

# COMPETENCE-BASED MANAGEMENT IN SERBIAN RAILWAYS: CHALLENGES AND PERSPECTIVES

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## Abstract

The paper investigates dynamics within the Human Resource practices in the state-owned company of Serbian Railways through conducted interviews with employees in the period of 2017-2019. The paper dataset consists of collected and processed data and their preferences from the proposed set of 22 competences and consideration of current and future activities of the senior management. Based on the gathered data the study suggests an overview of the most significant required competences, both for the purposes of selection, employment, retaining and improvement of employees, and for the purposes of guiding of their training and development of knowledge and skills in view of improving efficiency and quality of work.

Analysis of this data revealed issues such as key performance indicators that are used for measurement of HR management process efficiency and HR approach suitability. Paper's goal is to choose such combination of indicators that would adequately present as-is situation and enable employer to determine reasons for potential discrepancy in Serbian railways. The most important presumptions in the study are that representative indicators that are used and that the proper set of HR data is analyzed.

**Key words:** Competence-based management, Serbian railways, challenges, perspectives

**JEL Code:** M16 International Business Administration, O15 Human Resources

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## Introduction

Nowadays, the countries, which are trying to join the European Union (EU) are investing a lot of money and efforts into developing their transport systems. Parallely with that, the state-owned transport companies are undergoing HR and digital business transformation, which includes increasing soft skills of its employees, applying of more efficient systems for motivating their employees and finding better ways to increase employee engagement

(Grozdanvic et al., 2016). Also, the companies are shifting their transport services towards higher quality services by implementing customer-centric approach (Vassilev & Velinov, 2017). Serbia as an EU country candidate is opening its transport market, especially on the railway infrastructure required restructuring of both the monopole railway companies and government institutions dealing with railways. After the changes in the period 2005-2015 at the Serbian Railways, today there are several stakeholders such as the Railway companies of Infrastructure Manager, Company Srbija Voz, RU Srbija Kargo and Kombinovani prevoz being the stakeholders on the railway market. There are 5 more companies registered for the transport of goods, but they are not present on the market. At the same time there are Government institutions in the presence of Ministry of Transport, being the Ministry in charge of the railway, Directorate for Railways (body of the Serbian Government), being the institutions which comprises in itself the Regulatory body, Safety Authority, Licensing body, Designated body and Investigation body (Center for the investigation of traffic accidents) which is common for air, inland waterways and railway traffic. Nowadays the importance of the Human Resource Management and Digital Transformation are center of attention in Serbian Railways Company as these two aspects are tightly connected in order to manage smooth business transformation (Liu et al., 2017).

## **1. Literature Review**

There are numerous key performance indicators that can be used for measurement of HR management process efficiency, or HR approach suitability. The goal is to choose such combination of indicators that will adequately present as-is situation and enable employer to determine reasons for potential discrepancy (Crawshaw et al., 2017). The most important presumptions are that representative indicators are used and that the proper set of HR data is analyzed. Comprehensive analysis should be performed in the initial phase and it should encompass the following groups of indicators such as Motivation indicators, Recruitment and selection indicators, Basic salary ratios, Effectiveness of work and Employee development (Pereira et al., 2016). All of the above should be in details analyzed within HR department. Findings, together with all observed risks and proposed mitigation measures are to be presented to the management team. The initial data is periodically used to demonstrate difference between periods and increase/decline of the indicator values. Other studies suggest that in the state-owned companies, where the management system is rather hierarchical, there is a need for employee training and requalification in order to be improved their managerial competences

(Slavic et al., 2013, 2014). The state-owned companies in Central and Eastern Europe are undergoing transformation in terms competency-based management and human resource management development (Kazlauskaite et al., 2013).

## 2. Methodology

Based on the semi-structured interviews with middle and top managers from Serbian railways, the collected and processed data and their preferences from the proposed list of 22 competences and consideration of current and future activities of the Department. The Consultant's team (paper's authors) prepared an overview of the most significant required competences, both for the purposes of selection, employment, retaining and improvement of employees, and for the purposes of guiding of their training and development of knowledge and skills in view of improving efficiency and quality of work (Chiesa & Manzini, 1997). All semi-structured interviews were conducted in English language in order to unify the sample of respondents and the respective managers know English level, so they could express themselves freely. All the semi-structured interviews were taken face-to-face in the period of 2017-2019 on the territory of Serbia in three rounds. The transcribing of the audio files into text was made with the support of NVIVO software for qualitative research and it took place at the end of 2019. Due to the GDPR regulations the names and the positions of the interviewed managers are anonymous.

In establishing the list of most significant competences given here below, certain competences from the list considered during interviews with employees were combined, and certain competences which were not on the list are included, as we concluded that they are important for good performance of the activities within the capacity of the Department.

Hereinafter are the descriptions of proposed competences, with positive behavior indicators which show the main features of each of the proposed competences. Competences have, based on similarity, been classified into four groups, namely: key values, Change management, Result management and Management and leadership (Tokmakova et al., 2019).

To determine the overall assessment of employee's results during the concerned year, it is necessary to define how big is the impact of evaluation of results (achievement of goals), and how big is the impact of evaluation of competences. Most often this ratio is 75% (goals): 25% (competences), or 70% : 30%. Hence, average performance grade is weighted by 0.75 or 0.70, and the average grade of competences by 0.25 or 0.30. The sum of thus weighted grades for performance and competences provides average assessment of the results of the employees' work results.

### 3. Results and Discussion

Outstanding personal responsibility for quality, professional and timely performance of activities within one's own scope of capacity, accepting the responsibility for team work and working results in alignment with one's role and hierarchical position, political neutrality, objectivity in work; identifying oneself with the organizational segment and commitment to accomplishing thereof goals and duties, while preserving personal integrity. Positive behaviour indicators are commitment, loyalty to achieving public interest, safeguarding the legality and legal certainty (Petkukjeski et al., 2014). From HR management perspectives the employees should possess persistence and concentration even in case of major barriers. It is needed positive approach to work, particularly to what one sees as a challenge (new, difficult tasks and the like). The employees should have openness for criticism, accepting of mistakes, assuming responsibility. The company should have HR Management, which use resources only for the purposes and in the manner prescribed by the regulations; responsible planning and using of public resources.

Active and positive attitude towards learning in view of timely and constructive reaction to changes in the internal (development) and external (adaptation) environment. Applying critical thinking to the circumstances occurring for the first time, which are unfamiliar or represent a challenge. Accepting to work under new, unfamiliar and difficult circumstances. Efficient adaptation to work during the period of changes. Learning from one's mistakes, openness for feedback and applying experience to future activities.

Looking for various development modes to improve personal knowledge, skills and behavior. Setting of challenging development goals to fill in the gaps in knowledge and skills required for quality and efficient performance of activities and duties; readiness to learn from one's own mistakes; taking up/accepting of those tasks which are out of the comfortable working zone. Applying the attained knowledge, skills and behavior; modifying behavior based on feedback. Ability to work effectively and give results in new, unfamiliar, or difficult circumstances/situations and when up against tight deadlines. Training or instructing a new employee or an employee who needs to attain new knowledge for quality and efficient performance of work. Timely provision of feedback to assist the co-workers to consolidate knowledge/skills required for performing a task or resolving a problem.

Explaining to new employee what behavior, knowledge and skills are expected, through seeking and providing information and checking whether they are understood. Giving instructions, showing positive models and providing assistance to employee to improve knowledge and

develop required skills by observing the situations. Timely provision of appropriate feedback on performance. Establishing good inter-personal relations by helping the co-workers to feel respected, appreciated and involved in the process of problem resolving and discussion. Knowing the business environment (within the scope of one's responsibility) along with understanding macro and specific business environment relevant for rail sector. Moreover, understanding of current and future activities, investments, modernization, reorganization, being or to be implemented in the field of railway transport and thereof effect on future activities, required knowledge and skills of employees accompanied with knowing of key comparative advantages and weaknesses of rail transport.

In this aspect the positive behavior indicators are understanding of business environment in which rail sector in Serbia is functioning, recognizing and properly interpreting the market assessments, trends and other market factors (current and future practices, technology and information in wider business environment, which may have an impact on the development and functioning of rail transport). Another important indicator is recognizing advantages and disadvantages of actual situation of the rail sector in Serbia; recognizing information gaps and/or needs for further analyses, prioritizing problems and seeking ways to reduce the risks and increase opportunities. Furthermore, it is vital for the company the recognizing opportunities for maintaining and gradually improving efficiency and competitiveness of rail sector and the determination directions of activities to ensure that the work is performed efficiently (Latukha, Lisina & Panibratov, 2019).

Top Management and employees of Serbian railways have been encouraged to adapt so called positive behavior indicators such as recognizing critical and not so critical activities and tasks; adjusting priorities as necessary, determining the time required to finish one's own and others' work, avoiding overlapping of activities, using of available sources to finish the work efficiently, coordinating internal and external partners and efficient use of time; efficient overcoming of easily solvable and less important issues.

Using appropriate working methods to motivate and direct the individuals towards achieving high performance. Regular progress measurement, communication on progress and changes during in the process. Timely provision and communication of feedback, both positive and negative, to individuals. The positive behavior indicators on human resource management are covering Stimulating and maintaining individual/team cohesion by focusing the individuals on the importance thereof for the organizational segment, setting of consistent communication procedures and processes to define goals, clarify roles and responsibilities, engage team

members, give preference to their strengths, share feedback with them and adjust plans. Furthermore, other indicators such as monitoring of performance of individuals and taking steps to make them stay on the right track; helping to overcome obstacles and resolve conflicts are part of this subchapter. Evaluation and use of individual differences, specific knowledge and skills. Providing the individuals with constructive remarks, appropriate instructions and timely feedback. Establishing good inter-personal relations by helping the team members feel respected, appreciated and involved in discussions on and resolving of team duties.

### **3.1 Building and maintaining professional relations**

Developing and using liaison for better fulfilment of working goals. Successful communication and cooperation with others and developing long-term professional relations with co-workers and clients. Furthermore, positive behavior indicators are acting proactively to build effective and collaborative relations when working with others; clear and calm presentation of “easy” and “difficult” content to the counterparts; developing the network of professional relations with colleagues and clients; successful communication – oral, written, and electronic examination of situations and provision of information to clarify the situations.

The concept of “developable competences” and “less developable” competences is used in the process of selection and training and development of employees. If a candidate for a job shows a skill “below the acceptable level” within a developable competence, the employer may choose to employ such a candidate and to develop, i.e. improve over time the underdeveloped skill. It is less likely that he will choose candidates showing skills “below the acceptable level” within a competence whereof development is less probable or for which there is no time or money.

Also, and more prominently than in case of selection, there is a need to organize and maintain activities with the employer in view of developing an improving certain competences of an employee who already performs the relevant job or his knowledge, skills and abilities needs to be improved, either for better results of work on this job, or for his promotion to a higher and more responsible hierarchical position.

Most developable competences are the skills or knowledge which a person can attain with moderate instructions, without special personal characteristics or vast experience. Most developable are those competences are those competences in the case of which the required skills can be strengthened or improved through training and other influence (support by superiors, personal motivation of the candidate).

The table 1 below shows the (tentative) assessment of developability of each of the 14 above described competences, where 1 means less developable competences and 3 – more developable competences. The assessment has been made based on similar assessments in case of employers having long-lasting experience in establishing and developing employee competences (authors).

**Tab. 1: Competence developability**

1 = low	2 = significant	3 = high
Conscientiousness, commitment and personal integrity	Acceptance of learning	Training and developing of others
	Planning and organizing	Knowing the business environment (within the scope of one's responsibility)
	Contribution to team success	Managing tasks and achieving results
		Knowing the regulations, processes and procedures
		Leading high-performance team
		Building and maintaining professional relations

Source: Own elaboration

## Conclusion

Serbian Railways Company is undergoing big transformation in terms of organizational structure, legal entities independency, freight transport aspects and strategic management aspects (Rodenas et al., 2017). In the future, the company will continue to develop programs, funded by World Bank and European Commission, in order to become main freight transport player on the Balkans and to increase its competitiveness on a local and regional level. Furthermore, Serbian Railways are facing many challenges in terms of managerial and non-managerial employees' competences as there is a high need of further investments and development of the human capital within the company. This will require intensive cooperation and involvement of all stakeholders responsible for the strategic restructuring of the company.

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