

The Impact of Business Organizations on the Effective Development and Management of Human Capital

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Abstract – The study focuses on the field of human resource management, and studies the importance and necessity of it and the models used by firms in human resource management. The impetus to this work, related to a series of important transformations of society tones, after the ‘90-s. Nowadays, the strong tendencies towards globalization, when innovation has become a dominant element in the context of socio-economic development, the clear evidence of what we already call the knowledgeable society, poses new challenges to businesses and its management. It is important for everyone, especially managers, to have a good understanding of these challenges in order to increase the chances of success through more effective feedback. Making challenging changes, the economic growth, the global stability and the business success, will depend everyday more on innovative management and leadership. As is well known, the environment in which organizations operate today is constantly changing, and is becoming increasingly unpredictable. The private sector, in our economy, is expanding day by day, and the public sector is increasingly using competitive management practices with those of the private sector. During this process, many enterprises are closed, privatized and restructured, affecting the level of employment throughout the country. Although the unemployment rate remains relatively high, it makes it easier to find a workforce in the labor market in the Republic of North Macedonia. They are aware more and more about the necessity of employee recruitment to have the necessary skills and the right motivation. In developed countries, well-selected and motivated human resources are considered a competitive advantage for companies. In the current competitive business environment, there are high expectations from the human resources manager and the strategic partner model of the human resources manager.

Keywords – Human Development, Organizations, Resource Management, Globalization, Unemployment, etc.

I. INTRODUCTION

Historically, the term “human resources” has been defined as labor and has been ranked among the four main factors of production: land, labor, capital, and costs. This treatment of employees as a resource, as well as financial or physical resources, has its origins in employee policies during the industrial revolution. Human resource management came about as a result of organizations requiring employees to work and produce more than they were rewarded (Appelbaum, E, Bailey, T, 2000). The understanding of human resources changed over the years as the concept of organizations expanded and employees began to be treated more as human beings rather than as living materials or organizational systems (Fisher, D. 1989) [1]. Human resources began to be seen as flexible and dynamic resources, so organizations began looking for different ways in order to “motivate them and to increase performance”. This has led to increased research in the field of human resources and recently to obtain information from other sciences such as psychology, economics and political economy. (Fisher, D. 1989) [2].

The concept of human resources has expanded by the term human resources management in human resource development, which has to do with the support and skills that are granted to employees not only to carry out

their work, but also to prepare for career growth. Human Resource Management has gone through a long development process until it reached the status gained today, as one of the most important management functions within an organization (Koli.Z, Llaci.Sh, 2005). Human resource management is that part of the management process focused on human relations and ensuring their well-being, in order for them to make the maximum contribution to their work. The Institute of Personnel Management in the UK gives such a definition for this function: "Personnel management is that part of management preoccupied with people at work and their relationships within an organization. "Its purpose is to bring together and develop the employees that make it up and it is concerned with the well-being of each individual and the work teams to encourage them to make the maximum contribution to the success of the organization." (R. Mullins 1993).

A simple but rational definition is presented as follows: "Human resource management is the process of attracting, developing and retaining a talented and energetic workforce to support organizational mission, objectives and strategies ..." (J. Schermerhon, 2001) The purpose of this study is to display the indicators of the development of a country, such as the level of income and the rate of economic growth, health, longevity, etc.

II. METHODOLOGY

A methodology consisting of a combination of primary and secondary data was used to conduct this study. Also, a wide range of other secondary resources, in the form of academic literature, or other publications, have been used to address important human resource concepts. A considerable amount of secondary data has been provided through the use of data from various institutions in the Republic of North Macedonia as well as from different websites.

III. CASE STUDY

3.1. *Human Development Index and classification of activities in the Republic of Northern Macedonia*

3.1.1. *Application and Measurement of different Methods Human Resource*

The special importance of human resources not only in the organization, but also in the macroeconomic framework, has made the governments of different countries concerned about long-term programs and strategies for the development of human resources with indisputable values.

The human resource development indicator is already considered as a weighty alternative indicator to characterize the degree of development in a country. The Human Development Index (HDI) is a composite summary that measures a country's average achievements in three basic aspects of human development: **health, knowledge, and income**. It was introduced as an alternative to a country's conventional development measures, such as income level and economic growth rate. The crisis caused by COVID-19, in the world today, in addition to the health aspect has also affected the stagnation of various sectors, e.g. that related to tourism, catering, crafts, transport, construction and numerous other projects in the public sector and also in the private sector.

The Human Development Index can also be used for national policies, comparing how two countries with the same level of capita income can have different results of human development.

The human development index of the Republic of Northern Macedonia and the countries in the region is 0.747 [3] which gives the country 83-rd position out of 189 places with comparable data [4].

The HDI Human Development Index of Central Asia and Europe as a region rose from 0.534 in 1980 to 0.717 today, from this context, the development of human resources in the Republic of Northern Macedonia is connected directly to the economic development of the Human Development Index is approximate with some other countries that we see in Tab. 1. listed below.

Table 1. Human Development Index by some countries for 2013.

The Order	Country	ZH Index. NJ
		New Estimates for 2014, for 2013
Average Human Development		
1	Moldova	0663
High human development		
2	Albania	0716
3	Armenia	0730
4	Bosnia and Herzegovina	0731
5	Northern Macedonia	0732
6	Ukraine	0734
7	Georgia	0744
8	Serbia	0745
9	Azerbaijan	0747
10	Kazakhstan	0757

Source: https://sq.wikipedia.org/wiki/Indeksi_i_zhvillimit_njer%C3%ABzor.

The economic development of the **Republic of North Macedonia** has passed in a trajectory where several important phases and different realities are distinguished, especially within the twentieth century, as follows:

- The period of development of handicrafts e.g. by the middle of the 18th century many craft shops were numbered; skins and metals were processed.
- Period the opening of the first enterprises - during the pre-war years light industry food and opened factories alcohol, tobacco, cigarettes etc.
- The period of industrialization and nationalization of the economy.
- During the period after the 1990s, heavy industry was installed, such as metallurgy, textile industry, food industry and agri- food industry, etc.
- The period of the free market economy from 1990 onwards began the functioning of the market economy and the restoration of the development of the private sector.

The transition to a market economy has been accompanied by the reorganization of sectors of the economy as a whole. The restructuring of large state-owned “parent” companies in the traditional sectors helped create a number of smaller private enterprises.

New opportunities to develop free private enterprises significantly increased the participation of various private entities and individuals in the economy, contributing to the birth of the private sector. The Republic of North Macedonia today develops trade relations mainly with the countries of the region as CEFTA (Central European Free Trade Agreement) and with other countries of the European Union as being exported and imported materials to furniture store products, clothing, medical and decorative plants, etc.

However, domestic production is still limited and many products that can not be produced locally are imported from other countries of the world. Further strengthening is closely related to the environment, the current state of which is still far from the desired normality and stability.

The environmental issues are very sensitive due to pollution. Pollution originated several decades ago with the development, which will bring not only “separation” from the traditional agricultural sector that has been developing until recently but the industrial pollution is caused as a result of obsolete technologies systems passed from waste discharges and as well as from the way they have been handled. Air pollution is also affected by urban transport, solid waste incineration, from the construction sector, etc.

Another factor is the level of awareness of businesses regarding the impact of their economic activity on the environment, this impact is low. The business survey shows that big business has a greater awareness of environmental issues, yet its information remains extremely limited. The level of human development in the Western Balkans Region, including the Republic of North Macedonia, is shown in the Table below.

Table 2. Some specifics of human development in some Western Balkan countries included.

	Probability of survival under 5 years of age	Expected years of schooling	Res. in standard tests	School years adapted to achievement	Pct. children with regular development	Adult survival probability	Index of human cap
Albania	0.99	13.0	429	8.9	0.77	0.94	0.62
B & H	0.99	11.7	461	8.6	0.91	0.91	0.62
Croatia	1.00	13.3	505	10.7	-	0.91	0.72
Kosovo	0.99	12.8	375	7.7	-	0.91	0.56
Northern Macedonia	0.99	11.2	382	6.8	0.95	0.91	0.53
Montenegro	1.00	12.4	433	8.6	0.91	0.91	0.62
Serbia	0.99	13.4	521	11.1	0.94	0.89	0.76

From the table above we see that the Republic of Northern Macedonia is in a possible ranking of ready-made survival with other countries, and the last in the upcoming years and in terms of suitable schooling and last in a ranking per human capital.

3.1.2. *Distribution of Businesses in the Republic of North Macedonia according to Number and the Activities Impact on the Human Development Index*

As we know, business division in **the North Republic of Macedonia** is according to the size of activities, they are made in small and big businesses. The small business is made up by new activities such as industrial food, services, cafeterias, restaurants and less manufacturing companies. While in the big business there are activities such as construction, production, trade, transport, import-export, wood processing, etc. In reality, the

small business sector is characterized by micro-enterprises of individual or family type, with 1 unit of private business activity and on average up to 3-5 employees. While big business appears more consolidated, with an increasing number of enterprises established with partners and an average number of employees averaging 30-40 people.

Table 3. Registered Enterprises in RVM according to Number p unetoreve (units) – 2018.

Number of Employees	Number of Enterprises	Percentage in Total
Not defined	7 888	11.05%
1 - 9	56 658	79.34%
10 - 19	3 188	4.47%
20-49	2 067	2,91%
50 - 249	1 382	2:00%
250 and more	236	0:33%
Total	71 419	100.00%

Source: <http://www.stat.gov.mk/Publikacii/SG2018/12-DelovniSubj-BusinessEnt.pdf>.

Out of a total of 71,419 enterprises: 56,658 (or 79.34% are micro-enterprises; 3,188 (4.47%) are up to 20 workers; 2,067 (2.91%) are medium-sized and only 236 (0.33%) are classified as large or over 250. The large dominance of micro-enterprises has implications for the SME Strategy in terms of sector breakdown, SMEs are mainly focused on: Retail, transportation, warehousing and distribution, food products, beverages and tobacco as well as hotels and restaurants. According to the SME Policy Index 2018, the sectoral distribution has remained stable over time. From this it is concluded that economic development is related to the growth of businesses that carry out various activities and different activities.

Table 4. Enterprises registered in the Republic of North Macedonia.

Type No.	Type of Ownership
1	Individual business
2	General partnership
3	Limited partnership
4	Limited liability company
5	Joint Stock Company
6	Foreign owned enterprises
7	Social enterprise
8	Public enterprise
9	Agricultural cooperatives
10	Others

Source: <http://www.stat.gov.mk/Publikacii/SG2018/12-DelovniSubj-BusinessEnt.pdf>

Given the conditions in which business firms operate in the **Republic of North Macedonia** and especially se-

-eing the difficulties they face, it becomes increasingly important to make managers aware of the importance and necessity of the human resource management function.

IV. CONCLUSION

Human resource management is a basic function that makes an important contribution to achieving objectives not only in the field of business, but also in other areas of human activities. “The quality of human and intellectual capital that organizations possess is generally treated as a factor key to differentiating them from rivals and achieving qualitatively high results” (Armstrong and brown 2001).

During the industrial age employees were considered one of the factors of production along with materials and capital. During this time both Taylor, Fayor, and Weber came up with ideas for increasing finance and production through job specialization and cash incentives and retention at employee work.

With the introduction of globalization and information technology the purpose of the human resources function gained importance and had a more strategic role. Employees began to be seen as a competitive advantage and much importance was given to such an organizational culture that promoted their loyalty.

V. RECOMMENDATIONS

- It is important to always consider the best experience of developed countries but also relating it to the conditions and reality where our businesses operate.
- The private sector, in our economy, is expanding day by day, and the public sector uses more and more competitive management practices with those of the private sector.
- Human resource management has gone through a long process of development until it has reached the status gained today, therefore it requires constant advancement in the organization.
- Human resource management is that part of the management process focused on human relations and ensuring their well-being, in order for them to make the maximum contribution to their work.
- The human resource development indicator is already considered as an important alternative indicator to characterize the scale of development in a country.
- The Human Development Index can also be used for the issue of national policies, comparing between two countries with the same level of per capita income.
- The economic development of the **Republic of North Macedonia** has passed through several important phases and different realities, especially within the twentieth century.
- The environmental issues have a particularity and are highly sensitive due to pollution which has its origins several decades ago with industrial development.
- The Republic of Northern Macedonia has a ranking of the probability of survival almost equal with the other countries in the region.
- In the current competitive business environment there are high expectations from the human resources manager and the model of the strategic partner of the human resources manager is becoming very popular in organizations.

- From the study conducted in this paper on human resource management models used by private and public firms in the RNM
- Focusing policy makers in the specific field of human resource management, thus facilitating the work of managing managers of companies in our country.
- The managing authorities of private and public companies should provide competent professionals and managers as well as skilled and trained employees to be able to help managers set and achieve clear objectives for the organization.

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