



EMPLOYEES WELL-BEING BASED ON INTEGRATIVE AND INNOVATIVE MODEL OF HRM

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Abstract

Economy, both as the daily practice and the theory, is too often considered as something of its own rather than as a tool serving human happiness and well-being. Humans are not only economic beings – producers, exchangers, and consumers – but multilayered. Thus, it has to develop a modern model of human resources management, by which the gap between various educated personnel and the offer on the labour market shall exceed, and to ensure the top professionals. Changing values, higher education and experiences, as well as increasing needs and requirements of new consumers, require educated, communicative and innovative labour force capable of making value for the consumers. Thus, the activity of development and qualification of human resources aiming the improvement of individual's efficiency becomes of key importance. For the layout of the model of HR-management the attention should be paid to other important aspects as well.

Keywords: Management, Human Resources Management, new model of HR-management, Well-Being, SWB

JEL classification: O15, A13, I31, M12

1. INTRODUCTION

The research of positive aspect of human life has not been accomplished in psychology until recent times (Musek and Avsec, 2002, 3). In the last 10 years positive psychology has flourished. The positive psychology, which develops well-being, is the study of how human

beings prosper in the face of adversity (Froh, 2004). It is nothing more than the scientific study of ordinary human strengths and virtues (Sheldon and King, 2001, 216). Positive psychology is concerned with facilitating good lives and enabling people to be at their best (Liney et al., 2009, 35).

In order to be able to present reasons why a new human resources management model is necessary, we first define Well-Being and outline its significance. Then we will present human resources in the light of the evolution of business systems, because this will be by the review different models of the human resources management the basic starting point to design our own model of management and human resources. We will end the contribution with final thoughts.

2. WELL-BEING

2.1. *The definition of well-being and its significance*

“Well-being is more than the absence of illness or pathology; it has subjective (self-assessed) and objective (ascribed) dimensions; it can be measured at the level of individuals or society; it accounts for elements of life satisfaction that cannot be defined, explained or primarily influenced by economic growth.” (SDRN, 2005, 2).

Two broad psychological traditions have historically been employed to explore well-being; hedonic and eudaimonic tradition (Springer and Hauser, 2006, 1083). In hedonic tradition psychologists have concentrated on the assessment of “subjective well-being”, which consists of three elements: (i) life satisfaction; (ii) the presence of positive mood; and (iii) the absence of negative mood. All this together is summarized as happiness (Ryan and Deci, 2001, 144).

On the other hand, the eudaimonic perspective assesses how well people live in relation to their true selves (Waterman, 1993; summarized after Springer and Hauser, 2006, 1083). Ryan and Deci (2001, 146) mention that the eudemonic theorists argue that well-being and happiness are distinct, for not all sources of pleasure foster well-being. They presented the self-determination theory, which posits that there are three basic psychological needs – autonomy, competence, and relatedness – and theorizes that fulfilment of these needs is essential for psychological growth and well-being (Ryan and Deci, 2001, 146).

Diener and Seligman (2004) define SWB or welfare as the evaluation of an individual's life taking into account his or her positive emotions, work, life satisfaction and meaning. For Musek and Avsec (2002, 10) SWB is the main notion, which combines a series of evaluations, which refer to the individual's life, cognitive and emotional, general and more specific. SWB is a measure of a person's WB that incorporates all life events, aspirations, achievements, failures, emotions and relations of human beings, as well as their neighboring cultural and moral environment (Rojas, 2004, 2).

Diener (1984, 543-544) mentions the following three hallmarks of SWB:

- It is subjective – it resides within the experience of the individual.
- It includes positive measures – it is not just the absence of negative factors, as it is true of most measures of mental health.
- SWB measures typically include a global assessment of all aspects of a person's life.

1.2. Implications of Subjective Well-being

Many studies indicated significant life benefits for people with high SWB. According to Diener and Seligman (2004, 1) the individual's income, when increasing, is becoming less relevant for the growth of WB; on the other hand interpersonal relations and satisfaction at work are becoming more and more relevant. Non-economic indicators of social WB are found important by these authors, such as social capital, democratic management and human rights, having effect on the satisfaction and profitability at the workplace. Diener and Seligman (2004, 1) claim that the expected (economic) results are most often the effect of WB than vice versa. They also discovered that people who are at the top of the well-being scale have more income and are more successful at work as those in the lower region of such a scale. Satisfied employees are better co-workers and therefore help their colleagues in various ways. Furthermore, people with a higher level of WB have better social relations. Such people are more likely to get married, stay married and have a successful marriage. And finally, WB is also connected with health and longer living, but the connections between them are far from being completely understood. Therefore a high level of WB is not precious only in the context of WB, but it can also be economically useful. These facts show that monitoring of WB at the organization and state levels is necessary for WB to become a central topic for the creation of the policy of management, and that accurate measuring of WB forms a basis of such a policy (Diener and Seligman, 2004, 1). Authors suggest that for the purpose of measuring of WB positive and negative emotions, commitment, purpose and meaning, optimism and trust as well as a wide concept of a full life be used as variables. At the same time they point out that for the measuring of WB researches are important, which refer to social conditions, income, physical health, and mental disorders. James (2007) warns about the border between WB and the end of motivation because of the affluence combined with complacency: the border is not objective, but subjective.

It could be added that on this basis one should monitor the SWB, which supports people's creative work and cooperation, which can then lead to an increased objective and personal WB. Hornung (2006; summarized after Prosenak and Mulej, 2007, 6) provides an interesting common denominator: happiness counts as people's constant goal and also as a comprehensive synergetic indicator of comprehensive WB, good performance, physical, psychological and social health of a person. Hornung (2006, 334–337; summarized after Prosenak, Mulej and Snoj, 2008, 6) states that for the good WB the following needs should be met: material needs, informational and, at the level of individuals, psychological needs, security needs, needs for freedom and action, needs for adaptability, needs for efficiency, and needs for responsibility.

As the SWB is important for several reasons, the interventions to increase SWB are important as well. They are important not only because it feels good to volunteer more, have more positive work behavior, and exhibit other desirable characteristics (Diener et al., 2002, 69). Few direct intervention efforts have been implemented. This is a reason for programs (Fordyce, 1977, 1983) or examples (Pavot and Diener, 2004, 129-130) designed to boost people's happiness.

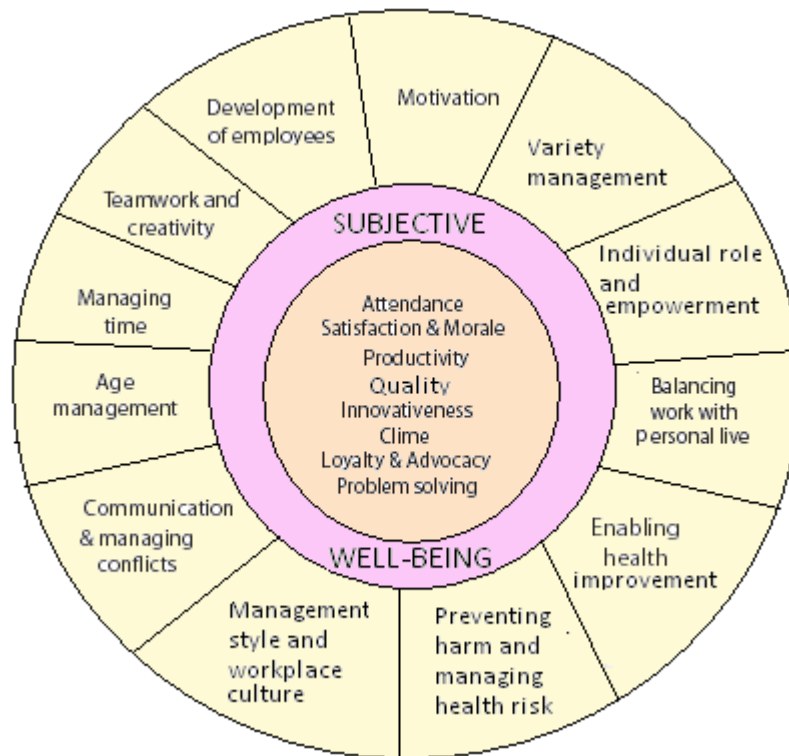


Figure no. 1 Strategy to rise SWB of employees and implications of WB in organizations

The individuals can increase their own WB by the imitation of the happy people features, e.g. the features such as: pleasant appearance, coping with the meaningful things, devoting more time for social engagement (sociability), developing positive attitudes toward life, striving for healthy personality. The various techniques could also positive contribute to the WB, e.g. techniques for physical balance, spiritual maturity, social integration as well the economic stability.

Due to the reason that individuals are frequently in the roles of co-workers, their well-being at work is also important. So the organizations as well as the employers can significantly contribute to the enhancement of WB of the co-workers. We are pointing to the: (i) motivation, (ii) variety management, (iii) individual role and its empowerment, (iv) balancing work and personal lives, (v) enabling health improvement, (vi) preventing harm and managing health risk, (vii) management style and workplace culture, (viii) communication and managing conflicts, (ix) age management, (x) managing time, (xi) teamwork and creativity, (xii) development of employees.

3. EVOLUTION AND HUMAN RESOURCES

To facilitate understanding of the impact and importance of individual on organization efficiency, we will as the human resources discussion starting-point use the evolution prism of business system models. Kovač (2006, 114) believes that companies that are deeply root-

ed in the industrial era, as a rule want to achieve greater success by imitation and transplantation better solutions, which in other contexts have proved to be successful. This is so much easier in a rapidly changing and evolving business world. He draws attention to imitate others and transplanting the same solutions in the new environment can not be a competitive advantage but this is just an input condition, while the organizations should create its own distinctive competitive based on their own unique resources, unique strengths and potential. The method of implementation and its success depends also on the evolutionary stage of development of the organization.

Beside other aspects determining the development directions of business systems the difference between successful and unsuccessful organizations is made also by the uniqueness and diversity of the network of collaborating individuals and their development, release of their creativity, potentials, imagination. That means that the aspect of human resource management plays a decisive role at creating the mentioned differentiation and becomes increasingly important. Hence it is also important that the principles of industrial age slowly disappear, as the society is passing on into holistic economy, within which the model shall be based upon following the rules of natural law, basic values and virtues of world ethos that all the religions have in common, as well as the respect of equality between individuals (Kovač, 2006, 114).

Thereby the development of human resources in general is changing. Accordingly, the treatment of people involved within single manifestation of business system is changing in view of creation of the added value and advancing from hard work, through knowledge and creativeness to intuitiveness (transcendence). Kovač (2006, 115-122) from the aspect of HR development defines nine sources for creating winning factors:

- *psychological contract,*

The psychological contract is a set of mutual, mostly hidden expectations that both employee and employer have one to another. Individuals who create in the learning environment, are faced with "calculative"¹ psychological contract, meanwhile the nature of the psychological contract in thinking environment changes and becomes a "participatory"². Informed environment is characterized by "identificatory" psychological contract, which provides aspirations tuning and identification of the individual with the needs and goals of the company, thereby creating a motivational formula. The point becomes "to be", "to have" is understood as the result of "to be".

- *cause of education,*

Individual skills are also important in the work environment. Individuals are gaining skills so that they can carry out the work, and therefore on this basis shall receive additional or other work, and a better competitive position. If individuals create in the learning environment, the reason for their education lies in gaining different skills. However, since the environment is changing, the individual needs different skills, so that he can work at all. The transition in thinking environment is largely dependent on the competence system, which expands on individual skills and becomes one of the basic building blocks of relations between and to employees. This means that in the thinking environment individual learns to think, in the informed environment the assertion "I learn, that I am" is valid, the individual is aware of the element of social coexistence, is aware of the transcendence. Hence it follows that such learning follows the idea of liberty of the mind and soul relaxation, self-actualization.

▸ *proceeding method,*

Once earth represented the basic power, while man only represented a form of instrument which was with cultivation of land enriching individuals assets, with a new evolutionary phase is coming to the awareness of individual potential. Organizations recognize the potentials in different ways, but a lack of comprehensive models is noticeable. This gap fills E³HRM³ among other things also with the disclosure of personal profile, through the restoration of awareness of cognitive, conative and behavioral profile personality. In a thinking environment understanding of the involved (as resources) and proceeding man as an investment becomes a winning factor. Once this will become an entry condition, the organizations which will be able to master the informed environment, will begin to be fully aware of the individuals unique value. The foundation of acting is going to be the value of global ethos, which is common to all religions and which will become the ethical basis of action. Dominant and of itself will be comprehensible to work towards "don't do unto others what you don't want others do unto you"; and this will be internalized by individuals. Hence, it follows that the treatment method in particular forms of business systems is so moving out of obedience, which eventually don't lead to a competitive distinctiveness, through awareness of one own's talents and potentials of an individual and his values, to the uniqueness of a network of individuals, their energies, co-existence, membership and awareness of the social integration.

▸ *activity focus,*

The activity center in the business or working environment is finding an answer to the question "WHAT" - what to do. In this way the working is focused on the product/service and machines. According to this stage - "scientific management" - becomes the winning factor in rescuing quality or regulatory processes and systems to find the answer to the question "HOW", which accompanies the traverse to the learning environment or so-called "new economy" or "human management". By developing a database of expert answers to the question "HOW" becoming only the entry conditions, organizations are starting to look for new winning factors. Creative economy or thinking environment direct the activity focus to finding an answer to the question "WHY" and "WHY NOT". This is a "self-administrative management" in which organizations and individuals begin to look for meaning.

▸ *responsibility/competence,*

The beginning of the evolutionary phase development of business systems in a strictly hierarchical working environment characterize concentrated competences and responsibilities in one person or a few individuals. Increasing complexity changes the functional organization of the learning environment in the process organization, this means that the responsibilities and competences are delegated to several employees, a number of leaders, and ideas of several leaders are implemented. The problem of a harmonized matrix of responsibilities and competences in the thinking environment leads into growth of employees' competence and confidence in them, which is then reflected in the generation of common ideas and delegating responsibility to even more individuals. This still is delegated responsibility, which the leaders give to the employees' power to implement their ideas with. Informed environment brings expansion: responsibility of every individual to realize his ideas dominates so-called empowerment. Empowerment is a process in which participants give and take the necessary autonomy to achieve both goals of the organizations as well as the individual personal goals. This means that the conscious individual acting according to their own conscience, ready and willing to also take the necessary autonomy, that the environment is ready to provide.

- *the role of HRM expert,*

The role of the expert and the HRM department is changing through the transition through individual appearances of evolutionary phases of business systems. As the individual as an employee becomes increasingly important, HRM experts gain new knowledge and modern approaches, which also raises the necessity for their influence on the performance of organizations. In the working environment the HRM experts have supporting role, which is reflected in administrate, record keeping, preparing reports and various documents relating to individuals, assistance in hiring resources. The sophisticated working environments HRM expert attention is also focused on how much employees cost. With the shift in the learning environment the role of HRM expert acquires new dimensions of industrial management challenges from (i) understanding the problems of work and productivity, (ii) to advice in dealing with human capabilities and potentials, (iii) organizing and executing trainings for managing people as well as other education. The transition of the organization in the thinking environment gives HRM experts strategic integration role; participating in the creation of business plans, they are members of administration, they integrate the aspect of human resource and business strategy development. Informed environment changes the role of HRM expert to an consultant to assist in personal growth, which helps train and develop basic human values, based on natural law. This means that the HRM expert is recognized as a co-builder of community conscious individuals, who are connecting to each other as it is necessary and are in the context of "I am" also aware of the "social self".

- *organizational culture,*

The rate of development of evolutionary stages or appearances of business systems defines the organizational culture in a particular stage. In the early appearances of business systems the decision-making power is concentrated in one or a few individuals, in the working environment is the culture of power, control prevailing. This appearance defines also a predominant method of integration of individuals through the employment relationship, which have the characteristics of the wage relationship. After there is no longer a winning factor, it becomes an entry condition, which is resulting in the establishment of basic systems and processes in all areas of activity. Involvement of the individual becomes less strong, various forms of outsourcing appear. A so-called human management establishes, which is based on relationships. Therefore, the dominant organizational culture in the evolutionary stage of a learning environment is called the culture of stabilizing. When an organization or business system overgrows also those frameworks, innovation on the basis of cooperation of several employees becomes a key source of the winning factors. The business environment is characterized by flexible forms of cooperation, shared decision-making power, increasing awareness of the contribution of each individual, the development of participatory models and the integration culture. Which results in an informed environment, dominated by self-management culture based on dynamic networks⁴. The organizational structure is invisible and dynamic network links operating informed individuals who are aware of its uniqueness and its justifying their contribution, while their social awareness (social self) is source of activity. This means that cooperation and competition merge, systems are self-organizing, while the decision-making power is fully distributed.

- *reason for personality development and*

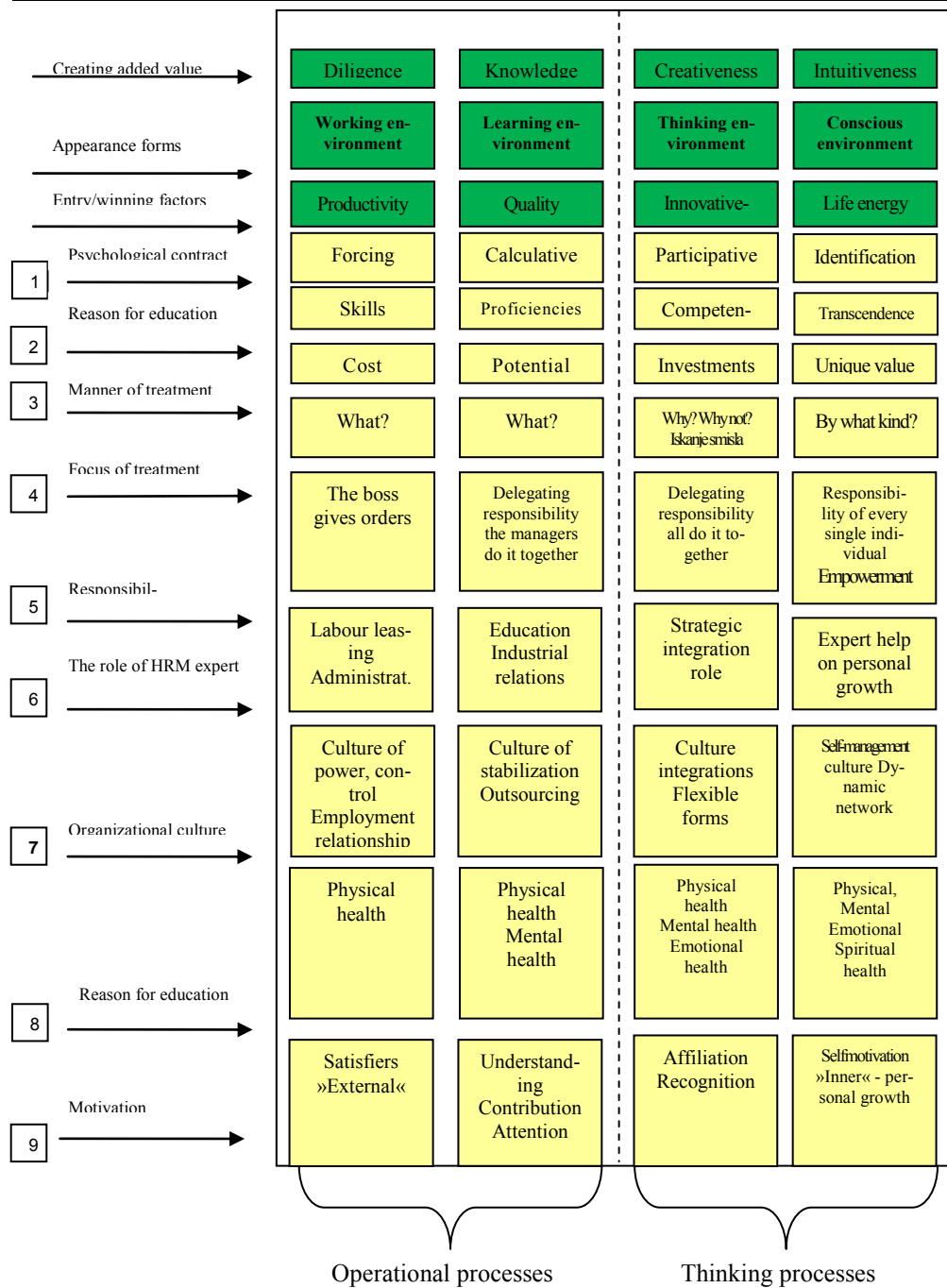
Individuals who seek a reason for their personal development, characterize organizations. In the working environment physical health is for an individual of paramount importance, enabling him to fight for basic existence. By increasing the development level of production inputs, the development of systems and awareness of the importance of

knowledge in a learning environment, individuals from viewpoint of their own professional careers begins increasingly interested in addition to the basic needs also of the intellectual dimension. The reason for the individual's personal development is mental health. In the thinking environment emotional literacy is gaining on importance. Empathy and concern for the balance prevail in one's life and determine its development. This is upgraded in the environment of self-dominance or transcendence in spiritual health. An individual is looking for a reason for his own personality development in spirituality.

• *motivation.*

Evolution of business systems also require changes in key motivators and is therefore not surprising that the transition to a learning environment satisfaction is no longer sufficient, because the individual wants to understand and to hold information on all events. Individuals want to live up their need to contribute, and also want attention. This means that the aforementioned needs are motivators. The leaders task is to give employees the opportunity to contribute, and that in the final decision and implementation is also "some of their". The thinking environment is marked by two motivators; those are appurtenance and recognition. Fulfilled motivational needs lead to self- motivation, intrinsic motivation, where the basic motivational need is personal growth, while other needs are already satisfied. The distinctive factor will be aware, socially conscious, spiritually fulfilled individuals who will their behavior automatically mount into the values of world's ethos and be aware of the uniqueness of each individual and their talents. This guarantees them the inner strength or self- motivation.

When they are mastered by the majority, the individual winning factors become an entry condition within the evolution phases of business systems. By that time the successful differentiation can be created solely by mastering the new winning factors. Thus, the winning factors become the entry conditions, the new winning factors arise, which again become the entry conditions. Prior to introduce the individual winning factors we are presenting the influence of them in the Figure no. 2.



Source: [Kovač, 2006, 116]

Figure no. 2 Model of business system evolution from the view of HR development⁵

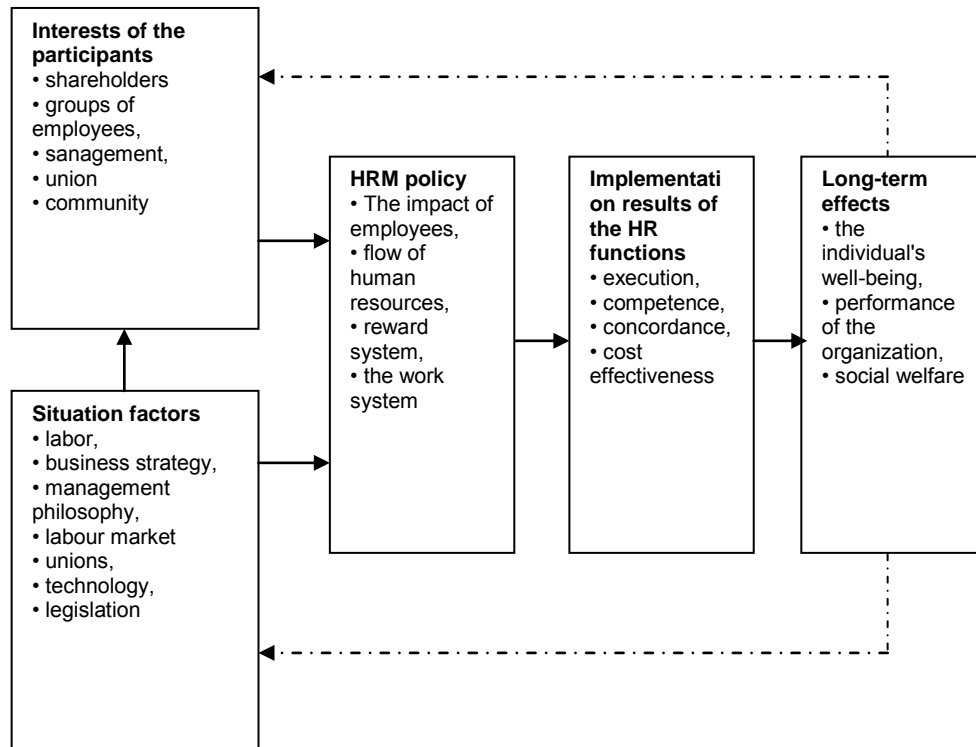
4. CURRENT HUMAN RESOURCE MANAGEMENT MODELS

The presented evolution of business systems extend the current human resource management models, which represent together with the presented starting-points the basis for a new model of human resource management. The new model is a combination of: (i) The Harvard model of human resource management, (ii) human resource management model based on business, the European model of human resources, linear models of HRM and the model of HRM, developed by Anthony, Perrewe and Kacmar. For a better understanding of the modern model of human resource management, below we present the models, which it is based on.

4.1. Harvard Model of HRM

Harvard model is the most typical representative of soft models of human resource management (HRM), dealing with man as a social being. It covers HRM relationship with the external environment and internal organization factors. It displays a link of groups that are associated with the organization in an unbiased way (shareholders, management, groups of employees, government, community, trade unions), and situational factors related to HRM policies (labor, business strategy, management philosophy, labor market forces, trade unions, working technology, legislation), which affect the result of the implementation of human resources functions. Likewise, these results, through the aspect of long-term impact in the form of feedback, have an effect on both parameters. Long-term impact of the results of implementing the functions of human resources is reflected in the welfare of employees, performance of the organization and social well-being of people.

Harvard model, shown on Figure no. 3, does not consider shareholders' interests and business efficiency of organization as a priority. Organizational performance is presented as a long-term impact of the results of the implementation of human resources functions, together with personal and social well-being of people. Therefore, organizations that follow the model of HRM, are actively involving employees in strategic decision-making processes and give them a high level of participation at all levels.

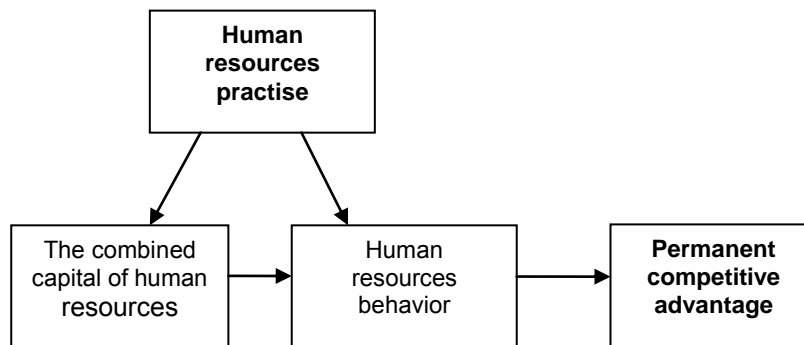


Source: [Beer et al, 1984]

Figure no. 3 Harvard Model of HRM

4.2. Model Management and Human Resources Based on Business

Consideration of business on its core resources has stimulated Boxallo (1996) to create a model for the development of strategic management of human resources, which is also based on company's resources. The model focuses on the relationship between internal resources, strategies and performance of the enterprise. The essence of design is to advocate for sustainable competitive advantage through human resource development as the Company's capital to achieve strategic objectives, but they must be unique and therefore difficult to imitate for the competition. Beside behavior, model is also emphasizing skills, knowledge and human resources capabilities. Figure no. 4 shows that for a sustained competitive advantage, in accordance with the model, a combined capital and human resources knowledge are also necessary, since latter derives from management practices in human resources management.



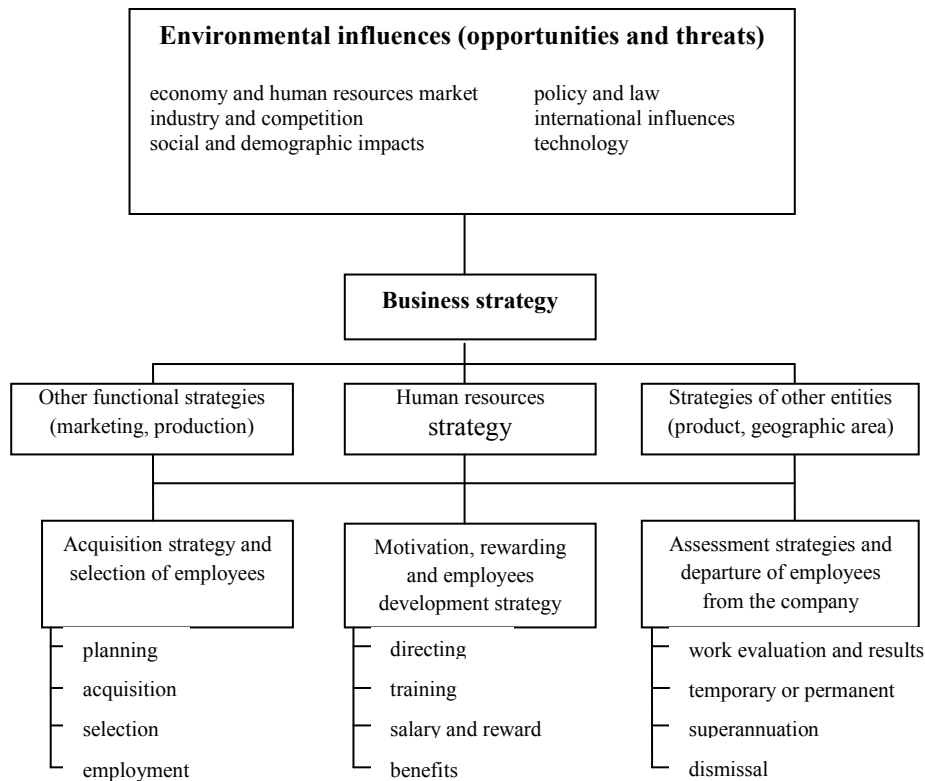
Source: [Boxall, 1996]

Figure no. 4 Model Management and Human Resources Based on Business

4.3 The Model of Human Resources Management (Anthony, Perrewew, Kacmar)

According to this model of opportunities and threats that a company perceived in the environment, affect the determination of its global strategy, and the latter one determines the orientation of individual functional strategies. In other words, this means that the top management at first makes a choice concerning the business strategy as a whole and then determines the functional strategy, which seeks to implement initially chosen global strategy. But individual functional strategy also affects the global business strategy. Before making a choice on the strategy, top management must consider the existing functional strategies. It should also take into account the strategy of human resources and skills of employees in the company, because this is the only way to assess how effectively executed a global strategy would be.

Integration of the company's strategy with the strategy of human resources is shown in Figure no. 5. From the figure we can see a series of functional strategies are necessary to contribute to the achievement of a holistic human resources strategy. These are mainly strategies that are developed for: (1) the acquisition and selection of employees, (2) motivating, training and rewarding, and (3) evaluation of work and departure of employees from the company. With a strategy of human resources, managers are trying to achieve efficient use of all employees skills to achieve both, as well as annual objectives of the company, so the expectations and development of employees in the company.

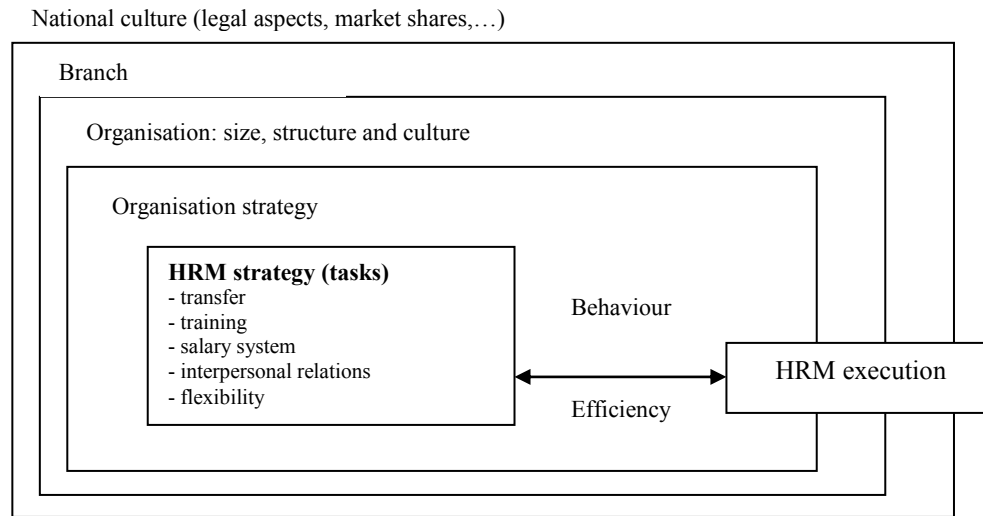


Source: [Anthony et al, 1993]

Figure no. 5 The Model of Human Resources Management

4.4. The European Model of Human Resource Management

The European model was developed by Bourniois and Brewster (1991), which studied the impact of environment on the functioning of HRM. Organization and HRM are not only related to the environment, but they are also a part of it. Model defines the creation of human resources policy based on various influences from the environment (national culture, industry, etc.). For this model, as it's shown in the Figure no. 6, it is characteristic to successfully combine three elements: government, trade unions and employees. It is particularly interesting in the perspective of the strong role of trade unions in creating the human resources policy, which is different from the U.S.. The model allows the impact of national culture on human resource policy and reflects the fact that European countries have much more developed social aspect of employment, comparing to U.S..

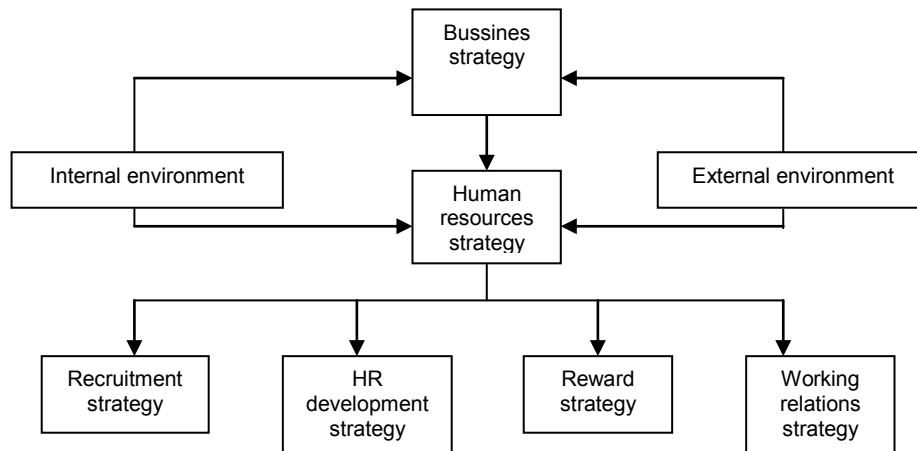


Source: [Brewster in Bourniois, 1991]

Figure no. 6 The European HRM Model

4.5. The Linear Model of Human Resource Management

The linear model of HRM is based on the assumption that pursuing a strategy is a rational and linear process. CV strategy is resulting from the business strategy and brings together specific strategies in key areas of CV. The process takes place under the influence of external and internal organization environment, which defines financial, organizational issues and CV issues that need to be considered. The linear model of HRM, presented in the Figure no. 7, can not be used in strict sequence of defined steps in practical circumstances. Research has shown that it is not possible to first establish clear business strategy, under which a series of interactive supporting activities in the CV would then be defined.



Source: [Armstrong, 2006]

Figure no. 7 The Linear Model of HRM

4.6. The New Model of Human Resource Management

Our guideline on developing the model was: people are the critical dimension for successful implementation of a service, thus the successful organizations are marked by excellent application of knowledge about the way how to recruit the optimal employees, how to manage them, how to train them, educate and develop them, how to evaluate and reward their work, and how to ensure their vocational and personal development by means of the permanent learning process (Fáilte Ireland, 2005, 8; summarized after Baum, 2007, 1383). So the key themes of contemporary human resource management, which are also included in the proposed modern model of human resource management, are the following (Page in Connell, 2006, 230):

- › creating of reputation of the work,
- › education and training of the employees,
- › considering the influence of globalization,
- › employing and preserving the number of employees considering their fluctuation,
- › flexible employment forms,
- › providing the necessary skills,
- › creating adequate wages politics along with remuneration and facilities,
- › gaining a balance between work and non-work,
- › consideration of legislation and government measures,
- › ensuring competitiveness.

As a starting point we have also considered the necessity of a permanent and socially responsible HR management, which is being referred to by Baum (2006).

The proposed model of HR management comprises the future challenges of the human resources management, which are mentioned by D'Annunzio-Green and co-authors (2004, 10). In continuation we quote by relevance some challenges:

- › ensuring affiliation, loyalty of the employees in organizations,

- › education and training of the employees
- › quality of services
- › recruiting and selection of employees,
- › team building,
- › management development,
- › professionalization of managers,
- › business and finance awareness of employees,
- › career planning,
- › flexibility of labour force,
- › personal efficiency of managers,
- › manner of appearance, and so on.

The principal aim of HR management is linking all functions of human resources into an integrated form to reach strategic goals of organizations. The reason for implementation of the suggested model that is introduced in the Figure no. 2, are the following factors: (i) restructuring of the market, (ii) decentralization, internationalization, mergers and acquisitions of the companies, (iii) endeavours for better quality of products and services, (iv) technological and other changes, etc.

According to this model the attributes of individual and organization, as well as the environmental influences⁶, determine the layout of global strategy, which determines the orientation of single functional strategies, among the other also the strategy of human resources. The point is that the top management first selects the strategy of the company as a whole and then the functional strategies, by which it strives to carry out the primary chosen global strategy. Every single functional strategy affects the global strategy as well. Before taking a decision about the choice of the strategy the top management has to consider the existent functional strategies. Among the other it should take into consideration also the strategy of human resources and accomplishments of the employees, as this is the only way to estimate, how successful the chosen global strategy will be carried out.

The integration of the company strategy with the strategy of human resources is demonstrated in the Figure no. 7. From the figure it is evident that several functional strategies are required, which contribute to the realization of the holistic strategy of human resources. These are particularly the strategies made for: (i) recruiting and selection of employees, (ii) motivation and remuneration, (iii), appraisal of work performance and turnover of employees, (iv) restoring and ensuring wellbeing, (v), (vi) development, training and management of diversity, stimulating of teamwork and creativeness as well as (vii) securing psychical health and stress reduction. Following to the suggestion made by Nickson (2006), at determining the number of strategies we have born in mind that it is of crucial importance in the organizations to reach hospitableness and ensure top innovative services that have to be performed in adequate organizational culture.

The result of the mentioned functional strategies is the behaviour of human resources in organizations that creates numerous advantages in the field of human resources such as higher motivation, better health of employees, better relations and communication, more successful (team) work, higher assessment to the organization, enrichment of knowledge and experiences, better quality of work performance, and others. These advantages have a long-term effect reflecting in higher efficiency of organizations, subjective and objective welfare of each individual and in social welfare. Following we are introducing in greater detail the single above mentioned strategies in the field of human resources.

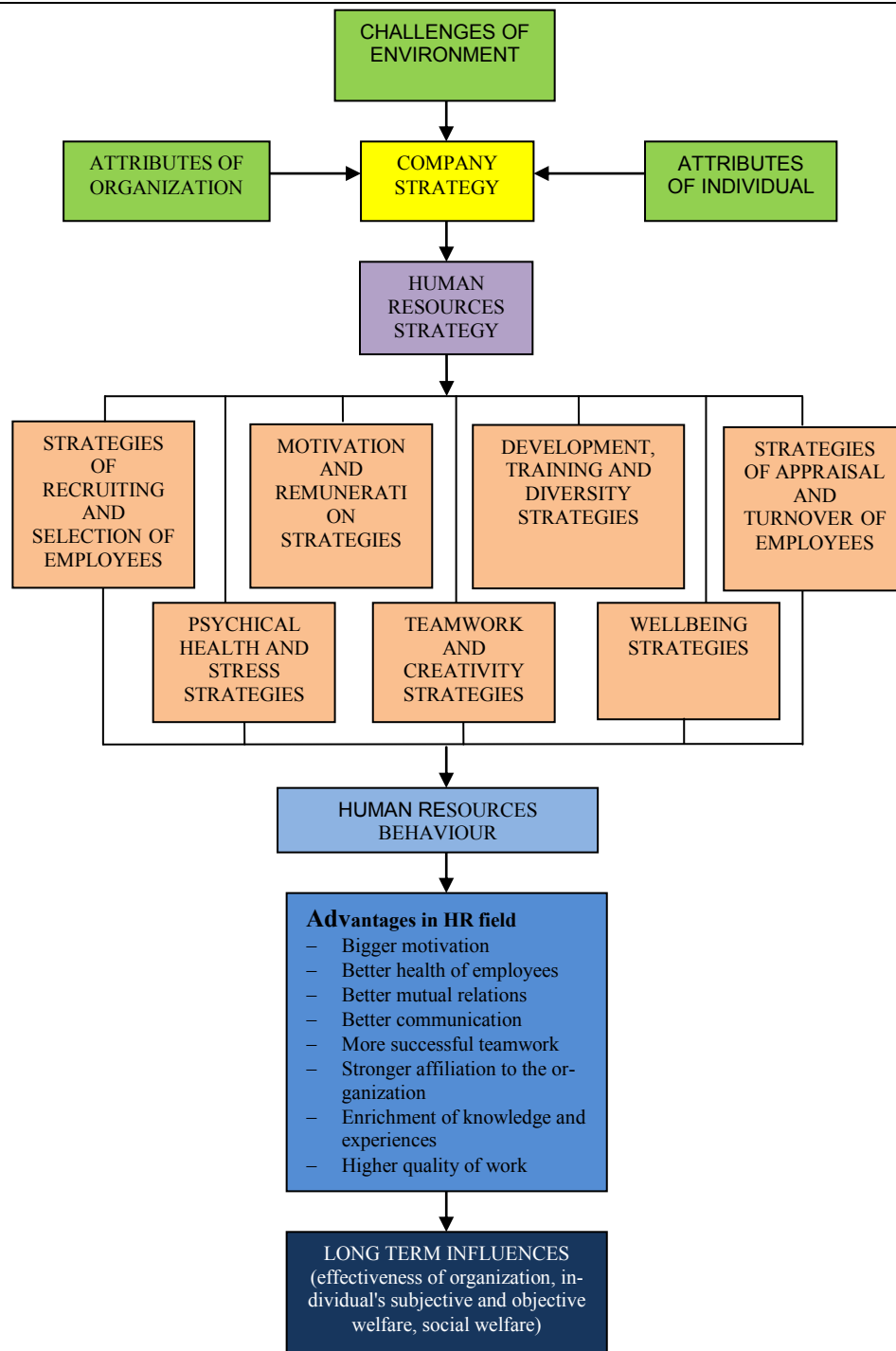


Figure no. 8 Model of HR management

5. CONCLUSION

Organizations need a new, modern human resource management model, which will continue to provide accelerated development. Model that was developed is based on the evolution of business systems, attributes of the individual and the organization as well as environmental challenges. All these affect the strategic management of the organization. It is a process in which management first defines the strategy at the organization level or so-called global strategy for the organization. After having defined a global strategy, leadership based on these defines different functional strategies, including human resources strategy. The purpose of the latter is the realization of the global strategy and beyond the goals of the organization as well as meeting the expectations held by employees.

In the model of human resource management, we anticipate a series of functional strategies in the field of human resources. The implementation of these strategies leads the organizations to create competitive advantages in human resources field, such as increased motivation and improved employees health, better interacting relationships, better teamwork, greater affiliation to the organization, enrichment of knowledge and experience etc. They also make a positive impact on the performance of the organization, an individual's subjective and objective well-being as well as on social welfare in general.

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Notes

¹ Calculative psychological contract means that an individual has acquired various skills and is aware that they can be used. An individual act according to how much he get paid in a particular organization and thus creates, where the payment is higher (Kovač, 2006: 115).

² Participatory psychological contract is based on the fact that the individual is aware of the knowledge of others, willingness to cooperate in cross-functional teams and is looking for a sense of his own work. The individual knows that in this way he's going to be more successful too (Kovač, 2006: 115).

³ E³HRM is the methodology of strategic development human resource function to optimize the engagement of employees and creating an environment for development of thinking companies, which was created from Violeta Bulc, Živa Gorup and Darko Kovač.

⁴ Dynamic network is an invisible organizational structure, which connects individual experts usually through computers (Kovač, 2006: 121).

⁵ The upgrade of the model is intellectual property of the Institute for business growth and creativity.

⁶ By the environmental influences the opportunities and risks in following fields are meant: (i) economy and personnel market, (ii) branch and competition, (iii) society and demographic influence, (iv) politics and law, (v) international influence and in (vi) technology.