



GSJ: Volume 6, Issue 1, January 2018, Online: ISSN 2320-9186

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## **PRIVATE AND PUBLIC COMPANY IN ALBANIA HAVE AWARENESS OF THE IMPORTANCE OF HRM FUNCTIONS?**

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Vebina Resuli, Phd Candidate in Education Management [vebinaresuli@gmail.com](mailto:vebinaresuli@gmail.com)  
UGSM-MONARCH BUSINESS SCHOOL OF SWITZERLAND

### **ABSTRACT**

Human resource Management can be described as a function in an organization that is designed to maximize the performance of the employees on their strategic objectives. HRM functions are broadly concerned with the management of individuals within a given organization which focuses on policies as well as systems. The role of HRM is to offer plans, develop as well as administrate programs and policies designed to make expeditious applications of the human resources in an organization. Over the years, the available literature has indicated that people still do not have proper awareness of the importance of HRM functions. Moreover, it has been argued that the most common model in the Albanian organizations is expected to be the traditional model administrative.

**Keyword:** Human resources Management, Analysis, Models, Hypothesis, Functions, Organizations, Challenges.

## Introduction

Establishment of governmental pluralism and a market economy in 1991 brought the collapse of the state monopoly in the Albanian. The transition from a centralized private system was accompanied by integral changes in the market. In contrast to other countries, where the transition from controlled markets in free markets was gradually, in Albania, this change was so fundamental.

This was a big change into a state that from 50 years, knows only one way of doing things. Economy and labour force were planned and administrate from the state. The private sector, in Albanian economy is expanding day by day, and the public sector uses more and more competitive management practices with those of the private sector.

Although the unemployment rate remains relatively high, which makes it easier to find the workforce in the labor market, the Albanian organizations are beginning to realize more and more, the necessity of recruiting staff with the necessary skills and motivation. In developed countries, human resources well selected and motivated are considered today, a competitive advantage for the enterprises.

## Objectives

The main objective of this study was to investigate whether people have proper awareness of the importance of HRM functions and whether the most common model in the Albanian organizations is expected to be the traditional model administrative. Questionnaires were spread in private firms and the public sector to identify what the problems are with human resources management.

## Hypothesis for the research

### *Hypothesis 1*

Null hypothesis: People have insignificantly no proper awareness of the importance of HRM functions. Alternative hypothesis: People have no proper awareness of the importance of HRM functions.

### *Hypothesis 2*

Null hypothesis: The most common model in the Albanian organizations is not expected to be the traditional model Administrative. Alternative hypothesis: Most common model in the Albanian organizations is expected to be the traditional model Administrative.

These are hypotheses that we expect to prove in this study, by the questionnaires results conducted in selected firms, public and private sector.

The methodology of this paper consists of a combination of primary data and secondary data. A significant proportion of secondary data provided through the use of electronic libraries.

The questionnaires are standardized and uniform for all entities involved in the study both public and private sector. Questionnaires were distributed to 20 company the distribution of questionnaires was made personally by interviewing general manager and human resources of each firm.

Questionnaire was addressed to general managers of the organization consists of two parts. In the first he intended to provide general information about the companies and their activities, their number of employees, type of activity in which these firms operate this necessary information to judge later on assumptions that we raised at the beginning. The second part of the questionnaire for the general manager of the organization aims to highlight the work that makes the human resource manager in the organization view in light of the organization's general manager.

## Human Resources

The term "human resources" is defined in the workforce and is listed among the four main factors of production: land, labor, capital and costs. This treatment of employees as a source, as financial or physical resources has roots in employee policies during the Industrial Revolution. Human resources management was due to the fact that organizations asked employees to work and produce more than rewarded ( Appelbaum, and, Bailey. T, 2000).

Human resources began to be seen as flexible and dynamic resources, so organizations began to seek different ways in order to "motivate them and to" increase the performance of this led to increased research in the field of human resources and recently taken information sciences and psychology, economics and political economy. (Fisher, D.1989). Human resource management is the part of the management process focused on human relations and ensuring their welfare, that they give the maximum contribution at work. Institute of Personnel Management in the UK gives such a definition for this function: "Personnel Management is part of the management of trouble for people to work and their relationships within an organization. Its aim is to unite and develop employees that comprise it and is concerned on the welfare of each individual and work team to push them to give the maximum contribution to the success of the organization". (R. Mullins 1993)

Human resources have "models in practice" to change the level of activity sophisticated human resource development with the nature and extent of learning activity. There are four different models of human resource development represent a continuum from "no organizational learning" to "organizational learning", 30 years ago Ashton (1975) identifies various three of these models temporarily interrupted, institutionalized and adopted) in which another (investment) is added for illustrative purposes. These four models provide a basis for analyzing the activity of human resource development.

Human resource strategy as appropriate in the organization not only means to impose some specific techniques or rules simplified this process, because there is no certain way or magic rules to act in this respect management strategies resources The method of process in diversified strategy and is used emergency processes. Successful methods usually found in businesses like Anglo-Saxon firms and state-owned enterprises in France, Germany and the Far East countries (Whittington, 2001).

Taylor proposed that to be more efficient, the work should be divided into simple tasks and to train employees to be "carried them so specialized. The idea of scientific management was that the process be treated as very specific tasks which can be performed quickly and efficiently.

He urged the use of scientific methods to divide the tasks and find the most efficient steps to perform each task. Great importance was given to finding the right employee and his training, for the task. The main idea was generated. Although scientific management was created as a result of inefficiency and loss of time that spread much during the industrial period, the impact that he had on employees was harmful.

This management began to "employees, considered as machinery and expected that appropriate training to give staff, they give their optimum performance.

Employees considered as an essential in the production process, but they were treated as machinery. Human resource management focused purely on employee training and motivation were the only way bonuses depending on the quantity produced. He also urged that employees and their satisfaction are not taken into account. There was an "inhuman" throughout the work environment. (Conway, N.2004)

The best way to understand Taylor and his work are a departure from his own statements. "Scientific organization of work - he writes - consists mainly of a certain number of general principles applicable to all, in a fully specified theoretical conception that can be applied in different ways."

However as achieve this "new theoretical conception." The answer was through an extremely high level of generalization that has to do with the historic nature of the relationships that people create their own work. Workers and entrepreneurs argue about it, the first require most likely through salary, while to justify it under the form of profit. Social conflicts and claims of ownership are always provoked by limiting the resources available.

Taylor finds the solution through a "total mental revolution," which should include all social components employed to work in the factory, from the owner to the workshop easier. The revolution lies in the fact that "both parties to give their attention from considering this issue as main- and together to focus on increasing the quantity, until it becomes so great not to be the necessary conflict in the manner of its division. Thus launching a period of abundance should be an end to all social conflicts. Nevertheless, to achieve this abundance, we must increase productivity.

Scientific Management of Taylor, on the one hand, brought high efficiency in the production process and increased performance of the organization, but on the other hand, he did on human resource management mechanism. However, some of the principles of Taylor provided a "background" for the development of human resources functions such as design work, specifications and work goals and scientific procedures for the recruitment and training of people. He also influenced the later theories of human resource management as "management by objectives" and "total quality management and search operations" (Conway, N. 2004)

## Data analysis

### Analysis based on Hypothesis 1

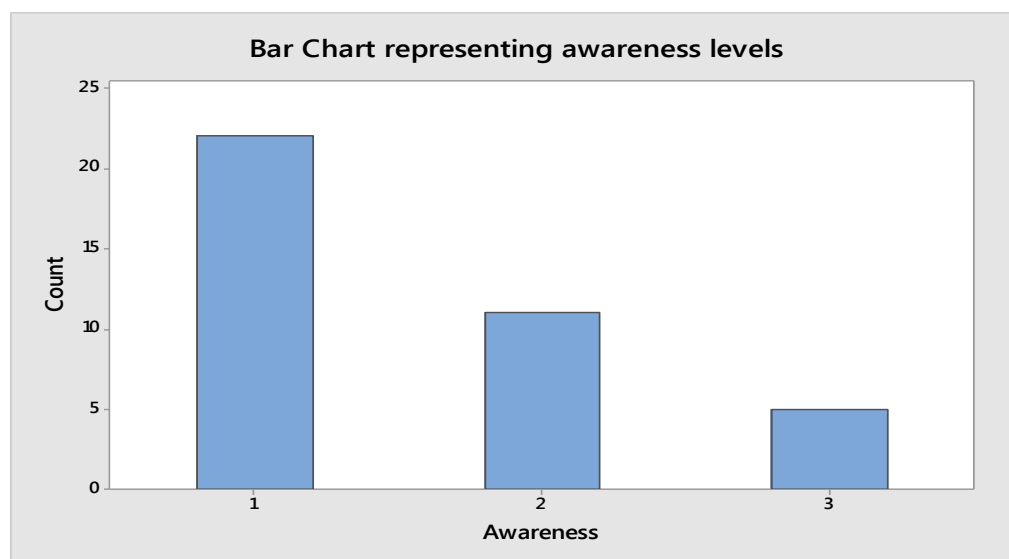
From the analysis, the proportion of respondents who were not aware of the importance of HRM functions was equal to 22/38. This was against proportions equal to 11/38 and 5/38 for those who were neutral and aware respectively.

Rows: Awareness

Count

Not aware	22
Neutral	11
Aware	5
All	38

The bar chart showed that clearly that majority of the respondents were not aware of the importance of HRM functions.



The hypothesis testing for the sample proportion was done with test value of 0.5. The sample proportion was revealed to be 0.421. From the analysis, the 95% CI for the sample statistics was equal to (0.2630, 0.5918). Clearly, the sample proportion was included in the 95% CI implying that the test failed to reject the null hypothesis. Moreover, the exact probability value was equal to 0.418, greater than 0.05, calling for a failure to reject the null hypothesis. Therefore, people had insignificantly no proper awareness of the importance of HRM functions.

Test of  $p = 0.5$  vs  $p \neq 0.5$

Event = 2

Variable X	N	Exact Sample p	95% CI	P-Value	
Awareness	16	38	0.421053	(0.263098, 0.591786)	0.418

### Analysis based on Hypothesis 2

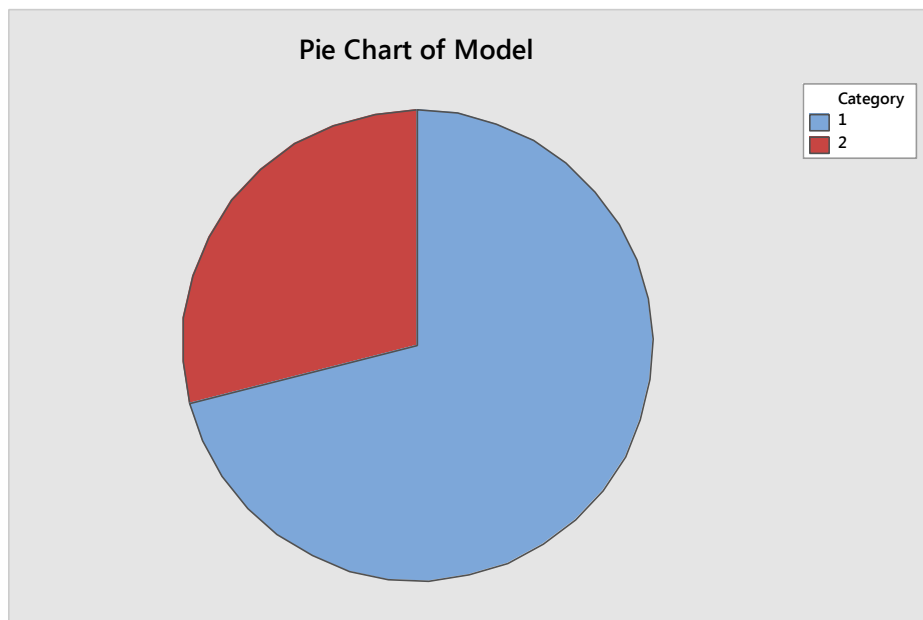
Majority of the respondents with a proportion of 27/38 agreed that most common model in the Albanian organizations was expected to be the traditional model Administrative.

#### Tabulated Statistics: Model

Rows: Model

Model	Count
Traditional model Administrative	27
Other	11
All	38

The pie chart confirmed that the most common model in the Albanian organizations is expected to be the traditional model Administrative. This was revealed by the large sector representing the category for the agree responses.



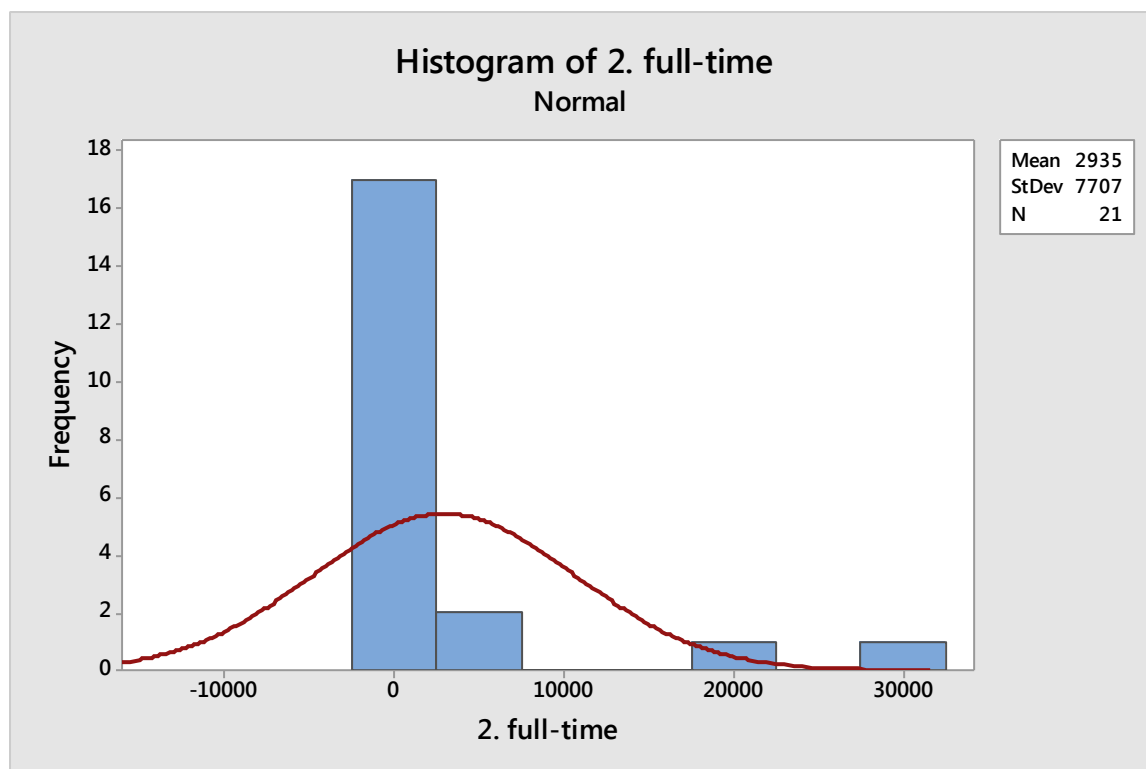
The hypothesis testing for the sample proportion was done with test value of 0.5. The sample proportion was revealed to be 0.289. From the analysis, the 95% CI for the sample statistics was equal to (0.154, 0.459). The exact probability value was equal to 0.014, less than 0.05, calling for a rejection of the null hypothesis. Therefore, null hypothesis in the second set of the hypothesis was rejected and a conclusion made that most common model in the Albanian organizations was expected to be the traditional model Administrative

Test of  $p = 0.5$  vs  $p \neq 0.5$   
Event = 2

Variable X	N	Exact Sample p	95% CI	P-Value
Model	11	38	0.289474 (0.154246, 0.459032)	0.014

For the twenty organizations that took part in the report, 80 percent were private companies and 20 percent were public organizations. Among the private companies, 70 percent were partnerships, while 10 percent were joint ventures. In addition, 50 percent of the organizations that took part in the report were ISO certified, while 50 percent were not ISO certified. As one would expect, all public organizations that participated in the report had human resource offices or personnel to deal with human resource issues (Albright, Winston, & Zappe, 2011). The organizations that participated in the study were from different industries, given the highest industry that was mobile and communication had 20 percent of the organizations only. The rest were below 15 percent.

In terms of employment, only 45 percent of the organizations that participated in the report offered part time jobs. The other 55 percent of the organizations offered full-time jobs only. Despite this fact, the number of employees that work on part-time basis is very small compared to the number of employees that work on full-time. This is in relation to the fact that only 2.9 percent of the total employees work on part-time basis. In terms of employment by gender, the report has established that 49.6 percent of male employees and 50.4 percent female employees work in these organizations. With regard to this issue, the report indicates that Albanian organizations have made significant progress in addressing this issue.



With regard to performance that was measured in terms of annual turnover and VAT payment, 20 percent of the organizations rated “very good” while 45 percent of them rated “good.” Another 30 percent of the organizations rated average while one company did not rate itself. Therefore, it was excluded in this part of analysis. This affected the results of performance by 5 percent, but it did not affect the results (Sims, 2007).

With regard to education profile for the human resource personnel that work in the organizations under report, 65 percent of them have high education profiles while 35 percent of them have medium education profiles. When managers were asked whether they had conducted any form of training on their employees, 70 percent of the managers said that they had conducted such trainings. On the other hand, 30 percent of the managers said that they had not conducted such training. In terms of experiences, 50 percent of the managers that participated in the report said that they were experienced while 45 percent of them said that they were not experienced. Out of these managers, only one manager did not answer this question. The report revealed that 35 percent of these organizations had offices to deal with human resource issues, 40 percent had human resource staffs while 20 percent of these organizations did not have offices or human resource staffs to deal with human resource issues. In terms of organizational structures in HR, 20 percent of the organizations had human resource managers while 75 percent of these organizations had human resource employees to deal with human resources issues. For the organizations that had human resource managers, the report established that employees were supposed to go through assistants before they could see the general managers.

In terms of the number of staffs that work in human resource facilities in the organizations under report, the report established that there were only 1569 of these staffs. This composed 4.95 percent of all employees that work in the organizations under report. When asked to rank three human challenges that are expected to face Albanian organizations in the next three years, 50 percent of the managers ranked changes in performance of managerial staffs to be the first most challenge. Another 50 percent of these managers ranked getting talented managers to be the second most challenge that Albanian organizations will face in the next three years. On the other hand, 60 percent of the managers ranked employee training and development to be the third most challenge that Albanian organizations will face in the next three years (Albright, Winston, & Zappe, 2011). Over all, the report established that 60 percent of human resource facilities for the organizations under report were tasked with daily administrative jobs such as salaries and employees’ benefits. The report also established that 25 percent of these facilities were tasked with mediating and resolving conflicts among employees while 15 percent of these organizations were tasked with formulating business strategies for the organizations.

## Recommendations

1. The above data analysis indicates that only 4.95 percent of the staffs that work in the organizations under study in this report are based in human resource facilities. In relation to this fact, this report recommends that it would be prudent to increase this number so that Albanian organizations can deal with human resource issues more efficiently.
2. The above data analysis also shows that about 20 percent of organizations under investigation in this report do not have human resource facilities or even human resource personnel to deal with human resource issues. This means that human resource issues in these organizations might not be handled professionally because there are few employees in these organizations to deal with these issues. In relation to this fact, this report recommends that all Albanian organizations should have human resource personnel offices or human resource staffs to deal with human resource issues (Durai, 2010). This can improve human resource management in Albania.
3. It is largely evident from the above findings that very few of the organizations under report have human resource offices or personnel that deal with employment issues among other pertinent human resources issues in Albanian organizations. This means that a lot of human resource issues in Albanian organizations might go unresolved. In order to deal with such issues, this report recommends that Albanian organizations should advance their human resource facilities so that they can be able to deal with human resource issues amicably. The report presumes that even if human resource issues in Albania are dealt with, majority of them might not be dealt with amicably. For this reason, it would be prudent to advance human resource facilities in Albania to deal with human resource issues amicably (Lawler *et al.*, 2012).
4. The research has established that three challenges namely changes in performance of managerial staffs, developing employees' talents through trainings and acquiring talented managers will be the three top most challenges that Albanian organizations will face in the next three years. In relation to this finding, this report recommends that these three issues need to be addressed as soon as possible. Consequently, the report recommends that further researches should be conducted to establish how these organizations may deal with the challenges in question. The report also recommends that human resource management staffs in Albanian organizations need to devise various human resource practices to deal with these challenges before it is too soon to deal with those issues.

## Conclusion

This study made a conclusion that people have insignificantly no proper awareness of the importance of HRM functions. Moreover, the study concluded that the most common model in the Albanian organizations was expected to be the traditional model Administrative. A good number of Albanian organizations do not understand the critical functions that managers and human resource practices play in resolving HR management issues. Data analysis supports this claim by showing that 20 percent of the twenty organizations that participated in the report had no human resource offices or even human resource personnel to deal with human resources issues. The researcher makes this conclusion based on the presumption that at this age organizations should not be slow in adopting human resource practices. This notwithstanding, the report demonstrates that a significantly good number of these organizations have made effort towards human resource practices. This is in relation to the fact that the report has established that 35 percent of these organizations have offices that deal with human resource issues and 40 percent of them have human resource staffs to deal with human resource issues. Finally, in relation to the fact that about 50 percent of the managers that participated in the report cited changes in performance of managerial staffs to be the first most likely challenge that Albanian organizations might face in the next three years, this is a challenge that need to be addressed. In addition, talent development as well as employee training and development are other human resource issues that Albanian organizations need to deal with. In terms of insight, this report proposes that further researches need to be conducted regarding how Albanian organizations need to deal with human resource challenges they might face in the near future.

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