

THE EVOLUTION OF THE PERSONNEL FUNCTION IN SLOVENIA AND SERBIA

Abstract. The focus of this paper is a comparison of different periods in the development of the personnel/HRM function in Slovenia and Serbia. The paper describes and compares the social, political and economic characteristics that have influenced personnel/HRM policies and practices during various periods of time to answer the question of whether the current functions have the characteristics of traditional personnel management or strategic HRM. This makes it easier to understand the development of the personnel/HRM function in each country, and offers specific insights into how and why the functions have changed in organisations in two countries that were once part of the same Federation. Since 2000 there has been a clear shift towards an HRM model associated with the devolution process, a change which is much more pronounced in Slovenia than in Serbia.

Keywords: *personnel management, human resource management, personnel/HRM function, evolution*

Introduction

The focus of this paper is on the development of personnel management in Slovenia and Serbia. There is considerable evidence that personnel management (PM) in Eastern and Central Europe, in areas that were previously part of communist regimes, has experienced many changes since 1990 and is still evolving (Erten et al., 2006; Poor et al., 2010; Poor et al., 2011; Poor, 2012). This paper describes the development of PM from a historical perspective from the end of World War Two up until 2008.

It identifies the social, economic and political factors that influenced the development of PM in Slovenia and Serbia during five different periods of time. Its purpose is to answer the following three questions:

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- What was (is) the influence of social, economic and political factors on the development of personnel management in Slovenia and Serbia?
- Where and why were there differences in the way that personnel management developed in each country?
- Looking forwards, can we expect to see some form of convergence or further divergence as personnel/human resource management practices evolve and develop?

Existing literature about these questions is still scarce and the approach to personnel management in Serbia from an international perspective is rarely examined. To overcome this, we present different perspectives on personnel management development. We use secondary research results in the observed fields and internationally comparable data from Cranet-E to describe the approaches to personnel/human resource management in different periods. In this way we offer specific contextual insights and seek to answer how and why personnel management has changed in organisations in two countries that were once part of the same Federation but are today independent.

Perspectives on PM and HRM development

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Examining various analyses of personnel management (PM) and Human Resources Management (HRM) development reveals at least three different perspectives:

- business function,
- occupation/profession, and
- division of responsibility and authority.

The business function perspective focuses attention on the question of how strategic the HRM function is, or could or should be, in organisations. Answers are always related to the other business and managerial functions, which is important because it turns attention away from who performs HRM tasks and activities to the presence of these tasks and activities themselves in the business process. From this perspective, the HRM function could be highly integrated into, as well as very important for, the business process irrespective of its being singled out into a separate organisational department. Contemporary discussions about the HRM devolution process (Brewster and Larsen, 1992; MacNeil, 2002; Mesner-Andolšek and Štebe, 2006) clearly demonstrate the relevance of this thesis.

The occupation/profession perspective has been most frequently used (Brewster, 2000; Friedson, 2001; Tracey and Charpentier, 2004; Wright, 2008; Weisberg, 2009). It asks the question of when in the process of the division of labour specific and rounded up tasks started to be performed by a special occupation often placed by organisations in a special personnel department.

This perspective undoubtedly points to the existence of PM and HRM as special professions as well as special scientific disciplines in the division of labour. Therefore it goes beyond the boundaries of organisations where PM and HRM are usually practiced. It offers criteria to indicate the strength and development of the PM and HRM professions in certain societies and economies.

The division of responsibility and authority perspective builds on the two previous perspectives and sheds additional light on the development of PM and HRM. It takes into account all of the various players in these fields, not just professionals and managers. In addition to exploring how tasks and responsibilities are distributed, it also examines how authority and influence are distributed among the players, such as the PM, HRM and other professions, line and top management, employees and their representative bodies (trade unions, work councils), owners and in some cases also politicians. In short, it examines the question of the distribution of authority and influence between all of the various stakeholders (Beer et al., 1984).

These three perspectives can all be taken into account when observing the development of PM and HRM. However, it is quite likely that they will vary with respect to the economic, cultural and historic factors that were in place in different countries. There is evidence showing that the changes in the PM field in Central and Eastern Europe are a consequence of different stages of economic development, cultural and political factors, and readiness for change (Erutku and Valtee, 1997; Garavan et al., 1997; Poor et al., 2011). It is also likely that one can shape a kind of periodization of PM and HRM development on the basis of the first two perspectives, while the third may vary in time. We will look for these perspectives and factors in the development of PM and HRM in Slovenia and Serbia.

To examine the development of PM and HRM in recent times a certain periodization seems appropriate. It should include certain time breaks, each denoting different distinctive features of PM and HRM. There is not an abundance of periodization in the literature about PM and HRM. However, we can start with the classification presented by Vanhala (Vanhala, 1995), who refers to some Finnish authors' who distinguish five stages: initiation, pioneering, self-criticism, strategic HRM and decentralisation. This periodization does not go as far in time as the approach identified by Torrington and Hall (Torrington and Hall, 1987) in which one finds the following periods: the social reformer, the acolyte of benevolence, the humane bureaucrat, the consensus negotiator, the organisation man and the manpower analyst. The latter approach focuses in more detail on developments over the past five decades, the period in which most of the development of PM and HRM in countries like Slovenia and Serbia can be observed.

Each period will be described in terms of the characteristics of the social

and economic environment and the three perspectives described above. Due to the different courses of development, the length of the periods in each country may vary.

Periodization of PM and HRM development in Slovenia and Serbia

Administrative-ideological period 1945–1960

After World War II and up to the end of the 1950s the personnel function or the so-called staffing function was administrative in nature. In the immediate post war years of state socialism the personnel function in Slovenia and Serbia also had a very specific role. The so called personnel policy consisted of employment, payment, and the assurance of employees' social standard. It was determined by the state and implemented through legislation. In enterprises the personnel function had to recruit employees for key positions who were not only professionally but also politically suitable. Gasparovič (Gasparovič, 1981 in Zupan, 1999) writes that the mission of the personnel function at that time was to cleanse enterprises of people who had collaborated with the occupiers and people who were considered politically incompatible and so not allowed to work in socialistic enterprises or train and develop workers for socialistic production. The director of personnel had to be politically credible without any special training in the field. He/she dealt with the personnel function in a rather administrative manner – keeping employee records, including political affiliation, and setting salaries.

Other features of the period immediately after WW II were fast industrialisation, characterised by the foundation of several new industrial enterprises, the flow of labour from the agricultural sector to industry, and by the development of new public services in the fields of education, health care, child care and others. The task of personnel managers was to bring in enough new employees from the agricultural sector to the new industrial establishments. This was considered a highly complex and difficult task since people from the agriculture sector displayed a great reluctance to move. As the consequence, very high turnover, a continuous deficit of qualified employees and very high absenteeism were challenges that industrial state-owned companies had to deal with. Faced with a permanent deficit of industrial employees, one of the key activities was the recruitment of new employees from the countryside and the promotion of industrial work. Recruitment methods included: selection of the best employees of the month, organizing visits by candidates to industrial enterprises, organizing competitions between working groups within companies and publishing the results, managers often visiting employees included in public works

and working brigades etc. All this recruitment activity had a strong political dimension, and the Communist Party organized massive training sessions for recruiters who worked within local branches of the Communist Party (Bećirović, 2006).

A quite unique feature of the personnel function in Slovenia and Serbia was its development within the framework of the self-management system, which was initiated in 1950 after Tito's dispute with Stalin and Yugoslavia left the Soviet bloc. The law on self-management introduced work councils in all enterprises. The management of enterprises was assumed to be shared between the state, represented by managers, and worker collectives. The self-management system reached its summit in the middle of seventies with the formal delegation of power to workers. However, throughout the whole period the Communist Party used its political power to interfere, to a greater or lesser extent, with the management of organisations, including on personnel issues. The recruitment of top managers, remuneration and employee relations were particularly scrutinised. Important decisions were to be made by work councils in cooperation with trade unions, including personnel ones such as: salaries, safety, paid leave and management training for employees. The pay range was limited to 1:3.3 in all organizations. In practice enterprises did get some independence from the one party state. Gradually personnel departments began to introduce professional methods such as: work design, work assessment, personnel planning and staffing, the planning and organization of training (apprenticeships, probation, mentoring, and the provision of scholarships, part-time learning), promoting safety at work and the organization of social assistance for employees. However, the personnel function was rather rudimentary in comparison to other business functions and occupied a subordinate position. There were no trained personnel professionals and Communist Party representatives continued to make key personnel decisions.

Initiation 1960–1970

During the 1960s industrialisation continued, as well as the major differences between undeveloped southern and developed northern regions. Slovenia continued to develop 2.5 times faster compared with Serbia (Vukovič, 2003). As a consequence of reduced foreign aid and decelerating economic reform efforts, the Yugoslav economy faced its first major crisis which was tackled by economic reforms in the second half of the 1960s. The main intentions were to introduce market forces into the economy and to give more autonomy to the management of enterprises – 'market socialism'. Unfortunately, due to student protests at the beginning of the 1970s and more importantly because Communist Party functionaries feared that

they would lose power against the growing influence of management, the reform failed.

Analyses from the 1960s show that poor long-term personnel planning in enterprises led to large discrepancies between acquired and desired competencies. This was one of the reasons why already in the late 1950s the first courses for personnel managers were organised, and in the 1960s courses were also offered at a post-secondary level (Kamušič, 1972). In spite of this, workers continued to show insufficient interest in participating in resolving personnel issues and there were not enough personnel professionals in enterprises. This was one of the reasons for the development of the personnel function and for the suggestion that personnel tasks should be concentrated and centralised in a personnel department (Zupan, 1999). Even though the personnel function remained rather administrative and personnel policy stayed firmly within the hands of the state, especially after the establishment of Republic Secretariats for Personnel Matters as departments of each of the republic governments. Trade unions succeeded in limiting working hours to 42 hours per week. According to Možina (Možina, 1974) and Kavran (Kavran, 1976), development of the personnel function was stopped in the middle of 1960s. Part of the reason can be found in the poor economic situation, with high rates of inflation and increasing foreign debts. Also the 1965 economic reforms didn't contribute to the development of the personnel function. Nevertheless, one can observe increasing numbers of personnel departments in organisations and the first courses for personnel managers who had graduated in various disciplines, such as law, psychology and economics. Even the government realised the importance of controlling key positions by means of staff development and for placement to be controlled by its Secretariat. The personnel function during this period became visible although not as yet professionalized. The main players in the field were managers, who received some training and were still more or less influenced politically, self-management bodies such as boards for personnel and social issues in enterprises, and Communist Party representatives.

Pioneering 1970–1980

As a consequence of the failed economic reform and political unrest by the beginning of the 1970s Yugoslavia was seeking new ways for organising economic and political life. A new Constitution (1974) and Associated Labour Law (1976) took a new step in the development of the Yugoslav self-management system. The right to work within the means of society became a constitutionally guaranteed right. Therefore a full employment policy was one of the main characteristics of the period, accompanied by

the principles of equality and solidarity. Together with the concept of social property, this system prevented enterprises from going bankrupt and lead to high inefficiency. Labour costs were much ignored. A reduction in the number of employees was not allowed even if there were economic difficulties or technological changes. There was low unemployment and low labour productivity. The economy was regulated by social rather than market principles. In addition, there was no appropriate response to the oil and environmental crisis that occurred in the early 1970s. Yugoslavia continued with a labour intensive, technologically undemanding and industry focused model of development. Therefore in Slovenia a shortage of labour occurred, which was compensated for by an increasing inflow of immigrants from other parts of Yugoslavia.

In this period questions concerning salaries, the social standard, and workers' rights were increasingly dealt with by enterprises' work councils and their committees. At a macro level, personnel policy was formally defined in so-called social agreements which were adopted by 'self-managed communities of interest' organised on a local, regional and state level as a kind of association of stakeholders interested in a well-functioning employment system. Social agreements regulated areas such as employment, wages and salaries, scholarships and education, and set common guidelines aiming to ensure co-ordinated personnel and employment policies.

As the new 1974 Constitution delegated personnel decisions to organisations themselves, the question of the proper organisation of the personnel function arose. A model based on the principles of specialisation, centralisation and concentration of personnel tasks was evidently not commonly accepted. Therefore Možina (Možina, 1974) proposed a different concept of PM: a) the connectedness of the personnel function to the other business functions of enterprises and their environments (an open and adaptable system); b) the contribution of the personnel function to organizations' aims; c) a flexible approach to the organization of tasks, and d) a change in the focus of the personnel function which should transfer personnel tasks to line managers and instead take the role of specialist advisors, lecturers and analysts. It could be said that this conceptualisation pointed the way to HRM already at that time.

Research about personnel practice in this period was scarce. Kavran (Kavran, 1976) and Brekić (Brekić, 1983) found that the personnel function was still administrative, the education and expertise of personnel officers relatively low, and their role in decision making about personnel matters in principle unimportant. Svetlik (Svetlik, 1980) undertook research that focused on the personnel function, the roles and tasks of personnel workers, and major personnel problems in enterprises. This confirmed that the expertise of personnel officers was low, and that the personnel function

was mostly dealing with work security, labour relations, and selection, training and recruitment. On average only 0.6% of employees worked in personnel departments. The personnel function was most often organized in one department together with the legal function, and led by lawyers because the formal regulations about personnel issues were numerous and complex.

In search of better personnel management, some academics initiated PM undergraduate programmes at Ljubljana University Faculty of Social sciences in 1972 and also at the independent High School of Organizational Sciences. In 1972 the Slovenian Personnel Management Association was also established. Although politically influenced, it gathered an increasing number of PM graduates as well as other professionals and managers from the field. Like the Slovenian experience, the first undergraduate PM course was initiated in Serbia during the 1970s at the Faculty of Organizational Sciences, University of Belgrade, under the title "Personnel Function in Organizations of Associated Work". The focus of academics in Serbia at that time was on effective personnel planning and job analysis.

In summary, during this period awareness about the personnel function as a business function that could significantly contribute to an organisation's success became fully developed. Professionalism in the field was growing in terms of undergraduate programmes for personnel managers and their professional organisations, although graduates from many other fields, such as law, psychology, economics, sociology, organisation sciences often undertook the role of personnel manager as well. Also the influence of personnel professionals was growing in comparison to line managers, self-management bodies and especially the Communist Party, which by the 1980s was giving up power generally.

Personnel management 1980–2000

In the 1980s economic difficulties and political conflicts in Slovenia were deepening due to the inefficient system of self-management and lack of economic reform. Yugoslavia was facing an inability to pay back foreign debts. Enterprises were cutting their costs and many personnel activities were abolished or reduced (especially the recruitment of new employees, in-company training, and support for part time study by employees). The personnel field remained highly regulated by laws that defined the employment, redeployment, payment and training of employees. The legal system and personnel managers both lacked the skills to deal with redundancies that occurred in enterprises. The economic and political crisis reached its highest point at the beginning of the 1990s. New political parties emerging from civil society movements and organisations influenced the democratisation of politics. Voices for making the federal Yugoslav state a confederation

and for giving republics' a greater say in political and economic decisions became louder. Because it became impossible to reach agreement about democratic reforms, Slovenia declared independence in 1991.

With independence Slovenia lost a lot of former Yugoslav markets as well as others in Eastern Europe. Enterprises had to find new, mostly more demanding, markets which was only possible on the basis of a quick and profound restructuring. Cost effective production had to be achieved, the quality of products and services raised, old equipment sold, redundant workers laid-off, new technology introduced etc. Enterprises started to out-source peripheral units and split into well-profiled core business units. The role of personnel departments in this process was very demanding. First there were redundancies, including inside personnel departments. Later on greater attention was given to employee skills and competences. Personnel departments had to adapt to new employment and social legislation and to a changing labour market. They increasingly dealt with selection and recruitment, development and training. Special focus was given to management development. According to Zupan's (Zupan, 1999) research from that period, formal and informal personnel programmes and activities (like the development of a personnel strategy, training and career planning) were working well. Major changes were seen in the development of better defined and standardised processes for employee reduction, in the establishment of personnel information systems, and in personnel strategy development. It could be said that a personnel strategy and the utilisation of professional personnel methods were developing across the whole range of the personnel function.

During this period it would be difficult to find a general manager who would deny the importance of the personnel function. This was more difficult to demonstrate in practice, however. During the 1990s the education of personnel managers continued. The PM undergraduate programme at the Faculty of Social Sciences of Ljubljana University was complemented by a master's degree programme at the end of the period. Subjects covering different aspects of PM were taught at several faculties of all universities and in post-secondary private schools. New research was undertaken in this field and linked with international research networks such as Cranet (Cranet-E). There were an increasing number of independent PM agencies offering a variety of services to organisations. During the 1990s the Association for Personnel Management increased its activities. The field of PM achieved a high level of professionalism.

As the country returned to capitalism during the 1990s, the self-management system was abolished. As a consequence, employees were deprived of most of their direct influence on personnel issues. On the other hand the influence of trade unions increased (Ignjatović and Svetlik, 2006). A shift to

a market economy and political democracy pushed political parties out of organisations. However, in organisations where the state retained a majority share the political establishment still controlled the highest managerial positions. By the end of 1990s, the main players in the PM field were top and line managers and PM professionals.

In contrast to Slovenia, although Serbia had begun a transition process at the beginning of 1990s, during the 1990s it witnessed the disintegration of the former Yugoslavia followed by civil wars in Croatia and Bosnia and Herzegovina, extreme hyperinflation, the loss of former markets, UN economic sanctions on foreign trade and FDI, the maintenance of social ownership, NATO air strikes, spontaneous and tycoon privatization, a strengthening of the informal sector, and considerable economic crisis. This situation was reflected in the role and position of the personnel function within companies which remained rather unchanged. In many companies executives could not understand how the HR function could make the vision of growing human asset a reality (Becker et al., 2001). This was further supported by the following: HR professional associations still did not exist, the number of relevant HR articles and books was still small, there was no relevant HR journal, the market for HR services was still undeveloped, and HR had yet to be recognized as a profession.

HRM and devolution 2000–2008 in Slovenia, in Serbia still PM

Since 1993 Slovenia has experienced steady economic growth. Its economy has been in a process of permanent restructuring characterised by labour saving measures and productivity growth, the introduction of new technologies, penetration of new global market niches, take-overs by foreign companies and by reorganisations in terms of outsourcing, slimming down, and creating or working in partnership with bigger corporations. PM has followed the changes and assisted from its perspective. New professional methods have been introduced. Professional managers have been involved in the internationalisation of business activities and employment growth has been based more on cost efficiency.

In contrast to Slovenia, it is well known that Serbia has been slow to transition and has lagged behind, which has significantly affected the speed of changes in managerial practices including HRM. Although transition in Serbia formally started as early as 1989, transition reforms in the country were slow until 2001¹. Nevertheless, some privatization did take place in

¹ According to the EBRD (2009) data the sum of transition progress indicators for Serbia has moved from 14.67 in 1990 (index 133 of the average for all transition economies) to 13.33 in 2000 (index 54 of the average).

accordance with the federal insider privatization scheme. After the political changes in the autumn of 2000, several hundreds of firms made advances towards privatization. After mid-2003, the reduced speed of privatization went together with a slowdown in other reforms (Cerović and Nojković, 2008). Regarding Foreign Direct Investment (FDI) the major part came through privatization. However, there was a certain amount of former local capital among FDI that had been exported and augmented during the nineties and was coming back from free and/or off shore zones but did not provide expected advancements in management (Bogičević Milikić et al., 2009).

The Cranet data for Slovenia compiled in the years 2001, 2004 and 2008 and presented in tables 1 and 2 indicate a devolution of PM in Slovenia (Brewster and Larsen, 1992; MacNeil, 2002; Mesner-Andolšek and Štebe, 2006) and a shift towards HRM. The HRM concept differs from the concept of PM by encompassing, among others (Mayrhofer and Larsen, 2006), the following specific characteristics: (1) a strategic orientation and a close link to business strategy, and (2) an increased role for line managers in HRM and, as a consequence, a downsizing of HR departments.

This development in Slovenia has been characterised by an increasing strategic role for HRM in terms of the head of the HRM department having a place on the main Board of Directors and taking part in devising the organisation's future strategy from the outset, as well as organisations having distinctive HRM strategies. It has also been observed that responsibility for HRM decisions and tasks has shifted from HR departments to line managers. In addition, the number of employees in HR departments is shrinking as organisations partially outsource their HRM services. Although there was a big shift towards internalization between 2004 and 2008, increased utilisation of HRM market services can still be observed by comparing the data for 2001 and 2008.

If we compare these developments with the data for Serbia for 2008, the year the country first joined the Cranet network, we can observe that the role of HRM is, in some way, different in the two countries. The percentage of organizations having the head of the HRM function on the board of directors in Serbia is 65.3%, somewhat below the respective percentage in Slovenia (77.9%). These results are consistent with data for the stage when HRM is involved in development of corporate strategy, which shows that in Slovenia HRM is involved from the outset in the majority of companies; whereas in Serbia the number of such companies is notably lower (see Table 1). Nevertheless, more than 80% of selected Serbian companies, as with Slovenian organizations, have an HRM strategy. This data suggests that, in the case of Serbia, there was a significant advance in the strategic development of the HRM function, since studies from 2006–2007, also based on the Cranet questionnaire, indicated significantly different results. Although based on a

fairly small sample of Serbian organizations (38 companies employing some 66,000 employees), Bogičević Milikić and Janićijević (Bogičević Milikić and Janićijević, 2009) found that the Head of the Personnel/HR function did not sit on the main Board of Directors in the majority of selected Serbian companies (75.7%), the HR department was involved in strategy implementation in only 36.4% of the selected companies, and only 50% of selected companies had a written personnel/HRM strategy. These results also imply that in terms of the role of the HRM function and its involvement in strategy, Slovenia is much closer to other developed European countries (Brewster et al., 2004) than Serbia.

Regarding the primary responsibility for major HRM policy decisions, the data shows that in Serbian companies, significantly more than in Slovenian ones, the dominant role is given to line management (see Table 1). While HR policy in Slovenia is principally formulated through cooperation between HR professionals and line managers, in Serbia such cooperation is scarce. Bogičević Milikić and Janićijević (Bogičević Milikić and Janićijević, 2009) suggested, on the basis of the interviews with HR managers in selected companies, that the primary responsibility for HRM issues was actually given to the general manager rather than to line managers (due to the high power distance). At the same time, contrary to Brewster and Larsen's model (Brewster and Larsen, 1992), this does not automatically imply that HR managers in Serbia hold the main responsibility for HR issues. Actually, Brewster and Larsen's model cannot be applied to the Serbian approach to HRM, since the way the authors define the devolution of HRM can neither be applied nor understood in the context of Serbian companies. This is because of the very high level of centralization and autocratic leadership style that is often present in Serbian enterprises. However, an additional explanation for the quite low involvement of HR professionals in making decisions about important HR issues, such as pay and benefits, workforce expansion/reduction, recruitment and selection etc. may, as Sparrow and Hiltrop (Sparrow and Hiltrop, 1997) suggested, be found in factors related to the roles and competences of HRM professionals in Serbia. There is a long convention history of performing a rather traditional personnel function instead of an HRM function, a lack of appropriate education programs and suitable choices for HR professionals within the university education system, employing lawyers and clerical staff within HR departments, and an attitude on the part of line managers that the main role of the HR department is to ensure the observance of legal terms of employment.

Table 1: SHARING OF RESPONSIBILITIES FOR HRM ISSUES BETWEEN LINE MANAGEMENT AND HRM PROFESSIONALS

Year	2001	2001	2004	2004	2008	2008
	Primarily line managers SLO	Primarily HR professionals SLO	Primarily line managers SLO	Primarily HR professionals SLO	Primarily line managers SLO/SRB	Primarily HR professionals SLO/SRB
Pay and benefits	68.3	31.7	72.8	27.2	70.7/93.7	29.3/6.3
Recruitment and selection	47.1	52.9	51.9	48.1	54.2/85.4	45.8/24.6
Training and development	45.1	54.9	49.4	50.6	52.1/79.2	47.9/20.8
Industrial relations	53.1	46.9	43.3	56.7	45.0/77.1	55.0/22.9
Workforce expansion/reduction	54.3	45.7	62.9	37.1	60.5/87.3	39.5/12.7

Source: CRANET-E, 2001, 2004 and 2008.

The data confirms the devolution thesis for Slovenia with only two exceptions. In 2004, there were slightly fewer organisations where the heads of HR departments were involved in the development of their company's strategy, and in 2008 responsibility for pay and benefits and for workforce expansion/reduction had shifted back to HR professionals. The latter exception can be explained by the increasing economic crisis which resulted in a pay and benefits freeze and/or cuts and layoffs that contributed to the centralisation of these decisions in HR departments and consequently to an increase in their power.

Table 2: UTILISATION OF SELECTED EXTERNAL HR SERVICES AND STAFFING OF HR DEPARTMENT

Year	2001 SLO	2004 SLO	2008 SLO/SRB
Pay and benefits	7.8	47.5	33.6/21.6
Training and development	62.3	92.8	67.5/55.6
Outplacement/reduction	4.7	51.6	18.4/2.6
No of HR experts per 100 employees	1.1	0.9	0.8/1.45

Source: CRANET-E, 2001, 2004 and 2008.

In case of Serbia, the use of services of external providers is quite limited. The only exception is training and development, which is the reason why total costs of training and development in Serbian companies are often quite high. The rare use of external providers can be explained by the fact

that the market for such services is still undeveloped, although there are an increasing number of agencies that are entering this market niche.

Conclusions

The development of the personnel and HR functions in Slovenia and Serbia after WW II has had a kind of evolutionary logic. In the first period up to 1970 in both Slovenia and in Serbia the personnel function was gradually separated out as a distinctive business function in most organisations. In the second period up to 2000, which lasted 30 years in Slovenia but only 10 years in Serbia, more differences between the countries are observed. The personnel function in Slovenia became a specific profession with special training programmes for personnel managers, a professional organisation, focused research and publications etc. In Serbian companies on the other hand, the economic, political and social situation in the 1990s contributed to an unchanged and reactionary personnel function (Cascio, 1995). Furthermore, there were no HR professional associations, no relevant HR journals and only a small number of relevant HR articles and books.

A specific feature that was common to both countries was the self-management system, which gave formal and in many cases also real power to employees. As a consequence the division of responsibility and authority in the PM and HRM field was initially between Party representatives and line managers, and then later on self-management bodies and professionals also took part. In the 1980s, the role of professionals became increasingly important, even at the expense of line management, while the role of Party representatives and self-management bodies gradually diminished. Major differences in the evolution of PM in each country occurred in the decade between 1990 and 2000. In Slovenia this was the first decade of independence which was marked by gradual economic, political and social changes that contributed to the development of PM in the direction of HRM. In contrast Serbia was characterised by political, economic and social instability as a result of which the personnel function did not evolve but remained unchanged or even regressed.

Since 2000 there has been a clear shift towards an HRM model associated with the devolution process, a development which is much more pronounced in Slovenia than in Serbia. The earlier development of the personnel function and its professionalization in Slovenia than in Serbia can be attributed to the more liberal political regime and to the closer links Slovenian companies and universities enjoy with their Western counterparts. However, to make the next step, personnel managers in Serbia face two major challenges: to continue to increase their influence in companies and to professionalize the field.

Marked by economic recession, key economic indicators and labour market conditions have changed in both countries. The crisis raised issues about the role and strategic focus of the HRM function: its independence, credibility, policy approach and many others. An important question for future research and future Cranet-E data in this context will be which roles the HRM function is required to undertake to adjust to these changes. In the future, it will be necessary to further strengthen the professionalization and strategic role of HRM in organizations in both countries. Unlike in Slovenia, where the professional association and its local branches have been present for more than four decades, in Serbia the strengthening of the HRM professional association may also contribute to the greater visibility of HRM in organizations, and to the exchange of good practice. In both countries, a further strengthening of links between academia, private and public sector organizations and professional associations, will contribute to better responsiveness across all three sectors to current HRM challenges and to the further development of HRM.

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