







Mladenovac, Serbia, 20-21 April, 2012



WORKERS MULTIFUNCTIONALITY AS A METHOD FOR OPTIMIZATION OF

HUMAN RESOURCES

Ivan Peronja¹, Antonio Kardum², Anita Krolo Crvelin³

Apstract: In the modern business issue of utilization of working capacites, the issue is the success of enterprises. Seasonal fluctuations in business lead to capacity utilization issues that can be multiplied, which may cause a reduction in competitiveness and efficiency through the reduction of business. The aim of this paper is to provide such companies with specific solutions to optimize the work during the part of the year when the working capacities are low, and that is specifically because the existing solutions are not satisfying. It has been attempted to create the model applicable to human resource management that would improve the effectiveness and efficiency of business enterprises which have marked notifying seasonal fluctuations in business. It has been attempted by using contemporary theories of organization of enterprises and human resources management, by using methods such as BPR, TOM, BPM, and other theoretical and practical achievements in the work organization field in modern organizations. Large and medium-sized enterprises with a larger number of employees do not use the multifunctionality of employees in any convenient form. Seasonality problems are solved by employing seasonal workforce during the year when the increased capacity volume and sales occur. In human resource management, they rely solely on the seasonal workforce, which increases the total cost of labor, especially out of season.

Key words: workers mulifunctionality; human resources management, business efficiency and effectiveness

1. INTRODUCTION

In the area of four Dalmatian counties, there is large number of companies that operate seasonally. Some of them are exclusively seasonal which means that in low season, they close their business. Others, however, operate partially seasonally, so it means that in low season they continue to work with a reduced intensity. Work organization and human resource management in companies that operate partially seasonally represent a challenge for optimization. Problems that occur in these companies are very specific, and are reflected in human resource management through the increase in labor costs per unit of product, under-load of employees with demanding low season commitments, difficulties with maintaining a high level of interest of employees for tasks, etc.

In this period, very high fixed costs burden the company so that it is often raised the question of justification of their business. Problems like these are most often solved in two ways: reducing labor costs by lowering workers' wages in low season or redundancies after the season and then the reemployment in the next season. How to make work more flexible while preserving the same quality,

¹ Mr.oec. Ivan Peronja, , PhD student, assistant, University of Split, University Center for Professional Studies, E-mail: iperonja@net.hr

² Mr.oec. Antonio Kardum, dipl.ing., Vodovod i kanalizacija d.o.o. Split, Biokovska 3, 21000 Split, Croatia ³ mr.sc. Anita Krolo Crvelin, senior lecturer, University of Split, University Center for Professional Studies.

the optimal number of workers in low season, which will not represent a threat to the company? One of the possible solutions, which has not been used to a significant extent so far, was used to develop a multifunctionality of employees that will, through the development of individual employee's qualities, improve the quality of performance of the whole organization. This paper will deal with the possibility of such solution, its applicability and effects.

2. THEORETICAL DETERMNINANTS THAT DEFINE THE ESSENTIAL ELEMENTS OF ENVIRONMENT IN METHODS OF OPTIMIZATION OF HUMAN RESOURCES MANAGEMENT

2.1 Organizational structure

Forms of internal organization structure of enterprises (in the design of organizational units) can be classified into two basic groups: one-dimensional and multidimensional. One-dimensional forms are characterized by the simultaneous application of a principle of grouping operations on the same level. Multidimensional forms are characterized by the simultaneous application of two or more principles of grouping operations on the same level. These forms differ with respect to distribution of individual tasks and resources for their execution. In theory and practice, there are five basic organizational structures. According to Cummings and Worley, there are five characteristic organizational structures⁴: 1) functional organizational structure, 2) divisional organizational structure, 3) matrix organizational structure, 4) process organizational structure and 5) network organizational structure.

2.2. Selection of organizational structure forms

Every mentioned form has its own set of advantages and disadvantages, but selection and implementation of organizational structure depends on environment, strategy, technology and size of the organization. The company is differentiated in the respective parts, since environmental elements operate differently in different sub-systems of the company, so it is necessary to differentiate between organizational units that will be in the execution of their duties to manage the corresponding environmental element.

On the basis of their own research, Lawrence and Lorsch concluded⁵ that effective companies are less differentiated but highly integrated in stable environment, while in the unstable environment, the companies are more differentiated and integrated. However, if the environment is stable, the conflicts are efficiently solved by centralization, while in the unstable environment, conflicts are left to be solved by experts. In conditions of highly unstable environment, the company has a developed mechanism of integration; at the intermediate level of unstable environment integrator functions are entrusted to individuals or teams; at stable environment, businesses do not develop special mechanisms for integration. The degree of formalization of businesses varies according to the type of environment. In stable and secure environment, highly effective companies are highly formalized; in unstable environment, effective companies have less rules and are lowly formalized, which increases the ability for rapid adaptation.

2.3. Improving the organization

The organization of the company is changing variable that is necessary to be improved constantly in order for the company to remain competitive and efficient on the market, and in order for it to be in accordance with the given circumstances. There are three approaches for improving the organization⁶: a) continuous improvement, b) periodical improvement, i.e. benching c) dramatic selective improvement or business processes redesign (BPR). The choice of approach depends on many factors

_

⁴ According to Buble, M.:Management, University of Economics, Split 2000.,pg. 257.

⁵ Buble, M.:. quoted from pg 313.

⁶ Buble, M.: quoted from pg 331.

in any particular case, but the most important are: degree of urgency of solving organizational problems, volume of organizational problems and the significance of its solution, cost solution, management attitude about the problem and its solution, existing resources for improving organizational system.

3. HUMAN RESOURCE MANAGEMENT

Human resources management is one of the most important business functions within the company, which is the main lever for building high-quality organizational structure. This business function is exhibited in the influence of numerous factors of external and internal environment. Internal factors that influence the content and the way of human resources management in companies are⁷: management, organization size, business strategy, type of business, technological equipment, the life cycle of organizations, organizational culture, etc. Internal factors are of special importance because they can influence management of companies to optimize and improve their organizational structure and business effectiveness. This paper is focused on internal factors of the company that should be improved and optimized in order to develop a multifunctionality of employees.

3.1. Analysis and design of jobs and vacancies

Organizational needs for human resources represent constant and unquenchable dependence of the system for new qualities that are developed within the company or recruited from outside the organization. To realize the level of need for human resources, it is necessary to conduct certain preparations based on which a plan for development of human resources for a certain company could be made. These include detailed preliminary analysis in three phases: ⁸ organization analysis, job analysis and analysis of an individual or of business executive. One of the phases of analysis and design of jobs and vacancies refers to motivational strategies. Precisely because of the complexity of personalities and characters, there is no unique strategy of motivation which is applicable in every situation. Motivation strategies are divided into material (financial) and non-material (non-financial) motivation strategies.

4. ISSUES OF SEASONAL FLUCTUATIONS IN BUSINESS ENTERPRISES

4.1. Seasonal fluctuations in Croatian economy

On the annual level, Croatian economy shows regular seasonal fluctuations in which from April to the end of August unemployment is decreasing and then it is rising again. However, when the demand for work force is observed, it is visible that there are significant differences between counties that are not weatherly attractive in high season.

It is noticed that level and period of seasonality is not characteristic only for a specific geographic area, but also for specific time periods within a calendar year that are conditioned by specific working needs.

4.2. The study of scope and importance of seasonal fluctuations in business of the companies in Dalmatia

Companies operating in the four Dalmatian counties are significantly characterized by a seasonal way of doing business, which means increase in the volume of production during the summer months. Seasonality is especially visible in food and drink industry. It is partly due to market reasons (increasing number of consumers during the tourist season), and partly due to technological reasons (availability of raw materials in one part of the year).

⁸ Bahtijarević-Šiber, F.: quoted from pg. 728.

_

⁷ Bahtijarević-Šiber, F.: quoted from pg 100.

However, when seasonality of business is discussed, we should be careful because the concept of seasonality is not limited to only a certain period of time, but it can refer to a whole set of different time periods that the term may imply. The problem should be viewed from two different points of view. They are the reorganization of the work in high season when there is a need to increase the number of employees and organization of the work in low season when it comes to a significant reduction in production volume.

5. RESEARCH INSTRUMENT

The research of scope and importance of seasonal fluctuations in business of the companies was carried out by the questionnaire method. Relevant employees employed in food and drink industry in four Dalmatian counties were questioned. The questionnaire resulted with information on the level of problems that seasonal fluctuations in production cause in human resource management, in work organization and in control of labor costs in the high and low season as well.

Table 1 The level of seasonality and the reasons for increasing production volume in part of the year

The level of sesonality and reasons for increasing production volume									
resons mentioned by the questiones companies									
	large	medium	small	number	%				
	companies	sized	companies	companies	companies				
		companies							
season									
(3 months)	2	18	2	22	68,75				
prolonged season									
(6 months)	1	8	0	9	28,13				
no oscilations									
in the season	1	0	0	1	3,13				
market reasons for	_		_						
creasing production volun	3	20	2	25	78,13				
technological reasons for	_	_		_					
creasing production volun	1	6	0	7	21,88				

Source: the research results

Table 2 The means of dealing with the increased workload in the part of the year

The me	eans of dealin	g with the inc	reased worklo	ad and percer	ntage				
rate between seasonal and permanently employed workers									
	large	medium	medium	small	number	%			
	companies	sized	sized	companies	companies	ate considerir			
		companies	companies			total number			
(moe than 150 work (up to 150 workers)									
1. employing seasonal	4	6	20	2	32	100			
workers									
2. rescheduling	0	0	15	2	17	53,13			
working hours									
3. assigning workers within	0	0	5	2	7	21,88			
the company to different p	osts								
4. employing students	4	6	20	2	32	100			
5. without seasonal	0	0	0	0	0	0			
workers									

Source: the research results

The percentage rate between seasonal and permanently employed workers differs from company to company, and depends on the industry the company is engaged in. As with ways of dealing with the increased workload, and the number of seasonal employees, the specificity of the industry and the organization of the company are taken into account. Meeting the increased demand for workforce is done by employing seasonal workers and using other methods such as overtime, and the assigning of workers to different posts within the company.

6. GENERAL MODEL FOR IMPLEMENTING THE CONCEPT OF MULTIFUNCTIONLITY OF WORKERS IN COMPANIES WITH SEASONAL FLUCTUATIONS IN BUSINESS

On the basis of presented model of the development of multifunctionality of employees, we will try to develop a general model of multifunctionality that will be the universal model to be applicable in all industries facing the problem of underemployment in a certain period of the calendar year. General model for multifunctionality of employees is developed through three universal stages: 1) defining the average production 2) analysis of production processes and 3) human resource development.

Defining the average production processes

Analysis of production resource developmen

General model for multifunctionality of employees

Source: the research results

7. CONCLUSION

In the modern business operations the issue of capacity utilization is the issue of the success of the companies. Seasonal fluctuations in the business along with the problems of capacity utilization lower the operating efficiency of companies exposed to such a way of doing business. By using modern theories of business organization and human resources management, it has been attempted to create the model applicable to human resource management that would improve the effectiveness and efficiency of business of the companies which have marked notifying seasonal fluctuations in business. In this paper, based on the processing and analysis of questionnaire research of the companies in food and drink industry in Dalmatia, it was noted that small companies as well as middle-sized ones with lower number of employees have an advantage in the organization of work during and low season. They are more flexible, react faster to changing internal and external environment, and in case of sudden and unforeseen changes are easily adapted. They have already developed some level of multifunctionality of employees which is the result of the necessity of work organization because of low human resources available to them. Model of multifunctionality used by these companies is not developed in all dimensions required by one model, but it is an improvisation of this idea. Generally, employees are assigned to simpler, less demanding jobs. There is no a system designed training, education, motivation or control of the amount of stress that would be in the service of development of multifunctionality, it is done inertly by to solving problems if and when they occur. For this level of multifunctionality of employees a more refined and elaborate system of development is not needed. Large and medium-sized companies with a larger number of employees do not use the multifunctionality of employees in any convenient form. Seasonality problems are solved by employing seasonal workforce during the year when increased production output and sales occur. In human resource management they rely solely on the seasonal workforce which increases the total cost of labor, especially in low season. Companies of this size tend to react more slowly to changes in the companies' environment and their dependence on seasonal workforce increases the rigidity of their production system.

LITERATURE

- 1. Armstrong, M. Kompletna menadžerska znanja. 2. izd. Zagreb : M.E.P. consult, 2003.
- 2. Bahtijarević-Šiber, F. Management ljudskih potencijala. Zagreb: Golden marketing, 1999.
- 3. Bobek, Hauc, Semolič, Treven: Strateški management i projekti, Informator, Zagreb, 1991.
- 4. Bogdanović, M. Organizacijska klima i kultura u funkciji modeliranja ljudskih potencijala : magistarski rad. Rijeka : M. Bogdanović, 2002.
- 5. Brekić, J. Razvoj i promocija kadrova. Zagreb : Globus ; Ekonomski institut, 1990.
- 6. Brekić, J. Razvoj i promocija kadrova. Zagreb: Globus; Ekonomski institut, 1990.
- 7. Buble, M.: Management, Ekonomski fakultet Split, Split, 1993
- 8. Buble, M.: Metodika organizacijskog projektiranja, Ekonomski fakultet Split, 1995.
- 9. Buble, M.: Projektiranje organizacije, Informator, Zagreb, 1982
- 10. Collin, S.: Kako radi multimedia, Znak, Zagreb, 1995.
- 11. Drucker, P.F.: Managing in Turbulent Times, Harper & Row, New York, 1980
- 12. Gašparović, V.; Uvod u ekonomiku i organizaciju proizvodnje, Informator, Zagreb, 1987.
- 13. Hammer, M., Champy, J., Reengineering the Corporation: A Manifesto for Business Revolution, London, Nicholas Brealey, 1997. Rpvo izdanje izišlo 1993.