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Transition and Job Maintainance in Serbia

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As a 20th century phenomenon, transition in the former socialist countries has changed the prospects and the further flows of economic activities of the companies and other business oriented entities. Since 1990, privatisation as a process has become a category of paramount changes in both socio-political and economic aspects. The economic purpose of transition is to develop a successful, competitive and capable economy that will transform the countries with socialist economic mechanisms into completely market economies.

Key words: transition, human resources, organization, economic development, industrial development, employment, stress.

1. Introduction

The self-management economic system in the socialist countries did not succeed in ensuring an adequate economic development, hence the systems change in economy has become indispensable.

This means that the economies of once socialist countries need to be transformed primarily in the sense of ownership, in order that they can define the rights of ownership and decision-making on the basis of this right, and then to take part in the global competition, playing by new rules, with clearly defined goals and strategies of their own development. Simultaneously, this becomes one of major issues in assessing the importance of transition for the purpose of forming new strategies to be the drivers of economic growth and development. Very important in the transition process is an adequate and quality selection of strategies for a successful implementation of the set goals and business activities of the company. Defining a relation between transition and the company development is of vital importance in forming strategies for achieving a better and faster development.

Transition is expected to incite a succession of sequential changes and aid in establishing new, more efficient mechanisms of economic activities. It is an indispensable constituent of market economy, since it is only the clear ownership relations that allow for a company to be autonomous in its decision making.

The notion of transition means passage or transfer. From an economic point of view, this notion means a passage from one system into another, from a non-market to a market concept of economic operations.

The transition process in the East European countries began in the 1990s. It is a difficult process, burdened by uncertainty and controversy. The process itself of transition from socialist type of economy into market economy means the transition from state and social ownership, from self-management-centralized planning and bureaucratic management and control into private ownership, free market and individual entrepreneurship.

The other basis for a successful transition to market economy is the change on the microeconomic level, namely, on the level of the company (autonomy in business, abolishing the state monopoly in production, doing away with the centralized planning of the market and the liberalization of trade).

Nearly all transition countries are characterised by volatile macroeconomic conditions and tend to stabilize the relations in their economies. This volatility is especially characteristic of the monetary policy of the states and its causes lie in high inflations. It is a result of a disbalance in numerous activities (high budgetary expenditures, unrealistic exchange rates of national currencies).

According to the experiences so far, the transition process has in its early phases shown its destructive nature, reflected in the decrease in the scope of production, the decrease in employment and the fall in the

standard of living). This is corroborated by the fact that in this decade of transition process, the East European countries, the least developed section of this region, have managed to achieve only around 75% of the income they used to achieve in the pre-transition business model.

This resulted into the rise of unemployment and the fall of the living standard. According to the data reported by the World Bank, the purchasing power of these countries, in comparison with that of the more developed regions of Central Europe, amounts to 33% of the average power of these countries, calculated on the parity basis.

The data further show that in eight years (1990-1998) the income of the countries in transition fell to 24%.

Furthermore, according to the Institute of Economic Sciences calculations, it will take the East European countries full 50 years of a continual 5% growth in the gross domestic product to reach the average income enjoyed by the European Union members at present.

After more than a decade, the GDP level in the transition countries has not yet reached the level it was on at the beginning of the reforms (Table 2.3). Rare are the countries that succeeded in achieving the level of development they had before they entered the economy restructuring processes (the Czech Republic, Hungary, Slovenia, Slovakia, Poland), as a starting point for further development based on new market principles.

It is obvious that this process requires more time than the creators of change expected at the start and that transition is by far a more difficult job than it was supposed to be.

2. Transition and changes in the company

According to the research presented in this paper, the dominant population of losers in transition are people between 40 and 50 years of age, those of lower qualification profile, traditional occupations characterised by obsolete technology; there is no longer a market for routine employees, either.

People used to be employed expecting to maintain the same job until the end of their working life and for a majority of them such expectations came to be realized. Since the 1970s, however, there have been a lot of changes in this domain. Jobs have become highly competitive, and many a routine and unskilled job has become extinct. In such a situation, the concept of a job for a lifetime slowly fades and is abandoned.

The creation and maintenance of the advantage over the competition have become a priority with the companies. In such conditions, and in an effort to maintain the leadership or to survive, companies focus upon the four key domains:

- The need to diversify;
- The need to constantly review the organizational structure and the employees' needs;
- The need to implement technology in the best possible manner; and
- The need to focus upon clients.

In the globalization process, the human resource market becomes increasingly dynamic. The turbulent changes in the business environment require an adequate strategic approach, that is, a strategic behaviour of a company as a universal business system. Accordingly, knowledge becomes the most important resource and a key factor of business success.

Starting from a strategic approach, modern companies conduct a continual study of the human resource market in the global market and the business environment contexts. Thus companies gather adequate information necessary in making rational decisions and in being flexible in adjusting to the conditions and change in a global environment.

The present and newly employed therefore will have to master new knowledge, skills and prospects on a permanent basis, and it will be required that individuals should manage their learning and careers.

3. How firm is resistance to change

Traditional theories highlight the importance of the training of employees in different hierarchical structures. This is a logical consequence of the absence of a strategic approach in the management theory where the human factor is neglected and the employees are not motivated to make efforts to achieve optimum results, nor are they motivated to undergo training and development. The causality between the achievement of individual and organizational goals is not characteristic of traditional companies. The employees experience training as an enforced obligation, rather than a way to fully express their potentials and they do not view the improvement of their performance and knowledge innovation as a contribution to higher business results of the company they are employed in. The training in such companies is an ad-hoc process that does not stem from goals and strategies, but is exclusively in the domain of the operational levels' responsibility.

Training in traditional companies is a one-time process that is organized periodically, most often when business problems arise or are perceived and it is assumed that they are possible to mitigate or solve through the organization of training, courses or seminars for certain employees.

The fact is that the change that is present in all segments starts to affect the general attitude towards employee training and development, as well as towards the need for a permanent innovation of knowledge. In the knowledge society, human factor is the major resource that contributes to growth and development. There still exists, however, a lot of prejudice as regards human resource training and development, expressed through various attitudes:

1. Training is expensive;
2. Training is meant for young professionals;
3. Development and skill should be the responsibility of the personnel training director;
4. It is not worth training the employees that will leave the company anyway,
5. Training is not worthwhile – we tried and we did not succeed;
6. Development of knowledge should focus primarily on technical issues;
7. Training can be implemented without the change of management.

Each of the above attitudes is a result of the traditional understanding of the employee role in the company. These attitudes are outdated today, when the knowledge of individuals and companies prove to be the most decisive factor of survival.

4. How can we keep pace with change

All the employees in the company are forced to learn and master new knowledge in step with the change. Nowadays, in a truly entrepreneurial society, individuals have to learn new things long after they have become adults.

Practice shows that people generally leave those companies that do not pay due attention to education, whereas they are longer and closer tied to the companies that invest considerably into the human resource development and give people an opportunity to broaden the boundaries of their knowledge and skills.

The modern company makes a step further from the concept of education and the provision of expert knowledge to ensure the conditions for the personal development of human resources and the improvement of their skills and knowledge that directly affect the health and the quality of living of an individual, while indirectly affecting business performance. The importance of information, knowledge, and, finally, man as an individual agent in human development prove to be a lasting and permanent trend of the modern age.

It is an often heard assumption that "people are our largest unexploited resource so far", resulting into larger companies permanently conducting some sort of training or other. Of essential importance for the training and development to be able to fully contribute to success and survival, that is, achieving and maintaining the competitive advantage, is the very philosophy and concept of the management in these companies. Human resource training and development are a consequence, rather than cause of change in the management system. This causality interaction is simultaneously characteristic of the change in the business environment.

In the course of the transition into a knowledge society both individuals, companies and states find the adoption of the lifelong learning concept to be imperative.

A successful learning company is capable of recruiting and retaining most talented people, to include them into all the processes and motivate them to generate and exchange knowledge, making it possible for them to maintain and improve their individual professional skills in return. Characteristic of it is a philosophy and concept of management, that is, of human resource management that fosters trust and encourages and supports the employees in achieving organizational goals and that identifies, assesses, rewards and develops performances that are the core of the company's success.

As an integral function of global management, human resource management has a task to explore and define, that is, try to explain what it is that makes the organization unique on the market. The concept of a "learning company" is one of the footholds of human resource management that allows for a simultaneous focus upon two primary areas: learning and the job position that enables it, i.e., the context in which learning takes place.

In order that the company should keep pace with change, it is necessary that it should radically redefine the postulates it exists on, change the philosophical and conceptual dimension of management, treats its employees as its primary concern and provide the milieu in which they will learn and work. The learning company cannot be built at once; this process requires a long-term strategy. It is assumed that any learning, whatever is being learned in the process, is good, however, the value of learning is in the results it brings. Learning *per se*, therefore, is a means, not an end. Observation and even a quite superficial analysis of a business environment show that it is smart companies who lead today. (G. Milosavljević, 2008).

5. What prevents us from changing

In his work "A Practical Approach to Meeting Business Needs in the Future" (1982) Michael Green, a change management consultant, lists eight specific obstacles to organizational change, and these are as follows:

Lack of vision and mission. If an organization lacks a vision, if it lacks a feeling of what it wishes to create, there is no hope that it will inspire its management and the employees to adopt the enforced change. There is no orientation without a vision. There is no purpose without a mission.

Lack of social values. "How do we wish to act, to be consistent in our mission, and at the same time tend to fulfill our vision?" Every organization has to have a set of leading principles on which it conducts a daily work process. These principles may include integrity, the partnership spirit, the cost control and innovation. Whatever they are like, it is certain that you cannot have an appropriately conducted business without them. In fact, without a common and adequate set of leading principles, different jobs will be performed in different ways, which will result in inconsistency in business as well as in conflict.

Lack of balance. Balance is absent when the goal of an individual or a group is not focused upon the entire mutual success. When the employees do not work towards a common vision or a common goal, the company's efficiency and effectiveness fall and incur large costs.

Lack of adaptability. If there is a set of important values or leading principles, the employees are expected to act in accordance with these. Relying on these principles and the belief that their decisions are the right ones is a proof that they will be able to rely on others to do the same. Adjustment and adapting contributes to reliability, permanence, connectiveness and completeness.

Lack of management skills. If the speed of change is high, a need emerges for a younger generation of managers capable of recruiting and motivating the employees for their strategic visions to step in.

Extreme team inefficiency. An increasing number of organizations are oriented towards lower hierarchy, higher flexibility of work tasks, and a greater need for team work. As always, in case of the change in management, the work of the top manager is of the greatest practical and symbolic interest.

Individual inefficiency. The circumstances in which an individual proves ineffective in the speed at which he/she achieves the organizational goal (the position of the problem, lack of skill, conflicts among personnel, lack of self-confidence) but is a member of the management team. It is then that he/she becomes an obstacle to the process.

Employee resistance to change. There is plenty of evidence concerning resistance to change and the methods to solve the problem. Research have shown that once defined right vision and values define the method in which resistance to change is dealt with.

If any of these obstacles prevents or hinders change, the employees experience stress. Stress is present when people are faced with change in any domain of life and when they feel they have no opportunity nor ability to cope with the newly developed situation.

Introducing change. The problems concerning adjusting to and adapting to change should be well thought of before any of the change processes has begun. One of the best methods of achieving this is simply conducting a research as regards the proposed change. Managers are sometimes afraid to follow such an approach because they fear the answers of the respondents. There is an alternative method that allows for the employees to speak their mind freely, in writing or at the meeting with a manager, with discretion guaranteed.

6. Transition as new job opportunity

The result of the transition which brought forth a significant change in the ownership structure through the processes of privatization and restructuring of state-owned and society-owned companies is a change in the employment structure. According to the Statistical Office of the Republic of Serbia (2008), more than 38% of all the employed in 2004 worked in socially-owned or state-owned firms, while slightly more than 27% were employed in privately-owned firms, and 22% were self-employed. Large structural changes came towards the end of 2007, when the percentage of employed in the social sector fell to 31%, with a rise in the employment in the private sector to 38%.

Another indicator of transition in Serbia is the change in the structure of firms in which the employees worked. While in 2002 the largest number of the employed worked in large companies with over 250 employed, in 2007 only 8.7% people were employed in large firms. It is obvious that the competitiveness of large state corporations, the basis of Serbian economy in the previous economic system, was not high enough to remain unharmed by opening the market to all the competitors.

Today, the economy of Serbia has over 50% employed in microfirms with fewer than 10 employees. Serbia set this trend for the purpose of the development of small and medium-size enterprises, however, from the viewpoint of human resource management, the situation is less favourable than before. The reason is that it is more difficult to establish a system of quality human resource management in small organizations, since more attention is paid to maximizing the exploitation of the existing competencies and skills of the employees.

Large companies and organizations developed training management that is in charge of all the acute problems of training. It happens, however, that small organizations do not have this function developed to a sufficient degree; they most often have one or two persons whose responsibility are personnel issues as well. The number of incumbents is not as important as their competence.

Conclusion

A long-term, strategic goal of a modern proactive organization is investing continually into knowledge, skills and competencies of human resources as well as increasing the total value of the intellectual capital of the company. This goal is achieved by setting human resource training and development as part of strategy in the company, which then results into a learning company and entrepreneurship. Human resource training and development should be incorporated into human resource management and operationalized in such a manner that it should allow for "nursing" and increase in the intellectual capital of the company.

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