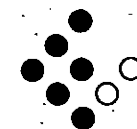


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organizational transformation to be successfully implemented, it is necessary to combine the application of all four change management strategies, and also in such a way that the Phase I is conducted by dominantly applying rational empiric and power coercive strategies, while the Phase II of organizational transformation is conducted by dominantly applying normative re-educative and creative strategies.

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# FROM BOARD COMPETENCIES TO BOARD CAPITAL PERSPECTIVE: ASSUMPTIONS FOR CORPORATE GOVERNANCE IMPROVEMENT

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**Abstract:** Despite the wealth of research on the board of directors as an internal corporate governance mechanism, little is known about board competencies and board capital necessary for the sound corporate governance. This paper examines the importance of board members' competencies for the strategic decisions making process that foster efficiency and competitiveness of organization. Furthermore, the paper contributes to understanding of the board capital perspective. First, the core competencies which every board member should possess were analyzed, and then different dimension of competencies was discussed (human and social). The findings suggest that director interlocks have moderating effects on board capital. This study also highlights the board competencies characteristics in transition economies.

**Keywords:** board of directors, corporate governance, director competencies, board capital, director interlock

## 1. Introduction

The studies of roles and effectiveness of board of directors have flourished in recent years for a variety of reasons. First, a series of fundamental economic and social changes have resulted in directors' duties becoming more complex. Second, after the corporate scandals of the 1980s, the board rather than the company's managers became increasingly responsible for corporate governance matters. Third, there was a need to examine the effects of standards application in the field of corporate governance, on a global and regional level. Fourth, directors are devoting more time to strategy and many see this as an increasingly important role for boards (Hendry et al. 2010). And fifth, the appearance of emergent and transition economies that are developing their own corporate governance mechanisms proper for insufficiently developed institutional framework.

In the vast literature in this area, the dominant view is that the effectiveness of the board of directors depends on the level of successful implementation of their roles (monitoring, service and strategic). Although the significance of knowledge and skills in fulfilling

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## MEASURING QUALITY OF HUMAN RESOURCE MANAGEMENT: HR SCORECARD

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**Abstract:** This paper explores the nature of the HR Scorecard concept and possible ways how to measure the quality of HR with respect to their impact on the organizational overall success. To provide this it is necessary that the HRM function move its focus from its traditional administrative role to the downward perspective which facilitates its strategic role. In order to wider its strategic orientation the HRM function should develop innovative systems for assessment and measurement which would enable it to demonstrate in clear and transparent manner its influence on business goals and performance. The paper is divided into a number of sections which addresses the HR scorecard concept, the rationale behind the HR Scorecard approach, numerous HR measures and make some conclusions regarding the effectiveness of implementing HR metrics in organizations.

**Keywords:** HR Scorecard, HR Metrics, HR measures

### 1. Introduction

Although majority of HR departments have their own vision of strategic development, it is often the case that the top management teams show high degree of scepticism related to the contribution of the HRM function to the overall organizational success. Moreover, in majority of companies top managers wish to believe that human resources represent the most important organizational resource, whereas, on the other hand, they do not understand how the HRM function contributes to it. The main rationale behind this may be seen in the fact that the influence of the HRM function to the overall organizational performances is quite difficult to measure. However, contemporary management trends put strong pressure on the HRM function to move its focus from its traditional administrative role to a much wider strategic role within the organization. Therefore, HR managers are expected both to show deep understanding of the organizational strategy and to be able to predict its implications on the employees. To provide this it is necessary that the HRM function move its focus from the upward perspective, which facilitates its traditional administrative role, to the downward perspective which facilitates the importance of strategy implementation and the role of the HRM function in that process (Becker et al. 2001; Fitz-enz and Davison 2002; Vosburgh 2007). In order to wider its strategic orientation