

The management of enterprises and a new perspective of the personnel function

Members of personnel staff of companies are facing a great challenge now. Extensive changes we are witnessing nowadays – both economical and political – are either stipulating or paving the way for completely different business conditions we have been used to so far. A great number of new companies have emerged and, on the other hand, the existing companies are faced with redundancy labor force. Some other firms have troubles, go bankrupt, etc. New firms, as a rule, are lacking experience of the personnel management, while the existing companies are arguing that, in most cases, they have no further use for their previous experience since the expectations with regard to personnel services have changed entirely.

A lot of cognition is coming up stating that "the human resources are forming the major basis for the wealth of society – the capital is merely a passive production factor".¹ The consequence is that "the general managers who are now recognizing the commercial importance of people are demanding professional approach and contribution made by the personnel experts. The changing strategies and structures require creative and fast reaction of the personnel managers. Organizations which are aware of the costs demand that every activity within an organization be justified from the final financial report viewpoint."²

We can illustrate these by the thoughts of a director of a big Slovenian enterprise who says: "It is necessary to introduce such a state or such relationships where ... all creative potentials of everybody in everybody's working and living environments could find expression to the optimum extent. Unleashing creativity represents the widest incentive for inventiveness and innovativeness."³

It has become a wide-known comprehension that a capable director only is not enough. "It is of utmost importance that the collaborators and executives always be in the center of occurrences. The capabilities of

collaborators should consciously be stimulated and their further training be upgraded in the scope of guided planning and development of executive personnel".⁴

In the organizations, people are becoming aware of the importance of that every individual represents for effectiveness of an organization. Therefore, the coming era could be possibly best described as the "era of the individual" since the majority of personnel programs will refer to the relationship between the individuals and their managers. Training, management, promotion and remuneration will be mostly adjusted to the requirements, contribution and work of individuals.

1. A motivation model and the new position of personnel function

As I have already mentioned the personnel function is getting a new position in the company. Consequently, also the work functions of both of the management staff and the personnel executives and specialists are becoming more exacting, more responsible and more professional. In order to perform these work functions in an undisturbed way and to attain corresponding results let us to show a possible motivation model (Exhibit 1).

In order to attain the corresponding results or the alteration of the existing situation, respectively, it is utterly important to take into account the scientific achievements, the highest possible level of labor organization and the largest possible rationality in the process of decision making. However, this is going to impose a change in the approach to human factor, efficiency of educational process and thus the development of personnel as well as full responsibility at labor functions performance. One can conclude that the extent of work and responsibility in personnel departments, and also for management executives, will be increased considerably. They will be expected to act as the holders of the anticipated changes.

1 M. Kos: "We have forgotten the fact that engineers are holders of technological development. DELO – Knowledge and development." Ljubjana, 10 January, 1990.

2 J. Humble: "How to improve the personnel service," *Personnel Management*, February 1988., p. 30.

3 J. Zagožen: "Competence means responsibility", DELO – Saturday Supplement, 1989.

4 P. Kraljič: "There are no recipes for efficiency, but there are clear models." DELO – Knowledge for development, Ljubjana, 11 January, 1989.

2. Personnel activity analysis model

The entire personnel activity has been divided into the following areas :

- a) Development of management and executive personnel,
- b) Development of other personnel,
- c) Motivation and remuneration system,
- d) Technical, health and social welfare,
- e) Legal activity,
- f) Quality of life,
- g) Information service,
- h) Safeguarding and protection of property,
- i) General activities.

3. Main processes in personnel department

Surveying determining factors of the personnel activities according to particular areas we have elaborated processes which, as their contents, belong to a particular area. The processes which take place in an enterprise can be showed as in Exhibit 2.

4. Proposal for the organization set-up of the Personnel Department

Based on the determined and joined processes we have elaborated a proposal for a macro-organization set-up of the Personnel Department. The chart below shows the macro-organization set-up of the Personnel Department distinguishing it has three levels, namely:

- 1) the executive (manager) level,
- 2) the level of specialists covering all 9 areas, where a particular area is not represented by an independent holder; however, depending on the scope of activities, one area can be managed by several holders (specialists), or else, one holder (specialist) can manage several areas,
- 3) technical, administrative and operative level where technical and administrative activities are performed without any specific separate areas (thus assuring a larger adaptation and a better exploitation of working time), as well as operative activities.

5. Role of the personnel information system in an enterprise

For implementation of the personnel policy in an enterprise the appropriate pieces of information are of utmost necessity. That the Personnel Departments, which have not got any disposal of the corresponding information of the personnel, can not treat and solve the personnel problems professionally. Thus, they are unable of executing the personnel function and, not lastly, they can not win the recognition of the workers as manufacturer and executive, they can not reach any kind of interest according to the personnel development and the aims and objectives of the company.

Therefore we can state that we can not imagine effective decision-making system in the field of personnel policy without systematized information. However, there are pieces of information about the personnel in enterprises (whose application is justified more or less), but there is no corresponding process to link all

the personnel information together and direct them to achieving the objectives of the personnel policy. It is certain that the quality of individual pieces of information depends on their up-to-dateness, and as well as the number of data as well as on the entirety of the corresponding records which encompass all employees. We can point out that the quantity, entirety and up-to-dateness of the personnel information have a decisive impact on the application of certain methods used for collection – acquisition of information.

And just in order to attain the corresponding objectives the systematization of information is necessary, because of the influence on the flow of the events is of urgent necessity, since the pieces of information represent themselves as the blood circulation of every system. Thus system can be treated as a uniformity of communications among the mutually dependent elements which can be separated from the environment and having the characteristics to make possible the course of a process possible.

Or, as F. Lipovec says,⁵ data are used to solve problems. If these data are of such nature that they make a determination and solution of a problem possible, they are called information. Hence, the problem of information in an organization is the following: how to convey each organ and work-post due information to treat the problems arising at execution of its work task. The problem is of organizational nature and it can be solved by anticipated planning and subsequent maintenance and settlement of a uniform system in the enterprise.

This means that it is necessary to elaborate a uniform information system for all fundamental functions in the enterprise encompassing by all means the personnel function.

The information system includes three subsystems :

- a) Subsystem of reporting,
- b) Subsystem of data processing and their rewriting,
- c) Subsystem of data collection being the basic subsystem on which the other two subsystems build up.

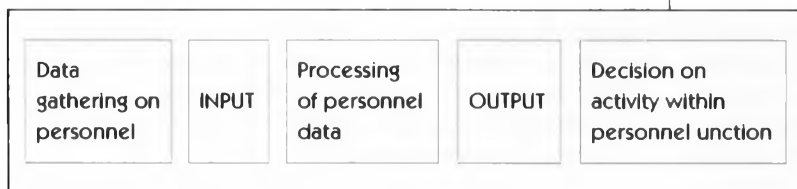
F. Lipovec thinks also that, in order to assure the expediency of information system, we have to determine, in advance, not only the receiver of particular messages, but also selecting posts for the data and places for assembly and transmission of messages, the same as communication paths through which these data should be conveyed among these posts, and the synchronized time plan of such an information system as well. The information system itself should connect and coordinate, in advance, the interests of organizational sectors at an enterprise as a whole. At the same time, such a system, together with its expediency, is to assure also the maximum possible extent of its recent business target.

5 Dr F. Lipovec: *Organization of an Enterprise, Vol II.* Faculty of Economics, Ljubljana, 1970, pp. 66–67.

As our area, above all, treats the personnel itself, being only one of the many factors within the information system, it would be more appropriate to talk about the information subsystem on personnel in the enterprise.

Thus, D. Kavran⁶ states that the information subsystem on personnel in the enterprise consists of schemed and methodological assembling, arranging, processing, storage and transmitting of information on personnel. The information subsystem on personnel is represented by the uniformity of information, documentation and communication subsystem at a lower level, and it encompasses emission, transmission, accumulation, selection and absorption of information on personnel. The information, in turn, consists of the following three elements: the problem, the data and the values for the user. This is very important for the individual decision-making.

No contemporary approach to the information subsystem is possible without application of computer. The reason lies mostly in the fact that the present manual and mechanographic methods and techniques of gathering and processing the information are too slow and that is why automation is more and more used in the contemporary personnel technology. The course of an information subsystem can be shown in the following way⁷:



Hence, it can be stated that the personnel information subsystem target is the most possible qualitative way of gathering, processing, transmitting and using of relevant information at the corresponding places of decision-taking. This means, however, that it is necessary to elaborate a corresponding system in the enterprise. With reference to this, we can conclude that no modern personnel policy is possible without systematized, processed and up-to-dated data in the information subsystem. Everything thus remains at the level of amateurism or intuition. The strength of the information system derives just from the quality of information consisting of individual data of a particular state or rounded-up data of the information system elements. This notion hides a number of factors estimating the quality. It is, above all, necessary to emphasize the due course of coordinating the alterations which have occurred in the rounded-up information. The value of information and hence the value of the

entire information system thus depends on up-to-dateness, which means monitoring the events simultaneously through the time. If our information is equipped with a parameter of time, it can be used accordingly for the analysis of various trends. The pieces of information equipped in such a way by all means gain in their contents.

S. Možina is of the opinion⁸ that the information for personnel decisions be distinguished according to time, namely the information intended for short-term decisions and those intended for long-term decisions; and, as to their origin, into internal and external information:

a) The information intended for short-term decisions could also be called the information for solving the current organizational problems. These pieces of information include: (dis)satisfaction with the salary, absenteeism, fluctuation, accidents and illness at work, discipline matters etc. These pieces of information come into consideration for decisions both for individual departments and for the enterprise as a whole.

b) The information intended for long-term decisions are of rather planning nature and are taken by the corresponding organs within the enterprise after preliminary elaboration by the relevant technical services. They include the following: the personnel requirements plan, education and specialization design, restructuring and investments plan, new remuneration systems, etc.

c) Internal pieces of information are the data originating in the enterprise and include the contents, for ex. records on the employees structure, exploitation of worktime, absenteeism, training costs, conflict situations, accidents at work, etc. where every enterprise have got their corresponding services.

d) External information is usually provided by external institutions and is having direct reference to the enterprise, e.g. questionnaires on the employees cooperation pursued by a corresponding institution, reports on medical status of employees etc., or are indirectly referred to the enterprise, for instance public opinion of citizens about the enterprise, cultural standards, available personnel, etc.

Apart from the above determinants the personnel information can be distinguished also according to users. There are users inside and outside the enterprise. Inside users are affected, above all, by organization of the enterprise. However, the technical services, management organs, various committees and work groups can all be the users.

Outside users of personnel information can be either at the level of commune, the regional or the state levels. Beside some statistic indicators necessary for acquisition of data the personnel records represent the basic tool for personnel decision-taking.

The personnel records, namely, are providing sets of data which only in their entirety are evaluating the

6 Dr D. Kavran: *Personnel function in the associated labor*. Beograd, 1976. p. 176

7 See also: D. Kavran, S. Možina and J. Florjančić: *Planning of Personnel*, Beograd, 1980., p. 186.

8 Dr S. Možina: *Personnel policy in self-management conditions*. Kranj, 1975. pp. 154-156.

whole information on a subject. From the existence of a series of data specific for an enterprise it is evident that the personnel records are consequently various, which does not mean that they are not accurate; the data should be precisely determined so that errors or different interpretations can be avoided.

Dragoljub Kavran⁹ is of opinion that the personnel records represent a basis for elaboration of personnel analyses and for decision-making in personnel policy. Based on the data one can make the following conclusions:

1. On personnel potentials – availability of personnel,
2. On achievements at work functions or jobs and duties performance,
3. What potential personnel capabilities are available, namely in two directions: at performing the work and professional function and in reference with personal development in view of complex and responsible functions,
4. What are the prospects of an individual, his/her ambitions, psychological properties and personal qualities. This is important when coordinating psychophysical properties of the individual and the labor requirements the individual is being trained for, as well as properties development necessary for performance of general functions.

It can be said that the contemporary practice exposes a number of different personnel records kept by various enterprises for their own requirements. It is true that these personnel records include somehow equal data, but they have one disadvantage in common, namely that the data are not specified enough nor are they interconnected.

The personnel data in an enterprise can be divided in two parts. The first part treats the so-called general (static) data, such as for instance residence, sex, age, years of service, work-post, family particulars, state of health etc. The second part represents specific (dynamic) data, such as previous results, interests, values, previous experience, functional proficiencies, etc.

It can be gathered, from the above, that the method of records keeping should most probably be different for the general part which should be performed with the assistance of computer, and which can later on be a basis for data monitoring and for future activities. The specific part of records should, assisted by corresponding files, include data at least from two sources: from data source delivered by the candidate himself, and from sources which can be supplied by others. In any case, these data should constantly be supplemented and thus made up-to-date. Specially important and selective here are the data for organization personnel: corresponding education, efficiency at work and an appropriate interest for organizational and executive activities.

In order to use the personnel information by means of automatic data processing the data should be systematized separately. This can be effected by organizing the data bases (data files).

According to D. Kavran, there are two basic data files on personnel: the information data file and the method and program data file. The information data file needs processing of the real state of personnel at the enterprise in two ways: as perspective or creative information gathered in the past, that is from the moment of data introduction into the system, and heuristic information by means of which we can make programs for the future development. The methods and programs data file includes all programs with which one can process the data necessary for decision-making in personnel activities.

Equally, as in case of the personnel records, the individual data bases together with their number should, apart from their general data, also be adapted to the requirements of a specific enterprise. They should be up-dated and adapted for decision-making at different organization levels.

At building-up of an information personnel subsystem the team work is urgent consisting of the personnel executive, functional analyst, system engineer, lawyer, economist, psychologist and others. It is of utmost importance that the personnel experts cooperate with the informants at elaboration of the system. It is their duty to determine the sets of data which have to be captured as well as the method of their interpretation. The integral data processing on the personnel includes the following characteristics:

1. The data are collected continually or are collected only once and directly at the place of their origin;
2. The data are entered into the data processing system only once and are used for all programmed requirements;
3. Data processing is carried out automatically;
4. Every working procedure leading to execution of processed case is performed only once and without repeating the individual parts of the working procedure, or without repeating the processing of individual operations.
5. During processing of individual activities according to a certain program the intermediate results are also bound to be memorized since they are used for processing of other personnel activities, namely without repeated processing of primary data;
6. Memorized data get exit from memory only at the moment when this is necessary, and only for those users who need the data to perform their work.

Restructuring of an enterprise is thus giving an impact on reorganization of the enterprise's information system, and hence on reorganization of the personnel information subsystem. Such a process requires professional activities which necessitate a series of experts from the enterprise. The target is thus bound to be both an establishment of a new system and adaptation of employees to the new methods of work.

⁹ Dr D. Kavran: *Personnel function in assorted labor*. Beograd, 1976. p. 196.

For establishment of the personnel information system two features have to be considered: the monitoring technology on one side and determination of data on the other, deriving from both the requirements of the work-post and the worker himself (employed worker, scholarship-holder, the job applicant). The requirements themselves originate both in the enterprise and outside.

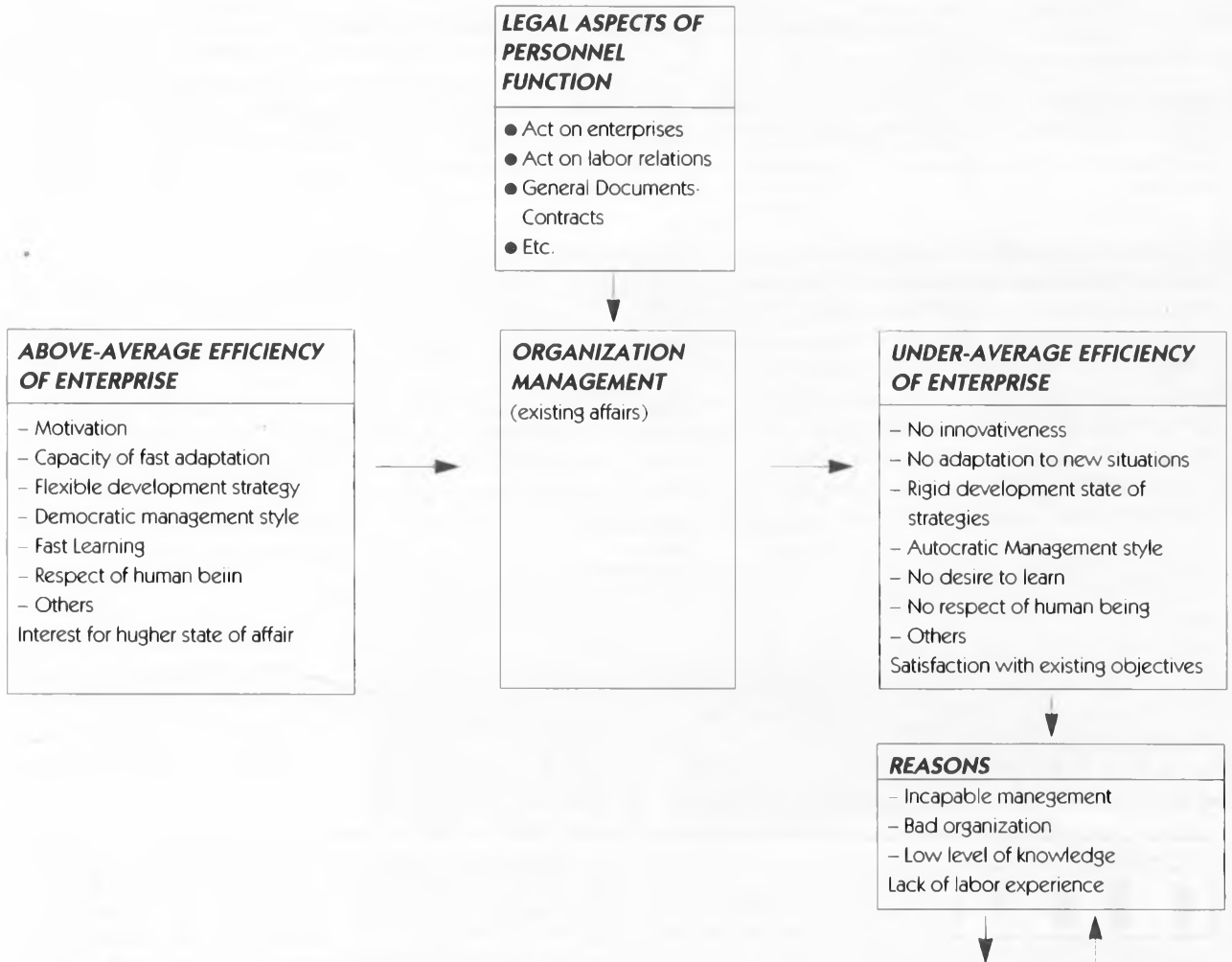
The data linkage between the requirements and the actual state of affairs represents that gap which should

be filled up by means of educational program and the corresponding training in order to enable the worker to meet literally all the requirements for the work-post or for the activities he is performing now or will be performing in the future. Schematically, this can be shown in the following way :

As I have already mentioned, we have data on the work-post on one side and data on the worker on the other.

Exhibit 1

A MOTIVATION MODEL REGARDING THE NEW PERSONNEL FUNCTION



CHANGE OF STATUS

1. INCAPABLE MANAGEMENT

- Readiness to learn
- Business management schools
 - Management methodology and technique
 - Target management
 - Problem solving
 - Group dynamics
 - Etc.

2. BAD ORGANIZATION

- Application of reorganization methods
- Functional organization
 - IPIS
 - IPOS
 - Etc.

3. LOW LEVEL OF KNOWLEDGE

- Planning of education
- After-work studies
 - Courses
 - Seminars
 - Etc.

4. LACK OF LABOR EXPERIENCE

- Workers' transfers
- Acquisition of new person from outdoor sources
- Etc.

A SCHEME OF PROCESSES IN PERSONNEL DEPARTMENT

Exhibit 2

Development of management and executive personnel	Development of other personnel	Motivation and remuneration system	Technical, health and social welfare	Legal activity	Quality of life	Information service	Safeguarding and protection of property	General activities
1. Personnel and development	appointment process	10. Motivation process	14. Safety at work process	20. Legal procedures of the human resources management	27. Process of solving residential problems	32. Mass media process	35. Social self-protection process	37. Process of the activities of the management organs
2. Personnel planning	3. New employees selection	11. Process for the distribution and construction system of salaries	15. Process of the assurance of a complete fire protection	21. Management of economic procedures	28. Process of provisioning nourishment during work	33. Public relations process	36. Process for protection of buildings and material benefits	38. General activities process
4. Technical education, acquisition, and implementation	5. Training	12. Process maintenance of salaries	16. Process for the welfare of physically handicapped employees	22. Management process of contractual relationships	29. Process of organizing cultural events	34. Process of printing, editing and administrative services		39. Process for keeping archives of business documentation
6. Process of scholarship granting	7. Process of the trainee period	13. Analysis of the labor discipline	17. Process of suppression and prevention of alcoholism	23. Keeping of cadaster and register affairs process	30. Process of assuring the organized holiday-taking			
8. Promotion process	9. Process of monitoring and analysis of absenteeism and fluctuation		18. Process of welfare for families with lower sustenance basis	24. Real estate transactions process	31. Process of assuring recreation activities			
			19. Ergonomics process	25. Keeping of status and register affairs process				
				26. Process of standard-setting activities				

CITY

REKLÁM ÉS MARKETING BT.

1139 Budapest, Királyok útja 192. Tel.: 06-60 316-674

Grafikai munkák tervezése és kivitelezése

Emblématervezés

Prospektusok, szórólapok, kiadványok készítése

Előadói szemléltető anyagok összeállítása

(diasorozatok, diagramok, szemléltető tablók)

Tárgyfotók reprodukciók készítése

Kiállítási tablók tervezése és kivitelezése

EGYÉNI ELKÉPZELÉSEIT MEGVALÓSÍTJUK!