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THE DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT IN SERBIA IN THE LIGHT OF CRANET RESEARCH 2021

Abstract: Human resource management (HRM) is becoming more and more important in contemporary business. As the process of managing organizations' most valuable assets, human capital, HRM needs to answer to all challenges that are arising in the internal and external business environment to achieve its goal, to attract, motivate, and retain employees. New challenges related to changes in the labor market, globalization, digital transformation, health risks due to the Covid-19 pandemic, economic and political issues, and many others, require that organizations possess a specific and well-developed process of HRM to manage their employees adequately. It is important to investigate the level of HRM in an organization to get familiar with the actual state of HRM practice and to explore areas for improvement. The main aim of this paper is to analyze the main indicators of HRM function in organizations in Serbia, to determine the actual state and the level of development. The methodology of the research obtains analysis of available literature and empirical data gathered during the new round of global Cranet research, in which Serbia participate. The data were collected in 2021, and the sample consists of 106 companies in Serbia. The authors investigated some of the main indicators of HRM, related to the number of employed people in an HR department, the existence of HR and related strategies, strategic HRM, usage of IT tools in HRM, etc. In the end, the results from Cranet data for Serbia were compared to present values of certain indicators at the regional and global levels.

Keywords: human resource management, development, Serbia, Cranet

1. INTRODUCTION

Human resource management (HRM) as a concept of managing the organizational most valuable resources, employees, includes a wide range of activities. These are HR planning, staffing, training and development, career management, compensation, safety at work, etc. HRM is becoming more and more important in contemporary business. As the process of managing organizations' most valuable assets, human capital, HRM needs to answer to all challenges that are arising in the internal and external business environment to achieve its goal, to attract, motivate, and retain employees. New challenges related to changes in the labor market, globalization, digital transformation, health risks due to the Covid-19 pandemic, economic and political issues, and many others, require that organizations possess a specific and well-developed process of HRM to manage their employees adequately. It is important to investigate the level of HRM in an organization to get familiar with the actual state of HRM practice and to explore areas for improvement.

The evolution of the HRM usually is presented through several phases, from "administrative function, with a paternalistic approach to employees, to contemporary view of HRM as a strategic business partner in the firm. The evolution of HRM

is different regarding the business environment and economic development of countries. In most market economies HRM is more developed, and has a strategically important function, while in former planned economies the state and its administration had had the largest influence on business till 1990. There is considerable evidence that HRM in Eastern and Central Europe, as a former communist bloc, has experienced many changes since 1990 and which are still ongoing” (Poór et al., 2011; Kohont et al., 2015; Slavić & Berber, 2016).

The main aim of this paper is to analyze the main indicators of HRM function in organizations in Serbia, to determine the actual state and the level of development. The methodology of the research obtains analysis of available literature and empirical data gathered during the new round of global Cranet research, in which Serbia participate. The data were collected in 2021, and the sample consists of 106 companies in Serbia. The authors investigated some of the main indicators of HRM, related to the number of employed people in an HR department, the existence of HR and related strategies, strategic HRM, usage of IT tools in HRM, etc.

The paper consists of four parts. In the first part of the research, the authors presented some of the main developmental issues on HRM in Serbia. The second part of the research presents the methodology. Results and discussion are given in the third part, while conclusions are presented in the fourth part.

2. THEORETICAL BACKGROUND

Bogićević Milikić, Janićijević, and Petković (2008) analyzed the position of HRM in Serbia based on interviews with HRM managers and HRM directors in 38 selected Serbian companies. They found that the role of HRM function is very weak, but a growing number of companies are introducing HRM departments. The majority of these recently established HRM departments have limited functions – mostly performing administrative tasks.

Based on Serbian Cranet data from 2008 Leković and Šušnjar (2009) claim that the majority of HRM responsibilities (staffing, compensation) are in the line managers’ authority, but the main responsibility for these HRM issues is, indeed, in the hands of top managers.

In research from the near past Vemić-Đurković et al. (2013) found that banking organizations that have better HRM practices possess a more competitive workforce and achieve better organizational performances, which further highlights the need for a more systematized and institutionalized use of human resources within the commercial banking sector in Serbia.

Slavić and Berber (2013) found that Serbian SMEs have an integrative linkage between the HR function and the strategy formulation process, and that the HR manager is a member of the top management team. Also, the obtained data from Cranet research in the 2008/2010 period showed a significant relationship between the role of HR in strategy formulation and the companies’ profitability.

In their theoretical overview Bogićević Milikić et al. (2012) emphasized the findings of HRM in Serbia:

strategic orientation of HRM is still not fully present among selected companies;

- the lack of professional competence of the head of personnel/HR department is evident since they are mostly recruited from the non-personnel positions either from or outside the organization;
- rare use of external providers for various HR services;
- the increased role of line managers in HRM as the consequence of downsizing HR departments has not been found, since over-employment of HR departments is present in almost all observed companies;
- emphasized the link between HRM and organizational performance has not been found,
- more emphasis on individual forms of interaction and representation in Serbian companies has not been found either - the role of trade unions is very weak and communication with all employee categories is inadequate and insufficient either through the individual or collective forms of interaction and representation,
- there is no evidence of a reorientation from a primarily humanistic to a more organizationally driven value system.

The above-mentioned study revealed some signs of positive change in Serbian HRM because they found that the HRM function was organized within the separate department, with the HR manager who possesses a university degree in subject areas other than Law. Also, HR departments are included in making major policy decisions regarding HR issues, written policy in some HR areas, such as pay and benefits, recruitment and selection and training and development exist in organizations, more HR staff have university degrees instead of clerical staff, etc. (Bogićević Milikić et al., 2012, p. 457). The obtained data of the Cranet 2014/15 research period point out that in Serbia the majority of companies have separate HRM departments, written corporate and HRM strategy and there is an integrated lineage between the top management and the HRM department, as the HR manager is involved in the strategy formulation process from the beginning. In the majority of Serbian companies, line managers are primarily responsible for main HR decisions. They make decisions about recruitment and selection, compensation, training, and development, as well, workforce expansion and reduction alone, even without consultation with the HR managers (Slavić et al., 2016).

Regarding the comparison of HRM practice in Serbian private and public sectors, the data of the previous Cranet research data from 2015/16 show valuable results. Slavić and Berber (2016) conclude that in Serbia human resource management approach in the public sector is less developed than in private sector organizations. A smaller share of public sector organizations uses modern techniques for recruitment, selection, and compensation. Also, public sector organizations spend less money and days on training programs for their employees. In the case of communication, those organizations usually

use traditional channels, direct from supervisors or via trade union representatives. Regarding the level of unionization and the influence of trade unions, as expected, public sector organizations have a stronger trade union influence. In comparison with private sector organizations, in Serbia HRM in public sector organizations is less developed than in private sector organizations. A smaller share of public sector organizations uses modern techniques of HRM than private sector organizations. HRM in the public sector is still implemented as transactional practice, not as a strategic function.

The research data from CEEIRT and Cranet international research show that in the period from 2008 to 2016 the role of HRM has changed a lot. The HR staff ratio index has improved, the human resources form a higher proportion of the companies' total costs, and therefore the role of the HR department in assuring efficiency, productivity, and profitability has emerged. The long-term orientation is proved by the increased ratio of labor costs spent on training and development (Poór et al., 2016).

After presenting some of the main findings on HRM development in the previous time, the authors analyzed the data from the Cranet research round in 2021 to find out the actual state of HRM in Serbia.

3. METHODOLOGY

3.1. Questionnaire

The methodology used in the research is based on the Cranet methodology, the world's largest international network for comparative research on human resource management (Berber et al., 2017). The Cranet is a multi-country, multi-time-point survey of HRM policies and practices, that lasts over the past 30 years by a collaborative network of researchers from more than 40 countries worldwide (Parry et al., 2021, 274). The research aims to provide high-quality data for academic, public, and private sectors, as well as for students of HRM, and to create new knowledge about HRM practices in different countries of the world. The questionnaire was divided into six parts/sections: HRM activities in an organization, staffing, employee development, compensation and benefits, industrial relations and communication, and organizational details. Answers to questionnaires were provided by executive managers or HR managers in organizations with more than 50 employees (Berber et al., 2018). Also, the single-respondent methodology is used, when only one response is given for the entire company's HRM practices, usually by HR managers or other managers in higher positions. For this paper, the authors used the data on HRM activities in organizations (section I in the Cranet questionnaire).

3.2. Sample

Table 1 presents the sample of the research. The most of responding companies come from the manufacture of food, beverages, textiles, wood and paper, coke and refined petroleum, and related products (16%), wholesale and retail trade (14.2%), telecommunications, IT and other information services (9.4%), other manufacturing (8.5%), and financial and insurance activities (7.5%), mostly from the private sector (85%), that are not family business (56%).

Table 1: The sample of the research

Industry	Frequency	Percent	Valid
A. Agriculture, hunting, forestry, fishing, mining, and quarrying	3	2,8	2,8
B. Manufacture of food, beverages, textiles, wood and paper, coke and refined petroleum, and related products	17	16,0	16,0
C. Manufacture of chemicals, pharmaceuticals, and medicinal chemical products	1	,9	,9
D. Manufacture of basic metals and metal products, plastic, and other non-metallic products	5	4,7	4,7
E. Manufacture of computers, electronic products, electrical equipment	2	1,9	1,9
F. Manufacture of machinery and equipment	6	5,7	5,7
G. Manufacture of transport equipment	2	1,9	1,9
H. Other manufacturing	9	8,5	8,5
I. Electricity, gas, steam, and water supply, waste management	7	6,6	6,6
J. Construction	3	2,8	2,8
K. Wholesale and retail trade	15	14,2	14,2
L. Transportation and storage	4	3,8	3,8
M. Accommodation and food service activities, publishing, broadcasting activities	2	1,9	1,9
N. Telecommunications, IT, and other information services	10	9,4	9,4
O. Financial and insurance activities	8	7,5	7,5
P. Accounting, management, architecture, engineering, scientific research, and other administrative and support service activities	5	4,7	4,7
Q. Public administration and compulsory social security	1	,9	,9
R. Education	2	1,9	1,9
S. Human health services, residential care, and social work activities	1	,9	,9
T. Other industry or services	3	2,8	2,8

	Total	106	100,0	100,0
Sector	Frequency	Percent	Valid	
Private sector	90	84,9	84,9	
Public sector	16	15,1	15,1	
	Total	106	100,0	100,0
Is the business owned and/or controlled by primarily one family?	Frequency	Percent	Valid	
No	59	55,7	60,2	
Yes	39	36,8	39,8	
Total	98	92,5	100,0	
Missing	7	6,6		
System	1	,9		
Total	8	7,5		
	Total	106	100,0	

Source: Authors

Also, there are 34.9% of SMEs in the sample, 46.2% of large organizations (number of employees between 250 and 1000), and very large companies 18.9% (with more than 1000 employees). The average number of employees in organizations in the sample is 975.

4. RESULTS

According to the results of the analysis, 94.3% of all responding organizations have an HR department, and 65% of companies claimed that the person with responsibility for HR issues has a seat on the Board or equivalent committee.

Figure 1 shows the responses of the organization regarding the existence of several written documents and strategies related to HRM. It is seen that almost all companies have a mission and strategy (more than 80% respectively).

In the case of HR strategy, 70.8% of organizations possess a written HR strategy, and also training and staffing strategy (67% and 68.9% respectively).

In the case of ethics, which was investigated by the CSR and diversity statements, the results show that 60.4% of companies have CSR statements, and only 48.1% have diversity statements as a written document.

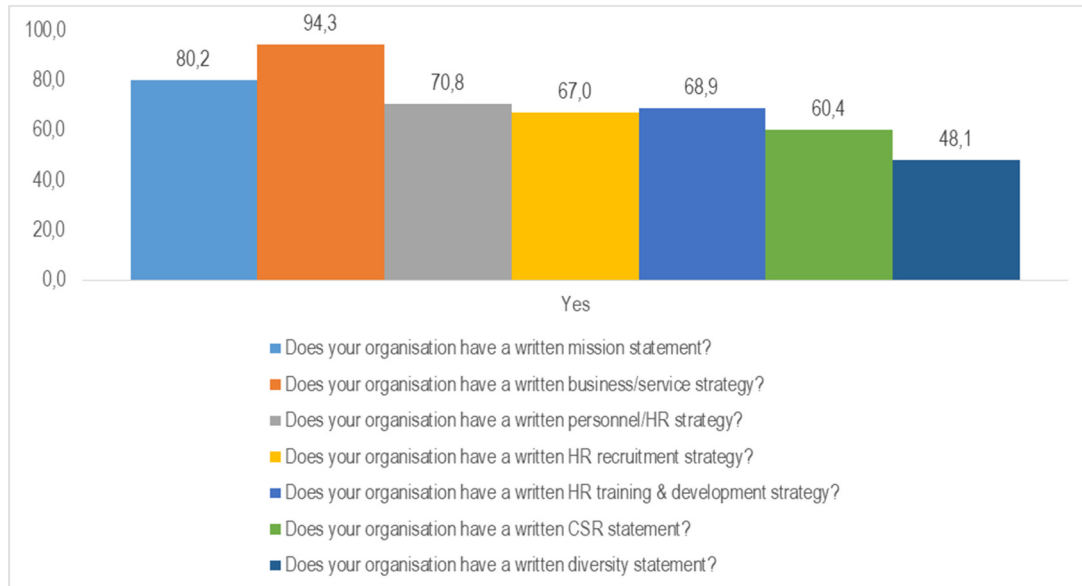


Figure 1. Percentage of organizations that possess certain written documents related to HRM

Source: Authors.

Figure 2 shows the responsibility for different HR issues in a company. Line managers in cooperation with HR managers (and vice versa) are mainly responsible for all issues, from pay and benefits to workforce reduction or expansion. Only in the case of industrial relations HR department has the most important role in decision making (33% of companies claimed this response).

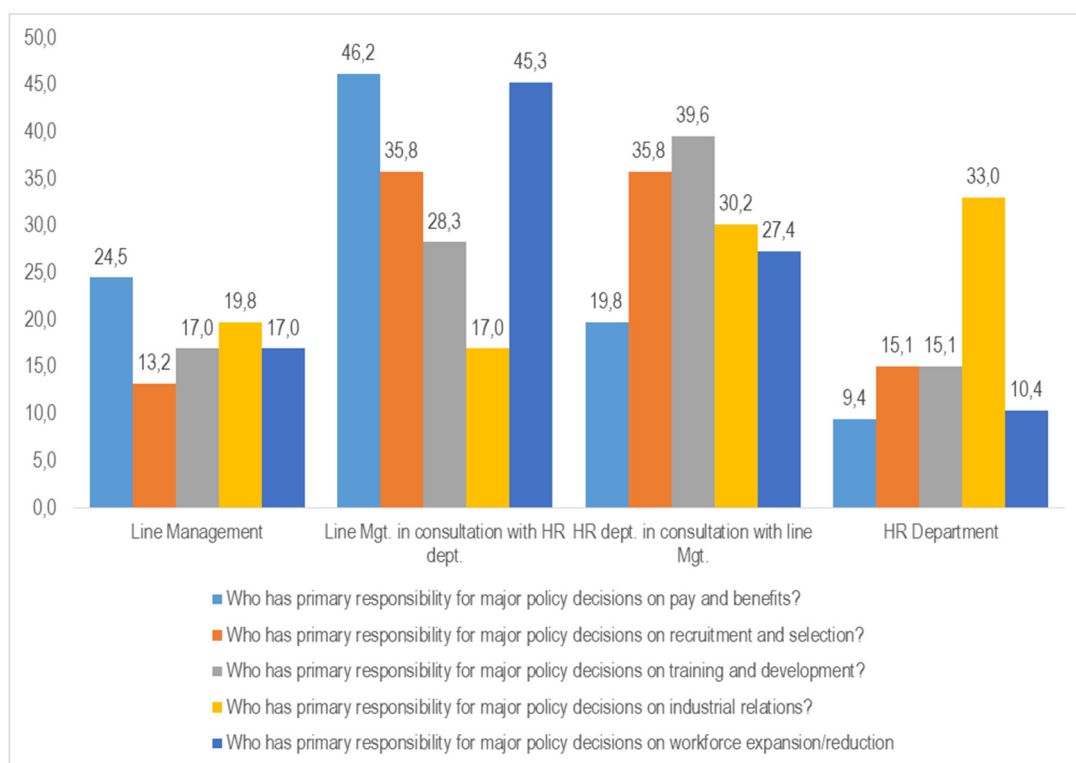


Figure 2. The main responsibility for decision making on HRM issues in a company
Source: Authors.

Table 2 presents the data on the evaluation of performances of HR departments in organizations.

Table 2: The extent of the evaluation of performances of HR department in organizations

To what extent is the performance of the personnel/human resources function/department evaluated?				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	6	5,7	5,7	5,7
1	4	3,8	3,8	9,5
2	22	20,8	21,0	30,5
3	33	31,1	31,4	61,9
To a very great extent	40	37,7	38,1	100,0
Total	105	99,1	100,0	
Missing	1	0,9		
Total	106	100,0		

Source: Authors

From table 2 we can conclude that the majority of organizations in the sample from Serbia evaluate the performance of their HR departments. Most of them are doing that to a very great extent (38%), and to a great extent (31.4%). 21% of organizations perform this kind of evaluation on the average level, while only 9.5% of organizations perform it on a low level or do not perform this evaluation at all.

Table 3 presents the data on the usage of different IT tools for performing HR activities in organizations in Serbia. More than 50% of responding companies use manager self-service (a system giving managers access to information and the ability to handle HR tasks rather than relying on the HR department) to a greater extent, while 29.2% of organizations do not use it at all. In the case of an employee self-service system (a system giving employees access to information and the ability to handle HR tasks themselves (e.g. changing personal details, claiming expenses, etc.), about 40% of companies use this kind of system to a greater extent, while 43.4% of organizations do not use it at all.

Table 3: The level of the usage of HR tools for performing HR activities in organizations

Use of manager self-service				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	31	29,2	29,2	29,2
1	20	18,9	18,9	48,1
2	28	26,4	26,4	74,5
To a very great extent	27	25,5	25,5	100,0
Total	106	100,0	100,0	
Use of employee self-service				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	46	43,4	43,4	43,4
1	17	16,0	16,0	59,4
2	24	22,6	22,6	82,1
To a very great extent	19	17,9	17,9	100,0
Total	106	100,0	100,0	
Use of HR shared services				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	44	41,5	41,5	41,5
1	14	13,2	13,2	54,7
2	22	20,8	20,8	75,5
To a very great extent	26	24,5	24,5	100,0
Total	106	100,0	100,0	
Use of HR information systems / e-HRM				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	25	23,6	23,6	23,6
1	19	17,9	17,9	41,5
2	29	27,4	27,4	68,9
To a very great extent	33	31,1	31,1	100,0
Total	106	100,0	100,0	
Use of algorithm-based HR processes				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	58	54,7	54,7	54,7
1	23	21,7	21,7	76,4
2	18	17,0	17,0	93,4
To a very great extent	7	6,6	6,6	100,0
Total	106	100,0	100,0	
Use of HR analytics				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	31	29,2	29,2	29,2
1	15	14,2	14,2	43,4
2	35	33,0	33,0	76,4
To a very great extent	25	23,6	23,6	100,0
Total	106	100,0	100,0	

Source: Authors

HR shared services (a concentration of administrative HR activities into a centralized, commonly shared, function) are used to a greater extent in the case of 45% of organizations, while 41.5% do not use these kinds of services. E-HRM is used to a greater extent in 58% of organizations, while algorithm-based HR processes are used in only 23.6% of them. HR analytics are used in more than 50% of organizations to a greater extent.

Based on the previous research on HRM in Serbia, compared with the results from this paper, it is obvious that HRM has developed to a higher level in the previous period. In the case of e-HRM, in previous research in 2018 in Serbia, the same percentage of companies from the sample of 160 companies stated that use e-HRM (58%), while in the case of manager and employee self-service systems, there were about 26% of companies that use self-service for managers and 18.4% for other employees (Berber et al., 2018). Compared with actual results, there is an increase in the usage of these systems, both for managers and employees, to 50% and 40% respectively. In the case of responsibility for the decision-making process on HRM issues, previous results in Serbia showed that in 2008 line managers were mostly responsible for employees' rewards. In 2015 there was a slight positive change since more organizations now claim that the HR department alone (3%) or in consultation with line managers (16%) makes decisions on pay and benefits. A similar trend is found in all other HR areas. HR department (alone or in consultations) was mostly engaged in decision-making in staffing, training, and industrial relations. It is important to emphasize that in Serbian organizations line manager was still the most responsible for HR decisions (Slavić & Berber, 2016, p. 286-287). In 2021 data show development since line

managers in cooperation with HR managers (and vice versa) are mainly responsible for all issues, from pay and benefits to workforce reduction or expansion. Only in the case of industrial relations HR department has the most important role in decision making (33% of companies claimed this response).

Regarding the existence of strategic documents related to HRM in organizations, Cranet data from 2015 showed that almost 73% of Serbian organizations had an HR department, while in 2008 only 53% of organizations claimed they had an HR department. Also, interesting data is that managers responsible for HR issues had a seat on the top management board in more than 60% of explored organizations, while in 2008 there were about 65%. Regarding the existence of organizational mission, business, and HR strategy, there was evidence of the increase, since organizations in Serbia in all three areas have a larger share of organizations that possess these kinds of strategies. In the case of HR strategy, in 2015 about 58% of organizations had written HR strategy compared to 2008 when the share was 44% (Slavić & Berber, 2016, p. 285). According to the results of the analysis in 2021, 94.3% of all responding organizations have an HR department, and 65% of companies claimed that the person with responsibility for HR issues has a seat on the Board or equivalent committee. Also, almost all companies in 2021 claimed that they have a mission and strategy (more than 80% respectively). In the case of HR strategy, 70.8% of organizations possess a written HR strategy, and also training and staffing strategy (67% and 68.9% respectively). In the case of ethics, which was investigated by the CSR and diversity statements, the results show that 60.4% of companies have CSR statements, and only 48.1% have diversity statements as a written document. Presented data from 2008, 2016, and 2021 signal the positive development of HRM practices in Serbia, since more companies have HR departments, more HR managers are in the top management boards, and more of them have written strategic documents.

5. CONCLUSION

Based on the results of this research, we can conclude that HRM practice in Serbia has developed to a higher level since some of the most important indicators of HRM in organizations shows better results than in the previous period. The main conclusions that could be derived from the analysis are:

- More companies possess HR departments in organizations in Serbia (more than 90% of respondents).
- 65% of companies claimed that the person with responsibility for HR issues has a seat on the Board or equivalent committee.
- Almost all companies have a written mission and business strategy (more than 80% respectively).
- 70.8% of organizations possess a written HR strategy, and also a training and staffing strategy (67% and 68.9% respectively).
- 60.4% of companies have CSR statements, and only 48.1% have diversity statements as a written document.
- Line managers in cooperation with HR managers (and vice versa) are mainly responsible for all HR activities, from pay and benefits to workforce reduction or expansion.
- The HR department has the most important role in decision-making (33% of companies claimed this response).
- The majority of organizations in the sample from Serbia evaluate the performance of their HR departments.
- More than 50% of responding companies use the manager self-service system, while 40% of companies use the employee self-service system.
- E-HRM is used to a greater extent in 58% of organizations, while algorithm-based HR processes are used in only 23.6% of them.
- HR analytics are used in more than 50% of organizations to a greater extent.

Future research will be oriented toward the investigation of each of the HR activities in organizations (recruitment and selection, training and development, compensation, and benefits, etc.) that are covered by the Cranet data and research, to be familiar with the actual state of the whole HRM process.

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