The Impact of the Human Resource Management in the Companies in Northern Macedonia

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Abstract: Ours is a time of constant struggle to gain competitive advantage on the market. Companies are restructuring themselves into increasingly efficient and compact organizations that seek to cut costs and increase productivity on one hand and improve corporate responsibility and behavior on the other. But there, as Marx famously explained lies the basis contradiction between the market and social forces. For, no matter how good the manager or leader is, no company, a government, or a university would function properly if the main factor, namely the employees, are forgotten. Although some experts may contest the fact that the employees are the most important resource that an organization has human resources are the blood of the business system. Be it the most ordinary public bus drivers, neurosurgeons at the clinic or miners, transportation workers around the capital, medical care and Coca-Cola cans alone will not be serviced. Someone has to conceive and design these products and services, produce them, market them and finally sell them. Without well-chosen employees, people with the right skills, education, enthusiasm and will to progress, productivity and profitability would suffer. This paper analyzes the theories and principles for human resource management worldwide along with an analysis of the current situation in the Republic of North Macedonia in terms of human resources and the representation of professional staff for HRM. The conclusion derived points to the fact that the human resource management should really be devised for the humanity and not the capital to prosper.

Keywords: Human resource management, globalism, cultural differences, cultural stereotype.

INTRODUCTION

Throughout history people have faced the need for the association and efficient organization of labor, of making strategies for the future and for the control over what has been done, all in order to overcome certain crises and meet the existential needs of their lives. This, over time, has transformed into a science known today as human resource management. No company today can withstand a complete change of staff at once much less it can withstand such a change several times a year. But even if something so extreme does not happen, any layoffs and staff changes cost money and time and are risky endeavors. That is why more and more organizations are paying attention to the development of their own human resources and are constantly improving them. Also, the number of companies that have professional human resource managers in their ranks is constantly increasing and they serve as an example for smaller companies. Human resource managers are the ones who reflect the picture of the present and the future of any organization. They select the profile of the applicants and design new jobs planned in the future. But often their task is also to dismiss, punish or redesign jobs.

In the past, people were managed in order to ensure the safety of the group, to gather enough food, and later to build something. Today, if wars are ignored, the need to manage people is mainly motivated by material factors (increasing productivity, cost reduction, market expansion, opening a new factory or a store), while safety/existential factors are secondary. But managing your species is not unique to humans. On the contrary, the same can be seen in the rest of the animal kingdom. Grouping in a community system that supports and ensures their existence, security and reproduction, is a feature that, with few exceptions, characterizes the organization of all living species, from bacteria and viruses, insects and animals to humans. With this in mind, it is easy to think that the science of human resource management is as natural in the same way as is biology or physics. Although hardly any formula from the science of Human Resource Management (HRM) can be measured with the consistency and accuracy as Newton's formula for gravity, this science delves deeply into the question of human organization, the ways in which human beings are motivated to find numerous methods to transform the joint efforts into a joint award.

The main problem in managing companies that are globally spread is the efficient management of the multinational workforce, the establishment of a corporate culture. etc. Lauren (1986) explains it like this: "In order to maintain and develop a corporate identity, multinational companies must strive for consistent management of people worldwide, but still be effective and local by adapting to specific cultural circumstances. While the global nature of business orienta-

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tion requires consistency, different cultures may require different approaches."

Finding the balance that Lauren is talking about is a key to success. The question is how to maintain the corporate culture, while accepting as many specifics as possible from the country in which it operates. Globally, efficient human resource management is strategically more important than at the local level. Global thinking in international business focuses on finding ways and methods of effective management, based on the specifics of the country in which the subsidiary is located, and finding ways to coordinate cultural differences properly. The challenge here is how to incorporate cultural differences and how to create effective communication over long distances, different time zones, different managerial expectations, local laws and of course different languages. These are just a few of the reasons why managing internationally requires a great deal of intellectual preparation and understanding of very complex issues.

The purpose of this research is to critically examine the role played by culture and economic factors in North Macedonia that influence the way human resource departments have been organized in different companies in the country.

The following are the main objectives of the study:

- 1. To recognize the need for the HR sector in Macedonian companies
- 2. To study the different approaches in the development of the HR sector worldwide and to compare its good and bad practices
- 3. To locate the role of the HR participation in the overall success of the companies
- 4. To reject the definitive paradigm for the way HR sector should be used in global economies and to support the cultural differences as the main paradigm

The results obtained are compared with the ones taken from 23 other countries in the world. The analysis examines various aspects of HRM in Macedonia, such as the presence of HR sector, the number of HR sector employees in companies based on their age, the budgeting of the human resource sectors and other specifics. The end of the paper exposes the fundamental questions that lie at the essence of the global economy: Do the worker pay the price for the progress? Are the working conditions in developing countries neglected and put in the background? My recommendations then suggest the setting of a careful equilibrium between the need for the progress as the main motivational factor of the global economies and the use of some restrain, if not sacrifice, needed to counterbalance the economic globalism in order to safeguard the integrity, the well-being of the employees and the cultural differences that could not simply be whitewashed in the process.

BRIEF HISTORICAL OVERVIEW

It is difficult to say exactly when human resource management began to exist. It is certain that there are forerunners of HRM in the various early approaches to the management of organizations and business that evolved to the extent as to how to include complex set of activities concerning the policy making to companies, and its staffing, Classical organizational theory promoted by Frederick Taylor can be taken as a foundational theory that outlines the scientific approach to work design, production time and dynamics, employee training and motivation systems, all combined for the sake of increasing the productivity. (Taylor, 1947) In his work process studies, Taylor promotes the idea that there is only one unique way in which work can and should be organized and completed. He goes on to say that there are universal principles of managing people and that companies are closed systems that ignore differences in people's culture and background. The main focus of F. Taylor is given to the transformation of organizations from the bottom up, which is quite the opposite of what Henry Fayol promotes in his theory of the administrative processes. He advocated top-down reform. Fayol, unlike Taylor, is concerned with the definition of the main activities of the organization. The fourteen principles which he derives find application in managing organizational change, decision-making, skills development, and a detailed understanding of the actions that management must take to effectively manage employees.

NEOCLASSICAL VIEW OF THE HUMAN RE-SOURCE MANAGEMENT

Against the classical theories where money takes precedence as the main motivator, the neoclassical views presented by Elton Mayo concentrates on the interpersonal and social aspects of work as factors on which performance depends. This school is often referred to as human relations theory because it sees employees as individuals and resources that need to be upgraded, developed and taught. Human resources should be invested in so that they are no longer treated as machines.

In his experiments, Elton Mayo showed a positive correlation between performance and the perception in the company. This is the so-called effect of the experimenter. He claims that the employees should positively evaluate the steps of the management in order to introduce innovations in the work, based on experimental methods. The second effect of the survey, the social effect, shows that morale and productivity also increase in situations where certain employees are given symbolic benefits such as the opportunity to leave the job for a short time without explanation, to take a break as needed, to allow social interaction between employees, etc. This theory became very influential giving rise to many other theoretical approaches.

RECENT DEVELOPMENTS IN THE SCIENCE OF HUMAN RESOURCE MANAGEMENT

According to some theorists, the foundations of modern HRM can be found in the practice of the so-called "social capitalists" of the 1930s in the United States. Fulkes (1980) states that the emergence of social capitalism resulted from the desire for the suppression of the workers' unionization by the strategy of granting various additional benefits to the workers. These capitalists believed that the welfare of employees should be created and managed by the companies themselves, and not by government commissions or unions. That is why they started offering salaries based on performance, social and health insurance, pension savings and equipment for early dismissal thinking that in this way they

would discourage the creation of trade unions. They also started using surveys for collecting opinions from employees on various topics and creating and promoting corporate behavior and culture thus trying to increase employee participation and commitment. The aforementioned social capitalists are also the first to start promoting teamwork and profitsharing models (bonuses, targeted target allowances, etc.).

Furthermore, after the 1980-1982 US recessions, theorists focused on two things: first, the productivity of the American worker compared to the Japanese, and second, the level of innovation in the United States compared to Japan (Devanna, M.A., Fombran, CJ. and Tichy, N.M.1984). The idea they came upon was this: to create a work environment that is conflict-free where employees and employers work is put together to achieve the organizational goals of the company (Fombrun, C.J. 1984).

In the United Kingdom in the 1980s there were many changes at the level of employment. This is partly due to the same factors as in the US, but with another factor that is absent in the United States. And that is the involvement of the government structures in establishing a system that cares more about employees than employers. This contributes to the sharp decline of the old industries. On the other hand, there was a growth of services and high technology development sectors, most of which already have a more modern attitude towards human

As already mentioned at the beginning of the paper, the organized scientific approach of Human Resource Management emerges in the early twentieth century through the ideas of Frederick Taylor. In his first two works of that period, "Workshop Management" from 1903 and "Principles of Scientific Management" from 1909 he lays the foundation of the discipline which in the next hundred years will have a drastic impact on the improvement of workers' rights and freedoms, will contribute to the creation of strong unions and will also enter the foundations of any professional, educational, and state action. Human Resource Management, the science that studies the practice, principles, and systems that influence the behavior, approach to work, and productivity of employees, their rewarding, motivation, improvement, and advancing became an integral part of all organizations. Human resources are one of the most valued strategic resources of a company and they are the embodiment of the so-called human capital consisting of the skills and abilities of employees, their training, experience, thinking, and intelligence (Becker 1964). Furthermore, HRM allows for the acceptance of effective management strategies that promote human capital ready to face new circumstances. Organizations strive to retain existing quality employees for as long as possible, and as Walton (1985) argues, effective HR management does not only imply strategies for controlling employees, but also strategies for creating staff commitment (Becker, G.S. 1964). Richard and Johnson (2004) argue that the effectiveness of HRM is directly dependent on the willingness of companies to link the HR structure and management policies to the global corporate strategy to achieve top results (Richard, O.C. & Johnson, N.B. 2004).

As we have seen from Walton (1985), the focus on attracting employees and gaining their full commitment applies equally to ordinary employees and to managerial staff. This leads to personal efficiency and better performance of the company as a whole, and there are many indicators that managerial skills directly affect the performance and commitment of employees. The effectiveness and efficiency of HRM methods also depend on the perception that employees have of such methods, but also on the ability of managers to properly articulate their idea. According to Richard and Johnson (2004), a company can achieve a comparative advantage if it sets up effective management systems that enable it to recruit and retain quality employees. Nowadays in the global environment, there is no organization that does not use the activities that are part of human resource management. From bakeries to police and hospitals to NASA, all their future steps go through the sieve that HRM science has calibrated.

DATA ANALYSES

The sample consists of 104 randomly selected large companies whose organizational structure is characterized by a separate human resources department. The basic criteria for stratification of the sample, in addition to the presence of the human resources sector, were the number of employees in the companies, the years of existence of the market and the city in which they perform their activity (Skopje or other cities).

The research was conducted with the method of telephone survey in the period from 27th of October to 28th of November 2022. The survey covered 3.8% of companies with up to 30 employees; 34.6% who have from 31 to 100 employees; 19.2% from 101 to 200 employees; 19.2% from 201 to 300 employees and 23.1% companies with over 300 employees.

Regarding the years of existence of the companies, the most represented in the sample are the companies that successfully exist on the market from 11 to 20 years (46.2%); then those who work up to 10 years (30.8%); from 21 to 30 years (15.4%) and over 30 years (7.7%).

Of the companies included in the sample, 61.5% are from Skopje, and 38.5% are from other cities.

FINDINGS AND RESULTS

There is no doubt that companies that have existed for more than 30 years possess the material resources and a separate budget for the human resources sector. The results with the younger companies is probably due to the strong tendency of these companies to follow and respect the trends in the business world that dictate the growing importance of the human resources sector in the company.

The analysis of this issue according to the location of the companies is interesting and it can be noticed that half of the companies from Skopje (50%) have allocated budgets for this sector, while only 10% of the companies from other cities have their own budget for the human resources sector.

The results show that in the largest companies in the country, the managerial functions of human resources are mostly performed by experienced professionals, i.e. 11.5% of them have work experience in the sector from 20 to 29 years and 23.1% from 5 up to 9 years. It can also be concluded that a significant percentage (11.5%) of directors/managers have a relatively lower level of experience (up to 4 years), which may be due to the fact that this specialization in postcommunist countries is gaining momentum in recent years and is a relatively "young science" in this area.

Examples from Other Countries

Many analyses have been made to find out what the optimal number of employees in the HR sector is in relation to the total number of employees in the whole organization. Unfortunately, it is only obvious that it is very difficult to find a formula that is applicable globally. According to an extensive international analysis of 22 European countries plus Japan under the name What Affects the Size of the HRM Function: An International Analysis by Brewster et al. (2006), the main factors influencing the of the HR sector are: the company itself, the industry in which it operates and the national affiliations, i.e. state regulations under which it operates.

Further in their analysis, they suggest that the size of the HR sector also depends on internal and external factors. Companies that use IT technologies to control employees and perform routine functions that take HR employees a lot of time directly affect the reduction of HR employees because computers take over some of the work. The reduction of the number of employees in HR is also influenced by the outsourcing of this type of administration and its transfer to the hands of professional companies that provide this type of services. The advantage of outsourcing HRM is reducing staff, getting impartial suggestions and an approach to innovation that professional companies have more contact with than a given HR sector within a company.

Among the external factors that affect the size of the HR sector, the most influential are state regulations and the representation and strength of trade unions. Interestingly, in countries where unions are quite strong and up-to-date, the number of employees in the HR sectors is declining, as companies do not have to worry about many of the challenges posed by employee relations, such as signing and adhering to collective agreements, receiving and acting on complaints and grievances, claiming overtime pay, etc. These issues take the unions out of the hands of the companies and directly affect the reduction of the number of employees in the CR80 sectors. In direct contrast to this, Gooderham et al. (1999) suggest that the extensive state regulation present in the Scandinavian countries and Germany contributes to the need to increase the number of HR employees in order to ensure proper compliance with state regulations.

Furthermore, the strength of the unions and the state can be seen here regulations. The United Kingdom and the United States are low-intensity countries while all others are highintensity, except for peripheral economies such as Spain and Portugal. Following the same division, the relative size of the HR sectors can be distributed, with the former being smaller and the latter larger. Brewster et al. (2006) summarize the results of their analysis of 2,953 companies from 23 countries by using the coefficients of representation of HR staff in relation to the total employees in the companies. That ratio ranges from 0.0102 or 10.2 employees in HR for every 1000 employees in Bulgaria, to 0.196 or 19.6 employees in HR for every 1000 employees in Japan. The analysis shows that the relative representation of the HR sector in the Scan-

dinavian companies ranges from 11.3 HR employees in Sweden to 17.1 in Denmark. In these countries, a larger number of HR employees can be expected due to the extensive state regulations for protection of employees, but also here the unions are very active and balance the need for staff in the given framework of 11 to 17 employees. In peripheral economies such as Spain, Portugal and Greece it is relatively equal to 12-13 employees and is one of the lower coefficients on the list, if Bulgaria is neglected with its 0.0102 or slightly more than 10 employees. In contrast to this are the German and Japanese large companies that are characterized by a rigid structure and pronounced bureaucracy, which in the HR sector appears not only as an arbiter and HR administrator but also as a strategic segment of companies. In these companies, the CEO for CR is often a member of the company board, which directly affects the strategy and development of the company.

CONCLUSION

Proper human resource management is directly related to the competitiveness of companies. But that's just one of the reasons why there is a need to invest in development, education and modern employee control systems. My article offers a perception of the situation with the human resources in the Republic of North Macedonia and comparison of the Macedonian reality with the reality in other transitional and developed countries. The enormous importance of human resources for the success of companies is more than confirmed. Today, when the Macedonian economy is facing high unemployment rates, intensive development of this sector is needed to conduct a successful selection of staff. The research, the results of which reflect the educational and age structure of the human resources sector, its position in the organization and its specific responsibilities, showed that this sector in large companies in our country still faces the syndromes of "marginalization" and "subordination". In two of the three large companies in the country, the human resources departments do not have their own budget, which shortens the opportunities for independent and prompt action according to the needs of the employees. The fact that almost all companies invest in upgrading the employees in this sector is positive, i.e. they send them to trainings in this area. The average HR indicator shows that the number of employees in the human resources departments in large companies is sufficient.

In terms of the level of education of human professional's resources it can be concluded that these are employees with a fairly high level of education and in accordance with the increase in the level of education in the country. Overall, the increase in the supply of specialist studies in this field on the domestic education market can be expected to further increase the level of specialization of employees in this sector. This sector employs young professionals, mostly under the age of 35, which indirectly confirms that this is a relatively "young" area in the way companies operate in the country. More than half of the companies that have human resources departments have directors/ managers who manage this area, but the fact that 42.3% do not have a manager remains devastating. Only in every fifth company in the country the director of the human resources department is a member of the board of directors, from which it is concluded that only in one of the five large companies in the country the importance and role of this sector for the company's success is recognized.

In the context of the responsibilities of the sector, it must be emphasized that an even larger percentage of the sectors in the companies in the country are responsible only for the "primary" activities in the field of human resources, such as employment and recruitment and training of employees, which is another confirmation of the insufficient development of the sector in the country. On the other hand, the analyzes of other countries show that in those countries where the unions are strong and effective, the number in the HR sectors is decreasing due to the undertaking of some of the obligations of the companies by the unions. Furthermore, in Japan, Western Europe and Scandinavia, there is a need to increase the number of employees in the HR departments due to the complexity of legislation and state regulations. The aim is to ensure the safety of the workplace of each employee and to ensure full compliance with regulations.

In Germany, in addition to the extensive legislation and regulations, the need for a larger number of HR staff arises from the frequent presence of HR directors on company boards. This way, HR directors directly participate in the creation of the strategy for development of new businesses and consequently receive more funds for promotion, training, further education and development of CR. In North Macedonia, according to the survey, 19.2% of the surveyed companies include HR directors in the boards of directors. This is a good indicator. But we need to work on increasing this percentage. The indicator shows that in 42.3% of the companies there is no director for human resources at all, and in an additional 38.5% of the companies the directors for HR do not participate at all in making strategic decisions.

Furthermore, the number of HR departments depends on the industrial sector in which the company operates. An example of this is Silicon Valley in the United States, where although populated with large private companies, the HR sectors are constantly growing due to the competitiveness of the industry and the need for frequent innovation in the employee management.

North Macedonia, compared to other countries, has average legislation, marginalized trade unions and low trust in management systems in both the private sector and the state. With the exception of some of the largest companies, the Macedonian business reality is facing a constant shortage of funds due to the bad economy but also due to the large illiquidity that exists. Despite this, the number of HR staff in Macedonia compared to other countries in the analysis is somewhere in the middle. The main problem for obtaining accurate ratios of employees in the HR sectors in relation to the total number of employees in Macedonia was the inability to obtain specific answers about the number of employees in a given company. All respondents were more interested in giving a range from-to than in sharing an exact figure.

North Macedonia as a transition country should work on specialization of the workforce and instead of high school economists who are usually not ready for any industry, should create professionals and specialized workforce. All of today's efforts to attract foreign investment are in danger of failing due to the lack of a comprehensive social strategy for creating quality staff, with real education, and a willingness to work for the sake of work, and not for mere survival. In the public sector, at present, there are more than enough employees in the HR sectors, but not because they need those staff, but for the sake of satisfying political appetites and debts.

This paper also deals with the survey conducted by Jana Briner (2007) from the University of Chicago on the issue of job satisfaction. The survey was conducted on 27,000 respondents from different professions assessing the general satisfaction with the work by the given professions. The survey shows that theological workers are the most satisfied with the work, followed by firefighters, writers, etc. At the other end of the spectrum are wage earners, cashiers, waiters and similar low positions. The recommendation of this paper is that such a similar survey needs to be done at the state level in North Macedonia, to collect specific and accurate information and to make a similar ranking list of professions based on (dissatisfaction with) work. It will certainly have an impact on directing the youth towards professions that are expected to satisfy and de-motivate young people from professions that bring little satisfaction or dissatisfaction.

However, if we take into account the examples of the working conditions in some Eastern countries that produce digital goods for the tech giants one can get the impression that the working conditions in Macedonia are not so bad. I dare say that the situation with human resources in North Macedonia is at a much higher level than in China for example. But we must not forget that China, in recent decades, shows an annual growth of the economy of more than 7%, a figure that Macedonia can unfortunately only dream of, which indicates the fact that any drastic growth of the economy and the standard directly depends on the above-average effort that the ordinary worker has to make in production or services. These efforts, sometimes superhuman and inhumane, move the economy forward for the common good while individual experiences remain questionable. Many sacrifices are being made in the world in the struggle for conquering markets, and those victims usually happen to be ordinary workers. Unfortunately, the influence of the EU and the US on labor standards and their leveling with the situation in those countries is wrong, because it is easy to introduce improved working conditions, bonuses, days off, etc. when the economy or companies are already rich and developed, but it is difficult to do so while still investing and growing. This was also the case in the United States, where during the construction of the railway infrastructure in the 19th century, due to the inhumane working conditions, a huge number of workers died. In the textile industry of England, in the middle of the 20th century, in the area of Manchester, thousands of Britons, Indians, Africans, etc., deteriorate their health for the progress of the country and the company for which they worked. Unfortunately, no one mentions this and that is why the pressure that international factors make to improve working conditions in developing countries appears like a sort of hidden intention to prevent or slow down the growth of developing countries.

In any case, it should be remembered that the cost of progress is always paid by the employees and therefore an investment should be made in the development and improvement of the human resource, but of course, all in due time.

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