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ВАЗИРЛИГИ

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“МЕНЕЖМЕНТ” КАФЕДРАСИ

# БИТИРУВ МАЛАКАВИЙ ИШИ

*Битирув малакавий иши мавзуси:*

WAYS OF IMPROVING HUMAN RESOURCE MANAGEMENT IN  
CONSTRUCTION ENTERPRISE

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## ENTRY

**Relevance of the topic:** At this time, the economy is growing rapidly, and this process is regulated by increasing human resources management efficiency. Therefore, the main issue is to determine ways of improving the efficiency of human resource management. If human resources management effectiveness is increased, a steady growth will happen in the economy.

President of the Republic of Uzbekistan Islam Karimov delivered a keynote speech at the session.

“The head of our state noted that despite the ongoing world financial and economic crisis, stable and sustainable high rates of economic growth and macroeconomic balance have been achieved as a result of consistent and systemic implementation of crucial priorities of the economic program for 2015 and well thought-out Program on ensuring deep structural transformations, reliable protection of the interests of private property and small business,.

He underlined that the achievements and prospects of economic development of the country, highly recognized by authoritative international financial and economic organizations and think-tanks, once again confirm the high efficiency and success of the chosen development strategy, acknowledged in the world as “the Uzbek model” of reforms. In accordance with the report of the World Economic Forum, Uzbekistan is among the five countries with the fastest growing economies in the world based on development outcomes for 2014-2015 and forecasts for 2016-2017.

The gross domestic product of the country in 2015 grew by 8 percent, production of industrial goods increased by 8%, while that of agricultural products swelled by almost 7 percent, construction and assembling works by almost 18%. The national budget was executed with surplus at 0.1 percent of the GDP. The surplus in foreign trade turnover has been secured. The inflation rate has not exceeded forecast parameters.

A set of systemic measures on radical change of ownership structure, decreasing the presence of the state in economy, altering the principles and

approaches of corporate management has been realized. Modern management structures have been introduced in all joint stock companies.

A package of legislation on strengthening the guarantees and protection of lawful rights of private owners and entrepreneurs, on simplifying and facilitating creation and operation of entrepreneurship subjects via Unitary centers on providing public services (one-stop-shops) has been adopted. Thanks to taken measures, the share of small business in gross domestic product has increased to 56,7 percent or 1,8 times in comparison to the year 2000.

Active implementation of measures and investment projects on structural transformations, modernization, technical and technological renovation of spheres, as well as formation of modern infrastructure ensured disbursement of investments for 15,8 bln. US dollars 9,5 percent more than in 2014. Over 3,3 bln. US dollars or 21 percent of total investments were foreign investments, of which 73% were direct foreign investments. The spheres, oriented towards production of highly technological finished goods have demonstrated accelerated development. 158 large production facilities have been commissioned.

The agricultural sector has been undergoing deep structural changes. A rich harvest of over 7 mln. 500 thousand tons of grain and over 3 mln. 350 thousand tons of cotton has been grown. Fruit and vegetable growing, horticulture, viticulture, animal husbandry, as well as industrial processing of their outputs have been dynamically developing.

The services sphere has also demonstrated dynamic growth. The volume of paid services increased by 10,8 percent, retail turnover- by over 15 percent. The share of services sector in the gross domestic product has reached 54,5% compared to 49% in 2010.

The banking system has been further strengthened, the capitalization level of the banks has been increased and their investment activity has widened. Total assets of the banking system has increased by 23,3% in comparison to the year 2014 and reached 7,8 trillion soums.

Sustainable high growth rates of the economy and services sector have created a firm foundation for further increase of peoples' incomes, improving the welfare of the population. The salaries of employees of budget organizations, pensions and scholarships have increased by 21,9%, total real income per capita – by 9,6%. The share of incomes from entrepreneurial activity has increased to 52% in comparison to 47,1% in 2010. Over 980 thousand jobs have been created, of which over 60% in rural areas, over 480 thousand graduates of professional colleges have been employed.

The State Program for “The Year of attention and care the senior generation” has been executed, for which over 2 trillion 246 bln. sums and 225 mln. US dollars have been directed from various sources.

In his report, President Islam Karimov offered a detailed and comprehensive analysis of the existing unaddressed problems and expounded on the policy tasks directed at further reforming, deepening structural transformations and diversification of the economy, as well as the most critical priorities for 2016.

The government, ministries, other agencies, economic associations and hokimiyats of all levels got tasked with the adoption of necessary measures dedicated to continuing implementation of commenced democratic reform and modernization of the country, deep structural transformations, fir of all in the industrial and agricultural spheres, ensuring macroeconomic balance, anticipatory development and protection of private property, entrepreneurship and small business, accelerated development of engineering-communication and road infrastructure, social sphere, further increasing the welfare of the population.

Special significance was attached to ensuring the realization of policy measures to further the goals and tasks for this year determined in connection with its announcement as the Year of Healthy mother and child, including measures to further strengthen the protection system of the family, motherhood and childhood, formation and consolidation of material-technical base of and human resources potential of perinatal and screening centers, nursing services, increasing the level

and quality of treatment of young mothers and children, creation of healthy spiritual environment in the family."<sup>1</sup>

**The aim of final qualifying work:** Developing recommendations and offers for improving the management of human resources in the enterprise.

**Experimental task of final qualifying work:**

- To determine the directions of human resources management
- Analysis of the management structure, staff activities, and descriptive activity indicators of “O’ZSHAHARSOZLIK LITI” State Unitary enterprise.
- The application of international experience in use of human resources.
- Developing recommendations and offers for improving the management of human resources in “O’ZSHAHARSOZLIK LITI” State Unitary enterprise.

**Experimental object of final qualifying work:** “O’ZSHAHARSOZLIK LITI” State Unitary enterprise.

**Experimental subject of final qualifying work:** ways of improving human resources management in enterprise.

**Methodological bases of final qualifying work:** decrees, and creations of the President of the Republic of Uzbekistan, adopted laws in Uzbekistan, published teaching aids in management sector, and annual balance of “O’ZSHAHARSOZLIK LITI” State Unitary Enterprise.

**The structure of the work of the final qualifying:** this diploma work consists of entry, three chapters, eight parts, offers, appendix, conclusion, and list of used literature.

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<sup>1</sup>The speech at the meeting of the Cabinet of Ministers of the President of the Republic of Uzbekistan Islam Karimov for the results of the 2015 socio-economic development of the country, and the most important priorities of economic program for the year 2016, The word of people (Xalq so’zi) January 16, 2016.

# **CHAPTER 1 - THE THEORETICAL AND METHODOLOGICAL BASICS OF IMPROVING OF HUMAN RESOURCES MANAGEMENT IN ENTERPRICE**

## **1.1. The essence of Human Resources**

The approach that is called «management of human resources» (human resources management) appeared in the theory in the 1980s. Until then, it was mostly talked about personnel management. Although many critics thought that it was a new approach and a big change, it was only a rethinking of the processes within the organization. Today, it is necessary to think not only about the processes within the organization but also outside of the box.

Organizations are becoming less and less the center of permanent employment, personal safety, career opportunities and resources to meet employee`s needs in relation to work. Thus, organizations become different from those we are used to. There is an increase in a significant growth of non-standard forms of employment, such as temporary employment, part-time employment, and external consultant employment and so on. By improving human resource, management can be noted that the concept of organization and operation is very different from what we are used to. As a result, there is a need for new models and new roles that will make these new roads less uncertain. Political society will also need to implement changes.

The importance of human resources is growing and effective management of these resources is of strategic interest to organizations that can provide a competitive advantage over rivals. Human resources management is a subsystem of organization management that provides capable and responsible staff for every position and enables every individual and organization as a whole to achieve maximum business goals.

Human resources management is constantly changing and improving thereby abandoning traditional management models, giving way to more modern, more flexible, more practical and more humane forms of management that

characterize humanization of the relations of production expressed through increased motivation, satisfaction and adequate stimulation. A number of domestic and foreign authors deal with defining human resources management and two different meanings are mainly used. One meaning describes the activities of management and personnel management, and the other term is used to designate a specific approach to people management as for human resources management

Personnel management activities are implemented by organizational units for Human Resources which are required to meet certain goals in the name of the organization, namely: 1) objectives relating to employees, 2) goals related to work, 3) objectives relating to management changes, and 4) administrative goals

1) The objectives relating to employees. - Realization of these goals includes establishing organizational structure, determining the types of contracts relevant for the employees' work, selection and staff development. It is necessary to start employing and retaining the best workforce, to maintain level of competence required for the employees and the dismissal of those for whom it is estimated that they no longer have a role in the organization.

2) Goals related to work. - Specialists in human resources must take care that individuals are motivated and dedicated to work. To attain these objectives, it is important to provide: training and development, reward system, employee discipline, individual behavior, achievement and retention of high labor standards, employment initiatives and their involvement in the development of new ideas.

3) The objectives relating to management changes. - Changes do not occur as a result of external influences in modern organizations, but they are permanent and run through the need for innovation and competitive pressures. Acquiring these goals is achieved by hiring and developing people who are able to initiate the process of change and recruiting agents for change who have influence on the acceptance of change. If employees participated in creation of changes, they will be supported more.

4) The administrative goals. - These goals include keeping accurate data about employees, the results of work and training, and operations in accordance

with the law and which clearly sets out monthly payments for employees. It is necessary to harmonize the taxes and contributions, health monitoring, system safety, conclude collective agreements with employees and payroll compliance and regulation of working time with the legislation.

These objectives are achieved by employing people specialized in certain fields of human resources management. These people are expected to give legal advice, achieve consulting agreements and take care of the whole relation between management and employees. Activities in the field of training and development are given to freelancers, but also to experts in the field of management development within the organization who are responsible for training. Instead of term "clerk" or "manager", the term "consultant" is increasingly used for a specialist in the area of training. Instead of standardized courses organized by the training department, training line managers determine training, as they want it. In organizations, in addition to specialists in these fields, there are people working as generalists. A generalist must have extensive knowledge in the field of personnel management and is responsible for implementing a series of personnel activities, and covers the whole field of personnel management. In addition, a generalist performs certain activities in the area of human resources management, as well as in the sphere of development policy. Specialists must possess in-depth knowledge and expertise to perform complex tasks in the field of personnel management. The increase in size and complexity of the organization, aggravation of the number of laws related to personnel activities and the creation of multinational organizations, raise the need for international human resources management, which requires specialized knowledge. Human resources administrators and assistants, who perform administrative work related to personnel, are employed in lower positions in the organization.

In the last two decades of the twentieth century, the shift from personnel management to human resources management led to some changes, which resulted in difference of opinions.

The first opinion indicates that the personnel management focuses on the labor force, while the human resources management is focused on resources. Personnel Manager directs his work on his employees, finding and training them, deals with their problems, satisfies the needs of employees in relation to work and takes care of their wages. Personnel Managers are always between the management and employees. Human Resources Management is mainly directed toward the needs of management for the provision and use of human resources (this may not always be employees). Activities are carried out with other members of management who deal with human resources, rather than directly with employees, and the emphasis is on planning, monitoring and control, not on mediating.

Another opinion is that the differences between these two managements are very small.

According to this view, human resource management gives more emphasis to what has been done for managers, rather than what managers have done for employees, and that there is a preventive role of line managers<sup>2</sup>.

It can be concluded that human resource management is a contemporary mutational change in the long development of personnel management, that had six stages of development and management of human resources represents the seventh stage. The main role of human resource management is the alignment of structures and human resources to the planned scope and structure of business of the organization. This is a concern about the human component of the organizational structure of the organization. We distinguish between strategic and operational human resource management.

Strategic management of human resources is based on the general strategy of the organization and the strategies of its organizational units, and operational management develops strategic plans for the staff.

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<sup>2</sup> Fombrun M. C., Tichy N. M., Devanna, M. A (2014). Strategic Human Resource Management. E- knjizara: Wiley.com

Development of human resources management as a scientific and teaching discipline is characterized by favoring liberal goals and principles. The modern concept of human resource management is not just a man who goes to work and is paid, but matters and is treated as a subject of management. Human resource management is increasingly becoming a collective activity involving managers and employees. The environment of constant change, rapid development of science and technology, increase of competitiveness, daily facing with specific difficulties and challenges, requires from the organization's management to constantly search for good and adequate solutions.

Basic characteristics of human resources management are:

- Employees are viewed as assets or as human capital which should be invested in by providing opportunities for learning and development of "learning organization";
  - Human resources are viewed as a source of competitive advantage;
  - Reducing the number of management levels for more direct communication between the managers and employees;
  - Decentralization of the management process and the transfer of part of management competencies from higher to lower levels of management;
  - Participation of employees in management through the involvement and active participation in performing management activities;
  - Ongoing flexibility of management process and control activities in order to find accept Figure and sustainable solutions for environmental requirements;
  - Increased independence of employees in decision-making and work, making them happier and more motivated to work;
  - Favoring knowledge, skills and creativity, "which leads to the intellectualization of work overall, when thoughts and ideas become fuel of economy"
  - Orientation to the man and his values as the most important resource of the organization;

- Commitment to achieving individual goals and interests, not only organizational and
- Humanization of productive relations between the organization's management and employees.

It can be concluded that there was a decisive move in the treatment and management of human resources in the organization. All this gives importance to human resources management, and those who are in charge of it are faced with serious challenges.

## **1.2. Analysis of Human Resources Management's main sources**

Computers have simplified the task of analyzing vast amounts of data, and they can be invaluable aids in HR management, from payroll processing to record retention. With computer hardware, software, and databases, organizations can keep records and information better, as well as retrieve them with greater ease. A human resource information system (HRIS) is an integrated system designed to provide information used in HR decision making. Although an HRIS does not have to be computerized, most are.

An HRIS serves two major purposes in organizations. One relates to administrative and operational efficiency, the other to effectiveness. The first purpose of an HRIS is to improve the efficiency with which data on employees and HR activities is compiled. Many HR activities can be performed more efficiently and with less paperwork if automated. When on-line data input is used, fewer forms must be stored, and less manual record keeping is necessary. Much of the reengineering of HR activities has focused on identifying the flow of HR data and how the data can be retrieved more efficiently for authorized users. Workflow, automation of some HR activities, and automation of HR record keeping are key to improving HR operations by making workflow more efficient. HRIS is more strategic and related to HR planning. Having accessible data enables HR planning and managerial decision making to be based to a greater degree on information rather than relying on managerial perception and intuition. For example, instead of

manually doing a turnover analysis by department, length of service, and educational background, a specialist can quickly compile such a report by using an HRIS and various sorting and analysis functions.

HR management has grown in strategic value in many organizations; accordingly, there has been an increased emphasis on obtaining and using HRIS data for strategic planning and human resource forecasting, which focus on broader HR effectiveness over time.

The explosion of information technology has changed the nature of HR information usage. Just a few years ago, most HR information had to be compiled and maintained on mainframe computers. Today, many different types of information technology are being integrated and used so that HR professionals can access HR-related data and communicate it to other managers and executives<sup>3</sup>.

It is crucial when establishing an HRIS that the system be able to support the HR strategies of the organization. This requires analyses of the uses of HR information, both in the HR unit and throughout the organization. Too often, the decisions about an HRIS are made based primarily on cost factors, rather than on how well the HRIS supports HR decision making.

To design an effective HRIS, experts advise starting with questions about the data to be included:

- what information is available, and what information is needed about people in the organization?
- what uses will the information be put?
- what format should the output be presented to fit with other company records?
- who needs the information?
- when and how often is it needed?
- answers to these questions help pinpoint the necessary hardware and software.

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<sup>3</sup> Mark Huselid, "The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance," *Academy of Management Journal*, 28 (2007)

Experts recommend that a *project team* be established and extensive planning be done. This team often includes representatives from several departments in the organization, including the HR and management information/data processing areas. The team serves as a steering committee to review user needs, identify desired capabilities of the system, solicit and examine bids from software and hardware vendors, and identify the implementation process required to install the system. By involving a cross-section of managers and others, the organization attempts to ensure that the HRIS fulfills its potential, is accepted by users, and is implemented in an organized manner.

Use of web-based information systems has allowed the firm's HR unit to become more administratively efficient and to be able to deal with more strategic and longer-term HR planning issues. Firms have used these web-based HRIS options in four primary ways *Bulletin boards*: Information on personnel policies, job posting, and training materials can be accessed by employees globally.

Linked to databases, an extranet or intranet allows employees themselves to access benefit information such as sick leave usage, 401(k) balances, and so on, freeing up time for HR staff members who previously spent considerable time answering routine employee inquiries.

Many intranet uses incorporate employee self-service options whereby employees can access and update their own personnel records, change or enroll in employee benefits plans, and respond to employment opportunities in other locations. Obviously, maintaining security is critical when the employee self-service option is available<sup>4</sup>.

Training those who will be using an HRIS is critical to the successful implementation of an HRIS. This training takes place at several levels. First, everyone in the organization concerned with data on employees has to be trained to use new recording forms compatible with the input requirements of the system. In addition, HR staff members and HR executives must be trained on the system. Support and instruction from hardware and software vendors also are important in

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<sup>4</sup> HR 21: Human Resources for the Next Century (Washington, DC: Watson, Wyatt Worldwide, 1995).

order for the organization to realize the full benefits of the system. One study of HRIS successes found that the presence of in-house training was linked with greater user satisfaction with an HRIS.

Two other issues of concern are *security* and *privacy*. Controls must be built into the system to restrict indiscriminate access to HRIS data on employees. For instance, health insurance claims might identify someone who has undergone psychiatric counseling or treatment for alcoholism, and access to such information must be limited. Likewise, performance appraisal ratings on employees must be guarded.

The information gathered from external environmental scanning and assessment of internal strengths and weaknesses is used to predict or *forecast* HR supply and demand in light of organizational objectives and strategies. Forecasting uses information from the past and present to identify expected future conditions. Projections for the future are, of course, subject to error. Changes in the conditions on which the projections are based might even completely invalidate them, which is the chance forecasters take. Usually, though, experienced people are able to forecast with enough accuracy to benefit organizational long-range planning.

HR forecasting should be done over three planning periods: short range, intermediate, and long range. The most commonly used planning period is *short range*, usually a period of six months to one year. This level of planning is routine in many organizations because very few assumptions about the future are necessary for such short-range plans. These short-range forecasts offer the best estimates of the immediate HR needs of an organization. Intermediate and long-range forecasting are much more difficult processes. *Intermediate* plans usually project one to five years into the future, and *long-range* plans extend beyond five years.

The demand for employees can be calculated on an organization-wide basis and calculated based on the needs of individual units in the organization. For example, to forecast that the firm needs 125 new employees next year might mean less than to forecast that it needs 25 new people in sales and customer service, 45

in production, 20 in accounting, 5 in HR, and 30 in the warehouse. This unit breakdown obviously allows for more consideration of the specific skills needed than the aggregate method does.

Forecasting human resources can be done using two frameworks. One approach considers specific openings that are likely to occur and uses that as the basis for planning. The openings (or demands) are created when employees leave a position because of promotions, transfers, and terminations. The analysis always begins with the top positions in the organization, because from those there can be no promotions to a higher level.

Based on this analysis, decision rules (or “fill rates”) are developed for each job or level. For example, a decision rule for a financial institution might state that 50% of branch supervisor openings will be filled through promotions from customer service tellers, 25% through promotions from personal bankers, and 25% from new hires. But forecasters must be aware of chain effects throughout the organization, because as people are promoted, their previous positions become available. Continuing our example, forecasts for the need for customer service tellers and personal bankers would also have to be developed. The overall purpose of this analysis is to develop a forecast of the needs for human resources by number and type for the forecasted period.

The external supply of potential employees available to the organization needs to be estimated. Extensive use of government labor force population estimates, trends in the industry, and many more complex and interrelated factors must be considered. Here are some of the factors that may be considered:

- Net migration into and out of the area
- Individuals entering and leaving the workforce
- Individuals graduating from schools and colleges
- Changing workforce composition and patterns
- Economic forecasts for the next few years
- Technological developments and shifts Actions of competing employers
- Government regulations and pressures

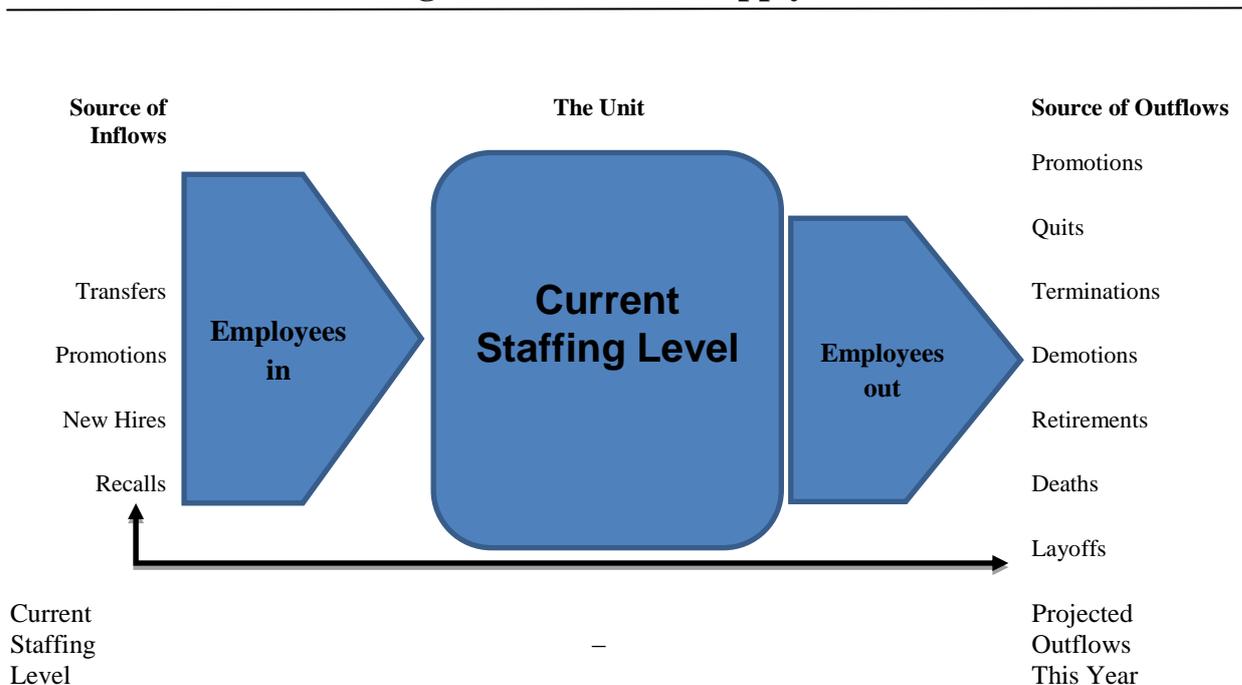
- Factors affecting persons entering and leaving the workforce

Figure 1.1. shows in general terms how the internal supply can be calculated. Estimating internal supply considers that employees move from their current jobs into others through promotions, lateral moves, and terminations. Also, it considers that the internal supply is influenced by training and development programs, transfer and promotion policies, and retirement policies, among other factors. Internally, *succession analysis* is one method used to forecast the supply of people for certain positions.

A transition matrix or Markov matrix can be used to model the internal flow of human resources. These matrices simply show as probabilities the average rate of historical movement from one job to another. Figure 1.2 presents a very simple transition matrix. For a line worker, for example, there is a 20% probability of being gone in 12 months, a 0% probability of promotion to manager, a 15% probability of promotion to supervisor, and a 65% probability of being a line worker this time next year. Such transition matrices form the bases for computer simulations of the internal flow of people through a large organization over time.

**Figure 1.1.**

**Estimating Internal Labor Supply for a Given\***



(\*Source: based on international trends. (Employee.com))

**Figure 1.2**

**Transition Matrix for Twelve-Month Period\***

	Exit	Manager	Supervisor	Line worker
Manager	15	85	00	00
Supervisor	10	15	70	05
Line worker	20	00	15	65



(\*Source: Based on Markov matrix.)

As HR Management has become more and more complex, greater demands are placed on individuals who make the HR field their career specialty. Although most readers of this book will not become HR managers, it is important that they know about the competencies required for those choosing HR as a career field.

The broad range of issues faced by HR professionals has made involvement in professional associations and organizations important.

Occupational Health and Safety Technologist (OHST), given by the American Board of Industrial Hygiene and the Board of Certified Safety Professionals.

- HR management is concerned with formal systems in organizations to ensure the effective and efficient use of human talent to accomplish organizational goals.
- HR management must perform three roles: administrative, operational, and strategic.

- It is important for HR management to be a strategic business contributor in organizations.
- To enhance organizational performance, HR management must be involved in strategic plans and decision making, participate in redesigning organizations and work processes, and demonstrate financial accountability for results.
- Expanding human capital requires HR management to develop means to attract and retain human resources, develop their capabilities, and identify and reward performance.
- Decentralization and outsourcing are being utilized more frequently in the management of HR units than they were in past years.
- HR as a career field requires maintaining current knowledge in HR management.
- Professional certification has grown in importance for HR generalists and specialists<sup>5</sup>.

### **1.3. The application of international experience in use of human resources**

Human resource management (HRM) has been perceived by many observers as a key ingredient accounting for the success of Japanese companies on world markets during the 1980s. Suggestions of how Western managers could learn from Japanese HRM practices were plentiful. Only one decade later, however, Japan went into a recession from which it has not yet fully recovered. Paradoxically, these same HRM practices are now being viewed by a series of authors as the root of the malaise. This chapter investigates whether Japanese HR managers are now planning to learn from the West. More specifically, it explores whether Japanese HR managers are keen to learn from Western (in this case American and German) HRM and what they intend to adopt. In order to find answers to these questions we study Japanese HR managers' intentions and practices at two levels: at headquarters (HQ) and at subsidiary level.

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<sup>5</sup> Robert Gilford, "Why Doesn't This HR Department Get Any Respect?" Harvard Business Review, March- April, 2013.

It may be noted from this brief review that existing literature in this field is in some respects inconclusive or somewhat contradictory. Nor has it generally been informed by empirical examination of HR managers' own views on cross-national adoption processes. As this group might be expected to constitute the chief change agent, empirical insight appears in this context all the more important. Accordingly, this chapter provides data on the perceptions of HR managers from three different countries on the possibility of learning from each other. In this task, a quantitative approach seemed to be the most appropriate. The analysis is therefore based on empirical data which have been drawn together from an extensive survey.

Questionnaires were sent out in Japanese, English and German depending on the receiver. The method of translation-back-translation was employed in order to secure consistency among the three versions. As the top half of Figure 1.4 indicates, of the HR managers contacted, 68 respondents were from Japan, 57 from the USA and 107 from Germany. Consequently, the HQ part of this study is based on the responses of 232 senior HR managers. The resulting response rates were 14, 12 and 21 percent, respectively. These response rates seem to reflect the fact that persons of very senior positions were approached (usually on a VP level). In addition, the top-500 companies of Japan, the USA and Germany are often contacted in similar studies. However, it should be observed that the response rate for Japan is above similar prior surveys in Japan as reported by Kato and Morishima (2013).

Furthermore, it should be noted that the 232 companies included in this survey cover a large amount of different service and manufacturing industries in all three countries. It is therefore suggested that the data set provides useful information on HRM in Japan, the USA and Germany. More information on responses and response rates can be taken from the top main row of Figure 1.5.

Description of HRM models. Before approaching the question of how Japanese (and in comparison: American and German) HR managers perceive other HRM models in order to potentially seek inspirations from them, it seemed

relevant to investigate first how the managers defined their own respective national model. Only from an understanding of how managers perceive both their own practices and those of others, can suggestions be developed of how the mutual learning and adoption process might be improved. In order to gain information about the perceived attributes of each HRM model, and make a direct comparison possible, a series of 20 pairs of opposing statements was developed across seven HRM categories. Respondents were asked to indicate, for each of these pairs, on a six-point bipolar scale the practices they believed best characterized the human resource practices (found throughout all hierarchical levels) in their country. As the data are considered to be interval scale, arithmetic means for the responses from each country could be given and statistically compared with one another<sup>6</sup>.

Our use of content-oriented scale anchors and an even-numbered scale avoids the acquiescence response effect often found in scales expressing agreement and the medium response effect common to scales with a distinct mid-point. These factors are particularly important for our study, since Japanese respondents have been found to show response effects that differ from those of US respondents<sup>7</sup>. The scale anchors were based on an extensive literature review and were designed to cover a comprehensive spectrum of possibilities in between which each of the three HRM models could be situated.

A more disaggregated analysis was undertaken of the specific aspects of HRM systems that managers had emulated, or contemplated emulating. The focus here was especially upon the attributes of the Japanese HRM model that American and German HR managers consider worth adopting; and the attributes of American HRM that the Japanese and Germans consider worth adopting. Responses were analyzed by means of simple summation of attributes mentioned in response to open-ended questions in the survey of what the managers intended to learn from the Japanese or American HR models. Inter-country comparisons were drawn by comparing these figures.

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<sup>6</sup> Brewster, C. and Holt Larsen, H. (1993) Human Resource Management in Europe: Evidence from Ten Countries, in A. Hegewisch and C. Brewster (eds.) European Developments in Human Resource Management, London: Kogan Page, pp. 126-148.

<sup>7</sup> Chen, Lee, & Stevenson, 1995

The results revealed that according to the HR managers' own evaluations Japan, the USA and Germany has HRM models that clearly differ from each other. More specifically, according to the means, it was noticeable that in 16 out of 20 scales Japan and the USA were closer to the opposite poles – with typical Japanese practices closely situated to the anchors on the right-hand side of Figure 1.3 and typical American practices closely situated to the anchors on the left-hand side – while typical German practices were found in-between.

The Japanese, American and German HR managers were asked if they believed that since the 1980s companies from their countries either had oriented themselves toward particular HRM practices of firms of the other two countries or should do so in the upcoming years. The smaller the mean in Figure 1.3, the more the respondents agreed with the observation that companies of their own country have oriented themselves in the past or should orient themselves in the future toward foreign HRM practices.

**Figure 1.3**

**Orientation / adaptation toward aspects from other country models\***

	<b>Mean</b>		<b>Mean</b>	<b>F-value</b>
Japan orienting itself in the past toward USA	3.03	Japan orienting itself in the past toward Germany	5.14	133.02
Japan orienting itself in the future toward USA	2.80	Japan orienting itself in the future toward Germany	4.42	71.33
USA orienting itself in the past toward Japan	4.14	USA orienting itself in the past toward Germany	5.07	17.83
USA orienting itself in the future toward Japan	4.57	USA orienting itself in the future toward Germany	3.93	3.39
Germany orienting itself in the past toward Japan	3.98	Germany orienting itself in the past toward USA	3.34	14.88
Germany orienting itself in the future toward Japan	4.25	Germany orienting itself in the future toward USA	3.71	11.50

(\*Source: The Embedded Corporation. Corporate Governance and Employment Relations in Japan and the United States, Princeton: Princeton University Press. Jacoby, S. (2013))

The results suggest that Japanese companies are orienting themselves significantly more toward American than toward German practices. Considering also the comparative data about the orientation of American companies toward Japanese and German HRM practices and of German companies toward Japanese

and American HRM practices, the following observation is the most remarkable: no country is orienting itself so intensely toward another country model as Japan is toward the American model, both with regard to the past and even more so with regard to the future. This result is a strong indication of the degree to which Japanese respondents consider their own HRM model in need of change and requiring inspirations from abroad, particularly from the USA. It is noticeable that this judgment is mirrored by American and German managers who were also significantly more skeptical about Japanese HRM practices as a source of inspiration for the future compared to the past. Consequently, Japanese, American and German HR experts seem to all agree that Japanese HRM has significantly lost in attractiveness.

Further findings reinforce this conclusion. The HR managers were also asked by means of open-ended questions to indicate concrete attributes of the other two HRM-systems which they consider worth adopting to their own system (again for the two time periods “since the 1980s” as well as “in the upcoming years”). Discussion of the named attributes is set out shortly, but what is of interest here is that from the total number of 495 items raised by the HR experts of the three countries, 353 apply to the USA, 131 to Japan and only 11 to Germany. This again indicates that American HRM is perceived as most attractive, with Japanese HRM far less appealing, and German HRM the least desirable by a wide margin.

With regard to the adoption of aspects of the American HRM by Japanese companies, it is no Figure that the largest amount of items the Japanese managers raise are concerned with the decline of the seniority principle: “performance orientation” (by far the most often cited attribute by the Japanese), “result and objective orientation”, “performance and result oriented remuneration” and “turning away from the seniority principle”. These statements again reflect a significant reversal in the priority setting of Japanese HRM. In addition to the seniority principle, lifelong employment and the formation of generalists have often been regarded as key elements of the traditional Japanese HRM. The items raised suggest that these two fundamental principles are also considerably on the

wane. This is indicated by the attributes “turning away from lifelong employment, respectively flexibility of recruitment, release of personnel and change of employer”, “recruitment of experienced specialists for specifically advertised positions”, “managers are externally recruited and can be laid off again more easily” as well as “increased formation of specialists and turning away from the formation of generalists”. The movement away from these essential components of the Japanese HRM model illustrates the degree to which Japanese HRM is in upheaval. The previously mentioned attribute “due to globalization and liberalization adoption of American management is unavoidable” is a further strong indication of a paradigm shift.

In comparison, the attributes of the American HRM practices mentioned by the German HR managers as worth adopting, seem to be far less ‘fundamental’, indicating a lesser need for major change. Therefore, despite the willingness to adopt certain characteristics of the American HRM model, there is no empirical evidence for a paradigm shift of German HRM.

The large number of items raised in the context of these management processes suggests that this constitutes the main area of Japanese management that is considered in the West a valuable source from which to learn.<sup>8</sup> However, there is a significant decrease of 55 in the past to only 5 items in the future that have been subsumed here under the management processes label. Nevertheless, it is noteworthy that both Americans and Germans associate the advantages of the Japanese model more with incremental ‘fine-tuning’ activities or processes. Japanese and Germans on the other hand consider the strengths of the Americans in more fundamental areas that have been subsumed here under the term management strategies (“mergers and acquisitions and selling of company divisions”, “globalization”, “management and strategy orientation”)<sup>9</sup>.

In short, the data suggest that only Japan has a distinct desire to change its own HRM model in a rather comprehensive way and to adopt foreign practices in a

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<sup>8</sup> Itagaki, 2013)

<sup>9</sup> Garten, J. E. (2013) *A Cold Peace: America, Japan, Germany, and the Struggle for Supremacy*, New York: Times Books.

substantial manner. This may be described as a paradigm shift, one that appears to equate to a shift toward Western, in particular, American management concepts.

**Figure 1.4**

**Adoption from American HRM (the situation in the year 2015)\***

Attributes (ordered by HRM categories)	JAPAN			GERMANY			Sum of total
	Past	Future	Total	Past	Future	Total	
Strategies	7	15	22	21	28	49	71
Structures	2	1	3	5	7	12	5
Processes	4	0	4	8	2	10	14
Recruitment and release of personnel	13	10	23	4	0	4	27
Training and development	4	3	7	6	1	7	14
Employee assessment and promotion criteria	36	21	57	13	6	19	76
Employee incentives	23	12	35	21	18	39	74
Communication	1	1	2	6	5	11	13
Decision making	10	2	12	2	3	5	17
Superior-subordinate-relationship	2	2	4	18	10	28	32
Across all categories	<b>102</b>	<b>67</b>	<b>169</b>	<b>104</b>	<b>80</b>	<b>184</b>	<b>353</b>

(\*Source: Japanese Capitalism and Modernity in a Global Era. Re-fabricating Lifetime Employment Relations, London, New York: Routledge Curzon. Matanle, P. (2014))

The results of a series of follow-up interviews to this study with HR managers of Japanese companies in Japan, the USA and Germany, as well as HR managers of American and German subsidiaries in Japan, lend qualified support to the notion of a paradigm shift. Sentences which were commonly uttered included “Lifelong employment is dead”, “We need to be more performance oriented”, “We look much more to individual performance” and “We look to the USA for orientation”. However, this move away from traditional Japanese HR practices and redirection toward Western techniques should, according to the interviewees, not be equated with whole-scale abandonment of traditional approaches. Instead, what is chiefly expected is rather a hybrid approach and it is difficult at this stage to predict where the new equilibrium between traditional practices and Western methods will lie.

With regard to the adoption of American HRM practices by Japanese companies (Figure 1.4, left part), 169 items were mentioned (102 for the past, 67 for the future). *It should be noted* here that the rather comprehensive attribute “due to globalization and liberalization adoption of American management is unavoidable” was given just once for the past but eight times for the future. This increase is a further indication for a desired major change of Japanese management. A reorientation in Japanese HRM can also be deduced from the mention of the following closely related attributes: “performance orientation” (30), “result and objective orientation” (18), “performance and result oriented remuneration” (11) and “turning away from the seniority principle” (7). Indeed, the performance-, result- and objective-orientation as well as the resulting decline of the seniority principle is by far the most-commonly mentioned set of attributes of American HRM, from which Japanese HR managers consider learning. Other characteristics that indicate important shifts are: “Turning away from lifelong employment respectively flexibility of recruitment, release of personnel and change of employer” (15) as well as “increased formation of specialists and turning away from the formation of generalists” (7), referring to the decline in lifelong employment and the formation of generalists. Additional stated attributes are: “position based remuneration” (10), “remuneration on annual instead of monthly basis” (9), “autonomy” (7), “recruitment of experienced specialists for specifically advertised positions” (5), “stronger consideration of market outcomes” (3), “mergers, acquisitions and selling of company divisions” (3), “globalization” (3), “flat, decentralized organizational structures” (3), “managers are externally recruited and can be laid off again more easily” (3), “profit orientation and shareholder value” (2), “restructuring” (2), “efficiency oriented relations” (2) and “leadership” (2)<sup>10</sup>.

Data for the adoption of American HRM practices by German companies (Figure 1.4, right part) are not discussed here in detail, as they do not concern the

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<sup>10</sup> Evans, P., Pucik, V., & Barsoux, J.-L. (2012) *The Global Challenge. Frameworks for International Human Resource Management*, Boston: McGraw Hill.

question of main interest here – what Japanese learn from the USA and Germany and what Americans and Germans learn from Japan. Nevertheless, it should be stated that from the total of 184 items raised (104 regarding the past, 80 the future) about what the Germans want to adopt from American companies, the largest amount (in total 57) concern a higher degree of flexibility, promptness, mobility, individuality, performance and result orientation. The quest for more flexibility is more pronounced with regard to the future (16) as opposed to the past (1).

With regard to the adoption of Japanese HRM practices by American companies (Figure 1.5, left part), two issues are to be emphasized: firstly, the low number of attributes of the Japanese HRM which the American HR managers consider worth adopting (in total: 21); and secondly, the large decrease of items referring to the future (4) as opposed to the past (17). The main attributes mentioned included “team orientation” (4), “participative and bottom-up decision making” (3), “quality orientation and total quality management” (3), “kaizen respectively continuous improvement” (2) and “loyalty toward and identification with the company” (2).

Regarding the adoption of Japanese HRM practices by German companies (Figure 1.5, right part), many more items have been given (in total: 110) than was the case for the orientation of American firms toward Japanese ones. As with the Americans, the German respondents are looking less to the future (23 items) than to the past (87). Unsurprisingly, “team orientation” is (as with the Americans) the attribute that was mentioned most often. However, it decreases in importance from 18 in the past to 5 in the future. “Kaizen respectively continuous improvements” similarly drops from 19 in the past to 2 in the future, “quality orientation and total quality management” from 12 to 1, “cost calculation” from 8 to 0 and “kanban respectively just-in-time production” as well as “quality circles” from 4 to 0. Other characteristics mentioned were “corporate culture” (7), participative and bottom-up decision making” (6), “value orientation” (5), “loyalty toward and identification with the company” (3) and the “training of socially competent generalists” (3).

**Figure 1.6**

### Adoption from Japanese HRM (the situation in the year 2015)\*

Attributes (ordered by HRM categories)	USA			GERMANY			Sum of total
	Past	Future	Total	Past	Future	Total	
Strategies	1	0	1	4	0	4	5
Structures	2	0	2	1	0	1	3
Processes	6	1	7	49	4	53	60
Recruitment and release of personnel	0	0	0	1	0	1	2
Training and development	0	0	0	3	1	4	4
Employee assessment and promotion criteria	1	0	1	2	0	2	3
Employee incentives	1	2	3	6	9	15	18
Communication	0	0	0	0	0	0	0
Decision making	3	0	3	3	4	7	10
Superior-subordinate-relationship	3	1	4	18	5	23	27
Across all categories	<b>17</b>	<b>4</b>	<b>21</b>	<b>87</b>	<b>23</b>	<b>110</b>	<b>131</b>

(\*Source: Japanese Capitalism and Modernity in a Global Era. Re-fabricating Lifetime Employment Relations, London, New York: Routledge Curzon. Matanle, P. (2014))

Due to the small number of items raised regarding adoption from Germany, no extra Figure is included here. With regard to the *adoption of German HRM practices by Japanese companies* (only 1 item raised for the past and 10 for the future), just the “division of job-positions in order to avoid lay-offs” (2) is worth mentioning. Finally, regarding the *adoption of German HRM practices by American companies*, not one single attribute was mentioned by American respondents, concerning neither the past nor the future<sup>11</sup>.

In short, the data suggest that only Japan has a distinct desire to change its own HRM model in a rather comprehensive way and to adopt foreign practices in a substantial manner. This may be described as a paradigm shift, one that appears to equate to a shift toward Western, in particular, American management concepts.

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<sup>11</sup> Thurow L. (1992). Head to Head. The Coming Economic Battle among Japan, Europe, and America, New York: Time Warner.

## **CHAPTER 2 - THE ACTIVITIES OF CONSTRUCTION ENTERPRISES AND ANALYSIS OF THE STATUS OF HUMAN RESOURCES**

### **2.1. Brief description of the activities of construction enterprises in Uzbekistan**

Construction Enterprise is one of the most experienced and respected construction firms in Uzbekistan. Since opening our doors in 1991, it has taken

great pride in our commitment to excellence in every step of the building process. Our goals at Construction Enterprises are to make sure that our customers are 100% satisfied with each, and every aspect of their project, and to maintain long-term relationship with our clients and our community. We have never failed to complete a project, and always strive to provide an on time, in budget, and quality product. Our diverse experience in the completion of over 10000 projects, both public and private, has provided us the knowledge and capability to meet the challenging demands of any type of building project.

The construction sector is characterized by a rapid development greatly influenced by the growth of the national economy, favorable crediting conditions, possibilities provided by the Asian structural funds, increased demand for dwelling, commercial and industrial buildings and growing assortment of new building materials and technologies.

Enterprises and especially private persons normally take advantage of the crediting services when making investments to immovable property. Therefore, all over the world the crediting conditions exert a great influence upon the development of the construction sector. The majority of Uzbekistan economy observers prelate the impressive growth of the construction sector in Uzbekistan over the recent years with the especially favorable crediting conditions that have been getting more and more favorable due to the bank margin. The latter has not even reached 3% sometimes and this means that the banks in Uzbekistan have been receiving minimal profit for the crediting services. Therefore, it is not even worthwhile expecting for the improvement in this segment in future. The increasing interest rate and wrecked hopes of having the single Asian currency have been already making negative impact on the demand for immovable property.

One of the specific features of the construction sector is the dependency of works on the seasons. The basic works have been normally done during the warm period of the year in Uzbekistan. Whereas internal works - decoration, refurbishment - have been done in winter. However, due to the new materials and technologies available on the market, the impact of the seasons on the construction

works has diminished - dependency of the economic activity on the seasons in the construction sector is smaller than that in the agricultural sector but greater than that in the fields of industry and transport.

With the rapid growth of prices for the sale of dwelling houses over the recent years, the development of the immovable property market has made a great influence on the growth of the construction volumes. This fostered the growth of the turnover of building materials - cement, concrete, reinforced concrete, bricks, windows and doors, heat insulation mineral materials. Simultaneously, volumes of sales, transportation and warehousing services have been on the increase. Due to their peculiarities, the majority of the construction business services are delivered on the local market. In 2014, 83% of construction works were done on the territory of Uzbekistan and only 17% of the construction works were done abroad. Foreign trade balance of the construction sector is negative; the deficit has increased by almost 1,7 times over four years. Nevertheless, Uzbek-made building materials are sufficiently popular on the markets of such World countries as USA, China, Japan, The Republic of Korea, Ireland, Russia, and Germany. Windows, doors and heat insulation materials, etc. are especially marketable. These products are purchased on the Asian markets and building and erecting services and warranties are relevant. This creates favorable conditions for Uzbek enterprises to engage in organized activities in other Asian countries because of commercial contracts.

Value added created by the construction sector enterprises over four years has increased by almost 97%, i.e. 24% per year on the average. The growth rate of the production within the given period were approximately 1,6 times as greater as those of the entire economy. The rapid growth is also witnessed by the continually increasing rate of GDP which in 2014 reached 20,5% and was 2,3 times as greater as the analogous national indicator. Although the efficiency of the construction enterprises rose from 8,7 billion UZS in 2011 to 13,4 billion UZS in 2013, it still remains lower than the respective indicator of the entire economy (16,8 billion UZS). The price of workforce increased more rapid as compared to that in the entire economy and average monthly gross receipts is among the highest in the

country. The prospects of the development of the construction sector are considered as rather positive. The demand for construction of non-dwelling houses (offices, logistics and commercial premises) should considerably increase. If the state improved the conditions for subsidizing of flat renovation, which presently are, not favorable, a huge demand for construction works related with renovation and reconstruction would emerge in Uzbekistan. On the other hand, certain findings of the recent years imply that the development of this activity will slow down in the coming years.

The main factors that will influence the development of the construction sector in the future are as following:

- Increasing environmental requirements;
- Energy saving necessity;
- Changes in the immovable property market;
- Increasing assortment of new building materials and technologies;
- Completion of the land reform;
- Market internationalization;
- Decreasing of the supply of workers (with respect to the number and qualification).

The working of construction industry is very different from other industries. It involves people right from lowest level such as the construction labors, plumbers, plaster men, painters etc. These people are hardly believed to have any basic knowledge about computer. While on the other hand there are the directors, the board of directors, CEO's and other highly qualified managerial staff of the industry. Thus, construction industry is said to have wide variations in its working. This wide variation within the construction industry acts as a challenge in the development of the ERP for a construction enterprise. There are other challenges too like need to communicate with other related businesses such as material and equipment suppliers, vendors, subcontractors and clients. ERP systems are being used by construction companies to improve response and relations with the customers, strengthening supply chain partnerships, enhancing organizational

flexibility, improving decision making capabilities and reducing project completion time and lower costs. The Enterprise Resource Planning is designed to integrate and partially automate many of the company's business processes such as human resources, accounts, billing and invoicing, administration, managing site, inventory and sales. The goal of Enterprise Resource Planning is to automate all the processes running in the construction enterprise and to maintain all the information related to the enterprise. The Enterprise Resource Planning also aims in avoiding data redundancies. Apart from having a large growth in constructions the construction enterprises rarely use Enterprise Resource Planning systems. The major reason is that the implementation of any Enterprise Resource Planning system is expensive in terms of investment in time, money and resources. The benefits of implementing an Enterprise Resource Planning are not instantly visible to the enterprise but however, when implemented to automate integrate and solve the problems, these Enterprise Resource Planning systems acts as a powerful tool for business improvement. So far, there is the development of an Enterprise Resource Planning in every domain but there is very little development in construction industry<sup>12</sup>. There is very few study conducted about the implementation of ERP systems in the construction industry. The unique thing about this paper is to present an efficient and simple way to include Business Intelligence along with the Construction Enterprise Resource Planning system. Including, BI in the Construction enterprise helps in organizing the data that can be easily analyzed. This supports decision making for the higher level authorities in construction enterprise.

A Construction Enterprise is divided into various departments for its sophisticated functioning. Each department functions independently but they are very closely interrelated with each other. Every department is responsible to provide service to other department to achieve a common preset goal. The main role of a construction enterprise is to develop a real estate property that would be

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<sup>12</sup> Implementation of Enterprise Resource Planning (ERP) Sys-terms In The Construction Industry, Syed M. Ahmed, Irtishad Ahmad, Salman Azhar and Suneetha Mallikarjuna

commercially beneficial for the enterprise. The Construction sites that are developed by an Enterprise can be categorized into following categories:

1. Residential- Flats, Row Houses, Bungalows, Duplex Apartments, Suits, Townships, Villas
2. Commercial - Shops, Malls, Multiplexes, Club Houses, Hotels, Offices, IT parks
3. Government Tenders - Roads, Bridges, Dams, Govt. Buildings, Maintenance

The Construction Sites developed by the enterprise are mentioned above. The main complexity of the project is that at a particular time the construction site may have multiple projects in hand from different domains. Thus to efficiently manage and access different modules it is necessary to develop the Enterprise Resource Planning considering every minute detail and various actions performed by an enterprise. Understanding the working of the construction enterprise plays a major role and it also acts as the initial step to develop a broader perspective of the exact virtual implementation of the project<sup>13</sup>.

Most companies collect a large amount of data from their business operations. To keep track of that information, a business and would need to use a wide range of software programs, such as Excel, Access and different database applications for various departments throughout their organization. Using multiple software programs makes it difficult to retrieve information in a timely manner and to perform analysis of the data.

Hence we conclude that developing an Enterprise Resource Planning for Construction Enterprise is the current need of construction market. Since the functioning of the construction enterprise is different from other domain industries. There is a need to develop a specific construction enterprise oriented Enterprise Resource Planning. The application under development will provide complete solution to manage the entire functioning of construction firm. Implementing

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<sup>13</sup> Critical success factors for ERP implementation in Chinese construction companies, Chan, C.T.W. ; City Univ. of Hong Kong, Hong Kong, China ; Sin, H.C.

Business Intelligence in the Construction Enterprise Resource Planning will help managerial staff in decision making.

## **2.2. The Role of Human Resources structure and indicators of activity of construction enterprises**

Today, Human Resource Management (HRM) functions, practices and procedures are increasingly becoming important, considering the growth of the knowledge based economy. Human resources in any enterprise, whether small or medium constitute an important area of study. Careful human resources management creates good opportunities to ensure efficiency in the production process of goods and services that guarantee a satisfactory level of living in society. If managed effectively and efficiently, human resources can play as an important role in realizing the objectives of the enterprise as an integral source. HRM studies fulfill the need of a businessperson to understand the economy, market, organization or any other related area.

Human resource development has a close connection with socio-economic developments in society. The environment creates the opportunity to take important steps to support programs for their effective development and could encourage the company to provide training for employees, informing the labor market for a better assessment of the supply and the demand for work, managing human resources to fulfill human resource development. Accordingly, this has made the investment in human resources a necessity in such a way as to make the enterprise be able to withstand the challenges facing the environment in which they operate. Designing programs and effective human resource policies will allow for the growth of human resource performance and increase the overall business performance. Moreover, as stated above, this has an impact to increase the competitiveness of the enterprise. Relevant institutions should focus on reforming the education system by conforming to labor market demands, while effective enterprise management should focus on professional training of employees.

Apart from the theoretical analysis of the issues mentioned above, the doctoral thesis is further supported by the empirical analysis, in which 150 small and medium enterprises in the Republic of Macedonia are surveyed.

HRM is concerned with all aspects of employment and management of people in organizations. HRM covers the following activities: strategic human resource management, human capital management, corporate social responsibility, knowledge management, organizational development, securing resources (human resource planning, recruitment and selection, and talent management), management performance, learning and development, compensation management, employee relations, employee welfare, health and safety and the provision of services for employees.

HRM practice has a strong conceptual basis borrowed and based on the science of organizational behavior and strategic management, human capital and theories of industrial relations. This database was built with the help of a large number of research projects by different researchers in the field of management.

The purpose of this paper is to introduce the practice and concepts of HRM. The paper defines HRM objectives, theories, characteristics, components of HRM systems, development of HRM as a method for managing people, the views expressed in relation to key performers, the context in which it works HRM and ethical dimensions that affect the human resource policy and practice.

Among others, the author Ronald R.Sims says, "The key to a continued survival and successful organization is not rational or quantitative approaches, but differs significantly in activities of employees and managers that are based on the support and mutual loyalty. The success of the organization today and tomorrow is being seen more and more dependent on the effectiveness of human resource management."

HRM is a strategic, integrated and coherent approach to recruitment, development and welfare of the people working in organizations. To create better insight about what actually represents human resource management, some aspects of the definition include. Aspect ratios of the company with the workers. Human

resource management involves all management decisions and actions that affect the nature of the relationship between the organization and its employees its human resources. HRM also has to do with the management of the workforce in organizations.

HRM includes a set of policies designed to maximize organizational integration, employee commitment, flexibility and quality of work, or working and people management in achieving desired goals. Strategic aspect of the action. According to this aspect of HRM has to do with human resources policies, which should be integrated with strategic business planning and used to reinforce an appropriate organizational culture (or to change an inappropriate one). Human resources are the source of competitive advantage, because they can relate more effectively by mutually consistent policies that promote commitment and, therefore, are able to feed to the employees a willingness to act in a more flexible way in the interest of pursuit of excellence "appropriate for the organization." Moreover, the management of human resources is a particular method of employment management, which seeks to achieve competitive advantage through the strategic development of a workforce more dedicated and capable, using a variety of techniques integrated cultural, structural and personnel.

The overall goal of human resource management is to ensure that the company will be able to achieve success through people. HRM aims to increase the effectiveness and organizational skills, which means the ability of an organization to achieve its goals using the available resources in the best way possible. Some authors in their studies have found that HRM systems can be the source of firms' organizational capabilities that allow one to learn and benefit from new opportunities. But HRM has an ethical dimension, which also means that one should be concerned for the rights and needs of people in organizations through the exercise of social responsibility (see: Beer et al., 1984; Grimshaw and Rubery, 2008; Guest, 2008; Storey, 2007; Ulrich and Lake, 1990).

Dyer and Holder (1988) analyzed the objectives of human resource management from a different perspective, taking into consideration the given input

concept (what kind of behavior is expected of employees?), the composition (what is the percentage of staff and skills mixture ratio?), the competence (what is the overall level of desired capacity?) and the commitment (what is the level of engagement and identification of employees?).

HRM is a system in itself, open, which aims at integration. An open system is dependent on the input environment, which are transformed during turnovers that are exchanged in an environment. Wright and Snell defined an open system HRM as a model of competence of organizations. Capacities and skills are treated as inputs from the environment; behaviors of employees are treated as part of the turnover; while satisfaction and performance of employees is treated as outputs. From the literature review, HRM in traditional form can be seen as a collection of multiple discrete practices with no clear or obvious connection between them. While modern treatments see HRM as an integrated and coherent package of practices that reinforce each other. Kepes and Delery comment that a defining characteristic of HRM is that HRM systems are a source of competitive advantage, not its individual practices. "Coherent Systems sorted internally form strong connections that create positive synergistic effects on the results of the organization"<sup>14</sup>.

HRM system brings together human resources philosophies that describe inclusive values and guiding principles adopted in managing people, human resource strategies that determine the direction of targeting HRM, human resource policies that provide guidelines defining how these values, principles, and strategies should be implemented and applied in certain areas of HRM, human resource processes, including formal procedures and methods used to make it possible to take effective strategic plans and human resource policies, practices related to human resources consisting of methods used in managing people, and human resources programs, which enable the implementation according to the strategic planning, human resource policies and practices.

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<sup>14</sup> Armstrong, 2009, p.13

Assessment of human resources management refers to the procedures and processes by which is measured, evaluated and communicated to the value added of human resource management practices applied in the enterprise. In other words, the evaluation of human resource management contributes to the identification of the financial contribution of HRM in the company's final score, or index return realized investment (ROI) that HRM functions realized in achieving the highest levels enterprise performance.

Best practices or practices with high performance work systems and methods are described in HRM, which have positive effects, universal add-on enterprise performance. Best management practices developed, implemented with the view that through their rise to higher overall performance level of employees in the enterprise, ultimately they lead to higher levels of performance of the enterprise.

Work environment plays an important role in improving the effectiveness of human resources. A secure job, healthy, pleasing, makes the individual feel comfortable in the company. Each of these elements with the importance of providing security for the individual and gives them the motivation and incentive to stay in the enterprise. This situation is usually evidenced through surveys, questionnaires through which internal answers reveal whether enterprise employees are satisfied and if they are not satisfied with what they feel should change.

Employees in an enterprise do not want to be found uninformed of what is happening in the company, so do not want to find themselves in a situation of informative darkness. They feel motivated and enthusiastic only when the management of the company is open to relations with them on the development of policies and procedures, know the salary, clients, contracts, goals and objectives of the enterprise. Such a situation of open management encourages active participation in management. Asking employees for ideas they have to make changes in the enterprise will stimulate their creative judgment. Management open

to any element relating to the performance of the enterprise will help in establishing credibility and motivation of individuals in the enterprise.

Any good performance in the execution of duties by individuals in the enterprise can be estimated several ways, from verbal praise, until the award of bonuses or giving different payments. Enterprise through these forms encourages individuals so that they are more effective in performing tasks and simultaneously opens prospects for their moral growth for a much longer period. Incentives for increased performance can be applied for every individual and for every team. However, care should be taken in any bonuses to be given from, should be based on a reason given and made transparent.

Every enterprise should have its own system of evaluation of its employees. However, we should emphasize that a better system of assessment should mutually link individual performance with priority goals of the enterprise. Sharing knowledge is a very good strategy, which helps to spread and improve knowledge among workers, which contributes to a better realization of the tasks in the workplace. For example, if an individual in the enterprise has implemented training and knowledge gained from it can be used to train other employees. Moreover, the publication of better performance can positively affect motivating employees. Every enterprise has more individuals who are distinguished from others in many ways. Precisely these individuals should be identified visibly through various forms of publication. This will serve as an example for other individuals in the enterprise. Experts in the field suggest stimulation of discussions in the enterprise. Successful enterprises in business continuously feed; throw different ideas for discussion on the progress of work in the enterprise. They know that individuals who are presently working in the company and who know the nature of its business being involved in discussions can provide many different ideas that are both different and better. Managers need to organize better these discussions to attract more thoughts. Through discussion, they can identify talented employees and they can support to gain further training. Further, surprises play an important role in motivating and improving the effectiveness of the employees. However, even if

seen as less important, surprises, when done in the right time in the right place have their role. Who does not want a good surprise, which feels valued and satisfied? Surprises can be accomplished with many different forms. We underscore that surprises should not only be carried out to individuals who are the best and highest performers at work, but also others. They will serve as a motivating factor for the future.

Efficiency and effectiveness of human resources. Although the literature in the field of human resources and in general management concisely describe the content and meaning of words efficiently and effectively in everyday life are often referred to as synonymous, respectively made use of their right blend. This reflects the need for clarification of the terms efficiently and effectively.

Efficiency means qualitatively high results achievement, with minimal use of resources and in the least time possible. Efficiency means to act in such a way that does not misuse resources. Managers are efficient in their work when they invest funds and do not leave their jobs or when receiving monetary funds with a small interest in the bank; when there is usually plans to put people to work in every situation or to use it information rationally which has certain resources spent.

During research conducted in order to see the link between growth performance and effectiveness of enterprise employees, the results show that, on average in the past five years only 8% of companies that had improved skills of their employees have had reduction in their effectiveness, compared to 20% (average of five years) of companies which had not improved skills of their employees, have marked reduction in effectiveness. As far as increasing the effectiveness, the results have shown that, on average, 93% of enterprises which have seen an increase in the performance of employees, have noticed an increase in affectivity, compared with only 7% of companies that have not increased performance, but have noticed an increase in their effectiveness. By analyzing the results, we can conclude that we can accept the hypothesis above that there is a strong positive relationship between performance and affectivity of the enterprise.

During research conducted in order to test the hypothesis that a relationship exists between undertakings having special sector HRM and enterprise efficiency, the results show that companies that had a particular sector of the HRM, in five years have recently increased the average efficiency of 73.8%, while companies that had no sector specific HRM was observed to have increased an average of 26.2%.

**Figure 2.1**

**HR Sector and affectivity in the Enterprise.**

Affectivity	2015		2014		2013		2012		2011	
	A	B	A	B	A	B	A	B	A	B
Decrease	25,9	74,1	31,6	68,4	0	100	20,0	80,0	0	100
	18,4	18,7	16,7	12,4	0	6,7	3,0	3,9	0	4,0
Constant	68,1	31,9	78,1	21,9	75,8	24,2	79,1	20,9	19,6	80,4
	29,9	39,5	47,6	38,9	44,8	42,9	33,3	27,3	33,3	40,6
Increase	77,5	22,5	72,4	27,6	71,8	28,2	73,6	26,4	26,3	73,7
	51,4	42,1	40	44,4	48,6	57,1	62,7	69,7	66,7	55,4

(\*Source: Transfer of HRM/IR Practices: Anglo-Saxon Multinationals in the Federal Republic of Germany, *International Journal of Human Resource Management*, 14, 409-430.)

A. There is a special person and / or unit responsible for the human resources sector

B. The task performed by the owner / manager of the company

Meanwhile, the decline in the effectiveness had 15.5% of the enterprises that particular sector HRM compared to companies that do not have specific sector HRM, where 84.5% of the enterprises have reduced the effectiveness of them. From the above data, we can conclude that there is a positive correlation between the possession of a special department of human resources and effectiveness in the enterprise, where we can conclude that the hypothesis is accepted.

**2.3. The main analysis of the techno-economic and Human Resources indicators of “O’ZSHAHARSOZLIK LITI” State Unitary Enterprise and use International Human Resources trends in it**

The profession and practice of human resource management are subject to significant change and redefinition. Unfortunately, many organizations and systems have not sufficiently perceived importance and the role of human resources management, so that their role is reduced to perform common administrative tasks related to personnel. The transition process in which we are, transformation and integration in international based, requires a radical change in relation to human resources and how they are managed.

In order to successfully copy with an increasing competition and rapidly changing environment, it is necessary for modern systems and organizations to allow the release of creative potential by applying new principles regarding human factor. The knowledge, skills and creativity must be favored, which leads to the intellectualization of work overall. For this purpose, it is necessary to recruit, develop and retain human resources who are highly trained, motivated and dedicated to his work.

The strategic approach to human resource management, focuses on understanding, predicting, directing, changing, development and adaptation of human behavior and human resources in the organization, which requires a commitment from employees, self-control, a high degree of confidence, professionalism, ongoing education and striving.

According to data presented in Table 2.1 "O'ZSHAHARSOZLIK LITI" State Unitary Enterprise in the basic technical and economic parameters, to obtain revenue from sales 2,219,311,000 sums in 2013, 2014, 570 234 thousand sums, and was 1,785,297,000 sums in 2015. 1870411 thousand sums in 2013, the cost of works carried out in 2014, 165.972 million sums 2015 1,508,979,000 sums. Gross profit in 2013 348 900 000 sums, in 2011 404 262 000 sums, 2015 276318000 sums. These indicators can also be seen in the following diagram.

**Figure 2.2**

**The main analysis of the techno-economic indicators of  
"UZSHAHARSOZLIK" SUE in 2013-2015\***

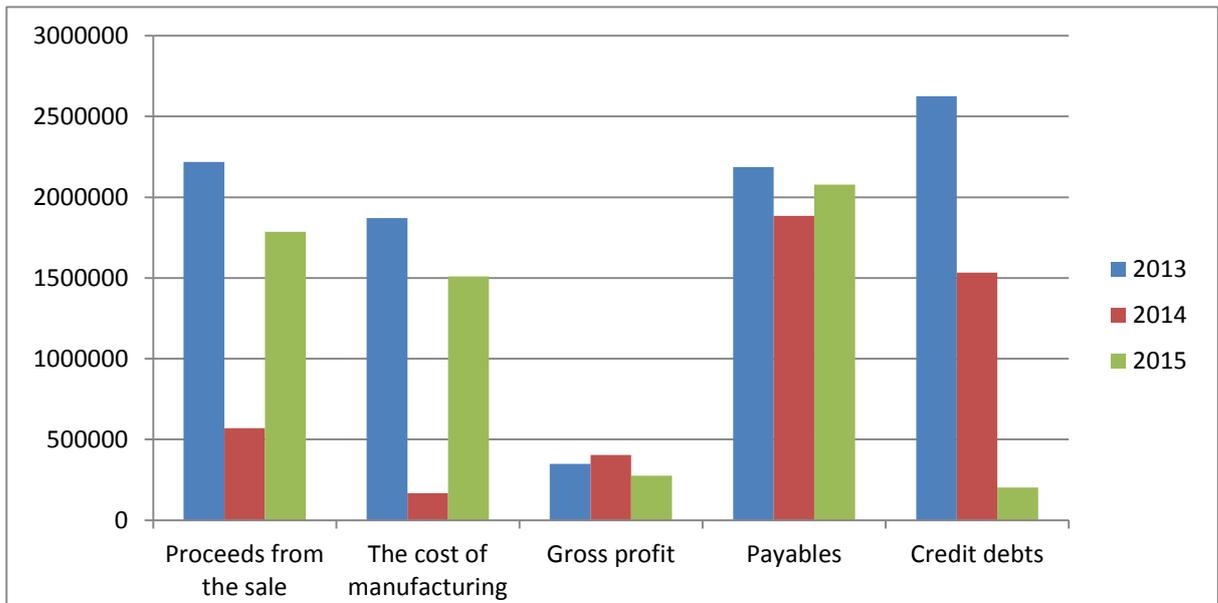
№	Indicators (1000 sums)	2013	2014	2015	At percent (%)
1	2	3	4	5	6
2	Proceeds from the sale	2219311	570234	1785297	313
3	The cost of manufacturing	1870411	165972	1508979	909
4	Gross profit	348901	404262	276318	68
5	Income tax	18620	14040	37189	265
6	Average number of workers	208	204	196	96
7	Product for a worker	35795	9197	48251	525
8	The net profit	-	146	271	186
9	Salary fund	243021	245542	246330	100
10	The average salary of a worker	3919	3960	6657	168
11	Payables	2186270	1884258	2078838	110
12	Credit debts	2624832	1532971	202743	13

(\*Source: made by author)

The number of employees in 2013, 208 in 2014, 204 people, 196 people in 2015. The salary has funded more than 243 021 thousand in 2013 and 2014 it was 245 542 thousand sums in 2015, 246.33 million sums.

**Figure 2.3**

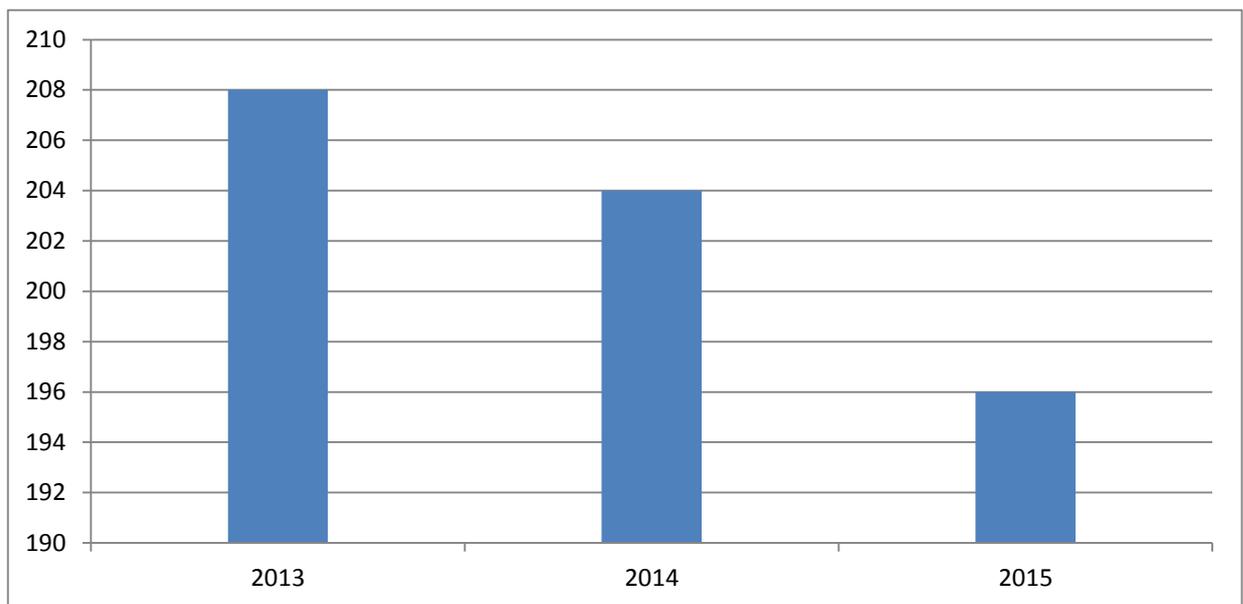
**Indicators study the effectiveness of the labor force**



(\*Source: made by author)

**Figure 2.4**

### Average number of workers



(\*Source: made by author)

Index number of employees and payroll of the casing 1 coincide with the wages of employees in 2013 to 3919.6 thousand sums and 3,960,300 in 2014, 2015, 6657500. 1 coincides with the employee's gross income in 2013, 35795300, 2014 amounted to 9197.3 thousand in 2015 48251200 sums.

The results of the analysis of performance indicators. For example, work causing growth of 524 percent, while its output is equal to 114.5%. The usefulness of the labor force is 311 percent.

Thus, the indicators characterizing the efficiency of labor achieved the goal of the analysis is on the top. Of course, this occurred spontaneously. There are a number of factors. What is the process of analyzing the factors that show how to determine the level of impact that is important?

“O’ZSHAHARSOZLIK LITI” State Unitary Enterprise in the analysis of the factors affecting the management of human resources

The gradation of our previous points mentioned above, in accordance with the nature of human resources management - the most valuable asset of the company is a strategic approach to human resource management. At the same time, enterprise resource management functions to provide the necessary human resources, the prevention and the development of reproductive human resources policy and implementation. Human resource management and personnel management for a better understanding of not only the leadership of the staff, but the company should be carried out by all management tiers.

Confirm that in a market economy the commodity management of human resources is determined by the following factors:

- Rookie of highly qualified professionals and the need to develop the necessary expertise in the field of human resources;
- Effective training and staff development process complexity;
- An objective assessment of the effectiveness of each employee's labor needs;
- The need to increase staff motivation and others.

Modern world is affected by rapid changes, in which industrial technology gives way to information technology, and traditional ways of organizing are greatly transformed and adjusted to requirements of the XXI century. All that changed the concept, structure and layout of traditional organization. Organizations in which people work are constantly changing and evolving, creating new trends and issues that require consideration and resolution. New trends and new

circumstances have a direct impact on human resources management. Such trends or circumstances are seen as: 1) increasing competition; 2) management of international business; 3) technological innovation; 4) operations in accordance with current regulations; 5) union activities; 6) ethical issues; and 7) the best practice versus best fit.

1. Growing competition – The novelty that human resource management is faced with in contemporary environment is growing competition in the labor market, which lowers prices and affects the organizational unit of human resources to cancel certain workplaces, and to develop new ways for intensifying work. If the organization decides to increase the value and quality rather than reduce prices, this will entail the need for finding and motivating highly skilled workers. Regardless of whether the strategy of "low price" or "higher values" is adopted, we need fundamental changes towards employees. Faced with increased competitive pressures in recent years, organizations are increasingly resorting not only to formal contracts but also to a "psychological contract" with employees. The psychological contract refers to expectations, i.e. what one party can benefit from the other. Certainly, the novelty is ceasing of long-term employment as well, i.e. employment for life.

2. Management of international business – A consequence of globalization is an increase in the number of multinational organizations, which requires more employed HR professionals working in organizations that are owned and controlled by someone from abroad. The problems that arise in the globalization are institutional and cultural differences. It is therefore necessary to develop a global standardization and establish a balance of global and local human resources managers.

3. Technological innovation - Information technology, telecommunications, laser applications and alike, are constantly evolving and have a direct impact on the development and management of human resources. It is possible to define three types of challenges that are put in front of the organizational unit for human resources, as a consequence of the aforementioned progress.

4. Doing business in accordance with applicable regulations – Experts in human resources must follow and comply with laws and regulations whose number is growing, and which are related to employment, health and social welfare, gender and racial discrimination, arbitrary dismissals, birth right throughout, union recognition and more. This all leads to an increase in employment costs, the unwillingness of creating new job positions, but also to greater social security of workers.

5. Trade union action – For the management of human resources, it is essential to establish good and productive relationship with the union, which tries to improve business success. Trade unions often support constructive initiatives and contribute to management and help us notice things that otherwise we would not be aware of.

6. Ethical issues– Human resource management has always had an ethical dimension, but it often meets ethical dilemmas typical of cases where there is conflict between what is in the interest of the organization and what individuals on the basis of their ethical principles consider right. When it comes to human resources, the organization can be criticized on ethical grounds, such as: avoidance of answering about the organization work; dismissing an employee because of ill health, ignoring the need for changes in health security because it requires greater investment, providing training opportunities to some individuals, and denial to others, discrimination on the basis of age, and more. Experts in the field of human resources must vigorously advocate the combination of efficiency and fairness and the need to build a solid business foundation for turning to ethics, transparency and consistency to employees.

7. Best practice versus best fit – This view has a consequence on the entire field of human resources and it refers to management, which is currently the most important theoretical debate in the field of human resources. This view raises a question whether there is a best way for carrying out activities related to human resources, and that is applicable everywhere. Some authors argue that there are

certain practices of human resources whose implementation helps the organization gain advantage over its competitors and they advocate the view "best practices".

Human resource practices implement their positive influence by: 1) providing and improving the competence of employees, 2) impact on their motivation and commitment, 3) planning job so that employees are encouraged to give their best at work. By borrowing elements from the theory of expectations, this model suggests that all three elements should be present in order to reach the best results. The positive attitude of an employee should affect the level of the results of the organization, such as low levels of absenteeism, turnover rates of employment and vacancies, and a high quality of productivity. "Best practices" in management of human resources include modern methods of selection, commitment to employees, continuing education, employee development, rewards and improved working conditions.

The construction sector workforce lacks the skills of dutifulness, responsibility, situation management, inventiveness and inquisitiveness. Specialist, technicians and skilled workers are lacking in practical skills. Knowledge on modern technologies, materials, and skills how to work with them as well as competences of project management and time planning are also relevant. The managers and administration staff are lacking general skills most of all. In addition, there is a shortage of such skills as work organization, decision-making, time planning and flexibility. The majority of the construction sector enterprises arrange training for their employees. Usually, they arrange on-the-job training or training at state and more rarely at private schools.

The construction sector is a rather inert industry, therefore, the majority of professions are classic (for instance, masons, decorators) and eventually are almost not subject to change. However, the development of the supply of new technologies and materials, increasing level of the automation of activities and growing globalization determine the need for new skills. In future, works organisation, technological design and construction planning skills as well as competencies of robot management and work with automation programs and

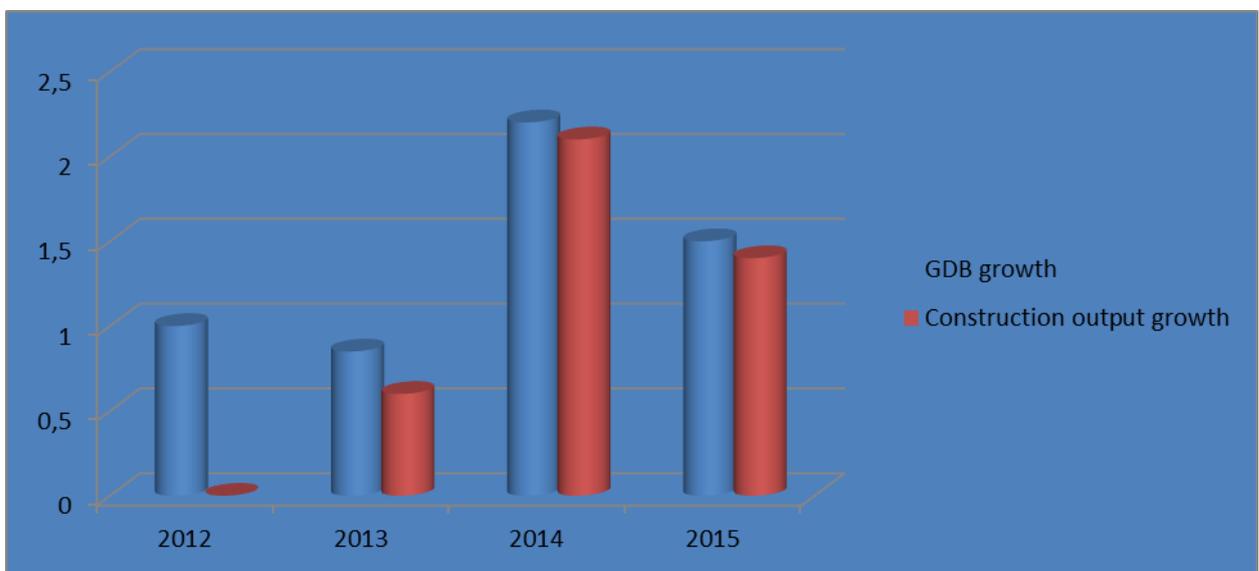
command of foreign languages will be especially relevant for the successful development of the construction sector.

Construction has been exposed to numerous technological advances in recent years, such as in building design and materials.

Future growth is likely to be positive, with growth of over 5% expected in Eastern Europe, while growth is also expected throughout the rest of Europe (see at this figure).

**Figure 2.5**

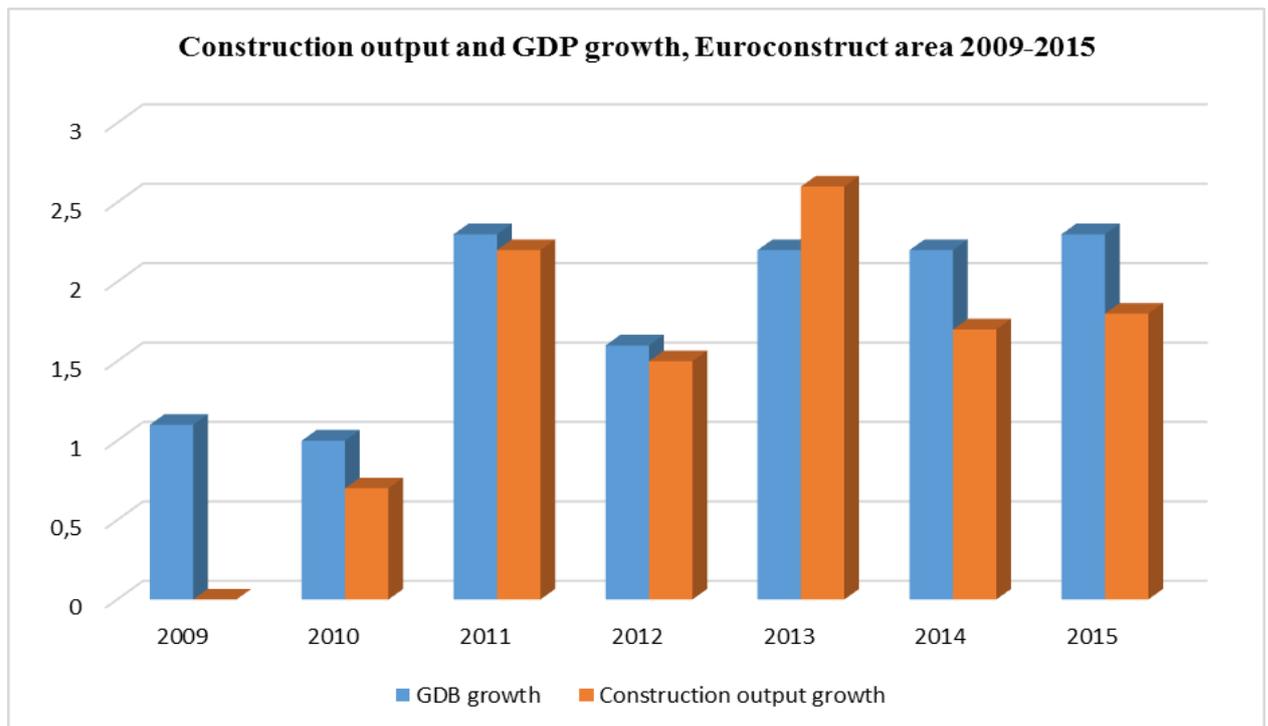
### **The growth of Eastern Europe**



(\*Source: based on international trends. Euroeconomy.com)

Added to overall economic growth prospects, new household formation and increasing prosperity should ensure that prospects for the construction sector will remain positive over the next number of years, particularly in Central and Eastern European markets, although growth in the UK and Nordic markets is not expected to be as strong. The nationality of the construction companies that will benefit from such trends will largely depend on which country's construction sector, and particularly its largest employers, are most competitive and efficient. In the long-term, this will be influenced by individual employers' attitudes to training and development of staff, by the extent to which they embrace innovation in terms of new materials and technologies, as well as by the efficiency with which they can carry out their work.

As can be seen from Figure 2.8 below, construction output developed at a slower rate than GDP-growth over the last few years. However this year, 2013, is set to be a remarkable year for the rate of construction output. This rate of growth is set to slow in 2014 and 2015, when the economy will again grow at a faster rate than the construction industry, and construction growth will be just marginally above that of 2012<sup>15</sup>



(\*Source: based on international trends. Euroeconomy.com)

While construction in Eastern Europe represents a small proportion of the overall European market segment, it has grown considerably in recent years. Many signals indicate that this trend is likely to continue over the next number of years, which may also improve overall European figures. In Eastern Europe, civil engineering has outperformed other sub-sectors, and is expected to increase by more than ten per cent annually. The residential and non-residential building sectors have also performed strongly since 2002, and are also expected to continue to do well.

### **CHAPTER 3 - WAYS TO IMPROVE THE MANAGEMENT OF HUMAN RESOURCES IN THE ENTERPRISE**

<sup>15</sup> Euroconstruct, 2016

### **3.1. Ways to improve the organization of human resources management in the real sector of the economy**

As construction projects often have a temporary life span, with a multi-organisational environment to undertake unique and novel products, it is extremely difficult when they attempt to improve processes by leveraging knowledge and lessons learnt from, within, and between projects and to the organisation. In order to successfully deliver a unique, novel, and transient project, it would be beneficial if the project team can make decisions and make adjustments on processes at a local level. However, if too strong an emphasis is placed on defining processes at each project, process improvement at an organisational level would suffer. It could lead to improvising processes each time, thus re-inventing the wheel each time.

Process improvement beyond individual projects is thus a logical and necessary step forward to improve organisational performance by capturing good practices and leveraging expertise of all employees. However, achieving benefits of process improvement through sharing good practices requires painstaking and resource-intensive processes. The most difficult but critical issue to fostering an appropriate organisational climate to promote organisation-wide good practice and knowledge sharing is perhaps sharing contexts and visions among both individuals and projects. Creating and sharing contexts and organisational vision entails alignment of interests of employees and empower them to take proactive roles of improving processes. This will be particularly challenging to those who are accustomed to traditional command-and-control management styles often adopting bureaucratic and hierarchical organisational structures.

In order to develop rich and substantial organisational process capability, one should go beyond a boundary of a firm. As the construction industry is highly fragmented, it is essential to integrate the knowledge of various project stakeholders across both upstream and downstream value chains. As these stakeholders have different interests and competencies in processes, it is necessary to prevent opportunistic and adversarial behaviors from impeding collective learning and change. In this context, it is called for more proactive integration

efforts among construction supply chain. This may be achieved through strong leadership to create a collaborative climate by forming strategic networks in the construction communities for fostering reciprocal knowledge and good practice sharing.

Structured Process Improvement for Construction Enterprises (SPICE). Strategy is derived from the organization's vision and implies a purpose for which a direction is set over the long-term. It requires leadership and an understanding of the broader context in which organisation is in operation. Although this link between strategy and process improvement is not specifically examined in SPICE Level, the previous experience of the research team with the SPICE model within the Facilities Management sector suggests that it is important to realize that the organizational process improvement function cannot exist in strategic isolation. By linking the SPICE model and strategic tools (e.g. Balanced Scorecard), the organization will be able to more effectively exploit its entire knowledge base to best support the process improvement initiatives.

Over ninety per cent of organizations have not effectively aligned their strategy at all levels of the organization<sup>16</sup>. The result represents an organisation that is not operating at maximum efficiency, typically leading to less than optimal performance as well as missed opportunities. Therefore, process improvement initiatives in general should attempt to address a key management issue: that organisations often fail to turn strategy into action.

The objective of any process improvement initiative should be to motivate all managers and employees to implement successfully the organization's strategy. Those organisations that can translate their strategy into their process improvement "actions" are far better able to execute their strategy because they can communicate their objectives and their targets. This communication focuses managers and employees on the critical drivers, enabling them to align investments, initiatives, and actions with accomplishing strategic goals.

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<sup>16</sup> Fortune Magazine, 2009

Recent developments in information and communication technologies (ICT) present tremendous opportunities for firms to impart information efficiently and timely. Many ICT tools, which can be usefully exploited in the context of process improvement, are being developed and now widely available in the marketplace. Systems vendors are providing not only generic but also firm-specific solutions for process improvement, e.g. knowledge management tools, which could meet idiosyncratic requirements of the organisation.

Popular applications of ICT technologies in the process improvement arena include those process-mapping tools and workflow management as well as those that can assist knowledge capturing, storing, retrieving, and disseminating (such as, document management tools, corporate yellow pages, database, best practice repositories, etc.). In addition, there are many supporting tools that may be utilized to enhance the improvement activities. For example, organisational development tools (knowledge mapping, computer-based training or on-line training) or communication tools (groupware, email, chat rooms, video conferencing, teleconferencing, bulletin boards, etc.). These tools can help people get access to up-to-date and relevant information within and across organisations. As these technologies provide more efficient and effective means to document and distribute information on processes, process improvement can be greatly assisted by using them. However, over-reliance on ICT technologies in process improvement can be ironically detrimental to other aspects of process improvement.

Process improvement at an organisational level requires individual and organisational capability to create, transfer and exploit knowledge and lessons learnt. Increasingly the role of knowledge in modern businesses is acknowledged as a key to creating sustainable competitive advantage in construction as well as other industries. It is suggested that knowledge has tacit and explicit dimensions. Tacit knowledge is highly personal and difficult to articulate, such as insights and intuition. In contrast, explicit knowledge can be codified in the form of manuals and specifications. It is often argued that the majority of knowledge in construction

is of tacit nature. For example, whereas knowledge on certain straightforward and linear processes (e.g. material handling or installing light fixtures on the wall) can be abstracted and articulated easily, certain experiences and skills gained over time in highly complex and non-linear processes (such as design or decision making processes) may be difficult to articulate and thus the majority of knowledge remain as tacit.

In this regard, it is necessary to introduce two distinct but complementary schools of thought in how the utility of knowledge can be enacted: ‘cultural’ vs ‘technical’ approaches. These approaches are discussed here to illuminate how they can be related to process improvement. The technical approach is to achieve economy of scale by codifying what individuals or groups know or have learnt and help employees get easy access to the knowledge. It often (but not necessarily always) advocates using advanced ICT technologies to spread ‘good practices’ or ‘lessons learnt’ rapidly throughout the organisation. The cultural approach is essentially people-oriented and aims to integrate individual and group knowledge in order to solve idiosyncratic or non-routine problems. However, this dichotomy may be misleading, as often is the case, not only because they can benefit from each other but also because not one solution can be effectively and efficiently applied to every situation.

When an organisation attempts to leverage collective knowledge and what has been learnt by experience, the context of knowledge transfer concerns several questions such as whether the organisation can benefit mostly by spreading repeatable and proven solutions or whether it is more appropriate to build a system to devise solutions so that unique or non-routine problems can be effectively dealt with. Equally, important issue is how it can be shared and integrated with various existing organisational systems. The following table compares technical vs cultural approaches to managing knowledge in processes.

Although establishing an organisational infrastructure for process improvement at an organisational scale entails a diverse array of factors and processes, the SPICE Level 3 team has attempted to untangle complexity involved

in organisation-wide process improvement and to present a concise set of key processes that have most direct and important bearings on implementing and achieving Level 3 process maturity. The key processes are derived through an iterative research process between literature review and case studies and finally categorised under the following four headings: “process definition”, ”process customisation”, “process training”, and “process improvement is resourcing”. Each key process is defined and explained below.

Establishing and developing organization-wide good practice processes. This key process is to establish and develop a well-defined set of organisation-wide good practice processes. Building upon from the achievements and lessons learnt from Level 2, this key process is to ensure that lessons learnt and good practices at a project Level are continuously and periodically captured. Successful “process definition” will depend on to which extent process information is made accessible and relevant to users. This will lay a foundation for further cumulative developments that could yield benefits to the organisation as a whole. In construction, organisation-wide good practice processes need to consider a range of projects in which the business units or company are involved and their diversity and idiosyncratic project characteristics. Consequently, it would be necessary to contextualize good practice processes in light of users’ perspective so that they can be more easily understood.

Tailoring good practice processes to meet the specific needs of individual construction projects.

This key process is aimed at achieving the implementation aspect of the common understanding of good practice processes across the organisation. Based on the organisation-wide good practice processes, each team will use them as guidelines (rather than rigid procedures) for developing more project-specific processes considering specific project characteristics (e.g. procurement route, supply chain, location, project team structure, project strategy, and resource requirements). In this respect, successful process customisation will occur when various stakeholders’ perspectives are taken into account. In construction, this may

entail, among others, early involvement of key suppliers, clients and facility managers at an early stage of the given project so that more informed decisions could be made. Integration of various stakeholders at a project level and strategic dialogues with key collaborators at a business level will foster knowledge sharing and trust building, which are essential to develop organisational process capability.

Providing appropriate learning and development opportunities for all levels of employees. This key process is to ensure that the individuals and groups possess appropriate and relevant knowledge and skills required not only to fulfil processes at hand but also to absorb new knowledge necessary to develop further organisational competencies. It entails identifying the current and future gaps of individual, group and organisational competencies and addressing the identified needs successfully. Appropriate learning mechanisms, both informal and formal, need to be devised and used for developing employees' competencies and capabilities. In this regard, this key process goes beyond typical conventional skill-based training programs. The challenge to construction organisations would be to find innovative ways to develop individuals and groups and eventually transform the organisation.

Providing appropriate resources and support to foster process improvement and organisational change. This key process refers to providing required organisational resources and time for facilitating process improvement and subsequent organisational change. Detailed requirements and solutions for 'process improvement resourcing' will vary depending on each organisation or team's circumstances and internal climate; however, process improvement initiatives will benefit from senior management sponsorship, which will ensure that resources are directed to critical areas and at an appropriate level. It might also entail supporting change agents, such as "process champions" and "process owners", or establishing "process improvement team" for the improvement initiatives to sustain. Successful process improvement resourcing will be dependent on whether all levels of employees share the necessity for active search for good practices and subsequent change processes. Thus, empowerment of all employees is critical for process

improvement. Clear goals, measures, and outcomes of improvement initiatives need to be agreed upon and communicated so that a sense of achievement can be shared throughout the organisation.

**Effective Role in Human Resource Assessment.** Assessment of human resources management refers to the procedures and processes by which is measured, evaluated and communicated to the value added of human resource management practices applied in the enterprise. In other words, the evaluation of human resource management contributes to the identification of the financial contribution of HRM in the company's final score, or index return realized investment that HRM functions realized in achieving the highest levels enterprise performance.

Best practices or practices with high performance work systems and methods are described in HRM, which have positive effects, universal add-on enterprise performance. Best management practices developed, implemented with the view that through their rise to higher overall performance level of employees in the enterprise, ultimately they lead to higher levels of performance of the enterprise.

Work environment plays an important role in improving the effectiveness of human resources. A secure job, healthy, pleasing, makes the individual feel comfortable in the company. Each of these elements with the importance of providing security for the individual and gives them the motivation and incentive to stay in the enterprise. This situation is usually evidenced through surveys, questionnaires through which internal answers reveal whether enterprise employees are satisfied and if they are not satisfied with what they feel should change.

Employees in an enterprise do not want to be found uninformed of what is happening in the company, so do not want to find themselves in a situation of informative darkness. They feel motivated and enthusiastic only when the management of the company is open to relations with them on the development of policies and procedures, know the salary, clients, contracts, goals and objectives of

the enterprise. Such a situation of open management encourages active participation in management. Asking employees for ideas they have to make changes in the enterprise will stimulate their creative judgment. Management open to any element relating to the performance of the enterprise will help in establishing credibility and motivation of individuals in the enterprise.

Any good performance in the execution of duties by individuals in the enterprise can be estimated several ways, from verbal praise, until the award of bonuses or giving different payments. Enterprise through these forms encourages individuals so that they are more effective in performing tasks and simultaneously opens prospects for their moral growth for a much longer period. Incentives for increased performance can be applied for every individual and for every team. Nevertheless, care should be taken in any bonuses to be given from, should be based on a reason given and made transparent.

Every enterprise should have its own system of evaluation of its employees. However, we should emphasize that a better system of assessment should mutually link individual performance with priority goals of the enterprise. Sharing knowledge is a very good strategy that helps to spread and improve knowledge among workers that contributes to a better realization of the tasks in the workplace. For example, if an individual in the enterprise has implemented training and knowledge gained from it can be used to train other employees. Moreover, the publication of better performance can positively affect motivating employees. Every enterprise has more individuals who are distinguished from others in many ways. Precisely these individuals should be identified visibly through various forms of publication. This will serve as an example for other individuals in the enterprise. Experts in the field suggest stimulation of discussions in the enterprise. Successful enterprises in business continuously feed; throw different ideas for discussion on the progress of work in the enterprise. They know that individuals who are presently working in the company and who know the nature of its business being involved in discussions can provide many different ideas that are both different and better. Managers need to organize better these discussions to attract

more thoughts. Through discussion, they can identify talented employees and they can support to gain further training. Further, surprises play an important role in motivating and improving the effectiveness of the employees. However, even if seen as less important, surprises, when done in the right time in the right place have their role. Who does not want a good surprise, which feels valued and satisfied? Surprises can be accomplished with many different forms. We underscore that surprises should not only be carried out to individuals who are the best and highest performers at work, but also others. They will serve as a motivating factor for the future.

**The Importance of Human Resources in the Success of Enterprises.** The construction sector is a manufacturing and services sector and performance assessment generally depends on the performance of the staff employed in them. A highly qualified, motivated and happy staff is the main factor for the success of constructions. Good customer service remains the main factor to distinguish from one construction to another construction and the competitiveness of each market. There are several reasons for this:

Good service is a key factor that explains why a potential customer chooses a particular construction or why existing customers stay or leave a construction.

Best impressions of a service, expressed from a friend or relative, effects in choosing a construction. Moreover, a bad impression on service will send customers to other competing firms.

High customer service gives all constructions sustainable and long-term competitive advantage. This service will be difficult to duplicate and surpassed by competitors in the short term. Good service is not reached immediately; it takes many months, if not years, of investment in the training and dedication to achieve it.

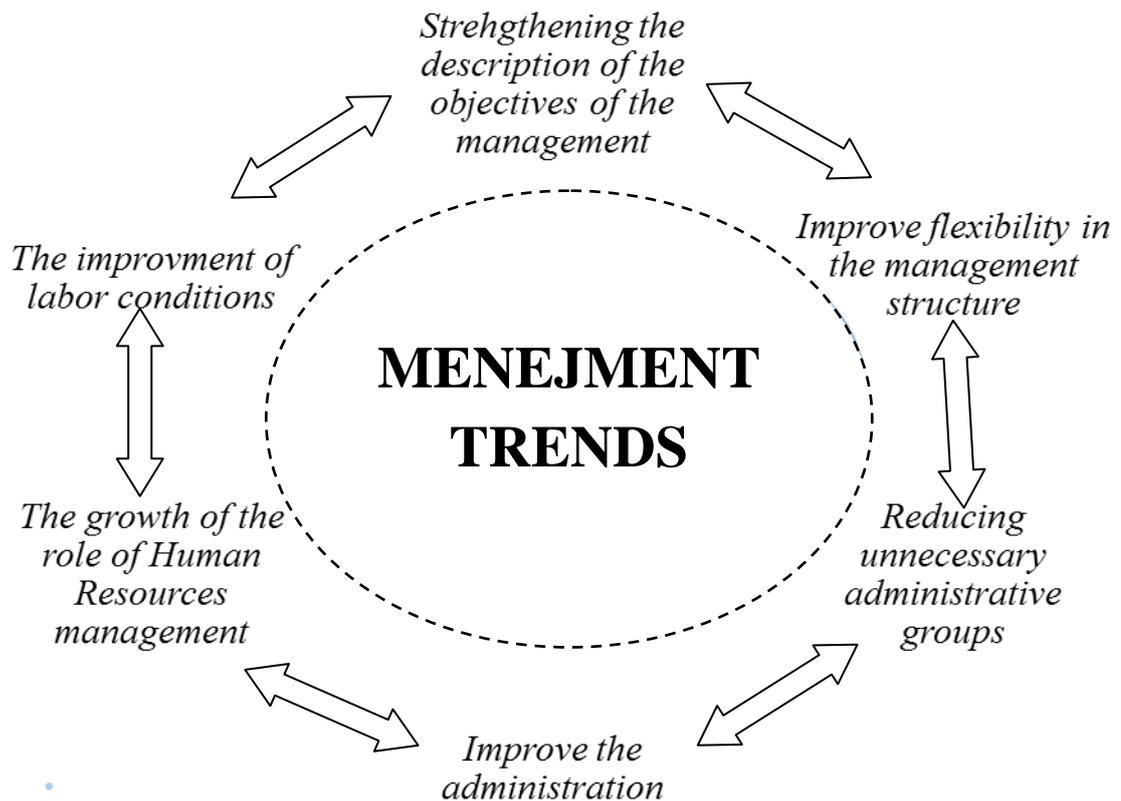
Education and training are probably the most widely recognized critical success factor, because user understanding and buy-in is essential. Enterprise Resource Planning (ERP) implementation requires a critical mass of knowledge to enable people to solve problems within the framework of the system. If the

employees do not understand how a system works, they will invent their own processes using those parts of the system they are able to manipulate. The full advantages of ERP cannot be realized until end users are using the new system properly. To make end user training successful, the training should start early, preferably well before the implementation begins. Executives often dramatically underestimate the level of education and training necessary to implement an ERP system as well as the associated costs. Top management must be fully committed to spend adequate money on education and end user training and incorporate it as part of the ERP budget. It has been suggested that reserving 15–20% of the total ERP implementation budget for training will give an organization and 90% chance of implementation success. All too often, employees are expected to be able to effectively use the new system based only on education and training. Yet, much of the learning process comes from hands-on use under normal operating conditions. Thus, a designated individual (preferably the project leader) should maintain ongoing contact with all system users and monitor the use of, and problems with, the new system. There is also a need for post-implementation training. Periodic meetings of system users can help identify problems with the system and encourage the exchange of information gained through experience and increasing familiarity with the system.

Today, the following trends have emerged for improving human resources system (Figure 3.1)

**Figure 3.1**

**Trends of improving of the management system\***



(\*Source: remade by author.)

Identified areas for improvement of business structure in line with these trends, primarily on the basis of quality indicators. These indicators include:

- Optimization - Subdivisions between the minimum level of interaction without the need to establish a rational way. Therefore, cutting down one of the conditions of the transaction to improve the management system.
- Efficiency (transactions) of all functional blocks needed production units, the implementation of quality and timely management decisions relating to bilateral relations with precision.
- Reliability - the information in a timely manner and timely delivery of administrative decisions and act within about. Reliability and efficiency play an important role in an effective system of governance.
- Austerity - to achieve the most effective at management system and reduce management costs, that is, to achieve of increasing of effectiveness of management.

We should be noted that, not available same way for improving human resources for all enterprises. This task is occurred by certain conditions, status, and opportunity and be resolved. But it has an invariable rule, and it is based on the scientific aspects of the plan.

### **3.2. Management methods for improving the use of human resources of “O’ZSHAHARSOZLIK LITI” State Unitary Enterprise**

Further deepening of reforms and modernization of the economy requires acceleration of reforms that performed in construction, including the national economy. Currently, the construction sector compared to other sectors of the national economy of modern forms of entrepreneurship, in particular, the level of private entrepreneurship development is providing the expected performance indicators. Therefore, the current period, the use of modern advanced management methods to improve the efficiency of construction management enterprises is an important issue.

In general, no management efficiency, but also serve to enhance production efficiency. Efficient production control shall be in accordance with the company's development strategy. The focus is not only to manage the production of sound personnel policy, financial, economic, marketing and legal teams to provide qualified; employees must focus on the qualitative and quantitative composition of renovation. In addition, orders for industrial goods as possible in order to ensure their timely and proper execution is also important to create the conditions for payments, modernization of production, changes in the capital structure, the production of new goods and they will determine the prospects for improving the quality of important issues.

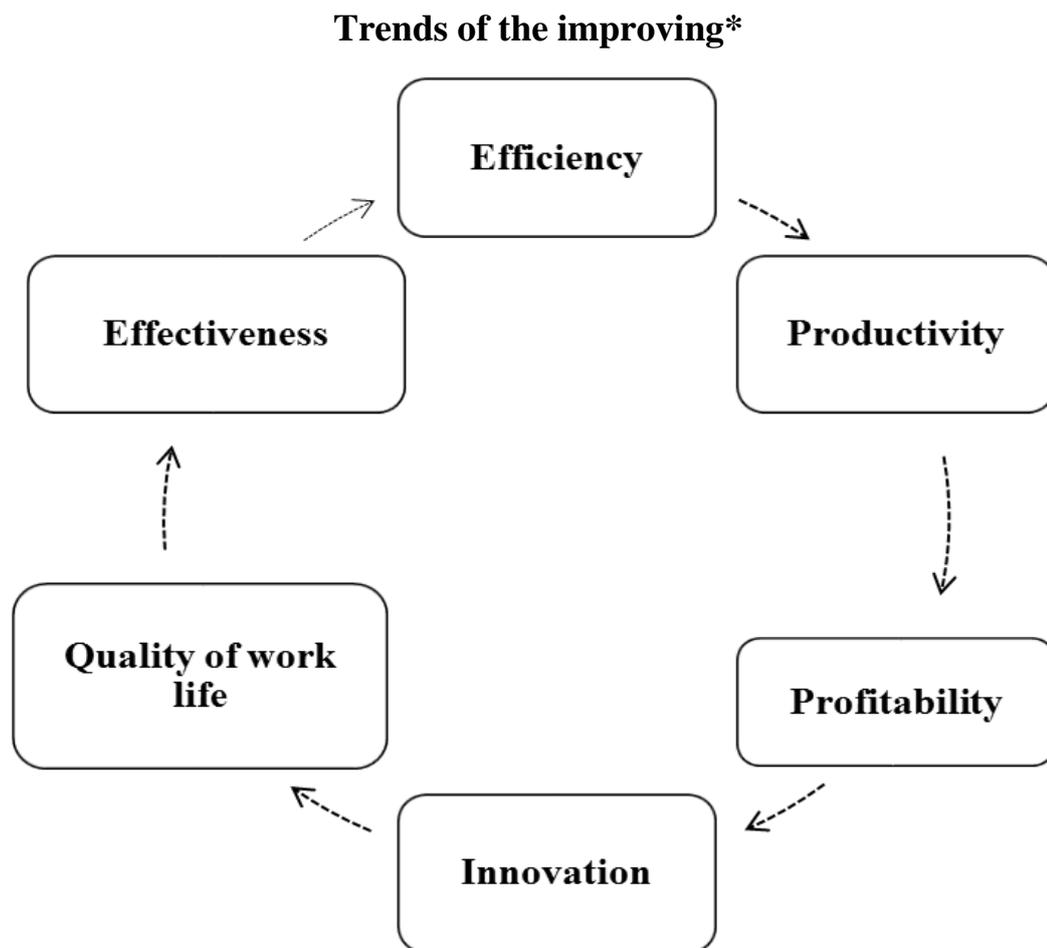
To improve the efficiency of “O’ZSHAHARSOZLIK LITI” State Unitary Enterprise’s human resources management is one of the factors of a complex of organizational and technical measures; the efficiency can be achieved through the development and implementation.

The effectiveness of the company's management in order to identify the most important areas of theoretical approaches to their analysis with the ability to combine the two groups:

Group I – measures for improving enterprises management.

Group II – measures for reducing the consumption of resources<sup>17</sup>.

**Figure 3.2.**



(\*Source:Based on International experiences. )

Scientists of the US economy developed these principles to improve the effectiveness of management principles (see this figure).

Measures to improve the management efficiency look to improve the activities of institutions, organizations. Therefore, it must implementing the measures mentioned in the calculation of economic efficiency from the growing

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<sup>17</sup> Strauss, G. (2014). HRM in the USA: Correcting Some British Impressions, International Journal of Human Resource Management, 12,

use of the indicators the main principle of ensuring the objectivity of its effectiveness.

- **Efficiency** – to reflect the level of use of resources (optimal use of resources, raw material processing, modeling of resources consumption).
- **Productivity** – represents the relationship between the cost and the volume of production.
- **Profitability** – desire to take the high level advantage (income).
- **Innovation** – to bring more innovation to operating activities.
- **Quality of work life** – to create conditions for employees and organizing vacations (to improve the organization of labor)
- **Effectiveness** – level to achieve the planned target.

It should be noted, the following is necessary for Enterprises' Human Resources Management:

- Purposeful existence. This allows the effective functioning of the enterprise, the direction of movement of its personnel;
- The stability of enterprises, domestic and foreign economic relations and the permanent settlement of internal coordination systems;
- All the internal processes of the company in accordance with the principle of self-regulation;
- the separation of the enterprise, or the existence of other companies that natively border;
- The existence of organizational culture.

Management is at the time of modernization of the economy, "O'ZSHAHARSOZLIK LITI" State Unitary Enterprise, which being the part of main of national economy must carry out activities effectively and one of the factors that allows them to develop promising.

## CONCLUSION

Enterprise efficiency multifaceted issue, only the basic parameters cannot be fully and comprehensively defined. Therefore, for a company to illustrate the effectiveness of the factors involved in the level of fertility of the effective use of many metrics. The main labor productivity and capital productivity.

In addition to these parameters in determining the efficiency of the production capacity of the enterprise, the power of the material, energy power indicators are used, they are produced for each unit of production or the labor required for production, is the amount of energy and material objects. Each of these indicators demonstrates the effectiveness of the various factors involved in the production is closely linked and complement each other.

In this regard, the activities of the enterprises of the construction industry in the development of intensive production base is necessary to make a sharp turn, each of the construction companies and organizations, primarily in the economic growth should be the main focus of attention. This highly efficient production forces and production relations in agriculture can be achieved through the establishment of a mechanism.

In order to determine the effectiveness of management of the company is creating a new methodological and methodical basis of current economic activity is the most important task.

Based on the results of the research, the following conclusions, suggestions and recommendations:

1. Increase the effectiveness of human resource management in the enterprise has a number of factors, including external factors, current circumstances are crucial. For this reason, "UZSHAHARSOZLIK" SUE covers all the functional operations, as well as taking into account the factors to study the effectiveness of management to develop a long-term strategy of enterprise development;
2. Construction enterprise to improve governance and management structure and reduction of unnecessary administrative branches for the current conditions can be achieved by creating flexible structures;

3. Analysis of the "UZSHAHARSOZLIK LITI" SUE financial and economic indicators, reached the following conclusions:

- Management is set up correctly;
- Efficient use of resources and labor potential, if the right approach to cost management;
- Financial management of the situation and the results of its shortcomings.

Thus, taking into account the share of the disposable income of the enterprise's assets and to reduce administrative costs, in particular, the reduction of costs unrelated to the activities of the enterprise completely, and issued shares of the Company and long-term resources is desirable.

4. An analysis of the performance of research management efficiency of the enterprise of the main factors is that the quality of pay and working conditions. Thus, a company to boost productivity to implement the following steps:

- In order to improve the organization of work in order to improve quality of service, and the rest of the employees and create conditions for the establishment and implementation of socio-psychological research;

- Focuses on the economic management methods, based on the quality and professionalism of the staff, not looking at doing things right SIH-appointment. And the staff in order to determine the rate of the average monthly wage for the work norms of additional premiums, additional benefits and incentive systems in place, and at the same time, the implementation of measures to promote workers

- To study the activities of employees in order to "inspections" and every employee must engage professionals who can work in this direction;

- Training, retraining and the development of initiative and creativity should go to the continuous improvement of professional knowledge and skills;

The goal of the way of corporate spirit and corporate culture of the organization, as well as the development of professional skills of employees;

5. In order to improve human resource management efficiency of the "UZSHAHARSOZLIK LITI" SUE following suggestions and recommendations:

- Rules of trust management of the enterprise, and create a system of decision-making and coordination;
- External and internal factors affecting the company, taking into account the application of modern management techniques, assessment of personal qualities of leaders, their future career planning system;
- First of all, to accelerate innovative processes in order to increase the company's efficiency, capacity and optimal use of the results in practice.

"O'ZSHAHARSOZLIK LITI" SUE prospects for the development activities of short-, medium- and long-term goals. At the same time, certain period of economic development based on the changing trends in supply in the market, the kind of economic situation in the future, this could lead to any results. In addition, the main priority of management of construction and installation works and movement efforts should be focused on the analysis of the relationship between the demands in the market.

We believe that based on the above proposals, construction companies, who have worked to improve the efficiency of human resources management, will have the following features:

- a high level of production efficiency;
- increasing market share;
- in order to reduce costs through the optimal use of resources;
- guess a coordinated way to stay in contact with the external environment;
- net management solutions to achieve productivity and efficiency;
- and in a short period of time equivalent to their place of work, and will be selected authentic staff.

Of these factors, management of human resources of the company and the economic development of the company is considered the main factors affecting the efficiency. The spots for all types of business, they are versatile and can be used to achieve economies of scale.

As a result of all the research on this thing forward; plans, no matter how perfect and fluid management. As a result, enterprises can meet the demand of all

personnel under the direct control of orientation, and that managers should be selected, and the 50 % guarantee of victory in advance.

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# Appendix