

## Human Resources Competitiveness in Modern Trade Companies

BERAT AQIFI

Faculty of Business Administration  
State University of Tetova, Tetovo  
Macedonia

SASHA DUKOSKI

Faculty of Law  
“St. Kliment Ohridski” University, Bitola  
Macedonia

### Abstract:

*In the contemporary and highly dynamic surrounding conditions, now, business more than ever before depends on: attracting, detaining and effectively taking advantage of, basically, chronically scarce resource – highly professional and skilled cadres. In addition, competitiveness on human resources in the contemporary trade companies, because of the entire business climate, is quite dynamic and constantly exposed to many factors. The most complex and, at the same time, of the most essential importance are: the constant changes of the legislation in the area of the organization in the trade associations, the conditions of the defined market, the intense competition, as well as the fastidiousness and emerging requirements from the clients, in other words the consumers. All this has its own particular influence on the professional parameters for work, thereby making an additional pressure on the constantly disposable resources.*

*Human resources in one trade association include all the employees irrespective of their position, education or their level of commitment. Basically, contemporary conditions of management are protecting the human as a crucial resource for the company, in which, he largely determinates the competitive ability of it. On the account of preserving, and above of all, the development on the competition ability on one trade association in a defined business area is in a direct*

*interaction of instigation: new standards, skills, knowledge and ethics in business. All that is a precondition for survival and need as long as there is a wish to achieve success in more intense conditions for work and survive on the only relevant place where all that is valued – the market.*

**Key words:** trade associations, human resources, business, market.

## **Introduction**

The Macedonian legislation defines the following types of trading companies: General Partnership; Limited Partnership; Limited Liability Company; Joint-Stock Company; Limited Partnership by Stock. Over 95% of trade companies in the Republic of Macedonia are registered as limited liability companies. This type of companies fits the most in small and medium businesses.

Of most importance, regarding the aspect of competitiveness in the market, and by that, the possibility of developing and advancing the human resources in certain companies are Joint-stock companies. A Joint-Stock Company is a company where stockholders participate with their share of deposits in the principal capital, which is divided into stocks. Stockholders do not share the liabilities of the stock company (LTC. Article 270).

Modern principles of managing trade companies and their successful placement in the market principles of the surroundings comply with the common notion: “Corporate governance.” In a broader sense, we’re talking about the way how to bring balance to the interests, which in relation to a certain company exist amongst different people and entities. It notes the system which defines and accomplishes company’s goals; its risks are assessed in order to choose the tactics for achieving good performances. Companies with good corporate governance create values and provide a system of

responsibilities and control suitable to face the risk undertaken. Such companies are dedicated to introducing and applying management experiences based on integrity, experiences of interest to all stakeholders, including stockholders, employees, clients, suppliers, potential investors and the social society the company operates in. In other words, good corporate governance provides harmony amongst all parties' relations, whose interests are in any way mutually related to the company and of course human resources as its inevitable part. Under the term corporate governance are built elements related to a number and variety of structures, systems, processes and responsibilities. So, according to James D. Wolfensohn: "Corporate governance means promoting fairness, transparency and responsibility" (James D., 1999).

On the other hand, according to Professors Andrei Shleifer and Robert W. Vishny (University of Chicago): "Corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment" (Andrei Shleifer, Robert W. Vishny; 1997).

Adrian Cudbury, thinks that "Corporate Governance is concerned with holding a balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and to equally require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society" (Adrian Cudbury, 2000).

A common denominator to all of this is the fact that corporate governance is a term referring to the relationships and roles established between all parties, whose interests are somehow related to some certain company. This includes the stockholders, supervisory board, managing board, managers, employees, clients, suppliers, the government and the social society. Efficient corporate governance means that roles and relationships, established within the frameworks of such a

company structure, be as much as possible non-conflicting and more ethical. Relations of the managing board and of the management with the stockholders must be based on honesty; their employee rapports need to be defined by fairness, good civic ethics and law-abiding. In this sense, the most important responsibilities of the management are strategic planning, risk management and utmost use of existing resources, including human resources, too.

The role of the managing board (or supervising board) who's most important responsibility is to choose a professional and ethical CEO, to supervise his and the work of the rest of the management and make sure the management is in compliance with company's standards. It is in company's interest that the employees are treated justly and fairly. The company needs to enforce a policy of adequate remuneration of the employees and their protection in the process and in relation to their work. Fair treatment of workers is one of the most important prerequisites of their motivation. Democracy is a very important element of good corporate governance towards employees (Handbook on Corporate Governance, 2009).

But, as a problem of free competition in managing human resources of one modern company are legal restraints regarding competition with certain types of trade companies. This way, in the Law of Trade Companies, several articles regulate the right of free competition, but also its possible restriction in cases when it is reflected negatively upon the work of trade companies.

## **Human Resources Management in Modern Trade Companies**

Managing existing human resources in a trade company is a responsible and dynamic process, which helps the company find individuals who possess desired educational and skill levels, and for the management to influence the conduct of the

individuals and the group, in order to achieve desired results. Management can be defined as a strategy and coherent approach in managing the most valuable assets of a company, respectively the people (individuals) working there and contribute to achieving its goals. Managing human potentials, as a certain work assignment and challenge, unites these work assignments and individual assignments related to each individual in particular, their meeting, selection, education, progress, as well as normal activities resulting from the legislation (insurance, protection, etc.).

The people, the human potential of one company and the human resources management are undoubtedly key words and a dominant preoccupation of modern managers and companies in general. Managing human resources has several meanings: scientific discipline; managerial assignment; given professional function in the company; specific philosophy of management and governance (Avlijaš, 2010).

Managing with human resources in trade companies is an important issue itself, going from the experience direction possessed by the existing human potential, correlating to company performance and strategic courses of planning and functioning of the company itself in the future. Employees (human potential) must be treated as an asset, a family to the company in which maximized worker capacities together with the managing team are in accordance with company's organization. Their individual potential skills must be taken into consideration when strategy decisions are made in planning human resources, which are in fact the concept and strategy of the company.

In further elaboration of the problem, before all the term: "Human resources" needs to be defined. It is indeed the overall knowledge, skill and ability, fulfilled with creative opportunities, motivation and fidelity that some trade company possesses. It is the overall intellectual and mental energy a company can engage in order to accomplish its goals and the

overall development of action. Because of such a thing, managing existing human resources is a dynamic process comprised of a series of interconnected activities and duties given before the management and company, oriented at achieving the strategy for: an adequate number and structure of workers, their skills, knowledge and individual aptitudes and interests, motivation and form of conduct, necessary to achieve actual developmental and strategic goals of the company (Avlijaš, 2008).

The process of governance and management of human potential resource in a given company is made up of several basic sub-phases:

- Planning of human resources, through an analysis of internal factors (existing situation, expected need for certain professions and profiles, plans for a growth or reduction of company's capacities), external factors (work force market);
- Recruiting, through a provision of adequate alternatives of candidates for certain business operations, of course in accordance with the human resources plan;
- Selection of existing resources, through a permanent verification of knowledge possessed, but also the motivation for promotion into positions within the company;
- Presenting the work environment and the production process with, through familiarization with this environment (colleagues, responsibilities, business conduct and ethics of the company);
- Continuous training and advancement oriented at growing employee abilities in order to achieve greater efficiency and productivity for the company;
- Assessing the work performance of each individual in a certain work position, that is in correlation with standards or activities prescribed for that position;

- Promotion, relocation, downgrading and discharge, as a common practice every employee should be faced with in a certain company.

Any of these measures and activities has a direct influence on planning human resources (Stoner J., Freeman E., 1989).

### **Human Resources as a Factor of Competitiveness for Trade Companies**

Competitiveness of trade companies in modern conditions of market rivalry depends on external and internal factors. Usually, external factors are of great importance in achieving competitiveness and it is more difficult to act upon. Internal or individual competitiveness of the human resources, based on their nature can be inherited and acquired. As advantages to inherited competitiveness of the staff are: skills (gift, talent, ingenuity), temperament, physical characteristics. As advantages to the acquired competitiveness of the available staff, certainly are considered: business skills (education, expertise, skills and capabilities), intelligence and culture, motivation oriented towards a specified activity, (to be able to articulate individual goals and tasks of the team), nature (to be able to manage their emotions, will, stress, jealousy), sociability, communication, organization, etc.

The strategic management of staff potential in a given company can identify a number of factors, defining the role of the personnel in a modern society. This way, with the rapid growth of the scientific and technological revolution, the nature and content of the work is changed dramatically. There is an increased demand for the highest professional skills in a job, all of which with less mechanical routine. Employees and managers nowadays are required to have a culture of communication, sense of teamwork, team spirit, and care for the company as a whole. Increasing employee demands, also,

means their increased role in the process of production (Thompson A. A., Strickland A., 1998).

Improving the educational structure of the personnel promotes change in control and increased importance of employee self-control. Modern technology and perfection in professionalism inevitably create a development where strict control over subordinates loses its meaning, so that the role of every individual manager or worker in implementing the strategy is of essential importance. Searching for new, effective ways to achieve strategic and financial goals – creativity, instead of work routine, a chance is given to controlled procreation and implementation of ideas, which would strengthen the competitive position of the company, in modern circumstances it is almost impossible (Bocharova T., 2003).

The dynamic change in the nature of customer demands, increase in competition, imposes the need for quick adjustment in changing conditions of the living environment. Changes in the macroeconomic environment, lead to great responsibility for the staff to quick decision making. A determinant factor in personnel's role in modern companies is the connection to changes in work organization frame. Today, it is not enough to just be a highly qualified specialist, but workers must be prepared to work as a team, to be able to reach a compromise in conflict situations.

Competitiveness has to do with strengthening the overall culture of the society, especially the employees. Work is not only a source of livelihood, but also a chance of expressing oneself, career (material wellbeing, social status, subjective feeling expressed as – satisfaction from work well done).

Efficient staff management is the most important factor in competitiveness among companies, which in turn enables economic success to be achieved. Employees are treated as a resource for the company, for what they must be motivated and in a parallel way developed and up-brought together with other



resources, in order for the company to achieve the strategic goal (Балашов Ю., 2009).

Of crucial importance to employees as a resource of the modern company is sustainability, in other words, team's capability to maintain and further develop its potential through mobility and agility of the staff. Very often, sustainability is identified with the production team's stability, which is conflicting to individuals' desire to leave the collective independently or for violating the work discipline.

The change of personnel presents a specific movement of the workforce, due to employee dissatisfaction with the work position or organization dissatisfaction with a specific employee. Personnel fluctuation is one of the indicators leading to a discharge and affects company's stability and success. Thus, it would be quite dangerous if leaders were to leave (from the point of view of professionalism and inventiveness) and in their stead to come individuals of a different working method. In this case, the team would need time and significant effort to work together with the new boss (Egorshin A. P., 2006). Changing the personnel can affect the work of the company in different ways. Depending on company's capacity and permanent change of work positions, the influence could be of use, but it could also lead to loss of competitiveness and production decline. The qualification, on its hand expresses the individual characteristics of each employee. It, in fact shows the level of professional competence of the employee within a particular profession or specialty and is closely related to the complexity of the work and it reflects the qualitative features of the work effort which is manifested through certain stages of work process (Кубанов А. Я., 2006).

With regard to human resources' role in raising competitiveness of trade companies without a doubt, motivation plays its part. It represents the overall internal and external moving force awakening the man to inventiveness, determining thereby beforehand given parameters, with motivation to

achieve the set goals. Motivation's influence on the incentives of the human who is part of the production process in a company depends on a variety of factors and it depends on the individual approach to a large extent, which is on the other hand related to the feedback of this same activity (Семикова Н. С., 2007).

Of course, as a special segment affecting the quality of human resources in a company is stimulation. It is entirely different from motivation. It is a push for action or a motive for a certain type of human behavior and it is defined as: Coercion; Material motivation; Morale booster; Self-approval; Personnel policy.

The personnel policy is the most important segment in organized motivation and it is a set of fundamental principles implemented by the management of the company. It is an activity clearly preplanned to give shape to the collective, which in the most suitable way balances the goals and priorities of the company with existing personnel capacities (Марченко И., 2007).

In order to pursue modern trends in the market surroundings, it is necessary for the permanent personnel to go through continuous trainings and improvement of corporate knowledge. Staff training is an all-out activity within a common concept of training in a given company, thus being a goal for achieving systematic training of the personnel (Травин В. В., Дятлов В. А., 1995).

Education and training are in fact two sides of the same concept. Education is related to the development of human general intelligence that is part of a collective, while training is acquisition of knowledge that is directly related to the work that is being carried out. With this, training is aimed at: providing the company with enough employees whose professional qualities correspond entirely with production and business goals of the company. Herewith, the training has an important double function; use to the best of staff potential and motivation. Training goals seen from the points of view of the

employee and the employer (management) are different. In this case, there can be differed three types of activities: training, upgrading of skills and prequalification of the personnel. All of this, due to increasing the competitiveness of the personnel which the management of a certain company truly is in possession with, in cases of corporate governance of trade companies.

## **Conclusion**

Human resources in a trade company include all of the employees regardless of their position, education or level of engagement. Because of that, conserving, and first of all developing competitiveness of a trade company in a defined business environment is in direct interaction with introducing: new standards, skills, knowledge and ethics of a business operation.

All of that is a precondition for survival and need if success were aimed at in more keen conditions for work and survival of the only relevant place where all of it is evaluated – the market. Planning of human resources in a modern company needs permanent Recruiting, through a provision of adequate choices of candidates; Selection of existing resources, through a permanent verification; Introduction in the work environment and production process; Permanent training and development; Assessment of the work impact on each individual at a defined job position.

All of this leads to a conclusion that the staff potential in a company is a precondition for implementing modern principles and means for work, and the managing team which works in conditions of corporate governance must appreciate and take care of and permanently upgrade the competitiveness of the existing human resource, thereby not ignoring the possibility and need to hire new people.

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