UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

HUMAN RESOURCE MANAGEMENT MODEL OF THE NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Ljubljana, September, 2014   HRISTINA LOZANOSKA

AUTHORSHIP STATEMENT

The undersigned, Hristina Lozanoska, a student at the University of Ljubljana, Faculty of Economics, (hereinafter: FELU), hereby declare to be the author of the master's thesis Human Resource Management Model at the National Bank of the Republic of Macedonia, written under supervision of Prof. Nada Zupan, PhD.

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INTRODUCTION

One of the most striking, global features of the past decade was the continual change of the business climate (Burke, Trahant, & Koonce, 2012). Organizations literally struggle from day to day to achieve organizational success and efficiency, to remain competitive on the global market. But what was observed is the unavoidable importance of people and employees of the organization as one of the crucial factors with the greatest impact on achieving and sustaining organizational success. Therefore, in recent years more attention has been paid on the role of employees, managers and human resource management (hereinafter: HRM) department, as a starting point in the process of dealing with external and internal organizational changes. That role is forecasted to be increasingly important in organizations for the next few decades, through the management of the HR in order to get the most out of the employees' efforts (Sims, 2002).

The broad research field of the master's thesis includes management and development of HRM concept in an institution such as the National Bank of the Republic of Macedonia, (hereinafter: NBRM). Having in mind the fact that the Republic of Macedonia is a candidate country for membership in the European Union since the year 2005 (European Comission), the precondition for membership includes reforms in the public sector, changes in the organization and functioning of the state institutions (European Commission). Due to the need for harmonization with the European Law (aquis), the legislation has undergone certain changes. Having defined the problem on a more general level, the more specific and important question may be posed: How these core changes should occur in this institution in the near future?

The content of this master's thesis is based on multiplex composition, starting from the theoretical background, covering the main aspects of the learning theories, especially focusing on general theories about HRM and strategic HRM, existing and recommended HRM Models from the theory which are relevant for particular organizations at particular time. It also includes a few issues regarding the HRM aspects related with the main topic, such as HRM as a change agent, the HR map of Europe etc.

Elaborating the current and the background information collected for this thesis purpose, which is incorporated in the second part of this thesis, it can be concluded that so far the NBRM does not have tradition of implementation of HRM processes that disables efficient support in satisfying the needs of the employees in their intensive development, necessary for fulfilling the European standards in the domain of their work. The lack of HR mechanism impedes the sufficient use of the accumulated knowledge of employees. There is no strategic approach to HRM activities, so it cannot follow the strategic planning of the other units' activities. One of the main key factors taken into consideration for successful implementation of HRM concept and model is the necessity of technology support and adequate IT infrastructure. Beside the NBRM's organizational structure and strategies, the

perspectives of other national banks, which have already implemented and developed functional HRM models, are also taken into consideration, such as the HRM models of the Central Bank of the Netherland and The Central Bank of Ireland.

In the next chapter, the thesis focuses on the research itself, covering the top-down and bottom-up perspectives of the matter, which is NBRM's current situation and all changes that should be incorporated into its operations, from the HRM aspects. The research is focused on assessment of the employee satisfaction regarding their employment relationship at NBRM. The research gives the input of employees' satisfaction working for this institution, and the current organizational structure and conditions. Furthermore, there is a review of the quantitative research and its results have been reached through a survey conducted among employees in the NBRM. Internal rulebooks of the NBRM where explored for scanning the present situation in HRM field. This research is based on employees' perspectives and opinions because one of the key resources, which the National Bank relays on, is its workforce. The NBRM employees' everyday activities involve numerous decisions that are adopted for the country's monetary policy, maintaining price stability, preserving liquidity of the banking sector, supervision and licensing of commercial banks, foreign reserves management, payment system in the country and control of the money turnover. Quality and efficiency in delivering its functions is a strategic objective of the NBRM which can only be met through employing and preserving professional, educated, motivated and engaged employees. Human potential presents the most important resource of the institution through which it optimizes the performance quality of its functions and exercises its leading role as one of the most important factor in the financial sector and country's economy. Therefore, the management of the human resources needs to become a strategic partner of the business strategy of the NBRM (Assembly of the Republic of Macedonia, 3/02, 51/03, 85/03, 40/04, 61/05 and 129/06). The employees in the NBRM participated voluntarily in the survey, having the opportunity not just to answer the set of questions, but also to express their opinion about the current situation, the problems they are faced with in their everyday work in this institution, and getting their input and feedback about this issue, represents a certain indicator for the inevitable need for changes and improvements of the management. Management structure was involved in the survey too, so there is some information in the analysis that comes from the management side, regarding their satisfaction as employees. The research also investigates which tools should be used to facilitate the process of incorporating the suggested HRM policies as an answer to the results obtained from the conducted survey.

The main focus of this research is to identify the relevant HRM model which is applicable in this working environment and this type of organization. But the challenge facing the NBRM is the setup of strategy for developing and managing HRM processes efficiently, which was difficult to achieve in the past without centralized governance of the HR processes. Also, the newly established HRM Department (NBRM, 2012), made it possible

to implement an integrated HRM model that is to be synchronized with the needs and level of development of the other organizational units.

The results of the research will contribute to increased awareness of the need for incremental changes into the institution regarding the HRM division and its development, in order to increase productivity and employees' satisfaction. Bearing in mind the present practices and policies, this thesis will serve as an example and practical suggestion for possible HRM model appropriate for NBRM and particular HRM policies and methods of working. As a final outcome towards the very end, based on the conducted research, will be suggested particular HRM model relevant for this institution with the proposed elements all together, from institutional capacities to the phase of HR controlling, which are customized for the organization, as a matter of subject, and at the same time following the example of other central banks, as a possible solution for improvement of the current state of HRM at the NBRM.

1   HUMAN RESOURCE MANAGEMENT

Today's economy is not as dependent on natural resources, as in the past. Its development today increasingly depends on knowledge (Desai, Nijkamp, & Stough, 2011). 'Many years ago it was said that the capital is the basis of an industry's development. I think this is no longer true. I think that today's workforce, and the organization's ability to attract and retain good employees is that, which the backbone of the industry is. I have not heard of a larger project based on good ideas, motivation and enthusiasm, which was hampered by lack of money. But I know for industries whose development was threatened or temporarily stopped because it failed to provide or maintain effective and motivated workforce. I think the second one will be increasingly more common in the future' (Dessler, 2005, p. 5).

1.1   Definition of human resource management

HRM is a quite new scientific discipline that was initially created by integrating the knowledge and scientific evidence from many different scientific disciplines such as psychology, sociology, anthropology, pedagogy, economics, law, labor medicine, ergonomics, etc. (Bach, 2005). Although today it is an interdisciplinary and eclectic science, the intensity and number of published textbooks, scientific papers, models and researches, as well as many academic and educational programs around the world for the study of human resources management, shows that already it represents a separate and established scientific discipline (Storey, 1992).There is no doubt that it also represents an applied science since its insights and accumulated knowledge are intended primarily for 'understanding, predicting, directing, changing and development of human behavior and potential in social institutions or organizations' (Šiber, 1999, pp. 5-6).

Simultaneously with the creation of the HRM as a separate scientific discipline, there was the separation of HRM as a distinct profession with its own specific activities, tasks and particularities in organizations. The main objective of the management of human resources is to increase the organizational effectiveness and capability, i.e. to enhance the capacity of the organization through the best possible usage of the available resources with the help of the people (Argyris & Schön, 1974). To achieve these goals every organization requires a successful HRM department. Besides hiring the right people at the right job position, HR managers are obliged to encourage their potential, to ensure their proper informing about organizational plans and goals, as well as to build their loyalty and commitment to them.

People and their common skills, abilities and experiences, including their willingness for applying the same ones in the interest of the organization in which they work, today is considered as the most important source for achieving competitive advantage as well as a crucial factor for organizational success (Armstrong & Baron, 2002). The future success of the organization depends on the ability to manage different talents that can make contribution to the development of innovative ideas, products and perspectives (Cheese, Thomas, & Craig, 2008). Organizations in the future will be needed above all motivated, creative, flexible and dynamic employees willing to invest and dedicate themselves on the work. Human resource managers will play a crucial role in finding and providing of such personnel for businesses. For successful accomplishment of their task, except they are required of endlessly mastering the basic HRM functions, but they have to know the organization in details and its future plans.

Today, we could reasonably conclude that human resource management represents:

- **Entrepreneurial function**. It has a significant contribution in achieving economic success of organizations. Its contribution is reflected in the success to meet the diverse interests of the most important interest groups such as owners, managers, employees, customers, suppliers, trade unions and employers' associations, public authorities (Barret & Mayson, 2008).

- **Managerial function** (each leader / HR manager is also the manager for their people). We are witnessing a continuously-increasing total knowledge of this discipline, which becomes quite complex and multidisciplinary, because the line managers must have professional help in the management of human resources. Without these professional services provided by the HRM department is inevitable emergence of serious problems in the operation (Lang, 2006, pp. 59-60).

Although, through a lots of analysis and researches over the years, it is concluded that the term of HRM was initially developed and used in 1960s and 1970s and it comes from the USA (Beer, Lawrence, Mills, & Richard, 1985). In a while this new concept of working was spread across other countries. The term of Human Resource Management- HRM has

been heavily debated in literature and led many academic and practitioner discussions over the years and many authors tried to give their best explanation of the term of Human Resource Management. Nowadays there is no general definition about HRM, but we have a lot of definitions that are describing HRM from different aspects. All of them are used less or more according to the working policies of the businesses and the organizations. As the author Turnbull notes: 'the ways in which the term is used by academics and practitioners indicates both variations in meaning and significantly different emphases on what constitutes its core components' (Blyton & Turnbull, 1992, p. 2).

Basically, one definition states that HRM deals with a range of circumstances that affect the employment and contribution of people, against the criteria of coherence and appropriateness (Brewster & Hegewisch, 1994). That same year, Kirkbride (1994) suggested that the use of the term HRM gives the general sense of the policies, procedures and processes involved in the management of people in various work environments. Bratton and Gold (1999) also noted that it had to be a definition of the subject matter in order to be easier to analyze and understand the HRM practices. They also defined the HRM subject as "That part of the management process that specializes in the management of people in work organizations. Human Resource Management emphasizes that employees are the primary resource for gaining a sustainable and competitive advantage, and that human resource activities need to be integrated within the corporate strategy, and that human resource specialists help organizations to meet both the efficiency and equity objectives" (Bratton & Gold, 1999, p. 11).

In their next edition, the same authors (Bratton & Gold, 2007, p. 7) had another point of view in order to explain the concept as follows: 'HRM is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices.' Back earlier (Storey, 1995, p. 5) also had the competitiveness in his main focus, and states that - 'HRM is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an array of cultural, structural and personnel techniques'.

Beer et al. (1984) defined HRM as 'a strategic approach to the management of human resources that involves all management decisions and actions that affect the relationship between the organization and employees'. Another managerial view of HRM states that 'HRM is a managerial perspective which argues the need to establish an integrated series of personnel policies to support organizational strategy.' (Buchanan & Huczynski, 2004, p. 679) Similarly Storey [quoted by (Armstrong, 2006, p. 3)] believed that HRM could be regarded as 'set of interrelated policies with an ideological and philosophical underpinning'.

People and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a significant source of competitive advantage (cited by Armstrong, 2006, p. 14).

In many HRM definitions, one of the main features was the commitment of employees. But this emphasis on commitment has been criticized from the earliest days of HRM. Guest (1987) asked: 'commitment to what?' and Fowler (1987) has stated: 'At the heart of the concept is the complete identification of employees with the aims and values of the business – employee involvement but on the company's terms. Power in the HRM system remains very firmly in the hands of the employer. Is it really possible to claim full mutuality when at the end of the day the employer can decide unilaterally to close the company or sell it to someone else?' (Armstrong, 2006, pp. 13-14)

The differences in the interpretation of HRM have created two different approaches towards HRM concept, so called 'soft' and 'hard' versions of HRM (Storey, 1992), (Storey, 1989, p. 8) and (Legge, 2005). These two perspectives of view are often characterized as two main models of HRM. The 'hard' HRM model is mainly focused on the human resources as resources, something to be managed with in a way to be compatible with the overall organizational strategy. It is often linked with activities like cost control and head count strategies, especially in business processes such as downsizing, lowering the wages, shortening comfort breaks, etc. In 1998, Legge (Armstrong M. , 2003, p. 26)defined the 'hard' model of HRM as a process that is focused on 'the close integration of human resource policies with business strategy which regards employees as a resource to be managed in the same rational way as any other resource being exploited for maximum return'.

On the other hand, the 'soft' version of HRM implies commitment of employees, building personal relations, loyalty and it is all about the people in the organizations. The key features of this model are investing in human capital, in training and their development in order to have motivated and satisfied employees. (Claydon & Beardwell, 2007). For the soft HRM model, Storey (1989) suggested 'treating employees as valued assets, a source of competitive advantage through their commitment, adaptability and high quality (of skills, performance and so on)'.

Regarding the importance for improvement of the abovementioned HRM aspects of the NBRM, we can make valuable link with the latest research and the 2013 Report of the Boston Consulting Group. In 2013, Creating People Advantage Report of the Boston Consulting Group (BCG) (Boston Consulting Group, 2013) (Boston Consulting Group, 2013), in partnership with the European Association of People Management (hereinafter: EAPM), conducted a survey across the European countries regarding the main HR priorities, which shows that there is a similarity and link between main HR topics defined

in Macedonia, and in other countries. Specific topics of high importance are shown in Figure 1.

Main highlights of the report are: the need of the company to align their HR strategy with the overall company's strategy, developing long-term strategic workforce planning, recruiting, performance management, and employee development. Furthermore, they need clear governance and structured HR model, and eventually, they should continually monitor their HR activities and improve HR controlling and HR analytics. These topics are also incorporated for the purpose of recommendations for improvement of this master thesis.

Figure 1: HR Analytics across Europe

EXHIBIT 2 | Talent Management and Leadership, Followed by HR Analytics, Ranked Highest in Most Countries

High ← National GDP → Low

HR topic \ Country	DE	UK	FR	IT	ES	RU	NL	TR	CH	SE	BE	AT	NO	DK	IE	FI	GR	PT	RO	UA	HR	SI	BG	MK	MT
Talent management and leadership	1	1	1	1	1	2	2	1	1	1	3	1	1	1	2	1	1	2	1	1	1	1	3	1	1
HR analytics: strategic workforce planning and reporting	2	2	6	2	3	6	1	5	2	2	1	3	4	3	3	5	4	3	8	6	8	4	2	4	4
Engagement, behavior, and culture management	7	4	3	3	2	4	5	3	6	4	2	9	2	4	1	4	2	4	5	4	3	2	1	5	3
Performance management and rewards	8	3	2	7	4	1	8	8	8	6	5	2	5	2	4	3	3	1	7	2	5	7	6	3	2
HR communications and social media	5	6	4	4	5	9	3	2	3	3	4	5	7	5	7	2	5	8	3	5	6	5	8	2	6
HR target operating model	6	7	7	6	8	3	9	4	7	9	10	6	6	6	5	7	9	7	6	3	4	8	4	6	7
Training and people development	10	5	8	8	6	5	4	7	5	8	6	10	8	7	6	9	6	5	2	9	2	3	9	8	5
Diversity and generation management	4	10	9	5	7	10	7	6	9	5	8	4	9	8	8	10	8	10	4	8	10	6	5	9	10
Recruiting: branding, hiring, and onboarding	3	9	5	9	10	8	10	10	4	7	9	8	3	9	10	8	10	9	10	10	9	10	10	10	9
Labor costs, flexibility, and restructuring	9	8	10	10	9	7	6	9	10	10	7	7	10	10	9	6	7	6	9	7	7	9	7	7	8

Rank 1 2 3 4 5

Source: 2013 BCG/EAPM proprietary Web survey and analysis.
Note: The data are from countries with more than 20 respondents. Rankings are based on the combined values of future importance and current capabilities. The sorting of HR topics is based on overall rankings. DE = Germany, UK = United Kingdom, FR = France, IT = Italy, ES = Spain, RU = Russia, NL = Netherlands, TR = Turkey, CH = Switzerland, SE = Sweden, BE = Belgium, AT = Austria, NO = Norway, DK = Denmark, IE =Ireland, FI = Finland, GR = Greece, PT = Portugal, RO = Romania, UA = Ukraine, HR = Croatia, SI = Slovakia, BG = Bulgaria, MK = Macedonia, and MT = Malta.

Source: *Creating People Advantage: Lifting HR Practices to the Next Level*, 2013, p.5.

1.2 Strategic human resource management

World globalization process has led to significant changes in the way of doing business in almost all national economies worldwide. Globalization is definitely one of the most important factors that contributed to high turbulence in the environment, dynamics of change and all of them followed by uncertainty (Cheese, Thomas, & Craig, 2008). This situation raised the question about the need for constant monitoring and anticipating changes in the business environment, finding ways to reduce that uncertainty, and continuous adjustment of the organization to the new conditions. Initially, the strategic management was imposed as a logical response for dealing with all these changes. The main task of strategic management was to increase the competitive ability and improve the

competitive position of the organization through the optimum use of the opportunities and prospects of the environment and the internal advantages and strengths, while avoiding the dangers and threats present in the environment and their own weaknesses and disadvantages (Šiber, 1999, p. 124).

Each organization has different potentials that can be used in competition with other organizations in a competitive environment: physical (equipment, technology, plant, land), organizational (organizational structure, planning, system control, coordination systems and group relations) and human (experience, skills, abilities and intelligence of employees). The successful control of these potentials can provide a competitive advantage for the organization (Barney, 1991, pp. 99-120). Yet, it is easily noticed that as much as two of the three types of potentials (organizational and human) are directly related to the management of human resources (Ingham, 2007).

The reasons why HRM department has to be directly involved in the process of strategic management in organizations today are given below (Noe A. R., Hollenbeck, Gerhart, & Wright, 2006, p. 42):
- To participate in the preparation of the strategic plan for issues associated with people and issues concerning the ability of the available human resources for implementation of certain strategic alternatives;
- To recognize the strategic objectives of the organization;
- To know what kind of skills, behaviors and attitudes of employees are needed as the mainstay of the strategic plan;
- To develop programs to ensure that employees actually possess those skills, behaviors and attitudes.

Today, strategic management is no longer sufficient to transfer the organization over time. Its integration with the management of human resources is imposed as an inevitable and crucial factor for the continued well being of organizations and is a prerequisite for achieving competitive advantage. As pointed out by Guest (1987, p. 512) while of all management resources, human resources are the most variable and at the same time the most complex and difficult for controlling, through their effective engagement, the organization's competitive advantage is infallible. This is the main reason for strategic involvement of the human resources component into the overall planning process. Their mutual integration created a new management concept called Strategic HRM.

Strategic HRM is responsible for the relationship between human resource management and strategic management of the organization. SHRM is an integrated process of systematic development of human resources in order to achieve a competitive advantage that is rare, valuable and difficult to imitate, and in a long run, it will ensure achievement of the strategic objectives of the organization and its survival and development through time (Bojadzioski & Eftimov, 2009, p. 46).

Here we could mention the SHRM definition by Wright and McMahan (Tansky, Heneman, & Greenberger, 2006, p. 26) who regarded the SHRM as a 'pattern of planned human resource deployments and activities intended to enable a firm to achieve its goals'. Ulrich points out that SHRM is simply viewed as 'a process of linking HR practices to business strategy' (Ulrich, 1997, p. 89). Likewise, Bratton conveys similar approach who says that 'Strategic human resources management is the process of linking the human resources function with the strategic objectives of the organization in order to improve performance.' [quoted by (Durai, 2010, p. 24)]

Dessler (2003, p. 11) states that 'the linking of HRM with strategic goals and objectives is made to improve business performance and develop organizational cultures that foster innovation and flexibility'. This opinion is quite similar to the previous two, but here Dessler emphasizes the competitive advantage that might be achieved as a result of having the employees and their competencies and behaviors in the main focus. Storey (2001, p. 6), on the other hand, suggested that SHRM should be seen as a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques. Dessler believes that the HR systems, HR policies and activities that are compatible with the strategic needs, should be produced by the individuals in the organizations based on their skills and attitudes (2005).

The main objective of strategic HRM is to generate strategic capability of the organization by providing a capable, loyal and well-motivated staff, necessary to achieve competitive advantage (Noe R. A., Hollenbeck, Gerhart, & Wright, 2008). His essence is reflected in the sense of providing direction to staff in this present turbulent environment through the development and application of appropriate and integrated HRM policies and programs whose implementation will ensure parallel achievement of organizational and individual goals of employees.

Beer *et al.* (1984, p. 25) also claims that 'An organization's HRM policies and practices must fit with its strategy in its competitive environment and with the immediate business conditions that it faces.' Strategic HRM links the organizational goals with the strategic management process (Sparrow, Brewster, & Harris, 2004). It is an integrative HRM practice. By relating HR practices to competitive strategies framework, (Schuler & Jackson, 1987) develop the strategic model of HRM that could be used by the organizations in order to obtain competitive advantage. They believe that management of an organization is influencing the employees' behavior trough the strategy of work. This strategic model of HRM is considering the employees' interest, not recognizing the legal requirement, social norms and values of the environment in which they operate [(Budhwar & Debrah, 2001, p. 500); (Legge, 1995, p. 115)]. Legge (1995) labels this model as a hard HRM model, totally opposite from the 'soft model' of HRM that emphasize the commitment HR strategy, whose commitment model was as a result of the interest in the

cultural factors that promoted the Japanese economic performance, creating competitive advantage for the country over other countries in 1970/1980.

The strategic management is in the focus of the theory given by Mead (1998), where he mentioned that the key terms in the HRM literature are strategic issues of the HRM. The need for HR policies and practices had to be in line with the general business strategy, allowing the individual segments of the HRM model to reinforce each other. This should particularly emphasize internal communication, teamwork, flexibility, employee engagement and organizational commitment.

1.3   HRM practices

The HRM practices include the overall HRM strategies, HRM policies and the HRM concept used and incorporated into the organizations. These practices are vary widely and are used in distinctive aspects according to the country where the organization is functioning, its organizational strategic goals, and its industry and so on. Fundamentally, it is worth mentioning that the HRM practices used in Europe in comparison with the HRM practices in other countries in the world are pretty much different from many angles. The main reason is the diversity of cultural, legal and institutional point of view (Brewster, Sparrow, Vernon, & Houldsworth, 2011).

European culture is estimated rather collectivistically than individualistically, which is contrary to the United States. Other reason is the legislation system in Europe which in mainly focused on the protection of the employees' rights, establishing work councils, developing information channels, insuring security provision, etc. 'Rhineland model' of economy is yet another reason for differentiation. This model is typical for the European countries; more precisely, it is an economic order, which is contemporary represented in Western Europe. Some of its characteristics include social partnership between employers and unions and the expression 'shareholder economy' (Farnham, 2010, pp. 26-36). According to Thurley and Wirdenius (1989), the European management has three main features: first, it spreads the idea of European integration, second, it highlights two main points: pluralism and tolerance, even though basically it does not relies on these values and third, it is associated with a well-adjusted balance of power between shareholders and managers.

1.3.1   HRM models

Organizations develop and create HRM practices and policies that reflect their overall working and philosophy towards the organization vision and plan to pursue the HR management. The engagement of the employees comes from the HRM policies of the organization (Gilmore & Williams, 2012, p. 10).

Over time, many types of HR models have been developed. We have already mentioned two of them, i.e. 'hard' and 'soft' model of HRM, which are regarded as two fundamental types of HRM models. Although their main characteristics were already specified above, here we will mention the approach of two authors who have summarized the two models and explain how they should be incorporated into an organization depending on the chosen model. The 'soft' HRM model should include 'Selecting highly skilled individuals, giving employees more discretion, using minimal controls, making greater investment in human resources, providing more resources for experimentation, allowing and even rewarding failure and appraising performance for its long run implications.' On the other hand, if management chose the 'hard' HRM model, it should be focused on designing jobs which are fairly repetitive, training workers as little as practical, cutting staff numbers to the minimum and rewarding high output and predictable behavior (Boxall & Purcell, 2003, pp. 53-54).

Beside these two most popular models, there are a few more various widely used and well-known models:

- **The Harvard Model**

The Harvard model was developed by Beer et al. (1984). It emphasizes the importance of human assets in the organization. It prioritizes the relation between the organization and the employees, their commitment, loyalty, fulfilling employees' needs, and focuses on their personal and professional development. It has similar characteristics as the 'soft' HRM model. It also promotes the idea that the workforce should be competent, cost effective and coherent.

The six basic elements of the strategic framework of the Harvard model are (Figure 2):
  - Situational factors
  - Stakeholder interests
  - Human resource management policy choices
  - HR outcomes
  - Long-term consequences
  - A feedback loop through which the outputs flow directly into the organization and to the stakeholders.

Walton (1985) has enlarged this model by pointing out the importance of the mutuality. His words are also noticed in a quotation by Legge (1995, p.64): 'The new HRM model is composed of policies that promote mutuality - mutual goals, mutual influence, mutual respect, mutual rewards, mutual responsibility. The theory is that policies of mutuality will elicit commitment which in turn will yield both better economic performance and greater human development'.

Figure 2: The Harvard Analytical Framework for HRM
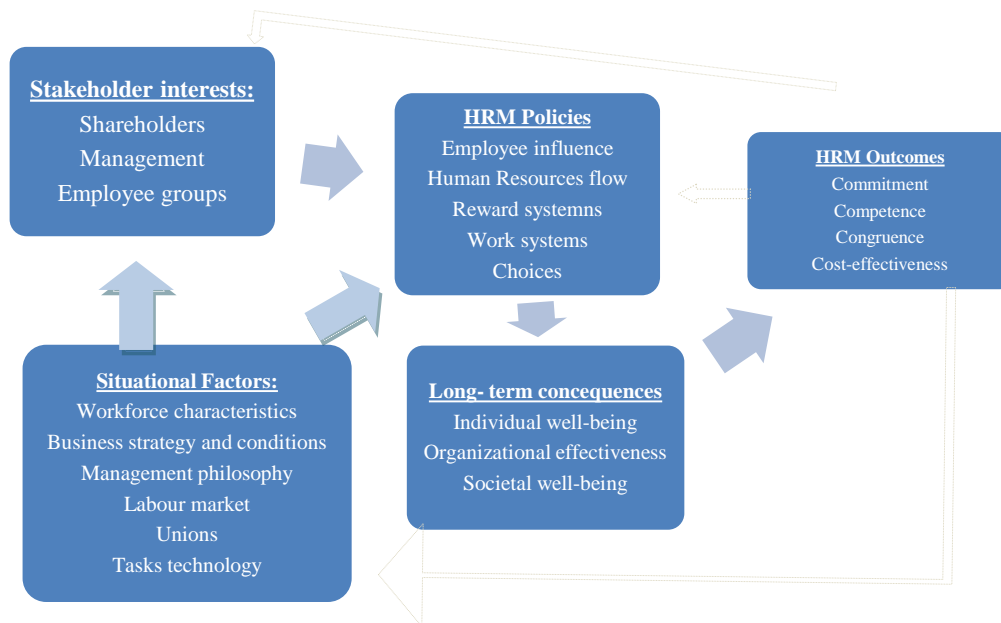
Note.* The Harvard Framework for HRM (Bear et al. 1984, p.16)]

Source: B. Pattanayak, *Human resources management,* 2005, p.5.

- **The Michigan Model (the Matching model)**

The Michigan model was propounded by Fombrun, Tichy and Devanna (1984) at the Michigan Business School, and it is also one of the HRM models from the practice.

Figure 3: Michigan Model of HRM
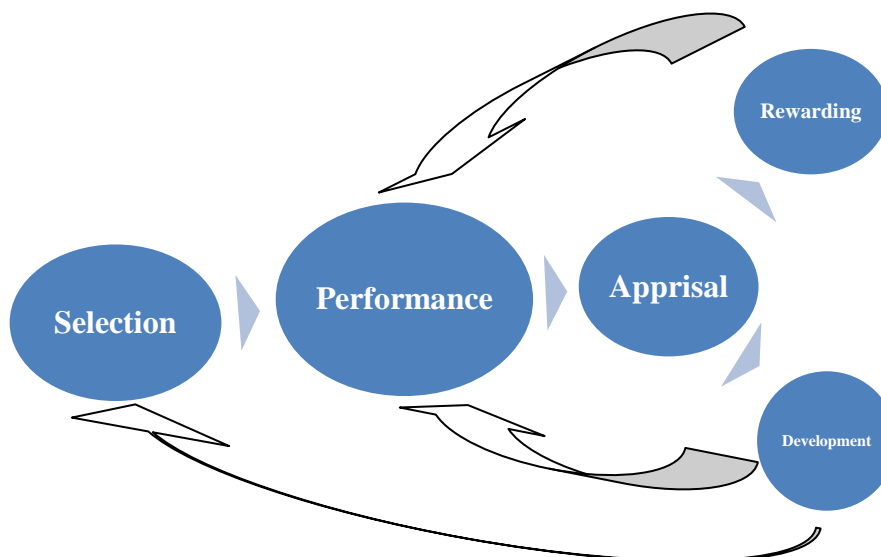
Source: C. Fombrun, N. Tichy and M. A. Devanna, *Strategic human resources management*, 1984, p.50.

It brings the properties of the "hard" HRM model. It focuses on the organization's interest and employees are managed in a way to give their best in order to complete the organizational goals. This model is distinguishable by the tight connection between the HR strategy and performance and the business strategy (Figure 3).

According to this model, the emphasis is on the performance of employees who have been selected as fit for the organization, having the appropriate knowledge, attitudes and values. If they fulfill the assigned tasks and activities correctly and even beyond, they will be awarded for their work performance, according to the appraisal system which consists of different levels. Moreover, this model underlines the development of the employees needed for improvement of the work performance, and as a result, it improves the overall organizational effectiveness. The Michigan HR model is showed bellow, in Figure 3.

- **Guest's Model**

The Guest comparative model was developed by David Guest (1987, 1997). It represents an integration of the 'hard' and 'soft' HRM models, more precisely, an integrated approach of the individual and organizational performance. In the first place, this model provides the difference between the HRM and the Personnel Management (Gilmore & Williams 2012, p.228). Guest model is composed of six components: HRM strategy, HRM practices, HRM outcomes, Behavior outcomes, Performance outcomes and Financial outcomes (Table 1).

The utility of this model is in the possibility of analyzing the four crucial aspects of the normative models of HRM. These four key points are the following:

Strategic integration - The strategic integration represents the linkage of the HR strategies and the business strategy. It means that the two sides must function coherently in order to achieve the organizational goals.

Flexibility - The flexibility refers to the openness and the receptiveness of the employees to the organizational change and technological innovation in their working environment.

High commitment - This important part of the 'package' is related with the need of the behavior and attitudinal commitment of the employees in the organizations. The opinion of Beer et al. for the commitment of the workforce is shared by Guest, as well. They all convey the thought that the high employee commitment is an essential HRM outcome, which is focused on engaging the employees in the organization. The results include dedication to working activities, increased effort to do more, mutual cooperation, involvement, and organizational citizenship.

Quality - High quality is related with the learning and development of the employees according to the needs of the organization. The expectation is that the organization has

employees who have appropriate qualifications, skills and capabilities. If this premise is achieved, the outcome will be production of high-quality products and services.

Table 1: Guest Model, 1997

HRM Strategy	HRM Practices	HRM Outcomes	Behavior Outcomes	Performance Outcomes	Financial Outcomes
Differentiation Focus (Quality) Cost (Cost-Reduction)	Selection Training Appraisal Rewards Job Design Involvement Status and Security	Commitment Quality Flexibility	Effort (Motivation) Cooperation Involvement Organizational citizenship	High: Productivity Quality Innovation	Profits
				Low: Absence Labor turnover Conflict Customer complaints Labor turnover	ROI

Source: K. Porter, P. Smith, and R. Fagg, *Leadership and management for HR professionals*, 2007, p. 8, Table 1.1

Guest (1990, p. 378) argues that 'only when a coherent strategy, directed towards these four policy goals, fully integrated into business strategy and fully sponsored by line management at all levels is applied, will the high productivity and related outcomes sought by industry be achieved'

- **The Warwick model**

This model (Figure 4) was developed by the researches Hendry and Pettigrew at the Centre for Corporate Strategy and Change, at the University of Warwick in 1990. It consists of five interrelated essential elements are (Bratton & Gold, 2001, p. 23):

- Outer context – socioeconomic, technical, political-legal, competitive;
- Inner context- culture, structure, leadership, task-technology, business outputs;
- Business strategy content – objectives, product market, strategies and tactics;
- HRM context – role, definition, organization, HR outputs;
- HRM content – HR flows, work systems, reward system, employee relations.

The greatest advantage of the Warwick model is that it enables making an elaboration of the influence of external factors on the organization's inner operations and activities and foremost the impact on the HRM context. The changes in the external or internal environments are also interrelated, showing the HRM adjustment thereto.

Figure 4: The Warwick Model
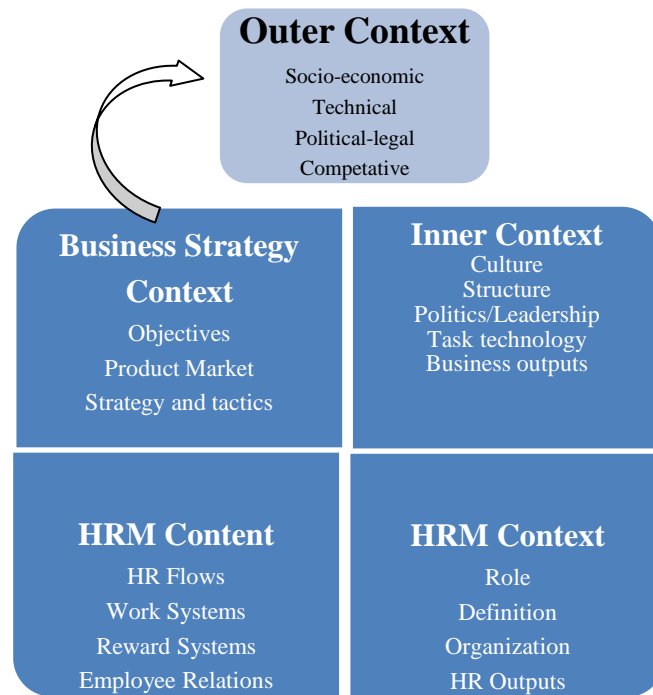
- **Dave Ulrich HR Business Partner Model**

The first introduction of the Ulrich's HR Business Partner Model was in 1997, in his book "Human Resource Champions". The author developed this model with an aim to help the HR professionals to more carefully observe the HR functions, to make strong connection between the HR functions and the business outcomes, to achieve greater business performance through aligning the business strategy with the everyday working processes. (Ulrich, 1997). The model implies four roles of HR as presented in the Figure 5.

HR, as a strategic partner, builds partnership with external stakeholders and relationship with senior leaders. This role of HR focuses on business strategy execution, as well as design of HR practices that are in alignment with overall organizational strategy. It represents the HR services in the organization and spreads the business strategy and objectives among the organization into everyday working agenda (See Table 2, column 1).

The Change Agent's role ensures and supports organizational change required by the business environment. It identifies the problems and proposes plans of actions for their resolving. Also, it builds close internal relationships and gains the trust of the employees, and prepares them for the upcoming changes by facilitation through training sessions for acquiring new competencies, skills, habits and abilities for the changed job descriptions and new job positions (See Table 2, column 2).

Figure 5: David Ulrich's HR Model

Future/Strategic focus

Processes   **People**

HR Strategic Business Partner

Change Agent

Administrative Expert

Employee Advocate

Day to day operational focus
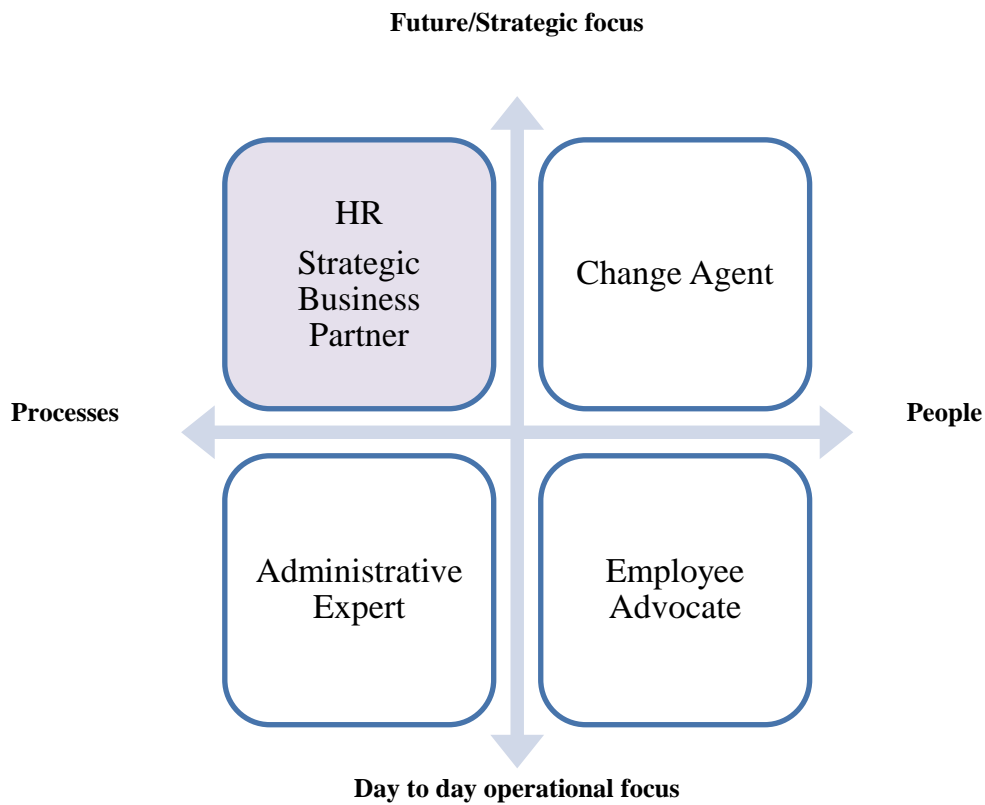
Source: C.Truss, D. Mankin and C. Kelliher, *Strategic Human Resource Management*, 2012, p. 70

Table 2: Definition of HR Roles

Metaphor	Business Partner	Change Agent	Employee Advocate/ Champion	Administrative Expert
Role	Strategic role of HR	Management of transformation and change	Management of employee contribution	Management of firm infrastructure
Activity	Aligning HR and business strategy	Managing transformation and change:"Ensuring capacity for change"	Listening and responding to employees:"Providing resources to employees"	Reengineering organizational processes:"Shared services"
Deliverable	Executing strategy	Creating a renewed infrastructure	Increasing employee commitment and capability	Building an efficient infrastructure

Source: D. Ulrich, *Human Resource Champions*: *The Next Agenda for Adding Value and Delivering Results*, 2013, p. 25, Table 2-1.

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Employee Advocate (Champion) - represents the voice of the employees just as its metaphor says. It highlights the employee relationships and it strives to enhance employee's contribution to the organization's success. When the employee's needs are employer's priority and the employer ensures that they are met, the results are committed and hardworking employees who bring constant success and add value to the organization (See Table 2, column 3). Firm infrastructure management is a traditional role undertaken by the HR professionals. It is expected the HR processes be designed and well executed and conducted throughout the organization. The final outcome and deliverable of this role is not only execution of the current HR processes, but also their reengineering and continual improving, as well as cutting down the unnecessary costs and finding new ways of doing things better. The metaphor of this role is an Administration Expert (See Table 2, column 4).

Table 2 summarizes the four roles of David Ulrich's HR Model, where each role is described by the activity it performs and the outcome/deliverable of its work.

1.3.2 HR profession map

In this section, we could mention the HR Profession Map which is developed by the Chartered Institute of Personnel and Development in UK (Chartered institute of personnel and development). The HR Profession map is a framework based on extensive research of HR professionals at all stages of their career, in all types of organization across the countries in Europe.

It presents the latest contemporary HR practices and approaches used by the HR professionals from Europe, based on in-depth interviews and detailed researches. Besides that, the HR Map includes technical aspects of HR competencies; it includes the behaviors and attitudes as well (HR profession map).

The HR Profession (Figure 6) map consists of 10 professional areas organized in 4 brands of professional competence aiming to lead to what needs to be done (activities to be undertaken), and what should be known for each area of the HR profession. The two professional areas Insights, Strategy and Solutions and leading HR are settled at the heart of the profession and are relevant for any HR employee, irrespective of the position they hold or the level of their career. HR maps consist of 8 behaviors that help HR professionals to properly pursue their work and activities in order to make a contribution to the organizational success.

The Republic of Macedonia was included for the first time in the last conducted survey and was mapped on the HR profession map with other European countries. The HR leaders and managers from Macedonia participated in the online survey and made their contribution.

This means a step further for the HR profession in the country and the public awareness about it.

Figure 6: HR Profession Map
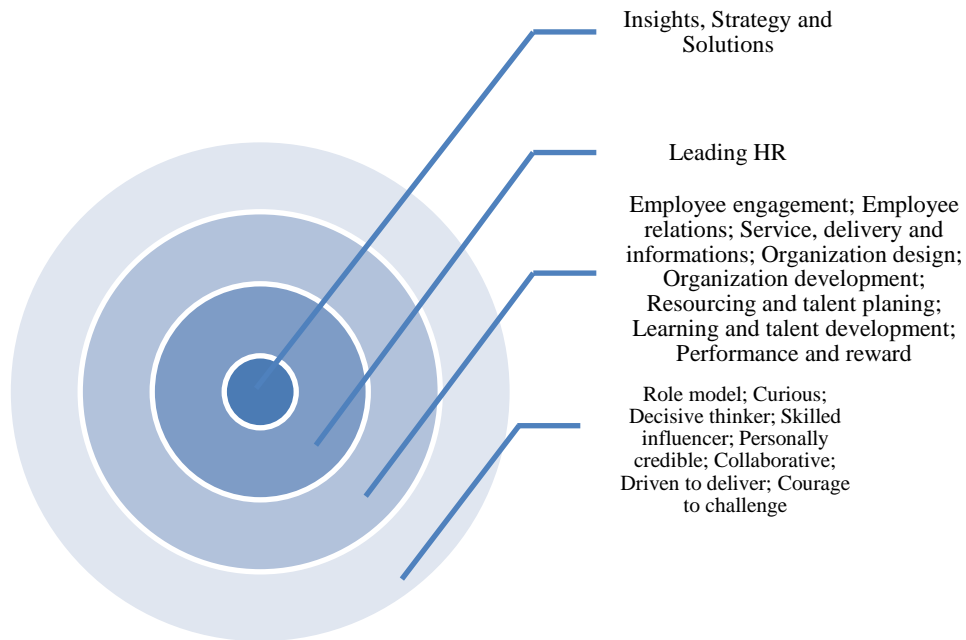
Source: CIPD, *HR Profession Map*, 2013, Retrieved on December 12, 2013, from:
http://www.cipd.co.uk/cipd-hr-profession/profession-map/default.aspx

1.4   Effect of HRM on performance of an organization

One of the key purposes of this thesis is to improve employees' effectiveness at National Bank of the Republic of Macedonia, by redesigning the current and evolving new HR practices and HR activities. As Guest recommends 'the distinctive feature of HRM is its assumption that improved performance is achieved through the people in the organization' (Armstrong M. , 2010, p. 15).

In the last few decades, writers and researches have been facing a great challenge to find and prove the connection between the HRM practices and the organizational performance. Many tried to show the results of the impact on performance (Combs et al., 2006, Wright & Boswell, 2002, Huselid, 1995, Becker & Gerhart, 1996). Table 3 shows how various HR practices influence the organizational performance.

In examining how the HRM practices affect the overall organizational effectiveness, an important step that has to be observed is the effectiveness of the activities on individual level, on a group level (sector/division) and finally, on the level of organization, as suggested by the theorists (Burton, Ericsen, Hakonsson & Snow, 2006).

Table 3: Impacts of HRM Practices on Organizational Performance

HR practice area	How it impacts
1) Attract, develop and retain high-quality people	Match people to the strategic and operational needs of the organization. Provide for the acquisition, development and retention of talented employees, who can deliver superior performance, productivity, flexibility, innovation, and high levels of personal customer service and who 'fits' the culture and the strategic requirements of the organization.
2) Talent Management	Ensure that the talented and well-motivated people required by the organization are available to meet present and future need
3) Job and work design	Provide individuals with simulating and interesting work and give them the autonomy and flexibility to encourage high performance and productivity.
4) Learning and Development	Enlarge the skill base and develop the levels of competence required in the workforce. Encourage the discretionary learning, which happens when individuals seek to acquire the knowledge and skills that promote the organization's objectives. Develop a climate of learning - a growth medium in which self −managed learning as well as coaching, mentoring and training flourish.
5) Manage knowledge and intellectual capital	Focus on organizational as well individual learning, and provide learning opportunities and opportunities to share knowledge in a systematic way. Ensure that vital stocks of knowledge are retained and improve the flow of knowledge, information and learning within the organization.
6) Increase engagement, commitment and motivation	Encourage productive discretionary effort by ensuring that people are positive and interested in their jobs, that they are proud to work for the organization and want to go on working there, and that they take action to achieve organizational and individual goals.
7) Psychological contract	Develop a positive and balanced psychology which provides for a continuing, harmonious relationship between the employee and the organization.
8) High-performance management	Develop a performance culture, which encourages high performance in such areas as productivity, quality, levels of customer service, growth, profits and ultimately the delivery of increased shareholder value. Empower the employees to exhibit the discretionary behaviors most closely associated with higher business performance, such as risk taking, innovations and knowledge sharing of knowledge and establishing trust between managers and their team members.

Knowing that the HR practices are dictating the workforce's competencies, attitudes and capabilities, and therefore, the employees indeed have great possibility for constant impact on the organizational performance. This fact introduces the need for multi-level effectiveness examination. It is unquestionable that there are significant linkages between HRM practices and organizational performance, and their alignment has major impact on the final organizational success.

1.5 Issues influencing HRM

Any organization represents a singular entity, but is not isolated of the influences and the issues coming from the external environment, as well as the impacts from the inside of the organization. The external impacts come regardless of the organization activities, and the organization is helpless towards them. On the other hand, the influences and the instances coming from the internal environment are a matter of organizational control and could be managed easily. The same policy is relevant for the context of HRM.

1.5.1 External factors

As already outlined before, the external factors are influencing the organization from the outside. They are not controllable and cannot be changed according to the organization preferences. These factors include:

Economic influences: One of the biggest factors that impact the HRM is the economic environment (Porter, 1998). The local economy is shaped according to the global economy, and HRM practices are adjusted to the current state, and will be applied into the organizations. As a result of the continuous development of the economy and the international dimension, the HRM practices are gaining significant importance (Satow & Wang, 1994). Key economic parameters which have their own impact on the HRM less or more are: economic cycle, interest rates, employment growth, economic growth, industrial production, agriculture, population, national and per capita income, money and capital markets, suppliers, competitors, customers, industrial labor, est.

Population and demographics: Although there has been a very tight connection between the social and the population factors, yet in this thesis they are discussed separately by different point of view. Globally, it is well-known that the population is rising as opposed to the situation in east and west Europe. The ongoing demographic trends on this continent are: low birth rate (For e.g. in Macedonia, from 2.9 ‰ in 2003 dropped down to 1.9 ‰ in 2013), high mortality, aging of the workforce, ect. (State Statistical Office of the Republic of Macedonia, 2014), that have high affect on the HRM. Also, the migration of the population to the developed countries should be mentioned, that results in an unbalanced demand and supply of the workforce. On top, particular countries in Western Europe

expect deficiency of skilled workforce (Ehnert, 2009). These are the most concerning facts that have direct influence on HRM.

Technological changes: Today's technology changes constantly. Great technological breakthroughs are happening every moment and they are changing and making people's life easier, at the same time. Technology is changing the manner of working, the tools we are using and the way of interaction and so on. The HR context depends heavily on technological factors that facilitate the HR practices and have positive impact upon their implementation. As authors notice 'their involvement was associated with a stronger level of workers' support for the change' (Daniel and Millward, 1993, p. 69). In addition to its major contribution towards the organization, there are also a few 'side effects' such as requiring new skills, downsizing, and resistance to new technologies by the elders and so on.

Political and legislations influences: Yet another factor that has its influence not just on HRM practices but even broader, on other external and internal factors as well. It depends on the political stability of the country, the political parties, and their ideologies, etc. This means that the national political system and the legislation and regulations are dictating the rules of work concepts, regulations and management of the organizations. HRM practices must be aligned and work in accordance and coherence with these major fundamentals. These involve employment contract, common law, minimum employment standards, minimum wage rates, awards, enterprise agreements, etc.

Social influences: also have their impact on HRM practices expressed by changing work patterns and life standards, ethics and corporate responsibility - practices that are socially responsible, morally right, honorable and fair (Watson & Rayner, 1920). It is very important how the organization operates, considering the social conditions in the country, whether it makes an effort to improve the undesired circumstances such as employment of unemployed people who are competent and appropriate for the open job position, regardless of the ethnicity or political orientation, employment of family members whose family is belonging to the socially vulnerable group, or protecting the environment, making donations on charities, etc.

Culture: is a concept that relates to the valuable things that have significant meaning for the people, the symbolic aspects of the society, beliefs, customs and values (Abercrombie and Warde, 1988). As a result of the difference of people' cultural preferences, cultural values also have their impact on HRM practices and functions.

Globalization: One of the most widespread and leading trend in the last 20 years is the globalization issue that effects on all of the organizations and it overtakes all aspects of working: economics, foreign investments, multinational companies, higher competition, workforce flows, decreasing the national border obstacles est. (Gilmore & Williams,

2012). This situation poses the HR as a first global function in order to deal with the rapid and global changes, managing the HR processes on a global level, imposing and developing the corporate culture, management of employees who come from different cultures and are grouped as international teams, and above all they are in constant global search for talents (Misra, 2009).

1.5.2 **Internal factors**

The internal environment of the organization affects human resource management as well. These factors come from the organization itself and their impacts are quite manageable. This group of influencers includes the organization vision, mission, strategy, organizational culture and structure, management philosophy and available financial resources.

The **vision**, **mission** and the **strategy** belong to the same group. These are the directions and the guidelines for the everyday work, activities that should be undertaken and the manner of their implementation in order to contribute to the success of the organization, and the accomplishment of its strategic goals and peaks (Durai, 2010). The HR practices are closely linked with these few elements and are mutually compatible.

Organizational structure refers to the people in the organization, their job positions, and their interconnection (Rowley & Warner, 2013, p. 31). Based on that structure, the organization has its organizational chart, which is elaborated by the HRM department. According to the organizational structure, the HRM practices are designed and implemented in consistence with the need of the organization. The main purpose of the organizational structure is to integrate the whole organization, including its departments and divisions, regardless of the size, to operate as a single entity, but foremost the biggest merit for that to happen is to have HRM practices in place.

Organizational culture represents a mix of the peoples' behaviors and attitudes of the organization, the goals of the organizations, working practices, organizational infrastructure and so on, in other words, and the organizational identity (Stone & Stone-Romero, 2012). From the one hand, there are the employees and on the other, there are the organization and its management. According to their cooperativeness, the organizational culture can be established as an open culture where people are relaxed and appreciated for being a part of the organization as a valuable asset, there is positive atmosphere, flexibility, it can be established as a closed organizational culture where the decisions are made strictly by the top management, there is lack of trust and very tight control of the employees. The HR practices are also under major influence, but at the same time, they could make an effort for improving the negative situation.

Management philosophy: One of the main internal factors that are influencing the HRM development is adopted management philosophy and actual leadership style in the organization (Ferris & Buckley, 1996). Proactive and skilled management structure can bring organization to achievement of the mission, vision and goals of the organization. In the Republic of Macedonia, after the independence, with the process of the privatization of the companies, the corporative leadership started its development (International Business Publications, 2008). This management style is supportive to HRM development, because management awareness and its empowerment are necessary for the implementation of HRM processes and effective use of HRM tools.

Financial aspects: Investments in employees are treated as costs for the organizations. When the companies are facing financial crisis, and in the post-crisis recovering periods, they reduce costs, especially those that are not recognized as important for the core business functions of the companies. In small and weak economies, where the average salary is very low, compared with the average salary in EU countries, it is difficult to look for budgets for HRM activities. Financial aspects are constrains that must be taken into consideration as strong influencing factor for top management decisions according to the development plans.

1.6   Role of HR as a change agent

Every moment is a subject of change. We are witnessing the rapid pace of change in everyday life, everything that surrounds us. First, we could mention the globalization, the technological innovations and inventions, brutal market competition, endless clients' requests… Organizations are subject of change as well, and they have to predict the change, to have a contingency plan, in order to adjust to the new situation. Otherwise, they might not be able to continue their work (Bradford & Bruke, 2005). In these kinds of change, or generally, in every change there is a need for something or someone who will cope fast with the change and will make it less painful for the organization - 'a change agent'. In times of change, the organization has to maintain the same operating pace and to ensure the future performance, which will be the main challenge for the change agent. The change agent will be expected to (Sims, 2002, pp. 107-108):

- Enable people to work effectively as they plan, implement and experience change
- Improve the employees' ability to manage successfully the coming change

In this context, the HR function plays a major role, finding its place in the process of adapting the organization to emergency. As Ulrich (1997, p.31) argues 'The actions of change agents include identifying and framing problems, building relationships of trust, solving problems, and creating and fulfilling action plans'. This author has conducted an extensive and detailed research on this issue. However, one of the main focuses was the

description and listing of the requirements and the desired capabilities that effective HR change agent should hold (Ulrich, 1998, pp. 38-41):

- To diagnose problems;
- To build close relationship with the stakeholders and clients;
- To make sure that the employees identify themselves with the organization's vision;
- To set an agenda with activities, which should be accomplished by the leaders;
- To implement the solutions for the current problems;
- To implement an appropriate strategy into the organization in order to achieve the goals of the change.

Adding the HR change agent function in the job description, the HR professionals add much more value to the organization. Acknowledging the major contribution of the HR professionals towards the organization, they are labeled as 'business partners' to the organization. Another author (Caldwell, 2001) emphasizes the HR role as a change agent: 'At the centre of many HRM approaches to the organizational transformation and culture change is the concept of the personnel or HR professional as change agent… the change agent role has grown in significance and complexity. To partly capture these changes, a new four- fold typology of HR change agent roles is proposed: champions, adapters, consultants and synergists' (quoted by Turner, 2003, p.20).

2   THE NATIONAL BANK OF THE REPUBLIC OF MACEDONIA FROM HRM PERSPECTIVE

As a specific public institution, the NBRM's main objectives are to provide services to the society. The public institutions key priority is to make informed decisions and to provide efficient and effective services to the public. The reform of the delivery of public services focuses on devising and implementation of business practices in the public services. In this context, the human capital is the key capacity of the institution and its main asset. Following these principles, the HRM function is the one that provides substantial advantages for the NBRM. Considering the statements mentioned above, it is more than obvious that in the last 5 years NBRM has been facing the need to focus more on the management development, strategic management, HRM, change management etc. (Plan of activities of the NBRM, 2012)**.**

2.1   Background of the NBRM

The National Bank supports the general economic policies without jeopardizing the achievement of primary objective and in conformity with the principle of open market economy and free competition.

The primary objective of the National Bank is to achieve and to maintain price stability (NBRM, 2010). As other objective of the Bank, subordinated to the primary objective, is to contribute to the maintenance of a stable, competitive and market-based financial system.

Regarding the number of NBRM employees totals 444, of which 217 with university degree, 67 with master degree, and 13 with doctoral degree. There are 140 employees who completed high school, primarily engaged in technical and administrative work. There are only 7 employees who finished primary school, and they are involved in logistic and technical works. Most of the university educated workers are economists, followed by lawyers, who are also involved in the core functions of the central bank. Furthermore, there are IT engineers who support the operations of other organizational units (NBRM, 2013).

Regarding the number of employees, there is a low turnover rate per year, so the number stays almost the same. In the last few years, there were positive trends of improving the qualification structure of the employees by increasing the number of university educated employees. Employees that are retired have been replaced by new employees who have higher level of education. Also, the NBRM supports employees who wish to upgrade their level of education.

2.2   HRM organization at the NBRM

HRM processes and practices in the NBRM can be divided into 'core' functions of the HRM, such as employment, personnel and organizational structure and 'soft' HRM functions, such as performance management, training and development, management development and others that are important for the process of improvement and implementation of the proactive HRM function, as a part of the strategic management of the institution (NBRM, 2011).

The HRM core functions, which were conducted at the NBRM in the past, were related to updating personnel records, or personnel files of employees, employment, collective agreement, training etc. In recent years, it has been applying the process of appraisal systems, and improving the training and employee development, due to introduction of some innovations for advancement of employees' knowledge (NBRM, 2011).

Considering the current HRM practices certain weaknesses and deficiencies in this area can be identified, primarily due to the lack of tradition in HRM, HR policies and consistency, which leads towards ad hoc decision making on HR issues and low levels of transparency. Also, one of the major weaknesses is the insufficient engagement for building the capacity of the HR staff, delayed process of establishing a separate HRM department, and lack of formal recognition of the need and importance of HRM in the organization. Other major weakness is the lack of direct communication with the HR staff,

regarding the processes that are underway, i.e. high level of bureaucracy and formalization of processes. Tools, such as interview of employees or interview of potential candidates for recruitment are rarely used, making the HR role passive (NBRM, 2011).

Until 2006, a personnel unit operated within the Legal and Personnel Department, whose main function was to govern the rights and obligations of the employees in the institution.

In 2006, a separate HRM Unit was established for the first time in NBRM, as a part of the Legal and Personnel Department. The HRM Unit was in charge of developing the HR processes, such as evaluation of performance, training and development, motivation and rewards, for changing the HRM role from administrative to managerial. In 2012, this unit started to work as a part of the governor's office, as a step forward to develop its functions and to become an HRM Department, at the same time integrating the personnel and organization unit for that was a part of the Legal and Personnel Unit. Logically, due to the separation of the HRM department from the Legal Department, the legal role of HR came to the fore. These organizational changes imposed a need of creating and developing profiles of HR employees who are not lawyers, but recruiters, HR advisor, HR officer, psychologist, trainer, etc.

With the introduction of new and modern concepts of management in general, as well as the increased awareness of the importance of human capital as primary resources of the NBRM, it became clear that a separated department for managing human resources needs to be established within the NBRM. In March 2014, the NBRM went furthered in the HRM development process, by establishing a HRM Department that covers the entire core HR functions such as employment, organization and systematization, compliance with labor law, professional health, working conditions. Yet, the HRM Department has faced new challenges for improving or developing the HR functions such as: performance management, training and development, conflict management, team building, rewards and motivation of employees, mentoring, talent management, and organizational culture issues, etc.

The main goal of the HRM Department is the development of strategic HRM as a part of the general management of the institution. Today, the HRM Department consists of two units, formed in accordance with the plan of activities for the next few years that include specific HRM activities. The HRM Department operates directly under the jurisdiction of the governor and currently employs 9 people, of which 8 have a university degree. The department consists of two units:

- HR development unit
- Unit for organization and personnel, and compliance with labor law

2.3   Human resources strategy

The implementation of strategic planning in the NBRM started in 2013. It includes guidelines for HRM strategic goals for the period 2013-2015. According to those guidelines, in the next 3 years (2013-2015), the human resource management in the NBRM should increase its efficiency in terms of strengthening and improving the performance of employees, raise the level of motivation and engagement in the workplace, and provide appropriate professional development, in the view of increasing the overall performance of the institution. In that period, it is necessary to strengthen the human resource management development strategy, to design and implement an appropriate human resource management model, for which constituent elements (processes) have been provided, and to integrate this model. For this purpose, it is necessary to optimize the organizational structure, by establishing a department, which will manage the activities, and merging the smaller organizational units engaged in labor relations. (Official plan of activities of the NBRM 2013-2015)

Longer-term strategy and direction:

- Development of Strategic HR Management and its connection to the process of strategic management and planning inside the organization.
- Developing managerial role of the HRM- Improvement of human resources management activities within the organization to maximize the strategic use of human capital and maintain functions such as employee motivation, promotion, compensation, creating organizational culture based on performance.
- Enhancing better working conditions and labor law practices within the National Bank of the Republic of Macedonia.
- Build positive organizational culture in the NBRM.

Objectives (results to be achieved):

- Integration of HRM functions.
- Further development of the HRM functions in the NBRM, in order to build and strengthen the Bank's overall institutional capacity.
- Achieve better organization and allocation of responsibilities.
- Better information and implementation of the NBRM human resources policy.
- Continuously upgrade the human resource management software.
- Carrying out internal soft skill trainings for managers and employees.

The abovementioned guidelines, objectives and results which are expected to be achieved in the NBRM are taken into consideration when drafting the NBRM's HRM model, which is developed in Chapter 5 of this thesis.

2.4 Human resource activities in the NBRM

After establishing the HRM Department, many activities conducted by different units, are now integrated in order to improve specific areas such as:

- **Staffing** (recruitment and selection). This process is a basic function of the personnel unit, where the HR function is merely administrative. The process of selection of candidates is assigned exclusively to the organizational unit that announces the vacant job position, although not obligatory, but an option for conducting an interview and test, without any assistance from the HR staff. Also, there is no strategy for attracting and recruiting talents. (National Bank of the Republic of Macedonia, 2011)

- **On-boarding**. This process is an apprenticeship and examination for the new employees before they sign a full-time contract, and applies to employees who have no prior work experience. This process is designed in a way that recruits have an option of three-month mobility within the institution, to get familiar with the work processes of all other organizational units. It is a good basis for development of mobility for other employees' categories (National Bank od the Republic of Macedonia, 2014)

- **Administrative work for implementing the employees' rights and obligations**. This is the other main function of the personnel unit and it is done in an old fashioned way, i.e. through formal and bureaucratic procedure for utilizing the rights and obligations of employment. There is no official front office employee and no development of costumer care department. The rights and responsibilities of the employees are defined by a collective agreement, which is signed in accordance with the Labor Law. Particular processes are described in the rulebooks and other internal acts of NBRM (Collective agreement of the NBRM, 2013).

- **Internal organization and systematization**. Internal organization and systematization underwent significant changes in 2004. Ever since, it has been update regularly, but without scanning the situation by the HRM Department, i.e. there is no process of job evaluation and job classification, thus the updating administered by the HRM department has no controlling mechanism.

The NBRM has strict vertical hierarchy, including three levels of management: operational, tactical and strategic management. Each level reports to the next. In this organizational structure there is connected linear system of salaries, i.e. the payment is the same at equal hierarchical level in all organizational units (NBRM, 2011)..

In the systematization of job positions there is too formal grading that in fact does not make any significant differences from one position to another (for example, Analyst I

degree/Analyst II degree). It is necessary to group job positions by profile and to create a single job position of an analyst (Appendix D).

- **Jobs descriptions:** The characteristics of the job positions contain three types of information. First, there are information on the qualification background, type and level of education, work experience, followed by the goals and tasks in the workplace. Third element of the job description is the required job competencies. However, the NBRM has no model of competence and therefore, this section is not developed or it is arbitrarily defined. The most important remark is that there is no job family grouping of different profiles of job positions that would help grouping of job descriptions, but there are over 1000 job descriptions for each specific job, although in practice there is no visible difference from one level to another. Such situation complicates the systematization process and makes a huge bureaucratic work for the personnel unit (Rulebook for organization of the work, 2011).

- **Code of conduct for the employees:** The NBRM adopted a Code of Conduct for the employees, which lacks the process of relevant communication, clarification and counseling by officer responsible for the Code of Conduct. There is a need for greater transparency and linking the Code of Conduct with the organizational values and desired behaviors in order to build an ethical, professional, constructive and motivating work environment (Code of conduct of the NBRM, 2011).

- **Training and development of staff:** Employee professional development is conducted on an organizational level. There are plans for professional development of employees of each organizational unit, but there is no a personal plan for professional development of the staff. In the past, the training and development were only provided for specialized knowledge, but the soft skills and competencies development of the employees started in 2013, with an internal training on a voluntary basis.

Currently, there is a system in place for using and directing international training organized by institutions such as the ECB, the IMF and other national central banks. There is also an Academic and Professional Training Scheme in place administered by the HRM Unit. The Academic and Professional Training scheme provides financial support to individuals (percentage of cost) as well as study and exam leave dependent on the course requirements. Financial support is only provided for post-graduate and PhD qualifications, while an exam leave is provided for undergraduate degrees.

The NBRM, as a central bank, mostly uses technical assistance and training programs of international organizations such as the IMF, the ECB, the World Bank and the training programs of other central banks that run own training centers. Internal trainings of employees-for employees started being organized in 2013, by using employee's expertise in a certain area for conveyance of knowledge. This method has proven to be affordable

and effective at the same time, and needs to intensify in the future. (Rulebook for profesional development of the employees, 2011)

- **Evaluation of the performance of the employees.** A performance evaluation system was introduced in 2010 for the first time at the NBRM. It is a tailor made system that also includes a software solution. This process has been developed gradually each year. Performance evaluation is an annual cycle that involves three compulsory interviews with employees, i.e. setting goals, semi-annual reviewing, final conversation, and summarizing the final appraisal. The results of the evaluation are the basis for employees' promotions. Also, the underperformers, if any, will be included in the plan for improving their performance and will be subject to the legal acts under the collective agreement. Yet, this is not a competency assessment, but assessment of the employees' performance.

The evaluation process includes staff and managers at operational level, and line managers (head of units). There are 5 criteria for evaluating the staff: good quality of the completed assignment; efficiency in operations, execution and capability for execution of additional tasks; care for the work and attitude towards administrative operations; capability for cooperation and team work; and independence, undertaking of initiative and creativity. There are three additional criteria for the head managers: ability to set objectives; efficient planning, guidance and organization of work; and human resource management capabilities. This process includes neither managers and deputy managers, or management of the bank. (Rulebook for evaluation of the performance of the employees of NBRM, 2014)

2.5   Information technology to support HRM

Integrated HRM software was implemented in 2008, which includes three information technologies. Web-application as data base for keeping personnel information, OLAP (online analytical processing) which is sophisticated report's generator in predefined excel, and self service intranet portal - Microsoft share point for building internal employee network, and increasing transparency and informational services in HRM Department's operations. This HRM software in general provides possibilities for keeping data, analyses, queries, reports, predictions, alerts and graphical presentations.

One of the most used tools, OLAP (online analytical processing) includes activities such as generating and answering queries, requesting regular and ad-hoc reports and graphs and their execution, conducting traditional or modern statistical analyses, building visual presentations. This part of the software directly improves the reporting function of the HRM Department.

The third part of the HRM software is the self-service intranet portal, which provides opportunity for electronic conducting of HRM processes, such as performance evaluation.

An HRM intranet site has not been developed yet. Therefore, there is a need for improving the efficiency and effectiveness of use of the HRM software.

3 BENCHMARKING HUMAN RESOURCE MODELS OF CENTRAL BANKS IN IRELAND AND THE NETHERLANDS

Benchmarking of two other central banks is used for analyzing HRM models of similar institutions that belong to the family of central banks. Both of them are central banks of EU countries, with well-developed HRM model, having tradition in the HRM field.

These two central banks have been chosen as benchmarking models due to the close collaboration between them and the NBRM, the constant technical support provided by them in the previous period, by sharing their best practices in details which were the focus and the leading point for NBRM's future development. The information used in this thesis were gathered from the provided presentations and interviews conducted with the presentations' authors.

3.1 Central bank of Ireland – 'HR operating model'[1]

The Human Resources Operating model adopted and used by the Central Bank of Ireland consists of three main pillars (Power, 2013):
- HR Services
- Centers of Expertise and
- Strategic HR business partner.

The model design is quite similar to Dave Ulrich's strategic HR business partner model (Figure **5**: David Ulrich's HR Model) which has the aforementioned roles as: Employee Advocate, HR Change Agent, Administrative Expert and Strategic HR Business Partner.

In the central bank of Ireland, the model assumptions for the currently used HR model are that the line managers are responsible for managing and developing people, while HR are responsible for HR, Organizational Development/Change Management solutions, policies, frameworks, tools and systems and supporting managers to use them in managing and developing people. HR Services also includes customer friendly and timely responses to all queries and transactional requests, up-to-date clearly communicated HR Policies, accurate HR MI and consistent info and decision making, and giving support to HR business partners and specialists to focus on value added services as well.

The Centers of Expertise provide specialist expertise, high quality advice, organizational consistency, proactive HR solutions and process and tool development. In fact the Strategic HR Business Partner role of the HR model covers a lot of activities, i.e. working with

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[1] Source: PPT presentation by Eibhlin Power – an internal document of the Central Bank of Ireland 2013

CoEs to deliver value added HR solutions to the business, as a delivery channel for the HR Strategy, contributing to the overall change agenda, support talent and performance management processes, improve through the CoEs the front line delivery of HR, partnering senior management by agreeing and delivering to the HR Directorate plans in order to support delivery to the overarching business objective, primary point of contact for Business Leaders on a daily basis, provide HR consultative services to senior management regarding people-related issues including case management, build solutions and address client specific HR issues, HR lead in assigned Directorates. HR Operating model of the Central Bank of Ireland is shown below in Figure 7.

Figure 7: HR Operating Model of the Central Bank of Ireland

Source: Central Bank of Ireland, *HR Operating Model*, 2013, PPT.

The benefits of using this kind of HR operating model are numerous for this institution. Few of them are:

- Understanding the business objectives, drivers and challenges
- Key member of the senior Business teams – developing and establishing relationships with the senior leaders to deliver to the overall business and change agenda for the Organization
- Consistency of advice and synergies across the BP team
- Planned and contracted HR delivery

On the other hand, challenges and setbacks exist as well:

- New way of working/new model of HR for the Business to understand
- Inconsistency of experience among managers - capability and ownership of their staff
- Tensions as member of HR team vs. member of Business team

- Matrix reporting structure encourages silos – communication and influencing a key skill

The HR operating model currently implemented in the Central Bank of Ireland involves the essential components of organizational development, in terms of clarifying the organization elements required to deliver the strategic commitments and creating a high performance culture at the same time. Regarding this model of working, one of the many goals related to the employees is embedding employees' behaviors into the institution and building the leadership capability to deliver. Overall, the model is creating the blueprint for the future organization.

3.2   Central bank of the Netherland - "HR stability in times of changes"[2]

The Netherlandsche Bank has an integrated HR model (Beck, 2013). For its better understanding, they make comparison with the Solar system, placing the Sun in the center, surrounded by various planets (elements of the HR model) that will provide stability to the organization in times of constant changes. DNB developed this HR operating model back in 2006, using the planets and objects of the galaxy in order to explain how many of the programs work and contribute to the overall DNB's performance, supported by other services and their objectives (Figure 8).

The objectives and programs are presented as a galaxy (planetary system) to reflect the dynamics of Personnel and Organization -P&O's services. Together, all P&O programs contribute to achievement of the sub-objectives and, consequently, the eventual objective. P&O has formulated three sub-objectives (orange globes):

- Managing the availability of talent
- Establishing the right organizational infrastructure
- Being an employer of choice.

By achieving these sub-objectives, DNB will reach its final goal (improving and consolidating DNB's performance).

The P&O programs are "orbiting" these four objectives. Each of these programs contributes to the achievement of one or more objectives. For example, recruitment is one of the programs designed to manage the availability of talent, while the programs for organizational infrastructure and change management together help creating and maintaining the right organizational infrastructure. Every program corresponds with a number of correlated tools.

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[2] PPT presentation by Peter Beck- an internal document of Central bank of Netherlands

Figure 8: HR Stability in Times of Changes
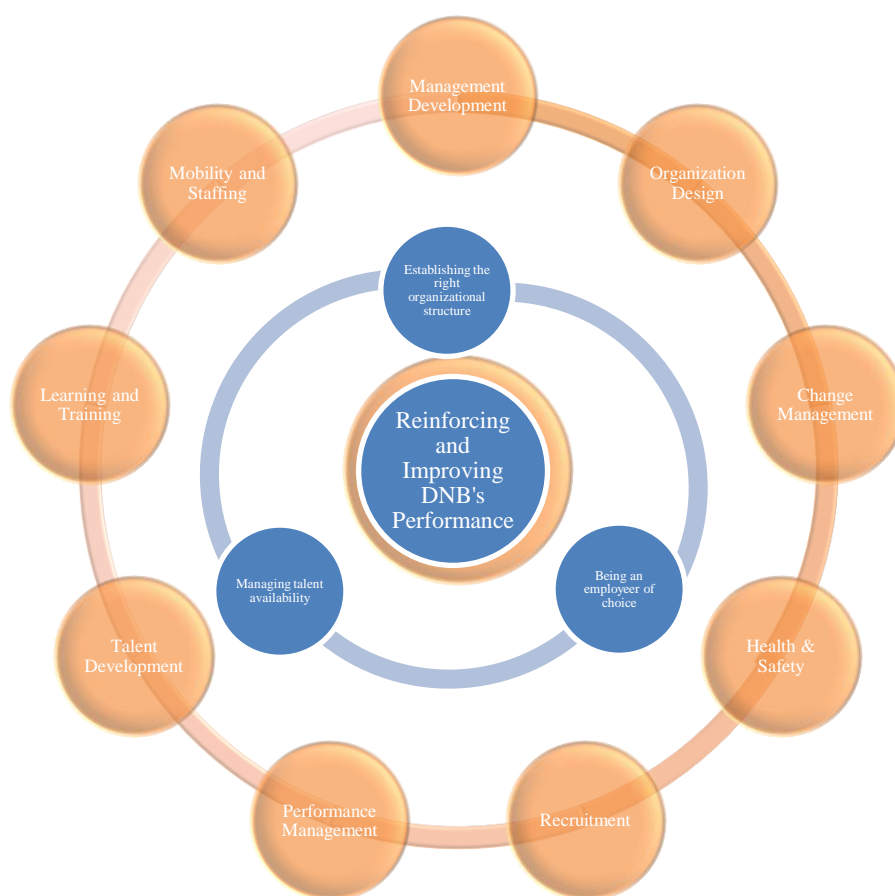
- **Establishing the Right Organizational Infrastructure**

Organizational design and governance model are the most compatible for an efficient and effective achievement of DNB's objectives. The organizational infrastructure, which goes beyond the traditional organization structure, entails the following components of the 'organization on paper':

The governance model: the way how accountabilities in the organization are delegated and the way how much of importance (especially organization-wide) decisions come about.

Organizational structure: description of formal reporting lines and hierarchical relations, and delineation of organizational units (divisions, departments, sections)

Job structure and career paths: formal descriptions of the jobs in the organization, and how they are correlated within the scope of career development

Competences: description of the conduct required by the organization

Job evaluation, rewards structure and terms of employment: the systems for determining the job weight and assigning basic salaries and secondary terms of employment.

- **Being an Employer of Choice**

Being an Employer of Choice covers the full package ('psychological contract') that employees receive in exchange for their efforts on behalf of the organization. This full package is necessary and desirable for the organization to be able to recruit, engage and retain the right talent mix and superior employees through development in their employee lifecycle. The Central Bank of the Netherlands considers and offers the following elements of the package in order to remain as an employer of choice: remuneration and terms of employment, career perspectives, work/life balance, healthy and safe work environment, contribution to society, core values (cooperation, transparency, individual accountability and flexibility), the image (professionalism, high quality), social involvement, international setting, employee satisfaction survey (a tool for gaining insight into what their employees consider important and consequently, for shaping the employment deal)

4   RESEARCH ON EFFICACY OF HUMAN RESOURCES IN THE NBRM

A survey is used as a main method for analyzing HRM in the NBRM, thereby, checking the environment, taking into consideration various aspects of the internal operations of this institution. Since the aim was to collect information from all categories of employees, the survey was performed anonymously. It is worth mentioning that all of the employees were involved. This was the first official questionnaire aimed to measure employee attitudes regarding their employment relationship at NBRM.

4.1   Purpose

The survey aims to collect information on the attitudes and opinions of employees regarding the bank as an employer, the quality of working environment, organizational and professional culture, the level of communication, degree of job satisfaction, tactical and strategic management and identification of key points of the National Bank operations that needs to be improved, from the standpoint of the employees. Conducting this kind of survey and gathering the needed information is due to indicating the strengths and weaknesses of the working environment at NBRM and having the employees' opinions regarding these issues as a primary and the most relevant source for finding the appropriate optimal solutions.

The survey provides information for the employees' views regarding their employment relationship at the NBRM in six major areas, formulated in research questions as follows:
Research question 1: What is the employees' opinion about the NBRM as an employer?
Research question 2: How are the employees satisfied about the internal cooperation, teamwork and communication in the NBRM?

Research question 3: What is the employee's attitude towards the working environment and atmosphere at the NBRM?

Research question 4: Are there convenient conditions for upgrading the employees' expertise and their involvement in training?

Research question 5: How are the employees satisfied with their own workplace and what are their attitudes regarding their personal contribution towards the workplace?

Research question 6: How do the employees assess the evaluation of the performance, pay and advancement system?

4.2   Research methodology

The research about the employees' opinions and attitudes regarding their employment relationship at the NBRM was conducted through anonymous questionnaire. The choice of this kind of methodology was in order to get higher responsiveness. On the other hand, if other research method was chosen, it would have resulted in low level of responsiveness and the level of employees' involvement would be limited because of their concern for the confidentiality of the data usage, how would they be used and whether the results would be objectively treated. It is worth mentioning that this kind of research is conducted for the first time in this institution, and this is the main reason for the distrust among the employees.

The questionnaire was constructed according to the set hypothetical research questions, and on the other hand, taking into consideration the management philosophy, the organizational hierarchy, the organizational culture, the internal documents and processes and the Law on the NBRM (2010).

Also, the survey provides an opportunity for employees to give their opinions, views and comments on specific, important issues for them as well as ideas for improving the work of these important segments.

The survey was conducted electronically through the internet portal of the NBRM and was completed in January 2013. Participation in the survey was voluntary, and all responses and comments were collected anonymously. At the Cash Management Department and the Administrative and Technical Operations Department, there are many employees who do not use a PC. Since the survey was conducted electronically, the response of these departments was very low. Therefore, it was decided the survey in these two departments to be conducted in a paper form. Once the questionnaires were completed, they were entered manually in the electronic survey, and processed. The second mode of implementation was more responsive, but because of the high number of partial answers, most of the questionnaires were not usable and could not be considered complete.

Questionnaire used in the survey required mandatory answering to all questions except the question of satisfaction with the cooperation with other organizational units, which was

optional depending on the respondent's case. Certain fields for text input or comment were mandatory, and if the employee has no comment, they would put any sign, thus passing the question.

The survey was answered by 159 employees of the NBRM, out of 424 employees, and the responsiveness rate is 37.5%. They gave their valuable input by providing 650 comments and suggestions.

The survey was processed by applying two statistical methods: analyses of net percentages and analysis of the distribution of response i.e. histograms. Net percentages are calculated as the difference between responses that represent opposite opinions, or between two options for the highest and two options for the lowest opinion on the relevant question. Responses with neutral opinion such as "I am not sure" and "good" are not included in the calculation of the net percentage. For example, question 1."The bank is great working environment for me to pursue my career". Here, the net percentage is calculated as the difference between the sum of the percentages of the responses "I completely agree" and "I agree" and the sum of the percentages of responses "I partially agree" and "I completely disagree". Consequently, the positive net percentage indicates dominance of positive over negative perceptions of employees regarding the appropriate issue and vice versa. If the net percentage is higher, than the level of satisfaction of an issue is also higher. Net percentages are particularly useful for dynamical analysis of results from surveys over time, as they provide useful indication of the degree of perceived improvement/ deterioration of certain segments.

On the other side, the histograms analyze the distribution of different answers that respondents have chosen regarding the appropriate question. They show the exact percentage of respondents (gross) as determined for each of the options of the question. This report also includes a chart of the net percentages and histograms.

Control risks of quantitative research was done by getting support from the top management of the NBRM, for conducting this survey. They decided that this will also be an official survey and the results will be used for the purpose of the work of HRM Unit in the NBRM, and the employees were informed well about the situation.

4.3   Research results

The results show predominantly positive perceptions of the surveyed employees for the bank as an employer, a high valuation of certain organizational advantages of the institution, existence of a good foundation for building high quality and pleasant working environment, high self-assessment of their own expertise and contribution to the organization and identification of areas that need further improvement, especially in the area of promotion and career, equal opportunities for all employees and supporting new

creative and innovative solutions to improve the business processes. Net percentages by area of interest are shown below in Figure 9.

Figure 9: Employee's Areas of Interest
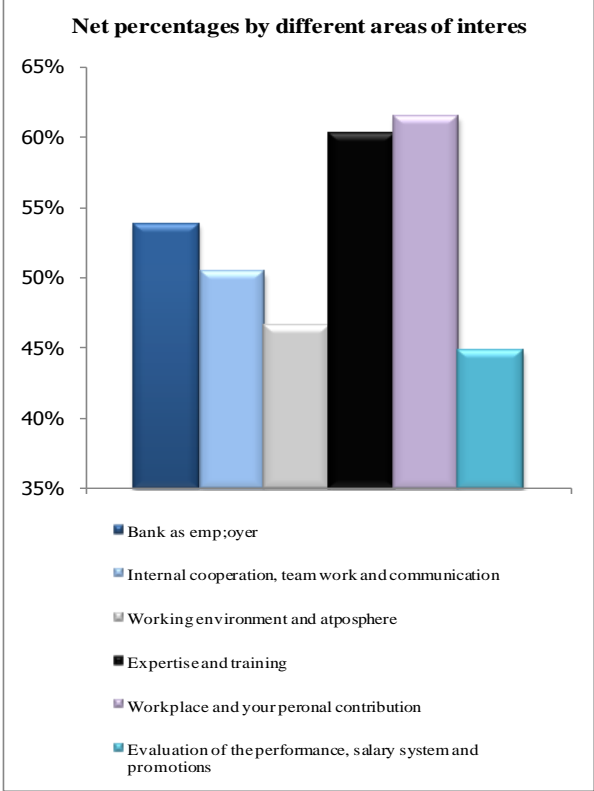
4.3.1 **Bank as an employer**

The results show high valuation of the bank as an employer that offers better benefits than other employers, with almost consensual sense of pride to work in the institution, job security and high personal motivation for giving their best in work. Majority of respondents evaluate the Bank as a great working environment for achieving career (Figure10), but on the other hand, there is smaller number of participants whose opinion is that the bank provides equal opportunities for every employee (Figure 11).

Figure 10: Q 1- The Bank Is an Excellent Working Environment
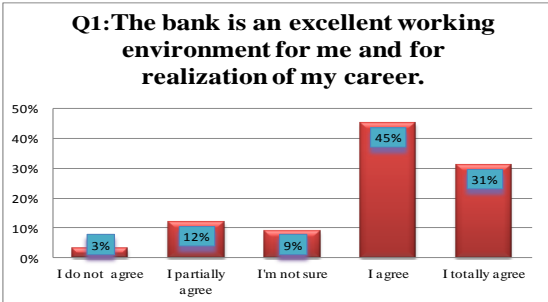
Figure 11: Q2- The Bank Provides Equal Opportunities
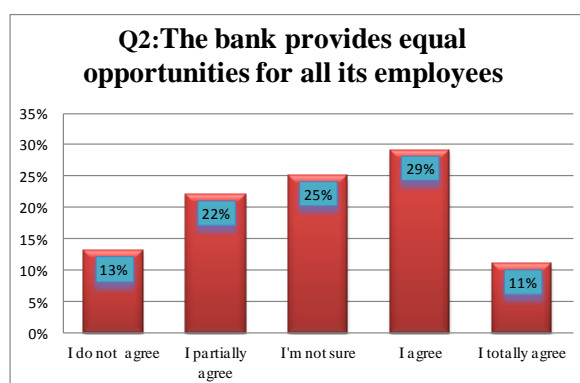
Lower level of satisfaction is noted in the area of evaluation and reward of well-done work and insufficient support of innovations and creativity into new designs for work. Majority of the respondents perceived the management of the bank as open and accessible to employees and they believe that the bank has a clear vision and strategy to advance and takes care for constantly informing employees about the important things in relation to work.

The average degree of satisfaction of the bank as an employer, as reflected by net percentages is 54%. High, almost 90% of respondents, on a net basis, are proud of working for this institution and have feeling of security for themselves and their families. Furthermore, 62%, net, of respondents consider that the bank is great working environment to achieve career, but only 6%, net, agree that the bank provides equal opportunities for all employees. Also, a low net percentage of 26% agree that the bank evaluates and rewards excellent performance. Despite these rankings, the survey indicates ongoing motivation among employees, considering that 58%, net, stated that they are personally motivated to give their best at work. Solid 50% net percentages were obtained regarding the strategy and vision of the bank, regular communication to employees and support of new initiatives to improve the work. About 58%, net, of the respondents evaluate the management as open and accessible for all employees, namely, 25% completely agree and 43% agree.

4.3.2 Internal collaboration, teamwork and communication

The average satisfaction from internal collaboration, teamwork and communication reflected as net percentages is 50%. Highest net percentage of 63% is registered in the answers in relation to satisfaction with the collaboration of their teams with other divisions/sections (Figure 12). About 59% of respondents on a net basis are satisfied with the collaboration within their teams/divisions/sections, with the way they work to improve the operations and the same percentage of respondents express indicated that they are well and clearly informed about their duties and expectations of their managers. About 52%, net, believe that the manager takes care about interpersonal relations in their department, and in case of conflict, the manager insists on amicable resolution. Slightly lower net

percentage, 50%, was given to answers about the appreciation of individual contribution to the team and the satisfaction with the collaboration among divisions/sections. Same number of respondents considers that they are well informed about successful completion of the assigned tasks. Furthermore, 48%, net, agree that the manager provides feedback about the work of employees. In this category of internal communication and teamwork, the lowest percent, or 13% of respondents expressed a positive opinion on their awareness about the work of the rest organizational units in the bank (Figure 13).

Note: The average net percentage of interdepartmental collaboration in the bank is 52%, for the satisfaction of collaboration with the other organizational units whit whom they have regular communication and collaboration needs. The indicator that relates to the satisfaction of the collaboration with the organizational units with whom employees regularly collaborate, still need to be treated with a grain of reserve because this question was optional.

Figure 12: Q12- Satisfaction With the Team/Department Cooperation
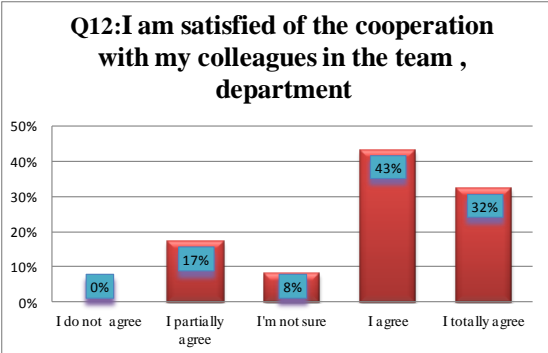
Figure 13: Q21- Information About the Work of the Rest Organizational Units
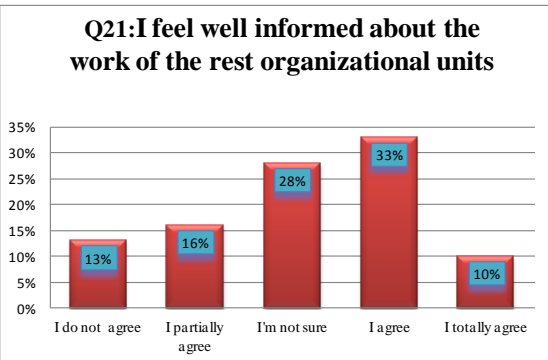
4.3.3 **Working environment and atmosphere**

The average level of satisfaction of the working environment and atmosphere, expressed through net percentages is 47%, i.e. being one of the areas that need greater intervention aimed to increase the satisfaction of employees. Despite the high 72% of respondents, on a

net basis are satisfied with the available work materials and resources (Figure 15), only 17% of the respondents are satisfied with the working conditions, their office conditions in terms of comfort, hygiene, ventilation etc. (Figure 14).

Figure 14: Q23- Satisfaction With the Working Conditions

Q23:I am satisfied with working conditions (comfort, ventilation, temperature, sanitation, light, noise)

Excellent	Very good	Medium	A little	Not
13%	26%	40%	14%	7%
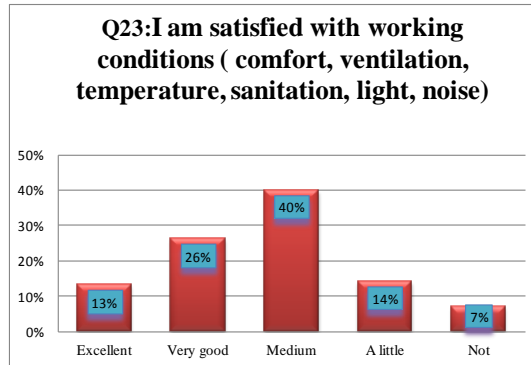
Figure 15: Q24 - Disposal of the Materials and Equipment

Q24:I dispose of all the materials and equipment that I need to perform the job

Excellent	Very good	Medium	A little	Not
38%	41%	14%	3%	4%
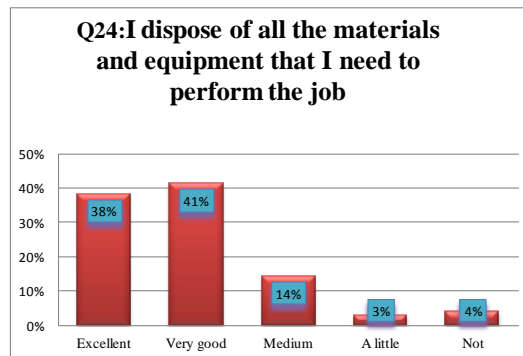
Analyzing the working climate, 58% of respondents on a net basis consider that there is a pleasant working atmosphere at the organizational units, while 52% believe that the manager is partly responsible for creating the positive and pleasant working atmosphere and promotes teamwork. Many employees agree that the moral at the organizational unit is high, while slightly lower number agrees that the moral at the bank is high.

4.3.4 Expertise and training of employees

The net percentage measured at the level of satisfaction of employees of their personal expertise and training, shows high self-esteem of the employees, with almost consensual opinion on having the necessary expertise and training, qualification and knowledge to perform the job, with a net percentage is over 90% (Figure 16). Still, notwithstanding this high evaluation of their own expertise, employees still believe that they do not have the sufficient training required for personal and professional development. Majority of employees, i.e. 60% of the respondents, evaluates the training as appropriate and contribute towards more efficient performance. Many respondents, 52% on a net basis, evaluate the

existence of concern among directors to provide appropriate training, but a smaller percent i.e. only 41%, is convinced that the education and development is not a privilege of only certain number of employees (Figure 17). Also, 42% of respondents, on a net basis, believe that the library and the professional literature are appropriate and sufficient for their needs.

Figure 16: Q29 - Possession of the Necessary Expertise, Qualifications and Knowledge
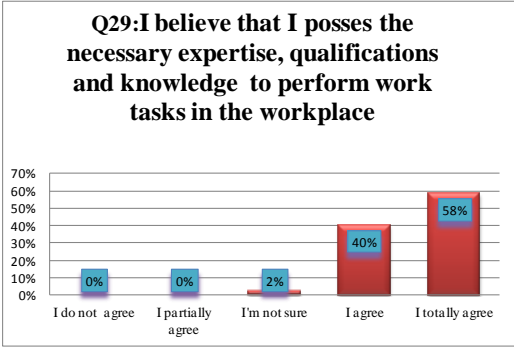
Figure 17: Q32- Opportunity for Education and Development
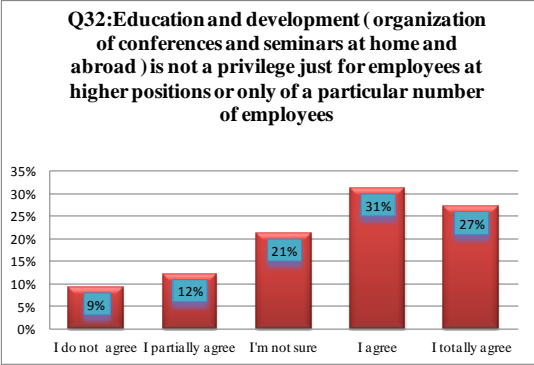
4.3.5 **Workplace and employee's personal contribution**

The results show high degree of satisfaction with the workplace, i.e. 62% of respondents are satisfied with their own workplace (Figure 18), and 63% indicated that the workplace is challenge for them (Figure 19). Concerning this group of questions, the opinion was almost consensual, i.e. high net percentage of 86% of the respondents expressed that their job duties, responsibilities and requirements are clear, and 82% of respondents indicated that they made their own contribution to the results and success of the bank. Lower net percentages i.e. 35% of respondents, answered the questions related to the initiative among the managers to include employees in the decision-making process by holding meetings, as well as for the acceptability of the level of stress at the workplace, for which 32% of the respondents on a net basis agreed. These indicators show that the requirement for optimizing the delegation of responsibilities coupled with delegation of job duties and tasks is a notable weakness.

Figure 18: Q34- Satisfaction With the Workplace

Q34:I am satisfied of the workplace

Excellent	Very good	Medium	A little	Not
32%	43%	15%	4%	6%
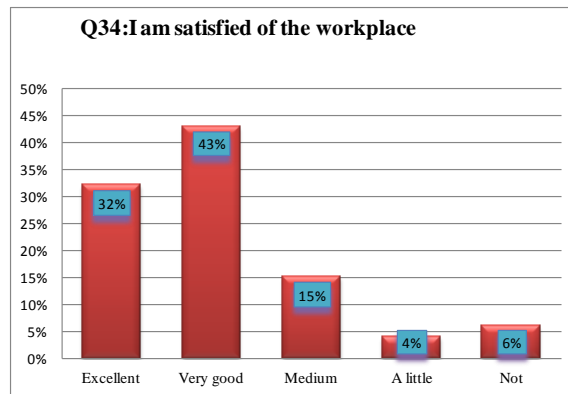
Figure 19: Q35- My Job Is Challenging for Me

Q35:My job is a challenge for me

Excellent	Very good	Medium	A little	Not
41%	35%	16%	4%	4%
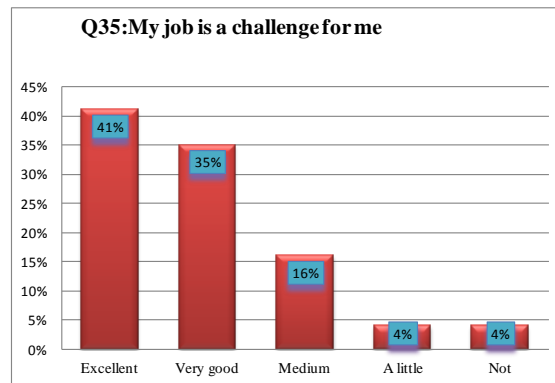
4.3.6 **Evaluation of performance, pay and promotion system**

The net percentage of satisfaction with the performance, pay and promotion system at the bank is relatively high, (45% of the respondents). The results from the analysis of the need and purpose of the evaluation process at the bank indicate that a net percentage of 47% of the respondents expressed that they are well informed about the process and adhere to the rules of the managers by providing feedback and explanation about the last grade for which 55% of them agreed. Majority of 45%, on a net basis, find that all employees have fair and equal treatment by the managers, without biases and sympathy to particular employees (Figure 21), although at smaller part the evaluation process is evaluated as objective i.e. only 38% of the respondents (Figure 20).

Slightly lower percent or only 35% of respondents agreed that there is respect and affirmation of the initiative and creativity of individuals (Figure 22). Same net percentage of respondents expressed that they believe that the manager communicate, on his own initiative, with the leadership to promote their employees, but there is more reservation regarding the lack of information about whether the manager takes own initiatives to the management of the bank.

Figure 20: Q44- Evaluation the Job
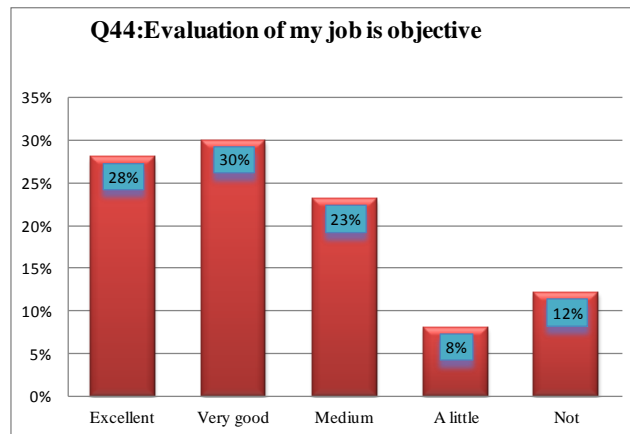
Figure 21: Q47 –Fair and Equitable Treatment of All Employees by the Director
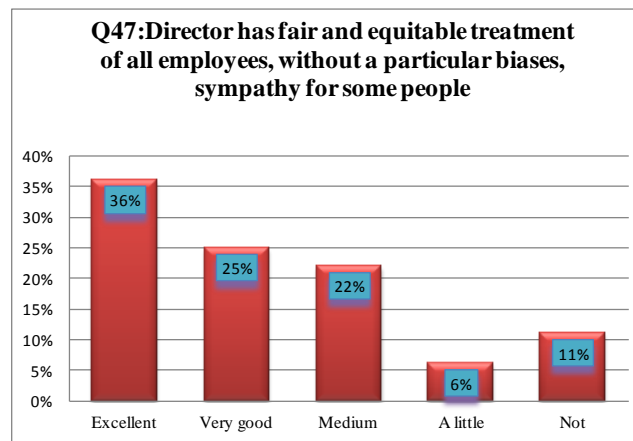
Figure 22: Q50 - Bank Respects and Praises Initiative and Creativity in the Work of Individuals
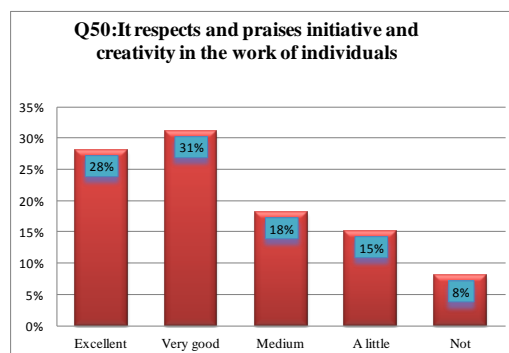
4.3.7 **Identified strengths and weaknesses according to the survey**

The gathered data and their analysis gave valuable information for the current weaknesses, which should be reduced and improved and about the strengths that should be kept and further developed.

Table 4 summarizes employees' opinions and comments, explained in more details.

The results from this survey and the given notes and comments identify the following fields which require improvement in the next period (see Table 4, column 1):

- A small part of the employees agree with the statement that the bank provides equal opportunities for all of its employees and appreciates and rewards excellent performance.
- Employees do not feel well informed about the work of the other organizational units.
- Most of the employees are not satisfied with the working conditions (comfort, ventilation, sanitation, noise , light and temperature).
- Employees consider that there are not sufficient training and opportunities for expertise for all, i.e. that this is a privilege for certain group of employees and in the context of the literature and the library available to the departments, employees are not sure that it meets current needs.
- Employees believe that there is not sufficient delegation of responsibilities and opportunities to involve employees into the decision making process through maintenance of brainstorming by the directors.
- Many employees feel that there is higher level of stress at the workplace.
- A few of the employees agree that the evaluation of their work is impartial and they consider that there is not sufficient respect and appreciation for the initiative and creativity in the work of individuals, which is coupled with the opinion of employees that managers are not enough responsible on their own initiative, for the development and promotion of distinguished employees.

This survey and employees' notes and comments identify issues for which employees expressed the highest level of agreement i.e. for some of these issues; the net percentage is raised at the level of consensus (see Table 4, column 2).

- The satisfaction from the security offered by the bank to employees and their families, and the satisfaction about being proud of working for this institution are raised nearly at the level of consensus.
- Most of the respondents are satisfied with the availability of all materials and equipment required to perform the work.

For an easier view of the above strengths and weaknesses which resulted from this survey, same, coupled with some comments of employees which are given as suggestions for overcoming the weaknesses, are presented below for each area.
- The largest part of the employees highly evaluated themselves in relation of having the necessary expertise, qualification and knowledge to perform their duties and have clear

picture about their responsibilities, which indicates high level of responsibility and awareness among employees.

Table 4: Identified Strengths and Weaknesses through Survey

Weaknesses	Strengths
• Unequal opportunities for all of its employees • The excellent performance is not appreciated and rewarded	• Provision of high level of security to employees and their families • The pride of working for NBRM
• Low level of information about the working of the other organizational units. • Dissatisfaction of the working conditions (comfort, ventilation, sanitation, noise, light and temperature)	• Availability of all materials and equipment required to perform the work.
• Not sufficient training and opportunities for expertise for all employees • The literature and the library available to the departments, are inappropriate for the actual needs	• The employees have the necessary expertise, qualification and knowledge to perform their duties • High level of responsibility and awareness among employees.
• Insufficient delegation of responsibilities and opportunities towards decision making process	
• High level of stress at the workplace.	
• A few of the employees agree that the evaluation of their work is impartial • Not sufficient respect and appreciation for the initiative and creativity in the work of individuals, • Managers are not enough responsible on their own initiative, for the development and promotion of distinguished employees.	

4.4   General conclusions from the survey

According to the registered positive net percentage of values at all segments covered by this survey, it can be concluded that generally the employees in NBRM are satisfied with the labor relations at the institution. They are also proud to work for this institution and are highly aware of its importance in society. The employees are satisfied with the pay, and are generally satisfied with the possibilities to develop their career within this institution. Also, employees believe in the senior management of the bank, in its clear strategy for development and progress, as well as the openness to employees and timely communication of the information required. Many of the employees express are positive about the changes in the internal management in the last period, they welcome the introduction of human recourses mechanisms and expect that this recent changes will advance the working environment and care for the employees in the next period.

However, this survey can identify the weaknesses of some segments which need improvement. Mainly, this survey is a way to obtain opinions, ideas and suggestions of the employees to advance the internal organization of the work, the working conditions, cooperation, communication, training opportunities, rewards and career development. In all segments covered by this survey, employees left comments worth for analysis and reflection. Constructive and professional way of offering suggestions by the employees to improve the working environment and all segments of internal activities of the bank allude to highly developed conscience among employees about the existing conditions as well as awareness of the trends of modernization in terms of using mechanisms for building positive organizational culture.

Majority of comments offered by employees generally refer to the requirement of building a positive organizational culture which will be based on mutual respect, fair and transparent way of working, rewarding and improvement of the bank, building teamwork spirit, encouraging creativity and innovation and promoting high ethic values at the bank.

As for the mid-level managers, employees generally agree that they inform them about the work and clearly express their expectations, responsibilities and duties, but still majority of employees consider that there is a need to improve communication within the departments by more meetings, opportunities for brainstorming, as well as increased delegation of responsibilities among employees for the tasks of their jurisdiction. Many employees believe that managers should develop the soft skills or skills for managing people and be promoters of teamwork, transparency and fairness to all subordinates. Employees are aware that managers are not able to build this culture on their own and therefore, require team-building events, organized by the human resources unit to support the development of team spirit in the departments.

In relation to the grading, rewards and promotion system in the bank, employees are positive and constructive about the introduction of the processes of human resources management, but some are still concerned about the danger of impartiality in their implementation, which require greater transparency and training for all involved in the processes. , Employees propose introduction of horizontal movement in career or mobility from one department to other as a kind of incentive for motivate employees. But they also believe that the movement in career and reaching higher positions is not a guarantee that they will remain there if they do not meet the job requirements. Still, in many of their answers, employees mention alternative ways of motivating and promoting, such as with nonfinancial awards, simple and transparent policy to compliment the hard work and recognition.

In connection with the expertise and training, employees express high self-esteem as highly qualified personnel, but they desire and express ambitions for further education and requirement for more trainings. The need for regular trainings, more trainings, internal trainings, more seminars at home and abroad, presentations, professional knowledge, soft skills etc. should represent bright spots of this research, since this is personnel who want to be trained, and improve their work and bore the brunt of the changes, adapting their knowledge to new conditions and requirements of the workplaces and changing the working processes.

Regarding the requirement of the employees to learn more about the work of the other organizational units in the bank, it can be concluded that there is high consciousness about the need of integral operations in the institution and requirement of getting the "big picture" for the bank as an institution. Many of the employees suggest and require more possibilities for exchanging experience with the colleagues of the other organizational units. Introducing interdepartmental meetings, joint projects, mutual presentations to help them become aware of the multidimensional work processes, understand all the aspects of their work, and to come up with creative solutions jointly across multiple organizational units about the same work. All these mentioned mechanisms of internal communication and collaboration are ways of increasing the bank's ability to become "learning organization", developing the internal mechanisms of sharing accumulated knowledge of individuals into broader organizational implementation. This is also supported by the requirement for reduction of bureaucracy and formal communication internally in the bank, by increasing the informal communication which is typical for a positive organizational culture that is based on collaboration, respect and trust. These are also in favor of more efficient completion of work and its promotion. Furthermore, although the percentage of satisfaction is positive, there is still a possibility to improve other segments with the given net percentages, as the sense of personal use of the potential in the workplace. This sample question tells us the extent to which people really are engaged in the workplace. If they consider that their personal potential is not used i.e. the net percentage to this question is

lower than their motivation to give their best at work, it provides a room for higher involvement of human resources in the bank.

The lower level of satisfaction of employees with the working conditions due to the situation in which they work and the premises of the organizational units in the National Bank. The small offices, inadequate facilities, old furniture, ventilation and air conditioning, are issues that have been subject to partial reparation and improvement over the last years. However it would be resolved only by major renovations. Since the announcement of the construction of a new building of the National Bank in the next few years, this issue will certainly be expected to be positively resolved.

The results show predominantly positive perceptions of surveyed employees (respondents) for the NBRM as an employer, a high valuation of certain organizational advantages of the institution, existence of a good foundation for building high quality and pleasant working environment, high self-assessment of their own expertise and contribution to the organization and identification of areas that need further improvement, especially in the area of promotion and career, equal opportunities for all employees and supporting new creative and innovative solutions to improve the business processes. Analyzing the average value of the net percentages for all questions in a given segment of the survey, "Expertise and training of employees" and "Workplace and employee's personal contribution" were the most positively evaluated. High level of satisfaction was also given to the segment of the "Bank as an employer", whereas the lowest rating was given to the segments of "Working environment and atmosphere". "Evaluation of performance, pay and promotion system" was ranked at the bottom.

5   HRM MODEL FOR NBRM

In previous chapters, information was given about human resources management in the NBRM, as well as understanding of the effect of these processes on the employee's job satisfaction. If we start from the assumption that all HR tools are used to increase productivity and engagement of the employees, and if it is related to their level of satisfaction with all segments of the internal working of the institution at the same time, as well as assessment of the institution as an employer, it will be concluded that the working environment requires ongoing improvement. The survey on employee attitudes regarding their employment relationship at NBRM shows a need of improvement and better efficiency of the HRM in the institution.

To ensure the desired development of HRM in the NBRM and its improvement, there is a need of integration of the HRM processes into the HRM model of the NBRM. This model will contain all the necessary elements that will provide sustainable development, and overall improvement of the whole institution, not only the HRM. This HRM model will be focused on the process of integration of the separated HR processes and the development

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of new HR processes and their integration. Therefore it will be called "Integrated HRM Model of the NBRM".

Figure 23: Integrated HRM Model of the NBRM

To enable the functioning of the proposed HRM model as the only integrated internal system, it should include three aspects of human resource management: HR environment, HR processes and HR services (see Figure 10). Each of these three important aspects of the model represents a particular component, which is presented with its own elements for mutual integration that will provide optimal flow and use of information for employees towards achieving the objectives of the model. The model's objectives are to achieve high levels of work engagement, employee motivation and productivity, high quality of work being performed, which requires continuous development and training of staff and care and talent management as well.

Enabling **HR environment** is required for setting fundamental frame, i.e. a base model which will be upgraded with HR processes. HR Environment includes HR policies as a determinant of top management, organizational structure, job evaluation and business processes, the model of competence and pay system.

HR processes are applied for efficient human resource management. They represent a dynamic material which is easily and more frequently liable to change and adaptation depending on the needs and operational plans for fulfilling the strategic HRM plan's

objectives. HR processes that are proposed to be contained in the NBRM's HRM model are Employment Staffing, Performance Management, Training and Development, Management Development, Talent Management, Succession Planning of Key Experts, Mobility and Career Development.

As a final part of the HRM model of the NBRM are the **HR services**. The HR Consulting is important in order to ensure transparent and open communication with all categories of employees and development of the role as Customer Relationship Management of HRM. The HR reporting is necessary to support the management of the company in decision making process regarding the issues related with the employees, having reports as an input, prepared by analysis of particular states and situations. Finally to ensure easier acceptance and implementation of the HR processes, HRM has a Change management role in the company as well.

All elements of the model are given in sub-items in this chapter in a way that defines their specificity. Each of them has to be allocated as a separate process in HRM. Also, when defining the processes, we should take into consideration the existing infrastructure which should be the basis for building the proposed improvements. Attention is paid on the feasibility and real opportunities for implementation of HRM practices depending on the current development phase and the institutional capacities that should be in function of achieving the final goals. Limitations exist in terms of the number and profile of HRM department employees and it is necessary to anticipate the exact positions in the proposals that will address the utilization of outsourcing services for achieving the goals.

Different elements of best practices and models which are well-known in theory, mentioned in previous chapters, where taken into consideration when proposing the particular elements of the HRM draft model for the NBRM. That is fully tailor made concept applicable in real circumstances in which the Bank operates, in relation to the internal and external factors as well. This is an optimal HRM model, not an ideal one.

5.1   HR environment

HR Environment is the basis for efficient implementation of HR processes. HR policies express the attitudes and decisions of top management related with the HRM issues. They are required to convey the power of top management in support of HRM Department for converting the HR policies into HR processes and practices and their implementation into the institution. The organizational structure and systematization of jobs with job evaluation are required as a basis to clearly determine the internal structure and hierarchical levels in the institution. If the organizational structure is appropriately set and the job descriptions are objectively defined, the easier it will be to implement HRM processes. On the other hand, while defining the job descriptions, which is used as a basic document for employment, it is necessary to define the level of competences required and the level of wages, which in turn are defined at company level through Competency model and Payroll

system. The HR Environment is a prerequisite for effective implementation of the other components of HRM.

5.1.1 HR policies

The HRM development in the institution and strengthening of its function depends mostly on the top management's policies. HRM Department should be supported for setting up the HR practices, which need to be relevant and congruent with the top management's HR policies of the institution.

Many theorists discuss the horizontal and vertical organizational fit of the implemented HR practices in order to achieve the set strategic goals. The vertical alignment or 'external fit' refers to linking each of the HR practices with the organizational business strategy (Boxall & Purcell, 2008), while the horizontal alignment or 'internal fit' was introduced later on when the focus was set on the interconnection between the HR process and practices (Wilkinson, Bacon, Redman, & Snell, 2009). Those approaches later led to development of HR system that integrates both the horizontal and vertical alignments into one entirety, the HR processes were summed up in order to accomplish the HRM objectives as well as the corporate goals and ultimately, to achieve competitive advantage at a strategic level through increased organizational performance (Wilkinson, 2002; McKenna & Beech, 2008, p. 34).

HR policies are developed to support administrative HR functions, performance management, learning and development, employee relations and resource planning. In its simplest form, a policy is a written record of a workplace rule. In developing the content of the policy, it is good practice to consult with stakeholders, most importantly management and employees. This will empower HRM function and will help to ensure buy-in for the policy, that the right issues are being addressed and a full perspective is established.
HR Programs described below will contain three elements: policy, advice and administration and execution. The HRM Department role is to monitor developments on a continuous basis: developments in society, in the financial sector, in NBRM's objectives and strategy as well as general developments in HRM discipline. Based on these developments, HRM Department works out general principles and policy lines for its services. In this way, they maintain their 'mature' products on the one hand, and develop new ones to optimize their services to the organization.

HR Policy design is one of the recommendations from the ECB's need analysis report for the National Bank of the Republic of Macedonia. The HRM department makes the preparation and administration of the process of HR policies development, can be divided into several steps. First, the need for setting up HR policies should be defined, which requires a transparent and consistent approach regarding the human resources management

(as an individual and as a manager), followed by definition of the content of the policy and full coverage that basically must adhere to the legal framework regarding the issues covered (ex. Labor Law, human rights, right of privacy, protection of personal data, protection of health and safety at work, etc.) Proposals to top management go as draft-versions of policies.

The **benefits** that are going to be achieved by implementation of HR policies in this institution are the following:

- The establishment of policies can help an organization demonstrate, both internally and externally, that it meets the requirements for diversity, ethics and training as well as its commitments in relation to regulation and corporate governance of its employees.
- HR policies can be effective at supporting and building the desired organizational culture.
- HR policies provide a mechanism to manage risk by staying up-to-date with current trends in employment standards and compliance with legislative framework.

5.1.2 Organizational structure

The issue of organizational structure is very important due to the efficiency of the institution. In fact, organizational structure is the backbone of the organization and nowadays the organizational infrastructure, which goes beyond the traditional organization structure, entails the following components of the 'organization on paper' (Beck, 2013).

The governance model: the way of delegation of accountabilities in the organization and the way how much of importance (especially organization-wide) decisions come about.

Organization structure: the description of formal reporting lines and hierarchical relations, and the delineation of organization units (divisions, departments, sections).

Job structure and career paths: formal descriptions of jobs in the organization, and their correlations within the scope of career development.

Competences: description of the conduct required by the organization.

Job evaluation, rewards structure and terms of employment: systems for determining job weight and assigning basic salaries and secondary terms of employment.

The very first precondition for successful business for any organization is the organizational framework or organizational structure. At the same time the design of the organizational structure, the setting of the key roles, the procedures, processes and the work performance are fundamental features of the HRM models. In comparison, central banks of different countries have widely different organizational structure's designs and institutional constitutions.

The organizational structure of central banks can be discussed from different aspects such as: independence from government, better performance dependent on the numbers of the

Executive management structure or number of managers, the level of diversity of the managers according to their competences and skills, the turnover of governors, the way of decision making, etc. In order to increase efficiency and effectiveness of central banks' performances, a significant importance was given to organizational structures.

At the NBRM, whose organizational structure is vertical and extremely centralized (see Appendix C), it is necessary to provide a mechanism for interdepartmental and everyday communication and collaboration. For this purpose, one of the primary mechanisms is the project management and implementation of project work teams, or internal working groups with defined roles of team members who will work at interdisciplinary projects exchanging their experiences and expertise and achieving greater effectiveness and efficiency in the pursue of organizational goals.

An essential part of a central bank's structure assuredly is the HRM department which is the main focus of this thesis paper. It is followed by the current provision of Personnel Services and Human Resource Management in the NBRM. It discusses the introduction of an integrated Human Resource function in the NBRM, identifies needs and offers a way towards best practices in the industry. The added value of Human Resource Management in a knowledge-based organization, such as the NBRM, is the significant contribution the human resource management can make to the overall achievement of the goals and strategy of the organization.

The HRM Department consists of two units - Personnel Unit and Human Resource Development Unit. The HRM functions are generally split on hard and soft elements, given together in correlation and interdependence within two separate courses (See Appendix F). The NBRM needs a strong HRM Department with all profiles of HR staff, as a prerequisite to the effective implementation of all HRM aspects, needed to enable the functioning of the HRM model described in this chapter.

5.1.3 Job evaluation

A fundamental way to scan the current situation, regarding the importance of the jobs positions, the complexity of the job's activities and tasks, level of responsibility, problem solving, in order to get an objective view according to the descriptions of the job positions in the organization is to perform a job evaluation. This approach will make a full review of the justification of the hierarchical levels where the job positions are placed.
One of the job evaluation methodologies is the well-known Hey Methodology (Hay Group, 1982). This methodology can measure business processes from various aspects. Primarily, it helps understand the difference of jobs in terms of their importance and contribution to the organization, it makes a comparison of jobs regarding their complexity and size, in order to provide the basis for a competitive wage system that will be linked to the diversity of the operations, as well as to enable a system for career building in the organization.

Basically, the evaluation refers to the workplace, regarding the organizational context and regarding the work itself (Deb, 2009, p. 322). The organizational context includes analysis of the workplace in terms of company purpose, financial structure, structure, ownership, organizational culture and sector characteristics. The job context encompasses an analysis of job purpose, dimensions, accountabilities, skills, knowledge, experience, main challenges and organization structure. Afterwards, it gets an insight in the job requirements in terms of technical knowledge and competence of the person who should do the work.

Job evaluation is a necessity if the NBRM wants to move to modern concepts of HRM. This basic process will clarify job descriptions, which is a basic document for employment and apply for all other processes such as performance management, training and development, etc. Grading job positions will be making a basis for developing a competitive system of salaries, which will contribute to greater motivation and commitment of employees.

5.1.4 Competency model

The competency model of the NBRM should be associated with organizational values and the results of the job evaluation. In fact, the work and job position requirements, other than educational background and professional knowledge, also require certain competencies from the employees. These competencies are developed through the employee's personal and professional development (Cripe & Mansfield, 2007, p. 12). To know which competencies employees need to possess to occupy a desirable job position, it is necessary to have a transparent process of defining a competency model for the bank, and subsequently, to prepare a matrix connecting all jobs with the necessary competencies and the required level of each of them, for a particular work position.

Competencies should be the basis for job descriptions, system evaluation and system for career development of employees. The NBRM, as an institution in which employees can have career development, should define the level of competence for each subsequent work place and through the evaluation of the employees to measure the actual employee competencies, or those that should be developed for the desired workplace. The work performance involves achieving the set goals, but the competency model defines the needed behaviors and the manner of achieving the results.

The NBRM should have a competency model in place, which will determine important issues and issues related to the organizational values.

5.1.5 Compensation and rewards

The compensation and reward management (Salary system) is very important function of Human Resource Management Department in NBRM. At the same time, this is the

essential factor that has the biggest influence on the workforce and the employer as well. Every person who is about to be employed, is looking for a job in accordance with his capabilities, skills and experience; he devotes his time and effort, and is expecting to be paid fairly by the employer. Firstly, he wants to earn enough money for his living standard and needs, and afterwards he strives and aims for his professional development and building his career, which will drive him to promotion and bigger payment.

Even though there are many other factors impinge on the motivation of the employee and the employer, at the end everything is rooting back to the money factor. The compensation system is consisted of everything that is financially related and provided by the employer to the employee. It could be in a form of direct compensation such as: basic pay, overtime payment, shift payment, incentives, bonuses, etc. or indirect compensation provided in a form of medical and health insurance, social security, compensation for child care, retirement pay.

The NBRM has a linear system of salaries, which is directly dependent on the organizational structure of the bank. In order to establish a competitive pay system it is of great importance to implement the proposed job evaluation process, as well as to set up a competency model in the bank. The evaluation of work processes will include measurement of difficulties, the task requirements, and the pressure of the work place and the importance of the work in terms of the basic functions of the bank, the level of responsibility and the need for decision making. All these parameters are important in order to make a realistic gradation of the job positions, and subsequently, this input will define the jobs' rankings as a basic framework for determining the pay. It is necessary to define a framework within a position to have a frame/scale from- to, depending on years of service and performance results.

The introduction of a competitive system of salaries will diversify the work according to its weight and significance, ranking the different profiles of the job positions that exist in the organization. The demands of the workplace will make the difference in terms of the fixed part of the pay, while the variable part of the pay will depend on the work efficiency and employee contribution to the organization for a certain period.

It is necessary to define a variable part of the wage which will be awarded as a bonus after successful delivery of an additional project or task of high significance for the organization. The reward system aims to affect on following four things (Singh, 2007, p. 10):
- To motivate employees to perform effectively;
- To motivate employees to join the organization;
- To motivate employees to continue to work and
- To motivate individuals by indicating their positions in the organization structure.

When creating systems of compensation and rewards, it is necessary to have deep knowledge of the theories of motivation, such as Maslow's hierarchy of needs theory, Herzberg's two-factor theory (sometimes called motivation-hygiene theory) and others. Theories of motivation form the basis when defining the reward system in the organization. The NBRM should develop its own reward system, correlated with the value system of the institution, while clearly and transparently linking the appropriate behavior to the value of the bank and the rewarding of employees to be made on merit, which is recorded in accordance with this set of the reward system. The introduction of a reward system at the NBRM requires an input from the employees about their expectations and motivating factors. Also, it is necessary that the HRM department conducts a survey.

5.2   HR processes

HRM Department creates the tools such as the HR processes and HR practices, which meet the HRM strategy of the organization. HR processes start with the process of selection and recruitment or 'employment staffing', continues with the care for education and development of the employees, evaluating their contribution through performance management, the process of talent management and developing management structure of the company, as well as care for succession planning of the key experts. These processes have a role in providing mobility and career development for individuals, employees of the institution, but on the other hand, the implementation of HR processes has established a risk management control of the of human resources and their prevention.

5.2.1   Employment staffing

The 'employment staffing' is divided in two as recruitment and selection of the new staff, are consisting the first step of the HR cycle and one of the main assignments of the personnel. This step also represents the first contact of the potential applicants with the organizations (National Bank of the Republic of Macedonia, 2011). Therefore, it needs a direct contact through utilization of HR tools such as employment interview, conducted by the HR staff (recruiter officer) and the respective manager.

There is a need for improvement of the employment process and selection in terms of preparing long and short list of candidates, where the first candidate selection within these two cycles will be made by the recruiting officer, while the best and short listed candidates will be invited for a panel interview by the respective manager/head of department. Thereby, these processes aim to find the right people with appropriate predefined skills and abilities for the vacant job position. Finding the right person for a particular job position can be hard and extensive process, since this person should share the same values and attitudes of the organization, and should make the best to fit (Hislop, 2013, p. 223). Anyway, this part of the process should be facilitated by the HRM Department, as a responsible unit for conducting the process of recruitment. This responsibility includes

identification of the need for hiring, vacancy announcement, receiving the applications, selecting the applicants with proper documentation, contacting, testing, interviews, est.

Having in mind that the effectiveness and efficiency of the organizational performance basically depend on the people in the organization, it is not uncommon that the organization is strongly interested to implement highly efficient recruitment and selection process of candidates. Therefore, this process requires full support by the HR specialists to the managers/ heads while planning the personnel, choosing recruitment channels, making the profile analysis of the recruits, as well as defining the required competencies for a particular job position.

Despite the fact that the NBRM has reported very low turnover of employees (Report for employees' structure of NBRM, 2011), when there are available job positions due to retirements, or new job positions, one of the most important tools for attraction of the best potential candidates for employment at the NBRM is through disposal of the concept of 'employer branding'. This concept was derived from the marketing into the HR field, and many authors and practitioners have perceived the valuable contribution that this concept brings to the organizations (Barrow & Mosley, 2011). One definition about Employer Branding says 'the package of functional, economic and psychological benefits provided by the employment and identified with the employing company' (Ambler & Barrow, 1996).

The NBRM as an institution has high integrity and great importance and contribution for the country as a central bank. Its own name and high reputation attracts a lot of applicants and potential best candidates whose biggest desire and motivation is to work at this institution, which on the other hand is the NBRM's great benefit regarding the current situation on the HR market, where there is shortage of talents and qualified workforce. Another benefit of this concept is the retaining of the employees of NBRM, who find this institution as a desirable and excellent working environment satisfied with their own achievement to be employed in there.

The recruitment and selection processes are organized in a way that HRM professionals and line managers are using modern methods and instruments. Afterwards, they choose the candidate who best meets the requirements of the vacancy from the multiple candidates. The essence of the recruitment and selection process is to achieve a larger degree of agreement between the features and demands of work and the individual characteristics (knowledge, skills, abilities and personal characteristics) of the candidate.

Properly selected candidates adapt to the new working environment easily. They perform the work correctly, and quickly begin to contribute to the organizational effectiveness. On the other hand, improper selection causes a number of economic, social and psychological problems such as increased costs for additional training and education, lower operating

results, unfulfilled plans, disturbed interpersonal relationships, dissatisfaction and resentment among employees and so on.

In cases of the wrong choice, even expensive additional training and education cannot give the expected effects in a reasonable time. Employees who are unable to give the expected results of the work usually cost the organization a lot of money and time. According to some calculations, an inappropriate choice of candidate, on average, cost of 3-5 employer monthly gross pay until the resolution of the problem (Himnelberg, 1998).

Also, we should not neglect the fact that bad choices will not only create extra costs, but also here is the missing chance of hiring the right person, that will be probably taken by someone else.

Recommendation given in the ECB's needs analysis report refers also to the increasing efficiency of the recruitment and selection process, i.e. it recommends developing an IT system for receiving applications and CVs. The implementation of this IT solution offers various benefits for the NBRM such as the possibilities to capture, track and report on the numbers, status and progress of all candidates as they enter, progress and/or exit the recruitment process and extract information from candidate CVs and pre-populate these details into the relevant sections of the standardized online application forms. The efficiency of this IT system will be seen by reducing the manual work currently needed in the process and it will give more free time towards accomplishing/ contributing to other tasks. The possibility of feed into reporting Management Information and analysis is yet another benefit of this system as well.

Training should be organized for the recruitment officer for ensuring their competencies and knowledge:

- Excel and/or SharePoint training as appropriate to improve skill and pro-active contribution to development of the process recommended above;
- SharePoint training will allow development of the current SharePoint site as a HR communication tool which will interlink with all HR processes;
- Training on how to conduct a Needs Analysis;
- Interview Skills.

5.2.2 Performance management

The contribution that human resources make in achieving the set goals of the organization and the impact of their work on the overall success of the business is monitored through performance management system of the individual contributions, or more precisely evaluation of employees' performance (Noe R. A., Hollenbeck, Gerhart, & Wright, 2008, p. 343). This process is a scanning one in terms of the current state and for an impartial insight in the employee's individual contribution. The collected information during the interviews with the employees should be used to link with all other HRM processes and with the strategic management as well. Through this process, the strategic goals are

distributed across the organization, while transforming them into individual objectives, the vision and mission of the institution are shared, also to each organizational unit, regarding its role in the organization.

A well-designed systematic and chronological set management system of employees' performance enables delegating tasks, defining business goals, as well as providing support staff for their efficient performance. System performance management is a chronological and cyclical process that aims to provide objective indicators of professionalism, quality and efficiency in performing tasks or meeting the business goals set by staff (Varma, Budhwar, & DeNisi, 2008). This system is based on direct communication between management and employees and usually has three main stages in the application regardless of industry affiliation and occupation (Houldsworth & Jirasinghe, 2006, p. 103):

- planning – objectives agreement;
- monitoring - control if everything goes under the contract and
- evaluating the effectiveness of working through final interviews with employees.

The feedback is a necessary final step of the performance evaluation process, which is given to the employees for their work (Armstrong M. , 2009, pp. 105-111). The performance evaluation process is the one which helps creating an organizational culture that promotes transparent and direct way of communication in the organization in terms of negotiating the operational objectives, development plans and expected standards. Interim Review meetings take place in September while Final Reviews and delivery of ratings take place in December. Overall, this program seems to be working quite well. The annual performance management cycle plays a key role in consolidating and improving the performance of the NBRM organization.

During the planning interviews, managers agree concrete result objectives with their staff. In addition, the core values and the competences required for the job profile in question serve as guideline for the conduct that employees are expected to display in achieving their result objectives. By this method, it becomes concrete and explicit for every employee how he or she can contribute optimally to the organization.

The progress reviews afford both managers and employees a formal opportunity to assess how the employee is progressing in achieving his or her objectives. During this review, the manager can provide feedback and offer suggestions, where necessary. During the appraisal round, the employee's performance is appraised on the basis of the extent to which he or she has achieved his or her objective and demonstrated the requisite conduct (core values, competences). Based on the outcome of this appraisal, the reward system will be related. In some cases, the end-of-year appraisal may lead to a promotion or a demotion.

The basic criteria and standards for measuring success in terms of the external and internal factors should be revised and redefined. External factors cover: market conditions,

knowledge of the industry and competition. On the other hand, internal factors include good organizational structure with defined job descriptions and processes, as well as defining the internal standards and expectations of employees.

The process of employees' performance management and their appraisal at the NBRM is result-oriented, but since the NBRM is primarily an institution of knowledgeable workers, in the next period, it should be competency- oriented. For that purpose, a competency model will be applied, which is the particular propose of this thesis. The competencies defined for the job position will ease the employees' appraisal through better understanding of the expected behaviors and desired competencies.

In the following period, we will make efforts to clarify the process to all employees and evaluators. In fact, continual workshops should be organized for practical training for setting SMART objectives, as well as identifying and overcoming the risks to the evaluation, such as: omissions, central tendency, stereotypes, HALO effect, etc.

The evaluation process should also involve the managerial structures. In fact, with their involvement the process will get weight and value, it will be addressed to all and by default will be more transparent and correct. Therefore, the process will become be more acceptable for the employees. It should also be considered to include manager evaluation by the employees, because the employees are those who know the managers' competencies the best. There should also be a formal way of expressing the employees' opinions and their comments, and an opportunity for possible feedback to the managers needed for their improvement.

The following Recommendations from ECB's need analysis report for the NBRM would bring the program in line with Best Practice:

- Provide training for individuals and line managers in relation to:
  - setting SMART objectives i.e. Specific, Measurable, Agreed, Relevant and Timely
  - linking objectives to the strategy of the Departments and the overall strategy of the NBRM to ensure cohesiveness, to ensure there is an understanding of why employees are carrying out the objectives they have, and to help to motivate employees
- how to deliver and receive feedback which is positive while highlighting development issues
- lower the reviewer level to Head of Unit (Managers of Departments would have too many to review and the system then becomes onerous).
- introduce a Moderation/Calibration process at Department and Directorate level to ensure fairness, transparency and consistency in how staff are evaluated and to remove any actual or perceived biases that may exist

- assess staff relative to their peers: this is additional basic criteria when evaluating staff performance
- stop using paper-based forms for sign-off. It is sufficient to use electronic sign-off by using passwords.
- include in the Basic Criteria for assessment:
  - the ability to co-operate and teamwork
  - independence, initiative and creativity.
- identify additional behavioral competencies that will enable the assessors to assess staff performance more comprehensively.
- provide a facility for employees to comment on their performance in line with their objectives and also their overall performance
- introduce an appeals process for staff who are dissatisfied with their rating (for fairness, transparency and consistency).
  - stop using paper-based forms for sign-off.
- introduce a process for Performance Improvement Plans (PIP) to assist and support staff who are underperforming. The purpose of this is to support underperforming staff in reaching the expected level of performance for their role. This will involve regular meetings to support the staff member, agreed goals/actions from each meeting and assessment of whether or not the agreed goals have been reached. The minutes of these meetings should be signed by both the staff member and line manager.

Training requirement for performance management process:
- Provide review training across the organization in relation to setting SMART objectives and how to link objectives to the strategy of the organization.
- Support line managers in writing/agreeing PIPs, what type of support and training to provide to assist the employee in reaching the required level of performance and how to follow the process so that it stands up if challenged.

5.2.3 **Training and development**

Training and professional development of employees are aimed to provide the necessary professional knowledge and improve their skills for efficient performance of work tasks and increase the ability to respond to new challenges at work in the central bank (Annual training and development program of the NBRM for 2013) (Annual training and development program of the NBRM for 2013). Only trained personnel will contribute to meeting the business objectives of the organization. Training is the process of behavior change, knowledge and motivation to improve the correspondence between the characteristics of the employees and the organization's requirements (Wills, 1998).

Employees have the right and duty to show interest in their own professional development, through regular trainings in order to upgrade their knowledge. As a result of those activities, the employees will perform their tasks and operations with quality, in order to

maintain and preserve their workplace or in order to improve the work performances and the ability to meet the future demands of workplace. The training has a complementary role to accelerate learning in the organization and it should be systematic, specifically designed, planned and implemented accordingly to meet the identified needs. Training alone cannot give the expected results if it is not based on development plans, job descriptions, analyzes the situation and identification of gaps in the model (application data evaluation process performance), and knowledge of human potential which has the unit (Noe R. , Hollenbeck, Gerhart, & Wright, 2008, pp. 269-270).

The evaluation of business performance helps in identifying the gaps between current and desired behavior. Professional development and training of employees are organized in chronological systematic process that is composed of several stages [ADDIE model, Wang & King, 2009):

- Analysis of training needs: an analysis of the existing problems, determine whether training is the solution, the type of training that is required and for whom it is intended;
- Designing training;
- Conduct training;
- Assessing the benefits of training.

The purpose of training and development programs is to improve organizational performance and capabilities through more productive and effective employees. Since the training mostly is supplied by external providers, it is necessary, the funds to be treated as an investment rather than an expense, having in mind that both the theory and practice of the training employees, is a proven return on investment. Training is required to be connected to performance management, (this is also a requirement under IT ISO 9000). Also, there is a need of a link learning and development and Performance Management to organizational change and priority behaviors identified and agreed.

The HRM department in collaboration with the managers should conduct training needs analysis ('TNA') in order to identify the knowledge gaps/ training needs of the Bank. Also to be ensured that the selected training methods and providers are the most suitable, this would involve, for example, consulting subject matter experts in the Bank when courses are being developed and checking procurement guidelines. Internal training, given by the Bank's subject matter experts, should also be encouraged if this is the best training solution for reducing costs and increasing knowledge sharing. Always there should be evaluation of the courses to ensure that the knowledge gaps/ training needs of the Bank are met and that there is return on investment from the training.

The ECB's needs analysis report consist recommendation regarding IT support necessary for modernization and efficiency in this area, and building competencies to the training and development officer:

IT Software:
- Put in place a system to capture, maintain, administer, process and report on all L&D related events. Ideally, this should be a single IT system.
- This system should capture activities and the outcome of the Training Needs Analysis process for individuals and groups of employees.
- The system should incorporate a booking/ calendar system for all L&D related scheduling activities.
- An employee's time and attendance record should reflect approved and cancelled leave related to an employee's attendance, non-attendance and cancellation on training courses.

Training Requirement for Training and Development Officer:
- Training on how to conduct a Needs Analysis
- How to set-up a Training Calendar electronically
- Evaluation and relevance of course material
- Training on the relevant IT system e.g. SharePoint/Excel

5.2.4 Management development

Management, as the main driving force of the process, is the main link in the chain of operational coping with changes and new challenges in the business environment. Management Development is an integral process of HRM activities in HRM. Detecting leadership abilities of employees and ensuring their development and improvement should be of particular importance in organizations in order to build a quality database of potential managers capable for management and decision making, who are able to contribute more effectively to meet the objectives of the organization (Mumford, Gold, & Thorpe, 2012).

Management Development should become an important discipline for the NBRM as it is aimed at promoting the skills of their current managers, as well as training new managers in order to maintain long term organization's success. The very first indications for the managerial potentials will be done trough the performance management system of the NBRM. The Management Development cycle starts with the annual review, where qualities of the managers are assessed and individual aspects that want further improvement are identified. During this review, they also update their succession plan. This plan describes the most important (management) positions within the NBRM, and specifies which employees and at what time will be ready to succeed the incumbent officers. This succession plan makes them secure the organization's continuity.

After conducting the annual review and updating the succession plan, they proceed to draw up career plans for individual managers. These plans contain agreements about the training, development and growth of managers. Besides the special training programs that managers may attend in the course of the year, the NBRM enables managers to receive

coaching or otherwise develop themselves. The programs should be described in the annual Management Development Calendar.

5.2.5 **Talent management**

To sustain their existence in nowadays knowledge economy, surrounded by unpredictable business environment, the organizations have to keep up in managing their employees as well as possible, particularly their most capable employees or top performers, whose capabilities are marked as the most scarce and rare. Despite that approach, the talent management of the employees could be discussed from many aspects, and it could be focused on all employees, nurturing each employee's talent (Silzer & Dowel, 2010). Since the 'talent' became the most important asset in organizations, in last couple of years, organizations intensively embrace the concept of Talent management and the integration of the business strategy with talent management strategy, talent process and talent programs. Defining the 'Talent management' term lead to variance of opinions, regarding that some of the authors define it as a process, other as a range of activities est. Table 6 below, presents some of the definitions describing the term of talent management. The presence of the concept of Talent management in organizations remains as a critical success factor nowadays. Through many researches, the organizations find out that it is more convenient and effective decision to have good management strategy for the current workforce, labeled as talents, then choosing the option of looking for new ones when they will be needed (Silzer & Dowel, 2010). Armstrong (2006, p. 120) defines Talent management strategy as – ensuring that the organization has the talented people it requires to provide for management succession and meet present and future business needs.

About the importance of the people in the organizations, the business professors Roger Martin and Moldoveanu (2003, p.36) state: 'In our knowledge- based economy, value is the product of knowledge and information. Companies cannot generate profits without the ideas, skills, and talent of knowledge workers, and they have to bet on people— not technologies, not factories, and certainly not capital.' (Harward Business Review, 2003, p. 36) (Harward Business Review, 2003, p. 36).

Talent availability concerns the management of the availability of the staff with the proper talents (in both quality and quantity). In this context, talent is defined as all knowledge, skills, motivation and experience that workers can harness in executing tasks for the NBRM. In other words: they target all sorts of talent, both of professionals in general, and of experts in specific areas of know-how, such as of managers. This is an objective to which a great many programs contribute: talent development, training and development, management development and recruitment. Besides the programs for developing incumbent and new managers (within the scope of Management Development), the NBRM should also pay active attention to the professional development of all other employees on the basis of the annual talent review.

Table 5: Definitions of Talent Management

Source	Definition of Talent Management
Cappelli (2008b)	"… is the process through which employers anticipate and meet their needs for human capital…" (p.1) "… the goal is the more general and important task helping the organization achieve its overall objectives" (p.5)
Lawler (2008)	"… an outstanding talent management system… attracts the right talent and helps them understand exactly what to expect from their work experience with the company… also provides employees with the kind of development experiences that build the organization's capabilities and core competencies so they retain the right talent" (p.63)
Morton (2004)	Focuses on a series of eight categories of individual initiatives and how they fit together to comprise TM. Talent is defined as "individuals who have the capability to make a significance difference to the current and future performance of the company" (p.10)
Wellines et al. (2006)	"… is the recruitment, development, promotion and retention of people, planned and executed in line with your organization's current and future business goals" (p.2)
Sloan et al. (2003)	"… is managing global leadership talent strategically, to put the right person in the right place at the right time" (p.236)
American Productivity and Quality Center (2004)	…is "the cradle to grave processes to recruit, develop and retain employees within an organization" (p.1)
Jeckson & Schuler (1990)	Human resource planning is to "ensure the right person in the right job at the right time" (p.235)

Source: R. Silzer and B. E. Dowel, *Strategy-Driven Talent Management: A Leadership Imperative*, 2010, pp. 16-17.

The NBRM should offer a specific menu of development tools, besides the database with training courses. This menu of tools designed for (using and especially) developing specific talents, mostly on-the-job. The following Management Development tools are also intended for professionals in the broader sense:

- Personal coaching;
- Academia vitae;
- Common purpose and
- Connecting conversations.

Geared to talent development, these tools play an important role within the broader scope of talent management and thus are an aid in realizing HRM's overall philosophy, namely to foster and retain the right talent mix, now and in the future.

5.2.6 Succession planning of key expert positions

The succession plan is often considered a very essential part of the HR planning, although it is rarely used. The succession planning should not be mixed with the retention plan, suggest the experts. Rothwell (2008) writes for retention planning 'That's the process of identifying individuals within an organization, and often in the same division or department, who would be best-equipped to serve as backups for current employees'. (Rothwell, 2008). On the other side, the succession planning is explained as "a means of identifying critical management positions, starting at the levels of project manager and supervisor and extending up to the highest position in the organization" (Carter, 1986, pp. 13–14). Considering these two definitions given as examples on these two terms, it is easily noticeable that the succession planning has much broader scope.

The NBRM do not have succession plans and strategies for the future, not even have strategies for knowledge transfer from the older employees to the younger ones that in a near future will fill their job positions that increases the risk in terms of the human resources. From one point of view there is great possibility for losing the organizational knowledge, but from another appearance of a gap of particular position while changes of the circumstances due to presence of this risk. Thereby it is on risk losing a few or more people who are having key expert positions in the organization, without having their appropriate or compatible replacement.

Therefore, a success planning process at NBRM is to be anticipated for prevention of the risks abovementioned, which would apply to the major and key expert positions, as well as of the main management positions. In implementing this process, it is necessary for the HR professionals to have an opportunity to directly scan the situations along with those responsible for other organizational units.

We can consider that the succession planning process is interrelated with the career management process. Armstrong (2006, p. 403) regards succession planning as a smaller step-process of the career management and he says that 'Succession planning is the process of assessing and auditing the talent in the organization'. The basic components of a succession planning process, include: (1) get commitment; (2) analyze the work and people now; (3) evaluate performance; (4) analyze the work and people needed in the future; (5) evaluate potential; (6) develop people; and (7) evaluate program results (Rothwell, 2005) Once the process of succession planning is completed, the organization acquires the information about the availability of people who are about to take the key role positions in the organization, if they own the appropriate skills and capabilities to run that position forward, and if they could manage it well enough. (Armstrong, 2006, p.403)

The main advantage of the management succession planning comes in a form of providing the information if the organization has the managers that are capable of dealing with the future challenges and demands. Wells (2003) provides statistical information as evidence that 'the most high-performing companies have succession planning mechanisms in place, whereas these are missing in less well-performing firms'. – cited by (Collings & Wood, 2009, pp. 182-183)

5.2.7 **Mobility and career development**

HRM Department is faced with many challenges for the issues about career mobility and the development of the personnel. On the other hand, the internal pressures are made by the employees from the organizations, the number of demands is growing, the changes are constant so the organizations have no option but they must respond appropriately, creating or adjusting the current HR policies regarding employees' movement across the organization in a form of promotion on a higher level, demotion as a result of a punishment, or transfer of the employee for filling the vacant job position, which already exists or the created new one at the moment.

The mobility of personnel is regarded as HR practice of significant meaning and positive impact on the organizational performance and it helps to 'ensure that the right number and the right kinds of people will be at the right places at the right time in the future, capable of doing the things needed so that the organization, can achieve its goals.' (Miner&Miner, 1973, p.10) Despite the situations when the movement or the development of the employees is necessary at a moment as a result of the factors that are forcing the organization on those activities, the mobility and career development could be approached from other aspect. It also could be a part of the strategic plan of the organization in order to retain their employees, who are seeing the mobility and the development, particularly the promotion part, as a key motivating factor to stay, grow and build their careers in the organization they are working at. If this condition is achieved the employees will be satisfied and motivated to make bigger contribution, will feel bigger commitment and will

be more dedicated on their assignments, and at the same time the organization is attracting a potential workforce for the future from the external environment, that will remain loyal to the organization.

The Mobility program comprises a wide range of tools designed to improve employees' preparedness for other jobs, both within and outside the NBRM. This is important for the NBRM and the individual employee alike. For the NBRM, it ensures broader employability of its staff in the future; for staff, it means greater flexibility in times of change. The Mobility program also promotes the outflow of employees for whom there is no longer a future with NBRM, or whose job will be discontinued.

5.3   HR services

In today's working conditions, HRM is part of the management of the institution; its role is proactive and transparent and mostly accomplished through communication and collaboration with all staff in the institution. On one hand, it concerns for the employees' rights and obligations and ensures employee's high awareness of their rights and obligations of their employment, while on the other hand, it gives effective support to the management of the institution by providing information, reports and HR tools for effective human resource management. Uniting the interests of employees and employers, HRM has an active service role in the institution. Open door communication, accessibility and openness for cooperation and the development of analytical and developmental function of HRM are determinations for a modern and efficient HRM department in the institution. Due to effective and proper implementation of newly introduced HRM processes, the HRM develops its role of change agent in the institution.

5.3.1   **HR consultancy**

One of the primary techniques of a modern management is open communication and customer relationship management (managers, employees etc.) for their support in the implementation of HR practices (Rudani, 2013). HRM department should have a clear goal and vision, to work for the benefit of employees of all categories and to provide full support and understanding of the internal processes and regulations within the institution. The HRM department is required to build trust among all employees in order to strengthen its role. Therefore, different profiles of competent HR people should be involved, who are experts in their field of work. Primarily for development of the consulting function, the HR department also has to have an HR Advisor as a part of the team.

HR Advisors should cooperate closely with managers to ensure that the divisions and departments use the HRM tools effectively. To this end, the HR Advisors offer advice at both operational level (e.g. plans for a recruitment and selection procedure) and strategic level (e.g. steering an organization), covering the entire spectrum of HR issues, like

steering, talent and team development, FTEs and staffing level, quality improvement, cultural change or recruitment and selection. In serving their customers, the HR Advisors work in cooperation with other HR employees. This advisor creates communication materials, and conducts placement, probation and exit interviews. Besides, the HR assistant acts as a contact person for employees on HRM issues.

Annual HR plans should be in place, and they are an important tool for HR Advisors. The HR plan contains a department's staffing policy and a staff development policy. The HR Advisor advises managers when drafting HR Plans. The HR consultancy function requires open-door policy, transparency and building costumer care relations with managers and staff. It is a service to all clients of the HRM Department. For better efficiency, the IT tool-IT Intranet Service Desk will be used. It is a part of the Microsoft Share Point application that NBRM uses for different topics.

5.3.2 HR reporting

HR Reporting function of the HRM Department is an important activity that nowadays gains increasing importance in terms of contribution to more effective and efficient decision making. In fact, the HRM Department analyzes the HR situation and processes, on a regular basis and if needed, and measures the effect on the employee performance and productivity. These measurements are used to prepare comprehensive management reports necessary for the rapid and effective decision-making when creating HR policies, but also in other areas of the Bank operations related to the human factor.

Proposed solutions and innovations in HRM are explained in an exact way, through empirical proof and attempt to measure the impact and return on human capital investment. Successful performance of this function requires optimal use of HRM software, especially the OLAP analysis, i.e. a predefined report generator. For this purpose, HR staff have to have knowledge in excel, as well as to be aware of the business needs.

- **HR Measurement**

HRM measurements are necessary to obtain solid HRM function in an organization. It is easily noticeable that in every organization the investments in human resources, i.e. in the employees are treated as an expense for the company. Through the concept of ROI (Return on Investment), we can analyze the value of HR function, HR strategy, HR programmes and HR projects, simultaneously offering credible information, essential for the top management and the business leaders. As guest speaker at Macedonian HR Association conference, Nada Zupan (Zupan, Measuring HRM effectiveness: From Happy Faces to ROI, 2013) explained in one of her presentation, efficient HRM measurement is necessary in order:
- To get top management's attention and support for HRM activities;

- To quantify the effectiveness of HRM activities – evidence for management and other stakeholders;
- To effectively manage HR budget;
- To build trust and respect for HRM department;
- To identify areas for improvement;
- To keep your job!

5.3.3 Change management from HRM perspective

The HRM change agent role was already mentioned before in this thesis. Now, at the end, it is again important to understand and accept the HR description, to provide essential support to the formal process of change management in the entire institution and all processes (Kotter, 1996). "By definition, progress means change. This is not always comfortable. It may challenge our assumptions, and the way we are used to doing and seeing things. It asks us to have faith in the larger picture, the eventual results, and each other. We need energy to deal with it, and perspective, and sometimes just a sense of humor." Sheldon Levy, Presidents Newsletter to the Ryerson Community, Spring 2007

The change management process should be articulated within the entire organization. The HR advisors advise managers in drafting change plans. A change plan specifies who will be involved in the change, which interventions will be required to address any resistance to the change, who will be entrusted with the execution of such interventions and at what moment the interventions should be executed. Training and communication plans are also important elements of a change plan. By following this plan, managers ensure that a change is implemented according to a planned, goal-oriented process.

This methodology describes the change manager's interventions on the basis of the implementation stages of an organizational change. Besides, this methodology offers a number of tools and examples by means of which the change objectives can be achieved more quickly.

CONCLUSIONS

This thesis addresses the importance of introducing an integrated HRM model of the NBRM. The integrated HRM model is considered to be the most effective way of managing the most important resources of the organization. This thesis presents HRM management in the NBRM, as it is today, for which we used the internal regulations of the NBRM. A survey was conducted among the employees of the NBRM to obtain information about the effects of the current situation in HRM on their job satisfaction, which included several major aspects of the internal operations of the bank. Furthermore, it analyzes the theory of HRM, presents the most prominent theories of HRM models, and

analyzes the best practices of two central banks of the EU countries, to obtain information on the latest trends in HRM in the world. After the analyses and presentations of the HRM situation, a draft integrated HRM model is presented which could improve the situation in the HR management in the NBRM in the future. Since this thesis is a case study of the NBRM and aims to provide realistic recommendations for improvement, the proposed HRM model can be characterized as an optimal model for the NBRM, rather than an ideal HRM model for a central bank.

Furthermore, this thesis also provides general guidance on the scope of the HRM model, including its basic elements. These basic processes have to be integrated into the organization, and each of them requires extensive research and definition of the HR policy, regulation, practice and work procedure. The main challenge of this thesis is to set up a strategy for efficient development and management of HRM processes, which will be a basis that needs further ongoing development and promotion, given that HRM is an ongoing process that must keep up with all changes in the work environment, technology, labor market, interests of employees and management.

The integrated HRM Model of the NBRM focuses primarily on the processes that enable identification and development of employee talents, measurement of their contribution to the business processes and identification of their competences required for the particular job. In any case, these soft HR processes will be possible if we make changes in the core HR functions, primarily to conduct job evaluation, to set a competency model and competitive pay system. The main challenge is building the competencies of the HRM Department that has to be composed of HR experts from various fields to address the complexity of the matter and in the spirit of the new HRM trend in organizations, that is, developing HR as a business and strategic partner. The HRM model is expected to increase efficiency of human resources management of the institution and it will increase the effectiveness of the institution itself in achieving institutional goals and programs.

Future research should be conducted on specific processes and segments to the HRM management. Given that this thesis provides general guidance for the development of HRM and creation of a HRM model, each separate element of the proposed model may be further examined, including a deeper and comprehensive analysis of the situation. In this light, we could obtain solid data and information that will be used for creating objective perceptions of the situation in HRM. This is essential for making concrete and applicable suggestions for the design of the proposed elements of the HRM model in detail, such as: to develop a methodology for performance evaluation and proposal for changes in the organization and systematization in order to achieve greater efficiency, proposals of competitive pay and reward system, evaluation system, to define talent management process, etc.

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APPENDICES

List of Appendices

Appendix A: List of Abbreviations

Abbreviation	Meaning
NBRM	National bank of the Republic of Macedonia
HRM/HR	Human Resources Management
HRD	Human Resources Development
SHRM	Strategic Human Resources Management
EAPM	European Association for People Management
BCG	Boston Consulting Group
ROI	Return on Investment
UK	United Kingdom
CIPD	Chartered Institute of Personnel and Development
MPR	Monetary Policy and Research Department
IMF	International Monetary Fund
ECB	European Central Bank
OLAP	Online Analytical Processing
SMART	Specific, Measurable, Agreed, Relevant and Timely
PIP	Performance Improvement Plans
TNA	Training Needs Analysis
HR MI	Human Resources Management Information
EU	European Union
IT	Information Technology
MK	Macedonia
R&D	Research and Development
CoEs	Centers of Expertise
DNB	De Nederlandsche Bank
P&O	Personnel and Organization
L&D	Learning and Development

Appendix B: QUESTIONNAIRE to measure the degree of satisfaction of employees at the National Bank of the Republic of Macedonia

Filling this questionnaire is voluntary and confidentiality is guaranteed. None single answer will not be abused and transferred to the original form with reference to the source.

General instructions for completing the questionnaire:

- Be open and honest in your answers.
- Answer the questionnaire completely by selecting one of the choices and giving your own concrete suggestions for improving the operations of National Bank in certain segments where you feel it necessary.

Thank you for your participation and contribution to the advancement of the bank.

Circle the number which is located in front of the department in which you work	
1	Governor's office
2	Department of internal revision
3	Department of financial stability, banking regulations and methodologies
4	Department of off-site revision and licensing
5	Department of site supervision
6	Department of research
7	Department of statistics
8	Department of central bank operations and foreign exchange reserves
9	Department of payment systems
10	Department of financial-accounting operations
11	Department of information technology
12	Department of treasury operations
13	Department of legal and organizational-personnel matters
14	Department of administrative-technical matters

Are you in a supervisory position (circle):	YES	NO

I. Bank as an employer

INSTRUCTIONS: Use X to complete this part of the questionnaire. Choose only one answer.

		I do not agree	I partially agree	I am not sure	I agree	I totally agree
1	The bank is an excellent working environment for me and for realization of my career.					
2	The bank provides equal opportunities for all its employees					
3	The bank provides better benefits than other employers					

4	The bank offers security, for me and my family					
5	The bank evaluates and rewards excellent performance of work					
6	I am proud that I work for this institution					
7	Personally, I am motivated to give my best at work					
8	The bank has a clear vision and strategy to advance					
9	Takes care to regularly inform employees about important issues related to the work					
10	Encourages and supports new initiatives and solutions to improve the work					
11	The management of the bank is open and accessible to employees					

According to your view points , please indicate which of the segments above should be improved. Please offer your proposal in any way that would be realized

II. Internal cooperation, teamwork and communications

INSTRUCTIONS: Use X to complete this part of the questionnaire. Choose only one answer.

		I do not agree	I partially agree	I am not sure	I agree	I totally agree
12	I am satisfied of the cooperation with my colleagues in the team , department					
13	Our team is committed to an open cooperation, recognition and respect of the individual contribution to the work of each employee					
14	Our team works to improve processes and established practices in working					
15	There is good cooperation between sections and subunits in department					
16	My unit have good cooperation with other units					
17	The Director of your department (director) takes care of interpersonal relations in the department and in case of conflict , solves the problems among employees at the best possible way					
18	Director clearly tells me about his expectations of me in terms of work and tasks					
19	Director provides adequate return information (feedback) about the work of employees					

20	I receive all necessary information to successfully perform the duties of my job					
21	I feel well informed about the work of the rest organizational units					

22	How do you evaluate the cooperation with the organization units that you are often cooperating with?	Bad	Satisfactory	Good	Very good	Excellent
(Fill in only field/fields of organizational units that you are often cooperating with)						
	Governor's office					
	Department of internal revision					
	Department of financial stability, banking regulations and methodologies					
	Department of off-site revision and licensing					
	Department of site supervision					
	Department of research					
	Department of statistics					
	Department of central bank operations and foreign exchange reserves					
	Department of payment systems					
	Department of financial-accounting operations					
	Department of information technology					
	Department of treasury operations					
	Department of legal and organizational-personnel matters					
	Department of administrative-technical matters					

According to your view points , please indicate which of the segments above should be improved. Please offer your proposal in any way that would be realized

III. Working environment and atmosphere

INSTRUCTIONS: Use X to complete this part of the questionnaire. Choose only one answer.

		Not	A little	Medium	Very good	Excellent
23	I am satisfied with working conditions (comfort, ventilation, temperature, sanitation, light, noise)					

		I do not agree	I partially agree	I am not sure	I agree	I totally agree
24	I dispose of all the materials and equipment that I need to perform the job					
25	There is a positive and friendly atmosphere in the department					
26	The moral in the department is high					
27	The moral in whole bank is high					
28	Director is committed to creating a positive working atmosphere and promotes the teamwork					

According to your view points , elaborate which part needs improvement in working conditions:

ɪᴠ. Expertise and training of employees

INSTRUCTIONS: Use X to complete this part of the questionnaire. Choose only one answer.

		I do not agree	I partially agree	I am not sure	I agree	I totally agree
29	I believe that I posses the necessary expertise, qualifications and knowledge to perform work tasks in the workplace					
30	Director is responsible for providing adequate training of employees					
31	The training that is enabled to me, matches the needs of my workplace and contributes to the efficient performance of work					
32	Education and development (organization of conferences and seminars at home and abroad) is not a privilege just for employees at higher positions or only of a particular number of employees					
33	Employees are satisfied with the library , as well as materials owned by department, they have easy access to them and they are sufficient to increase the level of knowledge and level of education					

According to your view points, give a proposal to enhance the professional development activities and training of employees:

V. Present job

INSTRUCTIONS: Use X to complete this part of the questionnaire. Choose only one answer.

		Not	A little	Medium	Very good	Excellent
34	I am satisfied of the workplace					
35	My job is a challenge for me					
36	I have a clear picture of my duties and responsibilities					
37	Director is well organizing the work in the organizational units and delegates work tasks to employees					
38	Director is clear about granting and explaining the tasks and expectations of employees					
39	Director involves employees in decision -making process, by holding meetings to creatively solving the problems					
40	Authority and responsibilities are granted to me to successfully perform my job					
41	I am personally contributing to results and success of the bank					
42	There is an acceptable level of stress at my job					
43	My personal maximum potential is used for the current workplace					

According to your view points, openly make a proposal for improvement of your satisfaction in relation to the workplace:

VI. Evaluation of work, salary and promotion system

INSTRUCTIONS: Use X to complete this part of the questionnaire. Choose only one answer.

		Not	A little	Medium	Very Good	Excellent
44	Evaluation of my job is objective					
45	I am well informed about the process of evaluation in the bank					
46	I have feedback on my last evaluation and explanation from the director					

47	Director has fair and equitable treatment of all employees, without a particular biases, sympathy for some people					
48	I am satisfied with my salary					
49	Director on his own initiative discuss with senior management and provide suggestions for improvement to those employees who are especially distinguished by their qualities in their work					
50	It respects and praises initiative and creativity in the work of individuals					

According to your view point, openly make a proposal for improvement of your satisfaction in relation to these segments:

Please answer the following questions:

1. Is there something that is bothering you in your department and if you are in position and power which is the first thing that you would change?

_____
_____
_____
_____
_____

2. Provide specific suggestions to improve the work satisfaction.

_____
_____
_____
_____
_____
_____
_____
_____
_____

Appendix C: Calculation of results of employees' responses of the questionnaire presented by charts

Bank as an employer

Statement	I do not agree	I partially agree	I'm not sure	I agree	I totally agree
11. The management of the bank is open and accessible to employees	4%	13%	14%	43%	25%
10. Encourages and supports new initiatives and solutions to improve the work	4%	11%	22%	40%	23%
9. Takes care to regularly inform employees about important issues related to the work	4%	15%	16%	40%	25%
8. The bank has a clear vision and strategy to advance	3%	8%	21%	43%	25%
7. Personally, I am motivated to give my best at work	8%	9%	8%	35%	40%
6. I am proud that I work for this institution	1%	5%	3%	37%	54%
5. The bank evaluates and rewards excellent performance of work	8%	18%	23%	35%	16%
4. The bank offers security, for me and my family	1%	6%	2%	37%	54%
3. The bank provides better benefits than other employers	1%	9%	11%	50%	29%
2. The bank provides equal opportunities for all its employees	13%	22%	25%	29%	11%
1. The bank is an excellent working environment for me and for realization of my career.	3%	12%	9%	45%	31%

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Internal cooperation, teamwork and communications

21. I feel well informed about the work of the rest organizational units — 13% | 16% | 28% | 33% | 10%

20. I receive all necessary information to successfully perform the duties of my job — 5% | 13% | 12% | 35% | 35%

19. Director provides adequate return information (feedback) about the work of employees — 6% | 14% | 13% | 33% | 35%

18. Director clearly tells me about his expectations of me in terms of work and tasks — 5% | 9% | 12% | 31% | 43%

17. The Director of your department (director) takes care of interpersonal relations in the department and in case of conflict , solves the problems among employees at the best possible way — 6% | 11% | 13% | 35% | 35%

16. My unit have good cooperation with other units — 1% | 11% | 12% | 46% | 30%

15. There is good cooperation between sections and subunits in department — 2% | 14% | 19% | 43% | 23%

14. Our team works to improve processes and established practices in working — 3% | 13% | 9% | 47% | 28%

13. Our team is committed to an open cooperation, recognition and respect of the individual contribution to the work of each employee — 8% | 8% | 18% | 41% | 25%

12. I am satisfied of the cooperation with my colleagues in the team , department — 0% | 17% | 8% | 43% | 32%

Legend: ■ I do not agree ■ I partially agree ■ I'm not sure ■ I agree ■ I totally agree

Working environment and atmosphere

28. Director is committed to creating a positive working atmosphere and promotes the teamwork
39% | 28% | 18% | 8% | 7%

27. The moral in whole bank is high
12% | 31% | 47% | 9% | 1%

26. The moral in the department is high
21% | 38% | 26% | 9% | 6%

25. There is a positive and friendly atmosphere in the department
31% | 36% | 24% | 5% | 4%

24. I dispose of all the materials and equipment that I need to perform the job
38% | 41% | 14% | 3% | 3%

23. I am satisfied with working conditions (comfort, ventilation, temperature, sanitation, light, noise)
13% | 26% | 40% | 14% | 7%

0%   20%   40%   60%   80%   100%

■ Exellent   ■ Very good   ■ Medium   ■ A little   ■ Not

Expertise and training of employees

33. Employees are satisfied with the library, as well as materials owned by department, they have easy access to them and they are sufficient to increase the level of knowledge and level of education
4% | 11% | 26% | 39% | 19%

32. Education and development (organization of conferences and seminars at home and abroad) is not a privilege just for employees at higher positions or only of a particular number of employees
9% | 12% | 21% | 31% | 27%

31. The training that is enabled to me, matches the needs of my workplace and contributes to the efficient performance of work
4% | 10% | 11% | 40% | 35%

30. Director is responsible for providing adequate training of employees
6% | 9% | 16% | 35% | 34%

29. I believe that I posses the necessary expertise, qualifications and knowledge to perform work tasks in the workplace
0% 2% | 40% | 58%

Legend: ■ I do not agree | ■ I partially agree | ■ I'm not sure | ■ I agree | ■ I totally agree

Present job and personal contribution

43. My personal maximum potential is used for the current workplace
28% | 36% | 22% | 4% | 9%

42. There is an acceptable level of stress at my job
16% | 35% | 31% | 11% | 6%

41. I am personally contributing to results and success of the bank
48% | 40% | 8% | 3% | 2%

40. Authority and responsibilities are granted to me to successfully perform my job
36% | 38% | 20% | 3% | 3%

39. Director involves employees in decision-making process, by holding meetings to creatively solving the problems
33% | 26% | 19% | 13% | 9%

38. Director is clear about granting and explaining the tasks and expectations of employees
43% | 31% | 17% | 6% | 3%

37. Director is well organizing the work in the organizational units and delegates work tasks to employees
37% | 31% | 21% | 8% | 3%

36. I have a clear picture of my duties and responsibilities
54% | 35% | 8% | 3% | 1%

35. My job is a challenge for me
41% | 35% | 16% | 4% | 4%

34. I am satisfied of the workplace
32% | 43% | 15% | 4% | 6%

Legend: ■ Exellent | ■ Very good | ■ Medium | ■ A little | ■ Not

11

Evaluation of work, salary and promotion system

	Exellent	Very good	Medium	A little	Not
50. It respects and praises initiative and creativity in the work of individuals	28%	31%	18%	15%	8%
49. Director on his own initiative discuss with senior management and provide suggestions for improvement to those employees who are especially distinguished by their qualities in their work	28%	28%	26%	11%	8%
48. I am satisfied with my salary	29%	36%	25%	3%	6%
47. Director has fair and equitable treatment of all employees, without a particular biases, sympathy for some people	36%	25%	22%	6%	11%
46. I have feedback on my last evaluation and explanation from the director	39%	30%	18%	5%	9%
45. I am well informed about the process of evaluation in the bank	35%	29%	19%	10%	7%
44. Evaluation of my job is objective	28%	30%	23%	8%	12%

Legend: ■ Exellent ■ Very good ■ Medium ■ A little ■ Not

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Appendix D: Organizational Chart of the National Bank of the Republic of Macedonia

Organizational Chart
of the National Bank of the Republic of Macedonia

Governor
Dimitar Bogov

Governor's Office
Bogoljub Jankoski, Head of Governor's Office
International Relations Unit
  Relations with the European Union Sub-Unit
  International Cooperation Sub-Unit
Publication Services Unit

Internal Audit Department

Museum of the National Bank
Library and Archive of the National Bank

Human Resources Department
Human Resources Development Unit
Unit for Organizational and Personnel Matters and
Compliance with Regulations in the Field of Labor Relations

Division of Supervision, Banking Regulations and Financial Stability
Milica Arnaudova-Stojanovska, General director

Financial Stability and Banking Regulations Department
Financial Stability Unit
Banking Regulations Unit

Department of Off-Site Supervision and Licensing
Off-site Supervision Unit
Unit for Licensing and Corrective Measures
Unit for Regulatory Reporting and Administrative Issues

Department of On-Site Supervision
Unit for On-Site Risk Supervision
Unit for Control of the Compliance with the Regulations of Banks, Savings Houses and Non-Banking Institutions

Sector of Monetary Policy, Research and Statistics
Anita Angelovska-Bezhoska, Vice Governor

Monetary Policy and Research Department
Monetary Developments Unit
External Sector Developments Unit
Real Sector Developments Unit
Economic Modeling and Projecting Unit

Statistics Department
Monetary Statistics Unit
Unit for Production and Dissemination of External Statistics
Unit for Compilation of Data for External Statistics
  Sub-Unit for Portfolio, Direct Investments and Trade Credits
Financial Accounts Statistics Unit

Sector of Financial Market Operations and Payment Systems
Maja Kadievska-Vojnovikj, Vice Governor

Financial Market Operations Department
Liquidity Forecasting Unit
Open Market Operations Unit
Foreign Reserves Management Unit
Risk Management Unit
Financial Markets Analysis Unit

Payment Systems Department
Back Office Unit
  Back Office Operations Sub-Unit
  Operations Sub-Unit
Payment Systems Policy and Development Unit
Payment Systems Oversight Unit

Financial, Accounting and Control Department
Accounting Unit
  Issue Accounting Sub-Unit
  Sub-unit for Financial and Material Accounting
  Accrual Accounting and Cash Operations Sub-Unit
Accounting Policies and Financial Reporting Unit
Planning and Control Unit

Sector of Cash Management and Information Technology
Fadil Bajrami, Vice Governor

Banknotes Department
Unit for Manufacturing of and Operations with Value Papers
  Value Papers Manufacturing Sub-Unit
  Sub-Unit for Operations with Value Papers – Skopje
  Sub-Unit for Cash Operations (Prilep, Strumica, Veles, Stip and Ohrid)
Unit for Operations with Foreign Currency, Precious Metals and Counterfeiting Expertise
  Counterfeiting Expertise Sub-Unit
  Sub-Unit for Operations with Foreign Currency and Precious Metals
Processing, Selection, Disintegration Unit

Information Technology Department
IS control and security
IT Infrastructure Unit
Database Unit
IT Services Unit
Projects and Products Management Unit
Programming Unit
Payment Systems IT Support Unit

Central Services Sector
Janche Lekovski, Secretary General

Legal Affairs Department
General Legal Affairs Unit
Compliance Unit

Administrative and Technical Department
Public Procurements Unit
  Public Procurements Planning, Analysis and Statistics Sub-Unit
  Preparation and Conduct of Public Procurement Procedures Sub-Unit
  Sub-Unit for Conducting Public Procurement Contracts
Security Unit
  Monitoring and Technical Security Sub-Unit
  Physical Security and Fire Fighting Sub-Unit
Maintenance Unit
  Transportation Sub-Unit
  Current and Investment Building Maintenance Sub-Unit
Documenting and Archiving Unit

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Appendix E: Index of Job Systematization at the NBRM

Article 1
The posts by Organizational Units shall be as follows:

Code	Post	Degree of education
2.	**Research and Statistics Sector**	
2.1.	**Monetary Policy and Research Department (MPR)**	
	Manager	VII
	Deputy Manager	VII
	Senior Advisor	VII
2.1.1.	**Monetary Developments Unit**	
	Head of Unit	VII
	Senior Advisor Analyst	VII
	Advisor Analyst	VII
	Senior Analyst II degree	VII
	Senior Analyst I degree	VII
	Senior Analyst	VII
	Analyst II degree	VII
	Analyst I degree	VII
	Analyst	VII
	Junior Analyst I degree	VII
	Junior Analyst	VII
	Senior Officer	IV
2.1.2.	**External Sector Developments Unit**	
	Head of Unit	VII
	Senior Advisor Analyst	VII
	Advisor Analyst	VII
	Senior Analyst II degree	VII
	Senior Analyst I degree	VII
	Senior Analyst	VII
	Analyst II degree	VII
	Analyst I degree	VII
	Analyst	VII
	Junior Analyst I degree	VII
	Junior Analyst	VII

2.1.3. Real Sector Developments Unit

Head of Unit	VII
Senior Advisor Analyst	VII
Advisor Analyst	VII
Senior Analyst II degree	VII
Senior Analyst I degree	VII
Senior Analyst	VII
Analyst II degree	VII
Analyst I degree	VII
Analyst	VII
Junior Analyst I degree	VII
Junior Analyst	VII

2.1.4. Economic Modeling Unit

Head of Unit	VII
Senior Advisor Analyst	VII
Advisor Analyst	VII
Senior Analyst II degree	VII
Senior Analyst I degree	VII
Senior Analyst	VII
Analyst II degree	VII
Analyst I degree	VII
Analyst	VII
Junior Analyst I degree	VII
Junior Analyst	VII

2.2. Statistics Department (ST)

Manager	VII
Deputy Manager	VII
Senior Advisor	VII

2.2.1. Monetary Statistics Unit

Head of Unit	VII
Senior Advisor Analyst	VII
Advisor Analyst	VII
Senior Statistician II degree	VII
Senior Statistician I degree	VII
Senior Statistician	VII
Statistician II degree	VII
Statistician I degree	VII
Statistician	VII

Junior Statistician I degree	VII
Junior Statistician	VII
Senior Officer	IV
Officer	IV

2.2.2. Balance of Payments and External Debt Statistics Unit

Head of Unit	VII
Senior Advisor Analyst	VII
Advisor Analyst	VII
Senior Statistician II degree	VII
Senior Statistician I degree	VII
Senior Statistician	VII
Statistician II degree	VII
Statistician I degree	VII
Statistician	VII
Junior Statistician I degree	VII
Junior Statistician	VII
Senior Advisor IT Support Analyst	VII
Advisor IT Support Analyst	VII
Senior IT Support Statistician II degree	VII
Senior IT Support Statistician I degree	VII
Senior IT Support Statistician	VII
IT Support Statistician II degree	VII
IT Support Statistician I degree	VII
IT Support Statistician	VII
Junior IT Support Statistician I degree	VII
Junior IT Support Statistician	VII
Senior Officer	VI
Senior Officer	III,IV
Officer	II,IV
Junior Officer	IV

2.2.2.1. Internal Credit Operations Sub-Unit

Head of Sub-Unit	VII
Senior Advisor Analyst	VII
Advisor Analyst	VII
Senior Statistician II degree	VII
Senior Statistician I degree	VII
Senior Statistician	VII
Statistician II degree	VII
Statistician I degree	VII
Statistician	VII
Junior Statistician I degree	VII
Junior Statistician	VII

Senior Officer   <u>III</u>,IV

Officer   <u>II,III,</u>IV

2.2.3.   International Investment Position Unit

Head of Unit   VII
Senior Advisor Analyst   VII
Advisor Analyst   VII
Senior Statistician II degree   VII
Senior Statistician I degree   VII
Senior Statistician   VII
Statistician II degree   VII
Statistician I degree   VII
Statistician   VII
Junior Statistician I degree   VII
Junior Statistician   VII
Senior Officer   VI
Senior Officer   IV
Officer   IV

2.2.4.   Financial Accounts Statistics Unit

Head of Unit   VII
Senior Advisor Analyst   VII
Advisor Analyst   VII
Senior Statistician II degree   VII
Senior Statistician I degree   VII
Senior Statistician   VII
Statistician II degree   VII
Statistician I degree   VII
Statistician   VII
Junior Statistician I degree   VII
Junior Statistician   VII
Senior Officer   IV
Officer   IV

Governor
September 15,2011   **and Chairperson**
Skopje   **of the National Bank of the Republic of**
Macedonia

Council
Dimitar Bogov

Appendix F: The organization of HRM department at NBRM and its functions

Head of HR Department	
Personnel Unit	**Human Resource Development Unit**
Recruitment Resourcing	Learning and Development
Compliance with legislation	Performance Management
Interaction with Payroll	Development of HR Policies
Maintenance of Data Information	Absenteeism Management
Advice of HR Policies	Management Reporting
Implementation of HR Policies	Manpower Planning
Organizational Design	Needs Analysis
Job Evaluation	Mobility and Career Development
Bargaining with the Labor Union	Talent Management