

## HUMAN RESOURCE AND VALUES OF MODERN SOCIETY MANAGEMENT

Vujic Vidoje

Rijeka University, Faculty of Tourism and Hospitality Management, Opatija, Croatia

**Abstract:** *Each operating system and society as a whole seeks a new path of development, and human resources with their knowledge and abilities play a major role. Besides them, the work and success of the business system will inevitably affect the other holders of corporate governance - the owners, managers, customers and users of products and services, and the environment (suppliers, local authorities, banks, competing companies). This paper explains the design and connection of contemporary changes and satisfaction of holders of corporate governance. It discusses the general principles and provides guidance for managing relationships and satisfaction of various stakeholders in the process of production relationships in contemporary society.*

**Keywords:** *human resources, knowledge, changes, corporate governance*

### 1. SOCIAL CHANGES AND VALUES OF MODERN SOCIETY

Understanding the values of contemporary society, in this paper conceive as culture and quality of life, new technologies, globalization, creative business and resources management. Take for example the dominance of new technologies that are an invention of man, although he did not follow them and adjusted to them. Viewed from a narrow scientific and civil aspect, in this new changes society rapidly develops and change the way of work and life. Contemporary society carries many seemingly good things, but it is also of questionable values and overall relationship between humans and humans in relation to nature.

What is particularly bad, and which can be seen on the trail of good, is the rise of domination that threatens the quality of life and satisfaction of the majority of citizens. The growing dominance of politics, the dominance of capital spending domination, domination of trade and other material values with which organized minority endangers the majority and manipulates people. Imposing the will of the individual and the promotion of good and bad instead of the positive becomes a part of us, and it is increasingly difficult to oppose.

A moral value system, which we used to know up to the beginning of the 21<sup>st</sup> century, has changed and collapsed. Even what is written in the basic documents on human rights is

not respected any more. One of these fundamental documents is the Universal Declaration of Human Rights of the United Nations from 1948, which is a summarized and comprehensive system of social values, representing the idea of human rights and freedoms resulting from the experience of the Second World War. The Declaration, the Western world has value marked the second half of the 20<sup>th</sup> century. The last ten years under the aegis of globalization and capital and non-transparent developments in banking and financial institutions in a democratic world in general, there is a set of values, often the opposite of the values of the Declaration<sup>1</sup>.

During education, we were taught that we have to think about the vision of development what might be in ten years, and we need to write and speak in a way that we are not ashamed of our words and works after ten or thirty years. In every profession, we take oath in order to comply with professional ethical principles to positively value the charity, solidarity, humanity and promote public service, not self-interest. In everyday life, these principles and professional attitude toward the work and acting are less applicable.

### 1.1. Contemporary flexibility and job security

Today, there is no need to explain why the time in which we live is called “knowledge society” and therefore why all the major economic and other processes that are taking place now commonly describe phrases such as “knowledge,” “knowledge economy,” “knowledge management”, or appropriate adjectives “human capital”, “intellectual capital”, smart and intelligent systems, etc. **Learning** is, except for the people, linked with the business, which is further evidence of the fact that **knowledge has become the foundation of competitiveness and the development of modern society**. In the past twenty years, unfortunately, we have degraded knowledge, and our educational system.

We applied the “Bologna a la carte” and take from it only what suits us now, so it now creates a semi-educated people. The employers, even those who are educated or seeking work, do not perceive Bologna system of education and lifelong learning. Therefore, now we have a situation where male and female students with a degree in their hands live instead of working, going to the Department of Employment or abroad. There is a particular problem in academic institutions that do not produce knowledge and do not lead to the skills and excellence. I am confident that we can change the existing situation and values better and faster. We need to define a national strategy and priorities for the development and rational use of our natural and human resources. In the near future, we could produce knowledge and share it with others, rather than importing it.

The national labor market policies must aim to create the same conditions for all market participants, and therefore it is essential to work on leveling the work in the commercial and public sectors. The differences between the contracts of indefinite and definite time should disappear and everyone would need to enter into contracts for an indefinite period, but it should ease the way to be able to cancel, and costs arising from it to deteriorate further. It is also necessary to continue to work to reduce payroll so the net earnings could more closely reflect the true level of worker productivity. However, reducing the level of protection of employees must be compensated by direct access to active policy measures that would boast employing workers who lose their jobs and help them get new jobs in

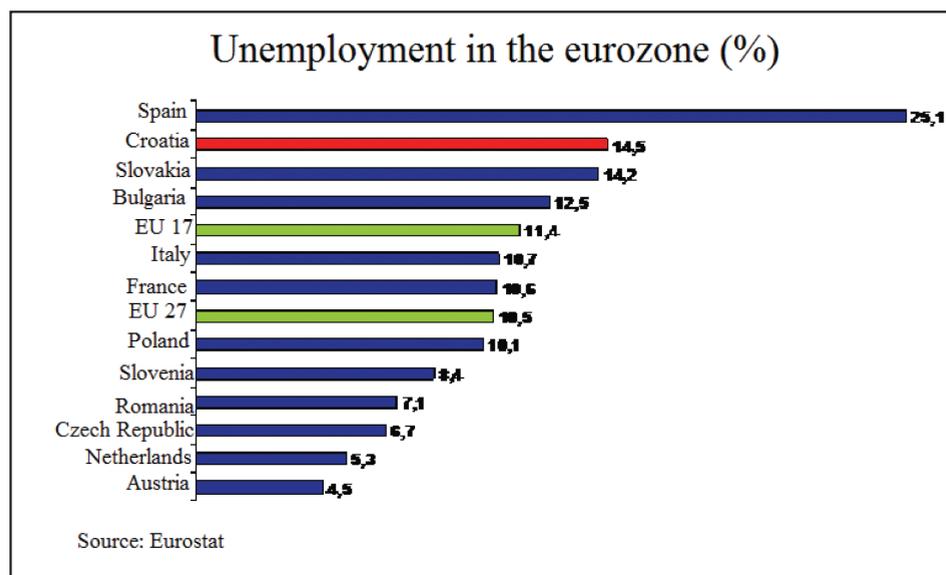
---

<sup>1</sup> Vidoje Vujic: Presentation at the round table - Values of contemporary society in the XXI century, Croatian Academy of Sciences and Arts in Zagreb, 2012., p. 97

the short term in a quality way. In the course of searching for a new job, it is necessary to provide a decent level of compensation for the period of unemployment.

However, the level of compensation should be such that simultaneously discourages the unemployed back into the labor market, which means that the highest level of compensation should not be higher than the minimum wage. It is also necessary to remove the weaknesses in the area of legal protection of workers especially in connection with large backlogs in court cases in the field of employment law, poor labor inspectorates and weak trade union activity in the private sector. Certain improvements have been made in the new law regulating the working residuals earned before the bankruptcy occurred, and it is obvious that one has to apply more pressure on employers, if it is to achieve effective protection of workers' rights.

At the same time, notice periods, severance and other costs of mobility, should be compensated by a longer duration of time for cash payment of unemployment benefits. At the same time, the state has, through active policies, to provide funds for the activation of the unemployed and their reintegration into the labor market. It is critical that the funds are directed only to those groups that are in jeopardy of becoming long-term unemployed. Types of policy measures would have to include three basic elements: the activation of the unemployed, education and subsidized employment or self-employment. Only a combination of measures helps release the vicious circle of unemployment, the informal economy and weak public support, and that is the economic development from the local to the national level, flexible legislation, and support of emerging businesses and the restructuring and labor mobility.

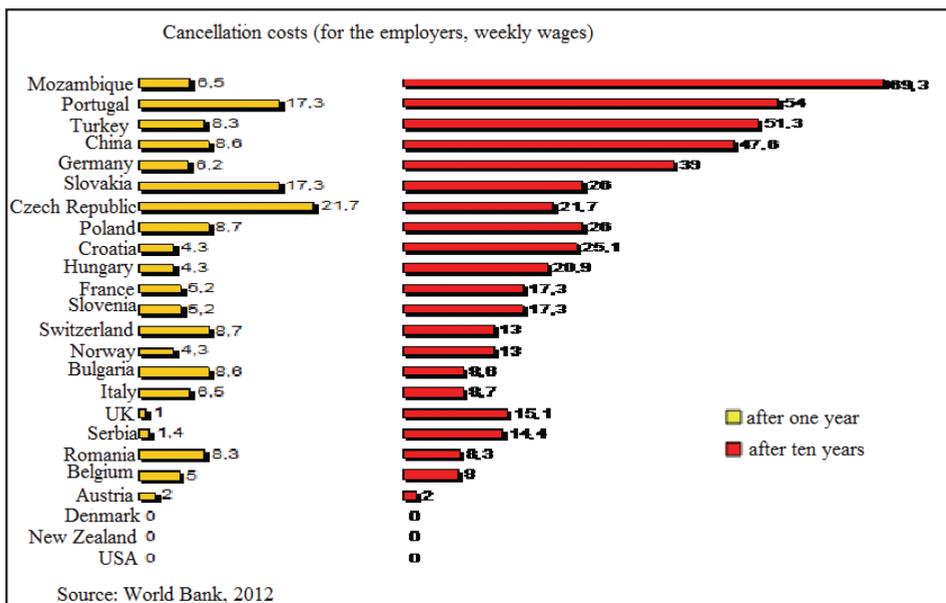


The next question is related to working hours and job security. "Europeans have now become the world's loiterers. In average, they work less than Americans do and far less than Asians do". Thanks to the prolonged education and early retirement, the smaller

<sup>2</sup> Niall Ferguson: *Civilizacija- zapad i istok*, Profil, Zagreb, 2012., p.314.

part of Europeans is available for work. For example, 54 percent of Belgians and Greeks over 15 years are able to work, compared to 65 percent of Americans and 74 percent of Chinese. Between the 1980 and 2010, on average, a greater proportion of the working age population was unemployed in Europe than elsewhere in the developed world. Europeans also have a significant drop in the birth rate and some countries are particularly striking - Denmark, Spain, Ireland, Italy and France, are more likely to strike than the U.S. and Asia. The unemployment rate is presented in the following chart.

In addition, due to shorter working days and a longer vacation, Europeans have fewer working hours. Between 2000 and 2010, the average employed American worked less than 1711 hours per year (this figure was reduced due to the impact of the financial crisis, because many workers worked reduced working hours). In that same period, the average European worked only 1437 hours, or 16 percent less. By 1990, the differences between European and American working hours were minimal - in fact, at that time the average Spanish worker did more hours per year than the average American worker. Nevertheless, since the European working hours were reduced by as much as a fifth. Asian working hours also declined, but the average Japanese worker still do the same number of hours per year as the average American, and the average South Korean works 39 percent more, people in Hong Kong and Singapore work by a third more than Americans<sup>3</sup>. Social rights of employees and the cost of termination of employment in Europe are also much higher than in other countries, as shown in the following graph.



Today, security can no longer be associated with retention of existing jobs at any cost. Flexibility of work and employment is good for development and should be promoted,

<sup>3</sup> From an economy database of Conference Board organization, September 2010., <http://www.conference-board.org/data/economydatabase/> See also OECD. Stat and various OECD publications.

especially in periods of rapid structural changes. The main source of stability and income security of workers is to retain employment rate, rather than the protection of the existing jobs through a rigid legal framework of collective agreements, unions and the courts. For some, it is still quite unclear that preventing adaptability to new business requirements, and even reducing jobs, is not something that companies do as a caprice, but because they are trying to adapt in the short term in order to survive.

Policy that should facilitate the restructuring on the flexible labor market should include the following requirements:

- Establish a mobile center for re-employment of large surplus of workers at risk of failure with the goal of re-employment;
- Identify unemployed persons at risk of long-term unemployment and to assist them in acquiring the skills demanded by the labor market;
- Develop public-private partnerships that will enable the networking of all stakeholders in the areas of employment, education and development;
- To introduce effective mechanisms to support job seekers in their search for work, as well as their professional guidance;
- Strengthen the competence of the Employment agency as the main factor of mobility and the development of human resources for development

Retention of employees in a company includes the measures (instruments) required to be available in order to retain the personnel as long as possible and to prevent the decision of leaving the company. **The ultimate goal** of retaining workers in an enterprise and incentives for achieving results is determined by motivation for the work, and on the other side by motivation to achieve results. **The formal objective** of function is to retain staff in the company and stimulation to achieve the results, and those can be put from the perspective of companies under the concept of increasing efficiency.

**The objectives of business owners** and employees do not exclude each other. The hypothesis is that a satisfied worker produces better results. Pleasure is here just a mean to achieve results. The achieved result cannot be the purpose by itself or the only goal of the company. Understanding the value in this respect in society changed primarily under the influence by the so-called socially relevant groups (e.g., labor unions, guild associations, political parties) to finally act to reduce the alienation of work and to ensure the possibility of greater self-realization and self-development.

Achievement of results is seen only as a means of obtaining goods and services, which meet the needs of society. If the requirements for meeting the needs still had to be evaluated, then it is not possible to deny the results achieved with the satisfaction of the needs and their order. Preservation of vital functions of companies justify the results, which in this case are a basis for the satisfaction of material and non-material needs of employees, management and shareholders.

## 1.2. General principles and the level of corporate governance

General principles of corporate governance holders are identified at three levels. **The first level** is codified by legal standards and regulations that apply repressively. These will not be discussed after the adoption. In every society, the laws of market economy are necessary, but not sufficient for an excellent indicator of business.

**The second level** includes the social (ethical) standards. In addition to the general principles of public morality, a system of **values** has a significant place in the corporate management. The broadest forms of values are beliefs. They are defined as a set of deeply rooted attitudes, which usually do not question, and include emotional, logical, and psychological dimensions of frames that are not recognizable as such. Narrower group of values represent attitudes, which can be defined as a relatively permanent, positive or negative attitude toward certain phenomena, objects, various opinions accepted as rules that no one is thinking about. Further subgroup consists of reviews, which are defined as conditions that were established through the activity of giving thoughts and reasoning. **Assumptions** represent the last group of values. Assumptions are defined as the conclusions we have reached based on previous experiences and events. "The process is ethical if it is acceptable as a universal rule for each subject in the same or similar circumstances"<sup>4</sup>

**The third level** focuses on relationships and professional behavior. It is known that most of the guild associations and groups develop their ethical principles and codes in accordance with their own needs<sup>5</sup>. The treatment and respect of the practices head toward the corporate governance are provided in this way. Strong business relationships cannot be achieved without moral values and general principles of corporate governance. Each operating system has a stake in shaping the future of each holder of Corporate Governance. Every manager should work systematically on respecting the dignity of holders of corporate governance and recognition of their claims and interests in business excellence. All the general principles and values in life are true in business and professional relationships, where they are further enhanced by absolute responsibility for the execution of the agreed. Long-term business interests are best kept by honesty and quality of work. General principles of corporate governance holders are<sup>6</sup>:

1. The social value of the company reflected in the richness and satisfaction of all holders of corporate governance,
2. Businesses should contribute to economic and social development, not only at the local but also at the international level,
3. Professional behavior of all holders of corporate governance should be based on the law and the spirit of trust,
4. Each business system should protect the environment, encourage sustainable development, and prevent wasteful use of natural resources,
5. Transparent operation ensures accountability,
6. Managerial authority will serve all who embrace entrepreneurship and civic responsibilities

All operating systems, regardless of their size and market share must comply with specified principles and achieve the favor of society in order to survive in the global market. All holders of corporate governance held business system accountable for the social, environmental and economic impact it has on the community and nature. Due to a limited space, we will not consider all specified principles. Our discussion will be directed only to the first principle i.e. the pleasure of the holder of corporate governance.

<sup>4</sup> Bebek, B., Kolumbić, A.: *Poslovna etika*. Sinergija. Zagreb, 2000. p. 71.

<sup>5</sup> See Code of Business Ethics of the Croatian Chamber of Commerce [www.hgk.hr](http://www.hgk.hr) and Code of Professional Ethics for Managers and Entrepreneurs HUM - CROMA. [www.croma.hr](http://www.croma.hr)

<sup>6</sup> S. Young: *Moralni kapitalizam*, CROMA, Zagreb 2006. p.209.

## 2. SATISFACTION OF CORPORATE GOVERNANCE HOLDER

Satisfaction occurs with satisfying needs. Of the expected number of participants depends on whether meeting of the needs is fulfilled. Expectations are oriented towards the actual degree of personal needs and requirements. For long-term success of the business systems, it is necessary to balance the satisfaction of all stakeholders - customers, employees, owners, suppliers, competitors and society.

### 2.1. Customer satisfaction

Buyer should be delighted and to exceed its expectations. "The customer is king". "The salary will not provide the head but a satisfied customer" – this is one of the most common slogans in the business<sup>7</sup>. We believe that the customers have to be treated with respect, regardless of whether they are going to buy our products and services directly from us or indirectly, on the market. The buyer is an interested party and holder of corporate governance. What the customer wants? Above all, the customer is primarily interested in the properties of products and services that the company offers, the basic ones (the product) and one additional (price, payment, delivery, installation, servicing). We live in times of a greater supply than demand and, consequently, "spoiled" customers who are more demanding every day surround us. Therefore, it is our duty to:

- provide customers with the highest quality products and services tailored to their requirements;
- treat fairly customers in all aspects of our business operations;
- make every effort to ensure the health and safety of our customers and the quality of their environment, so they could be maintained and enlarged by our products and services;
- ensure respect for human dignity in offered products, marketing and advertising, and respect the cultural identity of our customers.

Therefore, in the customers' interest is that the company from which they purchase products or services is doing well and to continuously delivers consistent quality, in order to have a product on which they do not have much to worry about. Therefore, it is necessary to create an atmosphere of trust and safety so customers can freely express their opinions, knowing that it will not adversely affect the further cooperation. There is always a way to find out customers' opinions and responses and the results depend on how many companies really do care about those opinions. Successful companies carefully manage customer satisfaction and strive to offer more and something different from the competition.

### 2.2 Satisfaction of the employee as the corporate governance holder

Employee expectations in a set of different roles are different. If you are in conflict, there will be internal conflict among the roles. Employees must be in a position to try to reconcile the conflicting expectations without hurting the main norms and thus expose themselves to sanctions. In contrast, internal conflicts arise when the demands of the role of that person gets into a conflict, for example, in case of the conflict of specialist requirements for overtime work and the family wishes to spend more time together.

<sup>7</sup> V. Vujčić: Menadžment ljudskog kapitala, Fakultet za turistički i hotelski menadžment, Opatija, 2005.

To most workers, the most important element of job satisfaction is the wage. When a worker is adequately paid for its work, it feels important and appreciated. Opportunity for personal growth and competency development as the most important element of pleasure is not behind the payment. Job security is also one of the most important elements of satisfaction.<sup>8</sup>

Every employee begins to treat customers as the company refers to it. What employees want? To employees, the most important thing is the salary and other material factors. In recent years, intangible factors - a sense of belonging, working conditions, management style, knowledge innovation and opportunities for advancement occupied position that is more prominent. Therefore, it is our duty to:

- provide jobs, working conditions and pay that improve the quality of life of workers;
- communicate with employees honestly and openly share information
- participatory build relationships and, when possible, to act in accordance with the suggestions and ideas of employees;
- avoid discrimination and ensure equal treatment and equal opportunities regardless of nationality, political opinion, gender, age and religion;
- encourage and assist employees in developing applicable and transferable knowledge and skills;
- be sensitive to the social problems of unemployment that are often associated with business decisions and to collaborate with stakeholders to address these mutual separations

Management should be in constant touch with employees. Overall, without proper relationship at work, there is no well-done job, and that can significantly affect the organization, but also the employees, because as soon as someone shows dissatisfaction with the quality of work performed by the employee, there will be adversely affected.

### **2.3. Owners as satisfied and interested party in the company**

For owners/shareholders are usually said to be interested only in profit. This is certainly true, but their interests largely depend on whether it is the owner who wants to live off dividends, or the owner who actively participates in the work and life of the company. Most owners other than the profit interests the positive image of the company, the opportunities for further development of the company and himself as an individual in promoting social responsibility. The duty and obligation of the corporate governance by owners is to:

- professionally and responsibly manage the work and perform tasks in order to ensure a fair and competitive return on investment of our owners;
- preserve, protect and enhance property of owners;
- comply with requests, proposals and decisions of the owner;
- reveal important information to owners in accordance with legal requirements

### **2.4. Supplier as stakeholder**

Partnership relations with suppliers are highly significant. Goods and services of our suppliers affect the quality of our product. Good communication and cooperation between both sides can provide significant improvements and savings and thus profit. Successful

---

<sup>8</sup> [www.mojposao.hr](http://www.mojposao.hr)

companies seek to develop partnerships with suppliers, but also to avoid dependence on one vendor providing an alternative. Our relationships with suppliers and subcontractors must be based on mutual respect. Therefore, it is our duty to:

- foster long-term stability of the relationship with suppliers in return for value, quality, competitiveness and reliability;
- share information with suppliers to include them in the planning process;
- pay suppliers on time and in accordance with agreed terms of trade;
- seek, encourage and to be inclined towards suppliers and subcontractors who in their operations respect human dignity

When we speak of banks, investment funds, investors, individuals, it is difficult to identify them as stakeholders, at first glance. They are suppliers to the company trying to sell their own money. If there is a company in a position to need money, so-called good credit rating will greatly help it. This includes regular past performance, convincing guarantees of repayment and the absence of any financial or other affairs. Each company should develop preventive good relations with suppliers and potential investors, so in the case of the real needs it could react quickly and efficiently.

## **2.5. The community as a stakeholder**

The roles of the companies and community are intertwined. For a long time the role of the company is not only to produce or provide services and make profits in this way, but also to take responsibility for development of social environment i.e. community.<sup>9</sup>The role of the community should be reduced to macroeconomic policy, which will allow a stable and predictable environment, and with the maximum possible reduction of bureaucratic procedures in the provision of services to citizens, businesses and other organizations. The fiscal system must promote the value of work and should have the widest possible basis. The community as a stakeholder has an interest in a company operating successfully, and to:

- respect human rights and democratic institutions;
- supply market with useful and safe products;
- recognizes the legitimate government commitment to society at large;
- support the policies and ways that help the human development;
- encourage harmonious relations between business and other sectors of society;
- participate in charitable and other community actions;
- preserves, supports and promotes the development of sustainable and non-polluted environment

Take care of public relations is not only imperative to preserve a desirable image, but also the need of each business system. The good acceptance in the business community can be of great help in all projects, especially in times of crisis.

## **2.6. Competition as satisfied and interested stakeholder**

Each operating system can have many benefits from the competition. Competition forces to the constant willingness to innovate and create knowledge changes. Fair and responsible economic competition is one of the basic conditions for increasing the wealth of

---

<sup>9</sup> Vukcevic Z., „Importance of Corporate Governance“, *International Journal of economics and law*, Vol.2, No.5, Novi Sad, 2012, pp.148.

nations and the requirement for a fair distribution of goods and services. The competition provides a useful benchmarking, which, depending on the achieved position can be used to motivate managers, employees, and the owner. From this, arise a specified obligation of every business system to:

- encourages competitive behavior that is socially and environmentally beneficial and, as such, reflects the mutual respect of competitors;
- restrain from desire or participating in questionable payments or services in order to ensure a competitive advantage;
- respects material and the intellectual property rights;
- refuse acquiring market information using dishonest or unethical means, such as industrial espionage and unfair competition.

Successful companies tend to have a competitive relationship with the customer, according to the law and to the whole community. They are not afraid to take part in the exchange of knowledge and experience and establish a common standard.

### 3. RESUME

Human resource management and work process become a key competitive advantage of any business system and that system will displace those who are not able to mobilize motivated and creative employees. The key to competitiveness and security in the global labor market is development, knowledge innovation and activation of human potential. It is the responsibility of managers to strengthen the current and future position in the labor market investing in people. Good relations and satisfaction of all stakeholders - such as customers, owners, investors, employees, suppliers, competitors and the community inevitably affect the work and success of any company.

Ignoring the demands and needs of some stakeholders can lead business system to a crisis and then to negative impacts on all structures of society. In terms of market globalization, every business system should build and improve satisfaction of corporate governance holders within and outside the company and to timely recognize their demands, needs and changes.

### BIBLIOGRAPHY:

- [1] Bebek, B., Kolumbić, A.: Poslovna etika, Sinergija, Zagreb, 2000.
- [2] Casale, Giuseppe: Socijalni dijalog u srednjoj i istočnoj Europi, Međunarodna organizacija rada, Budimpešta, 1999.
- [3] Cazes, Sandrine, Auer Peter: Stabilnost zapošljavanja u razdoblju fleksibilnosti, Dokaz iz industrijaliziranih zemalja, Međunarodna organizacija rada, Geneva 2002.
- [4] Child, John: «Razlozi smanjenja registrirane nezaposlenosti u Hrvatskoj u razdoblju od ožujka 2002. do kolovoza 2003. godine», Projekt financiran od Ministarstva za međunarodni razvitak Velike Britanije: «Jačanje strategije tržišta rada u Hrvatskoj», studeni 2003.
- [5] Foden, David i Magnusson, Lars (urednici): Petogodišnje iskustvo luksemburške strategije zapošljavanja, Institut europskih sindikata, Bruxelles 2003.

- [6] Ferguson, N. : Civilizacija- zapad i istok, Profil, Zagreb, 2012.
- [7] Young, S.: Moralni kapitalizam, CROMA, Zagreb 2006.
- [8] Vujić, V.: Menadžment ljudskog kapitala; Fakultet za turistički i hotelski menadžment, Opatija, 2005.
- [9] Vujić V.: Vrijednosti suvremenog društva Hrvatska u XXI stoljeću, Hrvatska akademija znanosti i umjetnosti Zagreb, 2012., str. 97.
- [10] Vukcevic Z., „Importance of Corporate Governance“, *International Journal of economics and law*, Vol.2, No.5, Novi Sad, 2012, pp.148
- [11] ISO 9001:2010 Quality management systems - Requirements
- [12] Kodeks etike u poslovanju Hrvatske gospodarske komore, [www.hgk.hr](http://www.hgk.hr)
- [13] Kodeks profesionalne etike za menadžere i poduzetnike HUM – CROMA, [www.Croma.hr](http://www.Croma.hr)
- [14] [www.Mojposao.hr](http://www.Mojposao.hr)
- [15] <http://www.conference-board.org/data/economydatabase/>.