Republic of Macedonia no.05/2002)

The Law on self-government<sup>14</sup> increased the efficiency of the local self-government and provided faster, better and cheaper services to citizens, and it represents a qualitative change compared to the previous law, with many functions that were previously common and are now guaranteed as original municipal functions. By giving more responsibility to municipalities the power of the central government has reduced, freeing it with everyday municipal obligations.<sup>15</sup>

Organizations are a set of people who work together, where they coordinate their activities aimed towards effective and efficiently achieving the goals of the organization. Achieving the goals of the organization is carried out with the managers who manage the human resources and organize, coordinate and control all the activities of the organization. The managing the human resources is part of the management activities of the organization that refers to the management of people in the organization. The scientists have concluded that the human resources management is interdisciplinary science, which unites a set of knowledge related to the people in the organization in order to achieve higher individual and organizational performance. Therefore this process involves a critical analysis of the needs of the human resources, recruiting or the manner of securing, sorting and picking the best that suit the needs of the organization, the selected candidates to integrate into the organization by providing a system of appropriate reward and career development, training and continuous improvement of the knowledge, assessment, control of operations and of course providing adequate protection. Finally establishing responsibility and punishing or firing employees.

According to the International Association of managers of local self-government, the management role of local government is exercised in four areas: Human Resource Management, Change Management, Establishment and Fostering cooperative relations and public, and publicity. This association defines the main elements that constitute the local self-government, the orientation towards action, relationship with the citizens, the autonomy and entrepreneurship, orientation to the employees, building a system of values, mission, goals and competence, structure and political relations. Generally the conclusions of the previous researches are that there is no understanding of the need for change, a lack of organizational skills to implement the changes, which means that the process of introducing good governance on the local level faces a number of visible and invisible resistances. Hence, for efficient management in the local self-government units essential changes are needed in order to provide the available human resources and material and technical resources to be able to respond to citizens' demands for better services.

#### 2. RESEARCH METHODOLOGY

The purpose of this paper is aimed at analyzing the management of human resources in local self-government in the eastern planning region as an independent organization within the social system of the Republic of Macedonia. Considering the fact that man is the most important resource in the capital of an organization, the subject of labor is oriented to perceive how the local government in the country to manage human resources, what is the

<sup>&</sup>lt;sup>14</sup> Law on local self-government (Gazette of Republic of Macedonia no.05/2002)

<sup>&</sup>lt;sup>15</sup> Sotir Kostov, The decentralization is our objective, Skopje 2006

attitude of the manager to the administration, what is the attitude towards all the processes that complete the overall management process. If the access the approach to the person in the organization is correct in that case greater effectiveness and efficiency is achieved, and the organization will achieve the goals set on the territory where the local self-government extends, and also it will affect the success of the state. Guided by the strategic goal of effective state a necessity of effective local government occurs as an extended arm to achieve the priorities and objectives of the country. The effort of the government to create effective management of the administration is perceived by introducing legal provisions<sup>16</sup> that refer to mandatory establishment of organizational units for management of human resources that its purpose should exercise in terms of effectively managing of responsible persons in the municipality. These organizational units should have personnel trained to human resources management. Their role is seen in that it should be staffed with persons who have adequate professional preparation in the field of human resources management; to have an educator and psychologist who provide guidance on analysis of the social and mental condition of employees. These employees should not impose their own analysis of the needs of employees, the possibility of their reassignment, to make proposals to motivate and reward employees. To make analysis of the realized training staff and to record and to store the received diplomas, certificates and other certificates of successful training. These organizational units should arise analyzes required for the systematization of jobs, as well as short and long-term plans for the needs of new staff or to indicate the excess personnel, and to offer suggestions for their competence.

Hence the general hypothesis of this paper suggests that the effectiveness of local selfgovernment depends on the way of managing human by the responsible persons in the municipality. Effective human resources management in local self-government means recruiting competent staff, fully equipping municipalities with the necessary personnel, proper analysis of the human resources, using the methods of human resource planning for short and subject timeframe, monitoring the achievement of the results of the municipal staff, training of municipal administration, employee motivation and corrective measures to achieve better results. The methodology of the research is based on qualitative analysis and content analysis, interview and questionnaire over more than a hundred participants, administration and representatives of the council of the local self-government. The questions of the survey refer to the answers relevant to the object and purpose of the research.

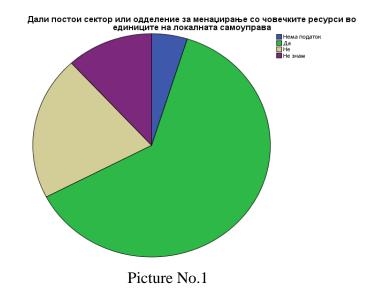
#### **3. ANALYSIS OF RESEARCH RESULTS**

To perceive the way of human resource management in the local self-government in eastern planning region, we conducted a survey on 144 respondents in 11 municipalities. The survey was conducted over various administrative positions relevant to the subject of research. The survey referred to issues related to the way the management of the municipality

<sup>&</sup>lt;sup>16</sup>Pursuant to Article 36, paragraph (2) of the Law on Government of Republic of Macedonia ("Official Gazette of RM no. 59/2000, 12/2003, 55/2005, 37/2006), the Government of Republic of Macedonia, at the session held on 29th August, 2007, adopted a Regulation internal organization of state Administration.

by the responsible persons. Despite the survey, the analysis of the results is based on the interview that contained various issues of human resources management question asked to the administration of the local self-government units in Eastern planning region. Mainly, the issues in both instruments include the following: planning and analysis of the needs of human resources in local self-government, recruitment procedures, staffing of the organizational units for human resources, evaluation, motivation, and training of administrative workers, monitor performance and responsibility of the local self-government administration.

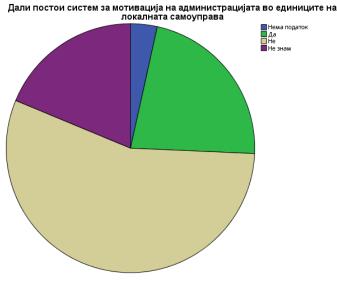
By presenting the results in this paper it can be seen how the managing of human resources in local self-government is accomplished, and at the same time to consider the advantages and disadvantages. Therefore, I will start with a presentation on the basis of this research, and that is the conclusion that emerged from the respondents that the function management of human resources is established as organizational unit of the local government in 90% of the municipalities, and from the interviews, we learn that the achievement of this function is formal and is reduced to keeping records of the staff, they are not involved in providing expert suggestions related to staffing and recruiting staff. In the local selfgovernment the units or the sectors of human resources, are formal organizational units which means they are not fully staffed due to lack of adequate professional staff. Such conclusion follows from the fact that the full staffing of public administration is in 39% of the municipalities and partial staffing is in 37% in the local self-government. The formal position of the organizational units for human resources is comprehended from the fact that they had not made plans for the needs of human resources which are a very important segment for timely provision of the required personnel in the local self-government. These sectors are not included in the preparation of the acts for the systematization, as well as the recruitment and selection of the staff. Their function starts from the moment they receive orders to post an ad and to register those who obtain employment decision.<sup>17</sup> See picture No. 1



<sup>&</sup>lt;sup>17</sup> The need for staff and the process for determination of need for new employment is performed mayor. For every worker a file is kept, which contains all information about the employee training and other achievements. There is no electronic system of recording and analyzing the files so that the capacity of employees can be electronically monitored (level of education, age, qualifications, etc.)

Considering the fact that in the local self-government does not have full staffing of administration, for failure to managing human resources also points out to the fact that there is a lack of skilled personnel for key positions in the local self-government. From the 11 municipalities, there are municipal secretaries only in two municipalities, and they have the main function of managers in the municipality. Furthermore, this reflects the irregular distribution of staff or lack staff for key positions, such as professional staff for strategic planning, project managers, for international cooperation, communication etc. This means that the municipalities have a lot of employed administrative staff, but they are not evenly distributed in terms of the needs of the municipality and their expertise.<sup>18</sup> This is due to the wrong approach in the process of managing human resources. Such employment is due to the merged system, which gives advantage in employment to the staff that is politically committed to the party in power.

The motivating of the civil servants depends on the knowledge and skills of those responsible or the immediate superiors. The local self-government units do not have any procedure or criteria for motivation. See picture No. 2



Picture No.2

In terms of whether in the local government, the mayors use the system of motivation for the employees in the administration of those surveyed and interviewed administrative officials we have learned that there is no program to motivate the administration. Thus, 80% of respondents and all administrative officers interviewed said they did not receive any motivating rewards or other benefits that motivate for further additional investments in office.

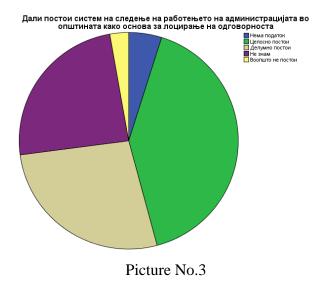
Besides the salary and training related to their professional upgrading they have not received another kind of motivation. This again indicates a deviation from an important segment in the process of managing human resources as the most important for effective local government. However, the motivation in the public authority as a very important factor for

<sup>&</sup>lt;sup>18</sup> We have a number of municipal staff and I think they are excessive on the one hand, on the other hand there is a lack of professional staff to increase the efficiency of the municipality.

effective and efficient civil servants in the present moment is a category that is not dealt with even in the administrative laws.<sup>19</sup>

In terms of training, the procedures for training of civil servants in the country and abroad, the criteria for determining the types of training and nomination of trainees, the feedback after completing the training, record keeping and the utilization of the trained staff, the result is that state authorities unless the preparation of the program and training plan, as an obligation imposed by the administration Agency, there are no other written procedures and criteria regarding the training of civil servants. Thus, 80% of the respondents said they made training plans that are not fully implemented, represent a formality. The funds provided for training are converted or the municipalities do not have budgets for training. As for the nomination of persons for training, vocational training or schooling abroad there is no criteria, guidelines and instructions in any local self-government body. The nominations for the training are not transparent in all local self-governments the mayors decide without prior analysis and checking whether there is need for training of those persons. Thus, the respondents say that all employees do not have equal access to exercise their right to apply for some training.<sup>20</sup>As a disadvantage the respondents highlighted the fact that there is no continuity and monitoring program for training in the authority itself, do not act on it, and all this is due to the indiscipline of the first people in the authority. Regarding the question of how to follow the achievements of the administration 50% said they have a system to monitor performance. Their answers suggest to monitoring through the evaluation which is not always

a reliable data about the achievement of the administration. There are no other written procedures or measurable indicators of achievement of the administration. See picture 3



<sup>&</sup>lt;sup>19</sup> The contemporary managers are faced with the question how to motivate employees to focus their energy, knowledge, skills and abilities to achieve the objectives of the organization. The managers dealing with human resources must know the theory and practice in its use, scientifically based approaches that see the motivation as a mean to shape the behavior of people in the organization. More in M. Pekovich (2003), Organizational behavior: Faculty of Economics, Belgrade, p 212-213.
<sup>20</sup> In this context one of the interviewee says: "There are no criteria and procedures for the implementation and selection of persons that

<sup>&</sup>lt;sup>20</sup> In this context one of the interviewee says: "There are no criteria and procedures for the implementation and selection of persons that should attend training in order to be able to send the right people to attend these trainings. But I think time should pass to establish it due to the reason that the local self-government employees are still hungry for training so far we had donations, this is the first year we plan funds in the budget of the institutions of the program K2 but with supplementary budgets these means are deducted and there are less remaining funds for training of employees."

In terms of taking disciplinary measures or initiation of disciplinary proceedings as an important corrective segment for the successful operation of human resources and an important part of the process of managing, the data show that no severe disciplinary penalties over the administration were taken. Thus from the answers we may perceive that of all municipalities in over 30% of the administration there are disciplinary proceedings undertaken, and the pronounced penalties are for minor injuries or the penalties are not implemented in practice.

#### 4. CONCLUSION AND RECOMMENDATIONS

Within the research, resulting conclusion is that the function human resources management is an organizational part of the local self-government bodies for which staffing with appropriate professional administrative staffs and completed legal placement is necessary. It is especially necessary setting municipal secretaries as essential factors for effectively managing human resources. It should be particularly mentioned that the mayors and secretaries of the municipalities need to have diplomas for passed training for human resources, will require them to make contributions that would help to facilitate management of the municipality.

The results point to establishment of procedures for the planning and the analysis of the required staff, the selection and recruitment of the appropriate staff. The managers should ask the experts to assist them in detecting the needs for new jobs, retraining, training and redeployment of administrative staff in local self-government.

In terms of the monitoring the performance and motivation of employees in the public sector, establishment of computer software that will be indicative of measurable data is necessary. In that way you can realistically assess, reward and penalize the public sector workers. This method will produce motivated and responsible administrative officers.

In the laws and bylaws provisions should be introduced that will affect the motivation of the civil servants. The motivation in every aspect through the basic salary component accompanied by other benefits particularly affects the investment and effectiveness of the administrative officials in the local self-government. From that point the law should particularly focus on depth analysis of the motivation.

In terms of the training, the mayors have no relation to training as a pressing need for the local self- government units. It is inevitable to approach seriously to the motivation of employees in terms of their professional training and further training, as well as opening opportunities for redeployment of new jobs according to their skills and knowledge. A successful organization is the one that knows how to get the most out of their employees, and for that you need to have motivational plans and programs.

In other words, the recommendation is the organizational unit of human resources should experience a complete transformation in the local self-government units, and that means a serious approach by the responsible officials themselves and the employees, especially those working in organizational units for human resources.

Thus, if the administrative workers are employed under clear legal rules, if they are progressing in the service under the same criteria, and the entry into service is according to

written procedures and the training is an element that affects the motivation and capacity building of the public administration we will have a motivated, effective and responsible local administration that will produce solid results and satisfaction of the citizens.

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## CHANGES IN CONSUMER BEHAVIOR IN THE RETAIL TRADE UNDER THE INFLUENCE OF MODERN TECHNOLOGY

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#### XIII Students Symposium on Strategic Management

UPRAVLJANJE ELEKTRONSKIM OTPADOM I NJEGOV UTICAJ NA

### ŽIVOTNU SREDINU URBANIH NASELJA THE IMPACT OF DIFFERENT TYPES OF INCENTIVES OF EMPLOYEES OF **TECHNICAL FACULTY IN BOR ON THEIR WORK MOTIVATION LEVEL: A CASE STUDY** CHANGE MANAGEMENT AND PROBLEM SOLVING IN "EAST STAR **GROUP" COMPANY, KNJAZEVAC, USING AHP METHOD COMPANY'S COMPETITIVE ADVENTAGE AND NATIONAL ECONOMIES** THE ADVANTAGES AND DISADVANTAGES OF PUBLIC-PRIVATE PARTNERSHIPS SCIENCE AND TECHNOLOGY PARK BOR Radmila Janković, Andrea Dobrosavljević, Milica Đorđević, Valentina Cvetković, STATISTICAL RELIABILITY TESTING OF CAR TIRES WITH THE **IMPLEMENTATION OF MONTE CARLO SIMULATION** PROJECT RGOŠKA SPA AS A STRATEGY FOR THE DEVELOPMENT OF THE EASTERN SERBIA **ORGANIZING PRICE, VERTICAL DELEGATING AND HORIZONTAL DISPERSION PRICE MANAGEMENT**

## THE IMPLEMENTATION OF THE ABC METHOD IN THE PROCESS OF SELECTING THE PRODUCTION PROGRAM