

Functional Analysis of the System for Human Resources Management

Assoc. Prof. Margarita Harizanova, Ph.D.
Chief Assist. Prof. Nadya Mironova, Ph.D.
Assist. Prof. Tatyana Shtetinska

Summary: The article presents the results of a research of the situation of the system for Human Resources Management, made by the authors in the period 2008-2009.

It is applied a specific integrated method with which are estimated the kind of activity, the main accents of the bonds and relationships by its realization and application of methods, means of influence in the practice of Bulgarian organizations.

Key words: System of Human Resources Management, systematic approach, process approach, Subject of Human Resources Management, functions, activities.

JEL: 015.

Introduction

The system approach in human resources management provides an alternative viewpoint in order to clarify the structure of the system, reveal the links with external environment, and determine the way the organization operates to reach the defined goal. This analysis is essential for practical purposes.

It supports the everyday work of managers to determine the following:

- The cause-effect relationships between the types of activities in the system of human resources management;
- Ensuring its contacts with the external and internal environments;
- The application of certain approaches, methods and techniques for people management.

The system approach provides a set of instruments for reporting the impact of one of the functions on the rest of them in making management decisions (the evaluation influences education, career, remuneration size, etc.) **The human resources management system includes all functions related to the management of these resources, the interactions between them, the relations to the environment, the ways of labour organization to achieve the business goals of the organization and the applicable tools consisting in approaches, principles, methods, and techniques (4).**

In the analysis of the human resources management system, it is advisable to also apply the process approach in addition to the system approach, as each function represents a **field of action** of a certain management process, as well as the system of management of the specific target (human resources) – this is the totality of functions related to a management cycle¹. Thus, an integrated approach is formed

¹ Harizanova, M. et all. Management. Values, communication, change., UNWE, 2006, p. 115.

in the research of the functions of the human resources management system and this approach is applied in our study.

The set of methods adopted by the authors for functional analysis of the human resources management system is based on several **main theses** and accepted **models**.

1. The specific characteristics of the human resources management system consist in the input and output parameters – these are human resources. They come as an input at the entry with their knowledge, skills, attitudes, and motivation for successful realization in the respective organization. At the exit – human resources are defined by the new changes in their quantitative and qualitative characteristics

and the level of their performance. Change is observed with respect to the behaviour, values, development, and career growth in parallel with the development and change in the organization itself. In this aspect of the study, the output of the human resources management system includes a mix of various components, which are the subject of analysis in determining the efficiency of its operation.

2. The functions of the human resources management system include analysis and design of job positions, human resources planning, recruitment and selection, evaluation of human resources, remuneration, training and career growth, motivation, ensuring healthy and safe working conditions and improving labour relationships (Figure 1). Each function is realized through respective activities.

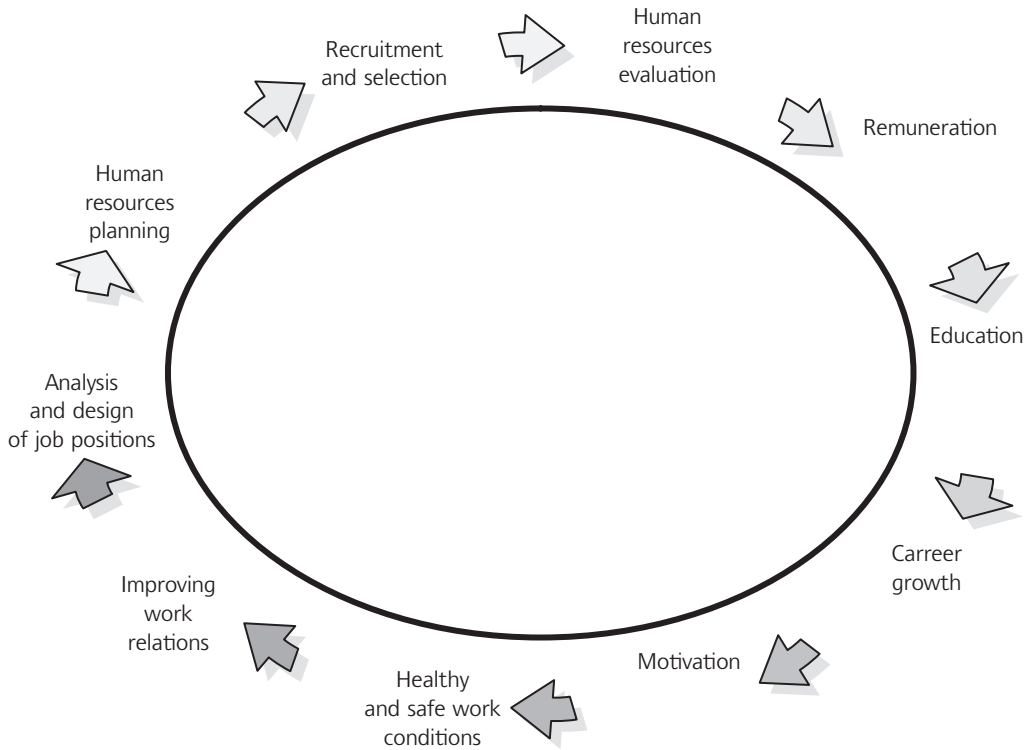


Figure 1. Links and interactions between the main activities in the human resources management system

The goal of the study is to reveal the potential of improving human resources management and the application of system approach to management functions.

The tasks are the following:

1. To present the latest data on the application of the system of human resources management functions in Bulgarian organizations.
2. To analyze these data from the point of view of the defined goal.
3. To draw solutions and recommendations that can be practically implemented for improving the process of human resources management.

Grouping these functions in the human resources management system is performed in order to integrate different aspects of management activities from the point of view of the theory and practice, and their influence on the degree of achieving results and people satisfaction. The grouping can include other functions like motivation, communication, leadership in people management, team building.

1. Scope of the Study

The characteristic of the different functions were studied **according to the type** and the main points of emphasis of the links and relations in its realization and the application of specific approaches, methods, means of influence, and their use in the specific organization. 192 organizations of different sizes and fields of activity were studied .

According to company size, the questioned persons are distributed as follows:

Organization size				
Company	small	medium	large	total
Number	32	75	85	192
Percentage	17 %	39 %	44 %	100 %

The scope of the study adequately reflects the presence of well-structured and targeted human resources management, where the different functions are defined, the types of practice are established, and the respective organization structures are developed (directorates, departments, or stand-alone specialists in human resources management).

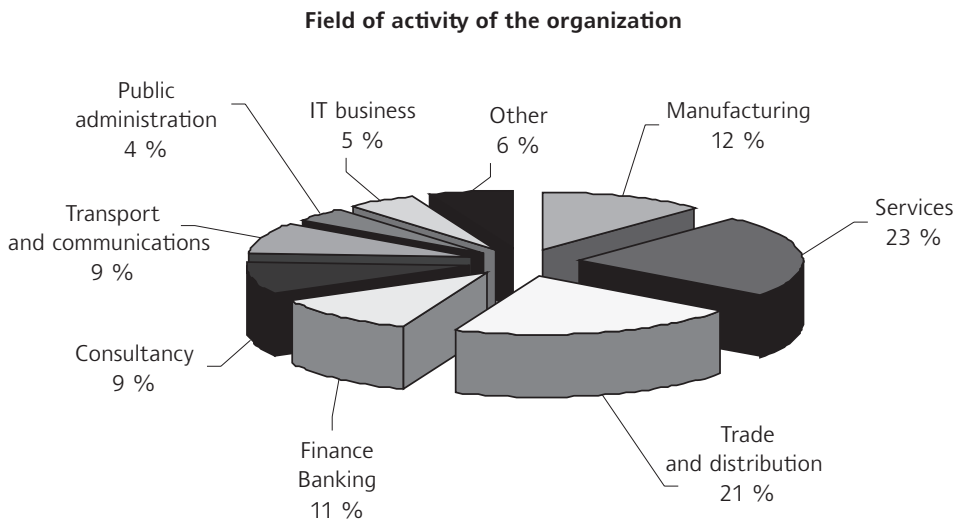


Figure 2. Distribution of studied organizations by fields of activity

Expanded human resources management systems exist mainly in the large organizations, which are 44 % of the studied sample.

The distribution of the questioned persons with respect to fields of activity is relatively equal, as shown in Figure 2, which is a precondition for valid conclusions and synopsis.

2. Results from the Study of the Application of Human Resources Management Functions

Analysis and design of job positions

The analysis of job positions includes a systemic study of the content, responsibilities and interaction between job positions and the requirements presented to their executives. The information obtained from the analysis of job positions is used for determining needed personnel, its selection, evaluation, developing training programs and courses, labour remuneration and improving working conditions. The main methods applied while performing the analysis are: questionnaires,

interviews, expert assessment, study of technical-technological conditions, reporting, and other documentation.

The design of job positions influences motivation, productivity, and work performance of human resources. Forming a certain content of workers' and employees' labour in all departments and units in the organization is in close relationship and interaction with a number of operative human resources management. This involves structuring the individual activities with the aim to satisfy the technical-organization labour requirements and the psychological and physical needs of the employee.

The relationships are of major importance for the communication between the employees in the process of completing tasks. In order for the design process to take place, the methods of job rotation, enriching or broadening the job position, reengineering, and creation of autonomous workgroups are used.

The activity of analysis and design of job positions is performed in a small part of Bulgarian enterprises (Figure 3).

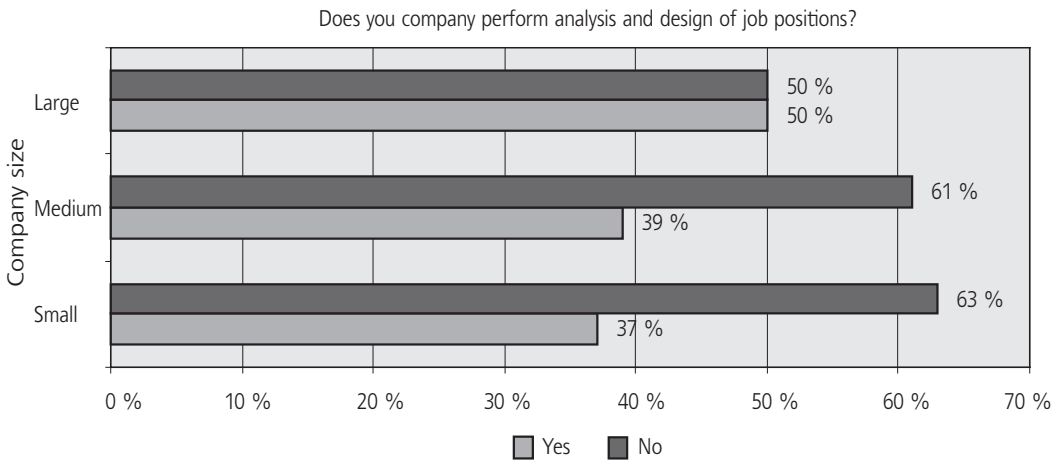


Figure 3. State of the activity "Analysis and design of job positions"

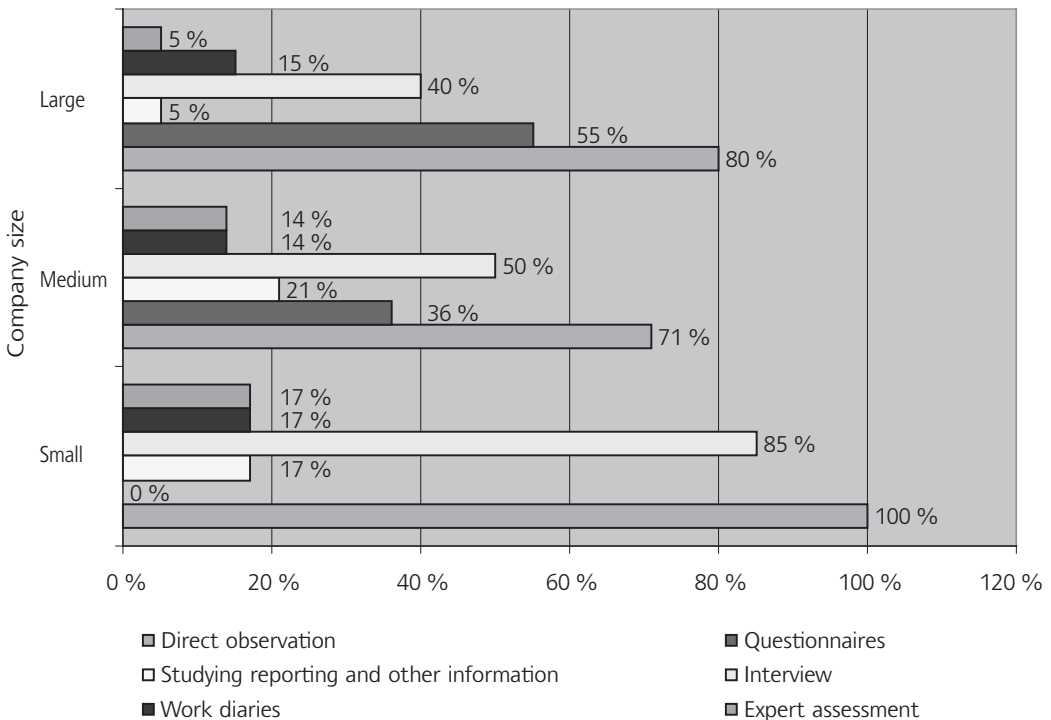
The percentage of organizations performing this activity goes up along with the increase in size of the organization. From the studied companies, only 37 % of the small and 39 % of the medium perform job positions design and analysis. In the large organizations, this percentage reaches 50 %. In the organizations targeted by our study, which have recognized the necessity of high quality design and analysis of job positions, the most frequently used method of job position analysis is direct observation (Figure 4). It is used in 100 % of the small, 71 % of the medium, and 80 % of the large companies). The second preferred method is the interview (used by 85 % of the small, 50 % of the medium, and 40 % of the large organizations). The least used methods

are expert assessment (only in 5 % of the large companies) and job diaries. Obviously, practical work is based on the faster and more operative, although less precise, methods of obtaining information.

Human resources planning

This is an inextricable part of business planning in the organization. It is carried out simultaneously with the development of other plans – marketing, production, and financial, as a guarantee for attainment of the strategy and goals of the organization. Human resources planning influences positively the overall development of the organization – resulting in higher labour productivity, improving the quality of the life at

Which methods of job position analysis are used?*



* the sum of percentages is above 100 as it is possible to give more than one answer

Figure 4. Methods used for job position analysis

work, ensuring human resources adaptivity, and diminishing fluidity of manpower.

When changes or considerable investment in the organization are planned, the "human resources" variable should not be omitted or taken into account only after taking all other decisions – technological, organizational, financial. The "human resources" concept should be present in the forecasts, plans, and programs. This concept of human resources planning is understood as a coordinated totality of methodical activities in the development and application of a system of plans and programs for the improvement and development of human resources in correspondence with the planned changes in the organization, including during crisis.

The human resource plans are an important instrument for influencing and preparing the organization for future changes. They avert unreasonable expenses in case of deficit or surplus of human resources, balancing labour demand and supply in the organization and, in such a way, the use of human capabilities is optimized. Despite the undisputable importance of this activity, however, only **9 % of the small, 21 % of the medium, and 34 % of the large enterprises** plan human resources as a separate activity using the respective instruments.

Recruitment and selection of human resources

Recruitment and selection is a process related to determining the most appropriate possible applicants for certain job positions. During **recruitment**, the requirements to the applicants are defined in close link with the position profile. In the last years, the "competence model" is used to define the necessary set of requirements. On this basis, the vacant job positions are developed

in a professional way, i.e. so as to attract applicants corresponding to the job position requirements profile.

According to the respondents of the present study, the most widely used source of staff recruitment is advertisement in the media (for 62 % of the small, 75 % of the medium, and 85 % of the large organizations). The next widely used source is job searching sites (44 % of the small, 47 % of the medium, and 65 % of the large organizations). Internal recruitment is a more frequent practice in medium (42 %) and large organizations (40 %) than in small organizations (31 %). The reason is that large organizations really dispose of higher numbers of competent employees who can take the vacant position (especially if it is a managerial one). The least used sources are oral advertisement (0 % of the large companies use it) and headhunting (0 % of the small, 8 % of the medium, and 7 % of the large).

After the necessary documents are received from the applicants, the **selection** starts. Professional selection implies the participation of recruitment and selection specialists, or – in case of lack of such specialists – outsourcing. Understanding the selection procedure depends on the competency of its participants and the job position requirements. Professional selection includes a set of methods for verifying the competencies of the applicants at different stages using an appropriate control system – determining each stage of the applicants rating process. This control and evaluation system provides the possibility of moving highly rated applicants to the next stages, while others with lower rating would drop off the competition. In professionally developed evaluation systems, the rating identifies the presence or absence of defined competencies. Performing specific selection procedure stages makes the process more expensive, but this is a guarantee of lower risks of selection of

applicants not complying with the “suitability” profile (comparing the “requirements” profile with the “capabilities” profile).

The most frequently used methods in human resources selection in Bulgaria are the interview and the tests (Figure 5).

The interview is used in 87 % of the small, 92 % of the medium, and 100 % of the large organizations. Test are applied by 31 % of the small, 39 % of the medium, and 32 % of the large organizations. In 22 % of medium organizations in the field of services, 33 % of those in the field of consultancy, and 100 % in the field of IT business, the method of recommendations is also used in staff selection. Only 7 % of the large enterprises use cases solution for staff selection (33 % of companies in the field of commerce and distribution and

17 % of those in the field of transport and communications). The “evaluation centres” method is not used in neither one of the listed enterprises, which is in sharp contrast with the world trends in the field of human resources management. An explanation of this fact lies in the practical absence of such specialized centres, which dispose of the respective methods and expert staff.

In modern organizations, this recruitment and selection activity ends by the **introduction** of the appointed applicants to the organization. The Department of Human Resources Management develops introduction programs for this purpose. The job position orientation process makes the adaptation of a newly hired employee easier and his/her commitment to the organization higher, contributing to the achievement of the organization

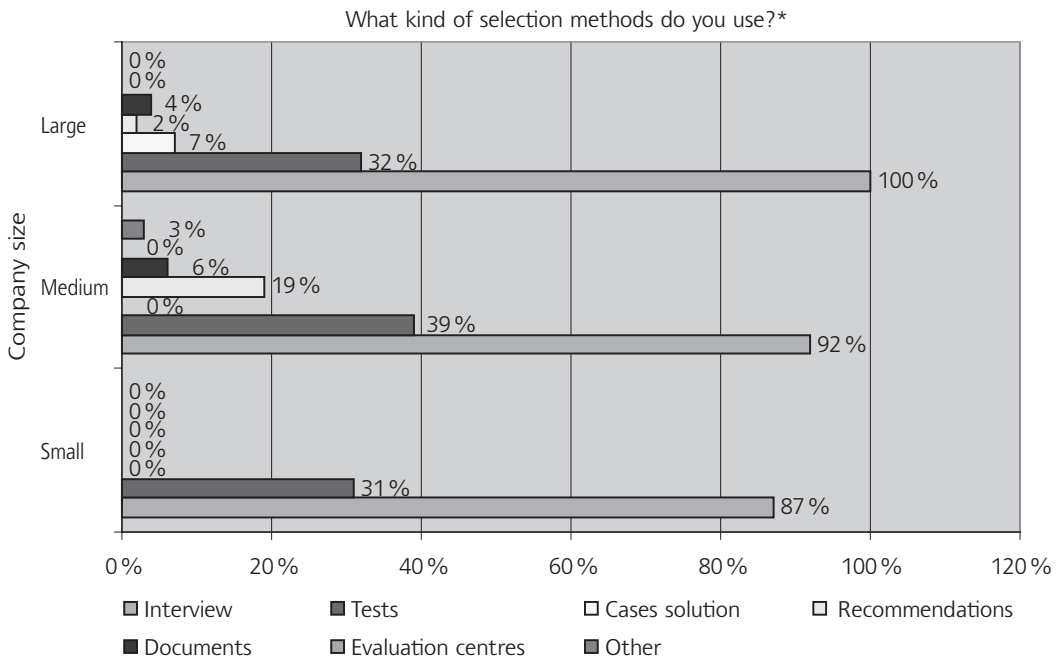


Figure 5. Methods used in the selection of human resources

goals. Adequate welcoming into the team, clarifying all aspects of its activity, the ways of communication, evaluation, development, are essential to his/her work.

Human resources evaluation

This activity plays a decisive role in the organization, providing justification to personal decisions related to human resources turnover – displacement, promotion, demotion, firing, differentiation, or change of the system of remuneration, training, career development, motivation. Human resources evaluation is a structured and rule-regulated process based on a specially developed scoring system.

- Each organization takes into consideration specific principles, rules, requirements, and procedures for work performance evaluation in the development of the human resources evaluation system. This system reflects the management style, the strategy and policy in human resources management, the values and norms of the company’s culture.

More than 70 % of all studied organizations perform human resources evaluation. (Figure 6) In the large organizations, informal staff evaluation makes only 3 %. Evaluation is not done in the large organizations in the field of public administration (50 %) and manufacturing (40 %).

If there is an evaluation system in place, the evaluation itself is done most often by the direct manager (in 100 % of the small, 87 % of the medium, and 96 % of the large organizations). (Figure 7) In addition to the evaluation done by the direct manager, the evaluation in the small organizations is also performed by customers (11 %) and colleagues (11 %), the last being used most of all in companies in the field of manufacturing (50 %), trade, and distribution (50 %).

Methods like self-assessment and evaluation by subordinates are also used in 8 % of the medium and 4 % of the large organization. In 13 % of the medium and 8 % of the large enterprises, the evaluation is performed by the

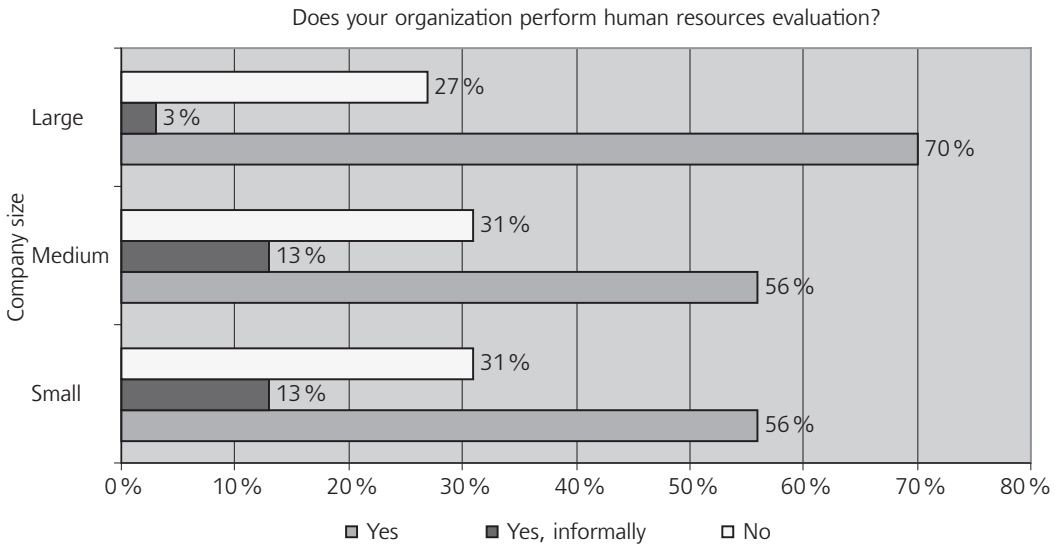


Figure 6. State of the activity “Human resources evaluation”

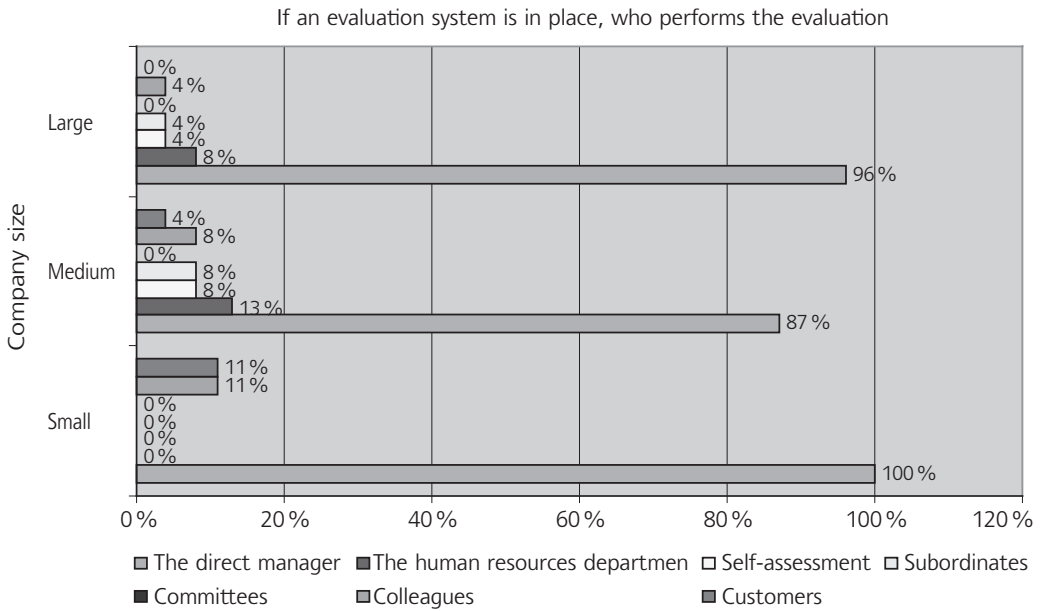


Figure 7. Subject of the human resource evaluation

Human Resources Department. In neither one of the studied organizations the evaluation is performed by committees.

In a professionally developed evaluation system, there is still room for certain problems and mistakes related to the organization, information, used methods, and management. Overcoming them is possible by introducing a system of evaluation of all the staff, including the organization management. This was underlined in a large number of sociological and psychological studies carried out over the last years. The attitude to the subject of study is changing, and involved specialists look more and more for methods of accounting for differences and their appropriate evaluation in the work performance of employees, which are then reflected in their remuneration, training, and career.

Remuneration management

Remuneration management influences human resources motivation from the economic and psychological point of view. Remuneration is associated with social status, authority, and recognition. Remuneration management reflects the philosophy of the organization management with respect to attracting, retaining, and motivation of human resources. This means remuneration should ensure competitive, but equal levels of payment in an industry branch or profession.

Remuneration management includes the development, implementation, and support of systems of cash and non-cash payments, which influence the quality of performance in reaching the organization goals. Difficulties for this management are created as a result of the contracting interests of employers and employees, employers and trade unions; the

rules and limitations imposed by labour law in the country, and of the factors influencing salaries in the different industries.

In 69 % of the small, 50 % of the medium, and 48 % of the large studied organizations, the salary is determined at company level – collective labour agreements are present only in the medium (17 %) and large companies (15 %).

The most popular method of employee motivation is through bonuses received for good work. (Figure 8). The bonus package is not an instrument per se, but a part of the general program of remuneration, motivation, and retaining of the employees in the company. It is very important that employees understand and value the investments made by the employer into their development, as well as the way of their communication. The bonus system must maintain the balance and the hierarchical structure of the organization. More and more companies take into account the trend of employees preferring non-monetary incentives over financial stimuli. The so called bonuses are related, on one hand, to motivation and professional development, and on the other – to maintaining the balance

between work and private life. In addition to financial bonuses (premiums distributed among employees over certain time periods), other customary non-financial incentives are related to healthcare and childcare support. Distance work is also increasingly relied upon in the last years.

What is impressive in the results is that a high percentage of the studied organizations have developed a bonus system for employee motivation – 75 % of the small and medium enterprises and 70 % of the large ones. A bonus system guarantees that employees who perform their duties at high quality levels will receive higher payment and more non-financial rewards.

The individual activities in remuneration management have a close link with the other activities in the system of human resources management – job position analysis (job content represents the main criteria in salary formation), selection, and education (determining the qualification of the employee and the level of his/her work performance), evaluation, decisions on salary change, training, promotion, and motivation.

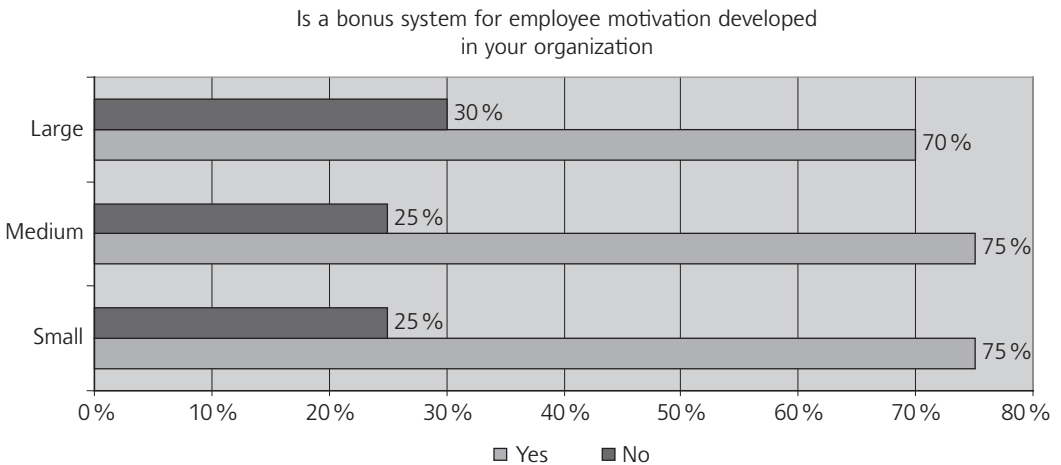


Figure 8. Application of the bonus system in remuneration management

Human resources training

Training is a strategic function of human resources management. It is directly related to growth and competitiveness, conditioning the professional development and growth of the personnel. Investments in training equal investments in prioritizing and sustainable development of organizations and their human resources.

In the conditions of permanent technological and technical change, competition, internationalization of the economy, crises, those organizations succeed which are able to react and are the fastest to adapt to the dynamics of the environment. The introduction of permanent training in the organization raises the competence of human resources, motivates them towards higher work quality and contributes to a balance between the organization's interests and personal interests. The new knowledge, skills, and attitudes elevates the price of employees' labour and their adaptation to new working conditions becomes easier. Human resources training is the basis for career development. The value system of contemporary human resources is related to development, improvement and self-realization.

Each training motivates the employees for the next one, when change is ensured in the other elements of the human resources management system – remuneration, promotion, transfer, team work.

In the studied organizations (Figure 9), the training needs are most frequently defined by the direct manager – in 63 % of the small, 83 % of the medium, and 70 % of the large companies. In organizations where a Human Resources Department exists, training needs are defined by specialists from this department – they have good understanding of employees capacities; they determine the real needs of change in people's knowledge, skills, and attitudes. About 1/4 of all studied organizations do not perform training.

Training has a multidirectional effect. On one hand, it maintains the necessary level of qualification and, respectively, work quality. When it is regularly organized, employees refresh their knowledge and recollect some useful practices. In this way, they pay more attention to essential details in their work and their results remain at the desired level. On the other hand, training

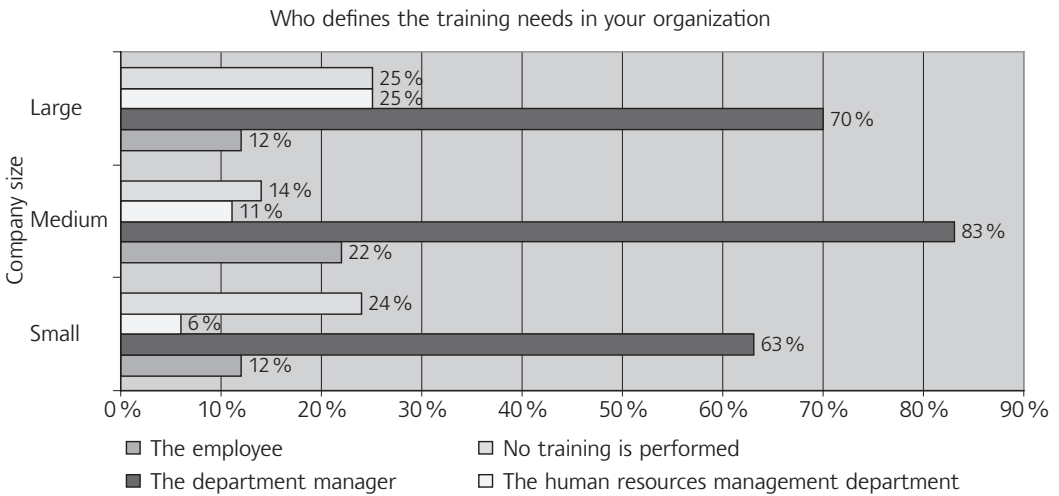


Figure 9. Subjects in the system of systematic human resources training

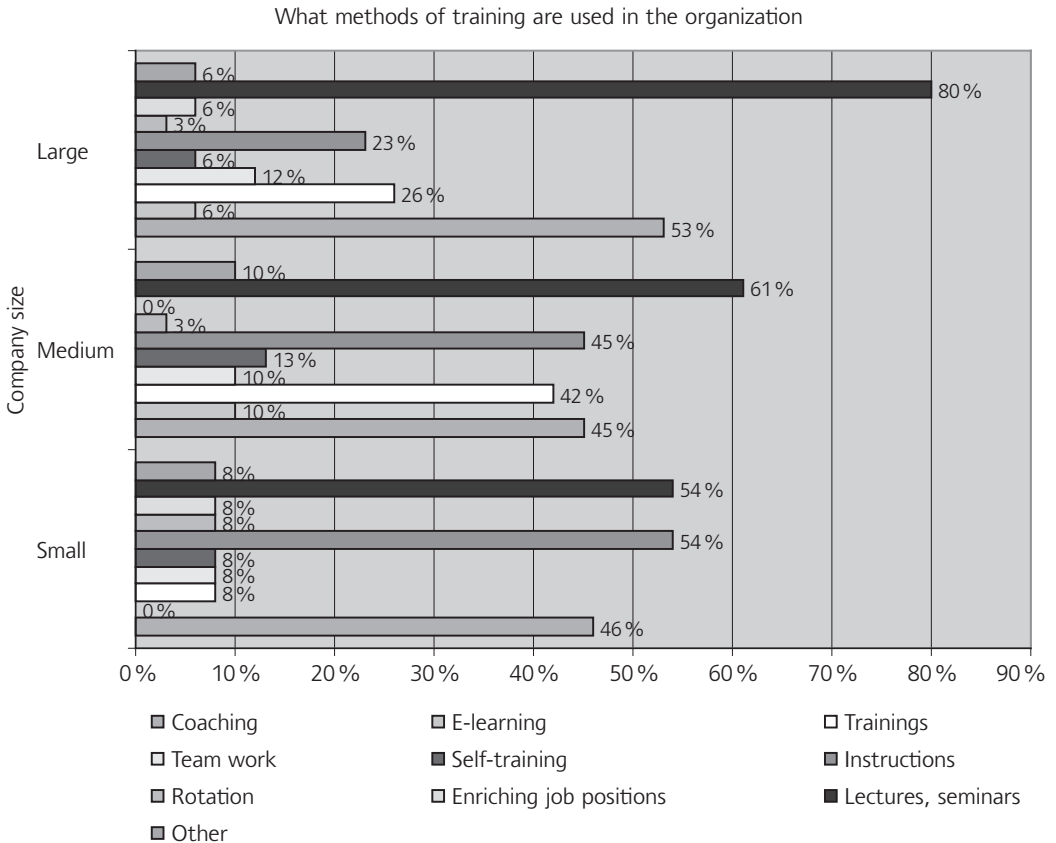
builds upon the already acquired knowledge and experience, raises employees motivation and results in lower manpower fluidity. As a whole, employees feel satisfied with their development.

In theory and practice, there are many and different methods of human resources training—on-the-job or off-the-job.

The most frequently used methods of training, according to the respondents in the study, are: coaching, instructions, lectures, courses, and seminars (Figure 10). Different courses

and seminars for human resources training are organized in 80 % of the studied large companies, 61 % of the medium, and 54 % of the small ones.

The efficiency of the decisions made on human resources training depends both on the good knowledge of the specific characteristics of the organization and the high professionalism of managers, who skilfully apply modern training methods. The trend of competencies development in human resources organization, as well as the increasing need for high level technological skills show that, more than ever,



* the sum of percentages is above 100 as it is possible to give more than one answer

Figure 10. Methods of training in the organizations

organizations need training and development of their resources.

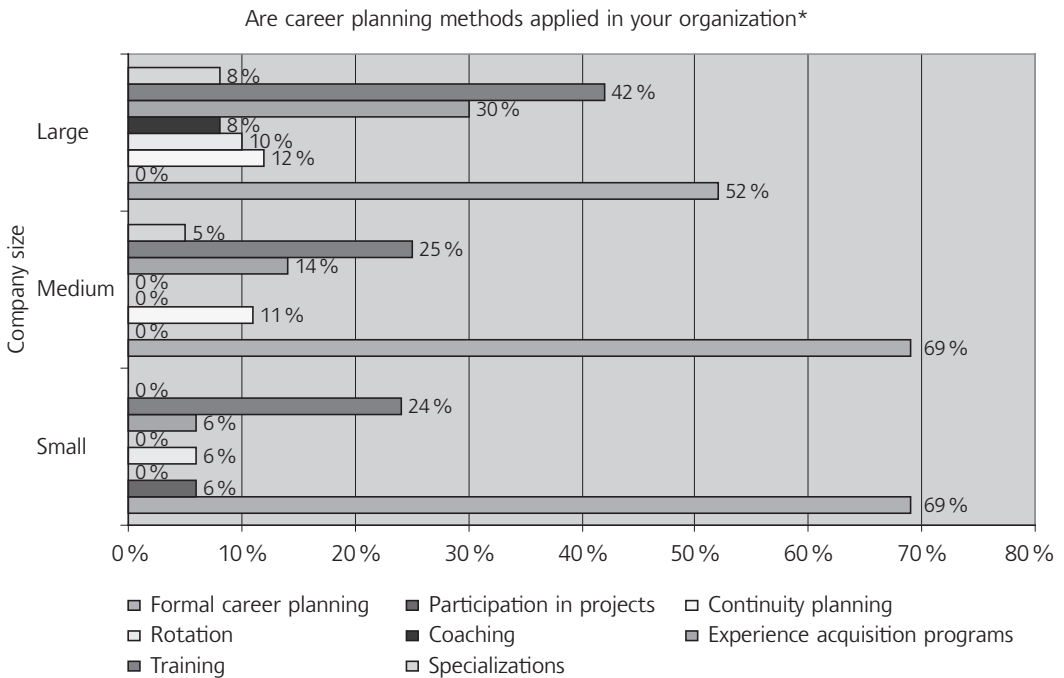
Career management

Career management is individual understanding, followed by positions, and specific behaviour related to the work activity of the person. It is a complex, lengthy, and various process of personality management. Success in career development is associated with money, power, access to information, influence on a certain group of subordinates.

Organizations and management are often inclined to perceive career as a naturally regulated process, which should be the concern of employees only. However, career management is directed towards

the progress at work and the growth of human resources in the organization in conformity with its needs and requirements for efficiency, results, development, and consolidation. In practical work, career management is considered in two aspects: career planning and success planning. Career planning strengthens employees growth in the organization in conformity with the evaluation of organizational needs, their performance, potential, and preferences. Success planning is identified with ensuring continuity in the preparation of future managers and leaders to prolong the life of an organization.

Formal career planning exists in the majority of organizations – in 69 % of the small, 69 % of the medium, and 52 % of the large enterprises (Figure 11). In organizations, in which career management programs are introduced, the



* the sum of percentages is above 100 as it is possible to give more than one answer

Figure 11. Career planning methods

most frequently applied methods are training (in 24 % of the small, 25 % of the medium, and 42 % of the large organizations) and acquiring practical experience (in 14 % of the medium, and 30 % of the large companies). Career planning through succession is used only in the medium (11 %) and large organizations (12 %), and coaching – only in large companies (8 %).

The essence of career management is revealed in the combination of interests of the individual person in his/her professional realization, on one hand, and of the organization, on the other. The successful career planning and development requires activities from the part of three subjects – the organization and its management, the direct manager, and the employee.

Ensuring healthy and safe work conditions

Ensuring health and safety of human resources in their work activity is a permanent management function, supporting the work capacity, productivity, and quality of labour. Ensuring healthy and safe work conditions reflects different interests, which are to be combined in human resources management. Safety and work conditions are factors influencing the overall activity of the organization. Managers, employees, and trade unions are involved in this process.

The activities through which this function is realized consist in:

- applying the existing legislation in this field;
- applying the main principles of ensuring health and safety: prevention, integration of health and safety measures with the activities related to prevention of damage and accidents, employers responsibilities;
- developing and applying a targeted policy in this field;
- ensuring healthcare services to the staff, safety control in the organization, etc.;

- creating bodies responsible for working conditions and coordinating the implementation of the overall policy in the organization;
- risk assessment and, on this basis, development a program for improvement of working conditions;
- applying for and obtaining certificates of health and safety management system at work (a great part of these standards are compatible with the quality standards from the series ISO 9000 and ISO 14000) in order to support the integration of quality, environmental, health and safety work condition management systems into a unified management system of the organization.

The intense know-how transfer in the field of human resources management supports the process of equalizing standards ensuring healthy and safe work conditions. More than 64 % of all studied organizations, irrespectively of their size, have a work conditions control system and implement explicit programs for this activity.

Conclusion

The functions of human resources management are grouped as a system and can be successfully analysed in the configuration proposed by the authors. It is in conformity with the traditions and practice of Bulgarian organizations. In relation to the study, treating human resources as a system is a precondition for integration of the activities and their successful administration by the human resources manager. Human resources generate added value and their adequate and competent management is a problem for every organization. The results from the study clearly outline the advantages of large organizations in this respect:

- the system is more clearly structured;
- there is functional differentiation;
- various instruments are used.

There is potential for the development of the system in medium and, most of all, in small enterprises, taking into account their resource limitations and their structures. Such potential can be found in specialization of activities, training of specialists in human resources management, optimizing resources, and diversification of the applied methods and techniques.

Literature

1. Armstrong, M., Human Resources Management. Delfin Press, 1993.
2. Byars, L., L. Rue. Human Resource Management, Irwin, Illinois, 1987.
3. Donnelly, J., J. Gibson, J. Ivanchevich, Fundamentals of Management, Irwin, Illinois, 1988.
4. Fathudinov, R. A., The System of management: Educational practical guide 2nd edition. Moscow, ZAO "Business School", Intel-Syntez, 1997.
5. Harizanova, M., D. Boyadjiev, H. Mironova. Human resources management. Investment in the future. C. 2006.
6. Harizanova, M., M. Mirchev, H. Mironova. Harizanova, M. et all. Management. Values, communication, change., UNWE, 2006.
7. Management. Edited by F. M. Russinova and M. L. Razy. Moscow, FBK-PRESS, 1988.
8. Shopov, D. and M. Atanassova, Human Resources Management. Sofia, Trakia-M, 1998. ~~VIA~~