



KAPITEL 5 / CHAPTER 5 ⁵

WAYS TO IMPROVE THE WORK EFFICIENCY OF THE PERSONNEL OF THE ENTERPRISE

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The success of a company depends on a variety of factors, but the most important is its staff. At the same time, the modern development of society shows that the success of an organization depends largely on skillful and competent management. The staff is an asset of the company, human capital, which expects timely and decent economic, psychological and career rewards for the result. The question arises as to how to increase the efficiency of the company's staff. After all, the efficiency of the entire enterprise depends on how well they perform their functions and their attitude to the work itself.

Many studies by Ukrainian and foreign scientists, including the following scientists, have been devoted to the issues of improving the efficiency of enterprise personnel: Karpenko V.V., Dyatlov V.A., Palekha Y.I., Balaniuk I.F., Vesnin V.R., Shakhno A.Y., Bohynya D.P., Honcharov V.M., Cherep A.V., Zakharchyn H.M., and others.

Mostenska T.L., Novak V.O., Lutskyi M.G. emphasize that methods of motivation and incentives are used to increase the efficiency of personnel. Nowadays, it is motivation and stimulation of labor, the opportunity to realize oneself as a specialist and as a person who can retain creative and promising employees at enterprises. Labor incentives are a system of measures aimed at ensuring the material and moral interest of people in socially useful work and increasing its efficiency [2].

The basis of material incentives is wages in monetary terms. Labor efficiency is determined to a certain extent by the current wage system. Wages as a socio-economic category, on the one hand, are the main source of employees' cash income, so its value largely characterizes the level of well-being of all members of society. On the other hand, the proper organization of remuneration contributes to a more complete incentive for employees, and thus to an increase in production efficiency at a particular

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enterprise.

Palekha Y.I points out the importance of the intensity of changes in all major organizational elements, including employment, personnel structure, qualifications and education, technology and equipment, products and markets. These changes should contribute to the development of the enterprise and the implementation of innovations. Focusing on achieving the highest final results is the most optimal style of creating a performance management system for labor organization [4].

A universal mechanism for evaluating the performance of personnel is shown in Fig. 1.

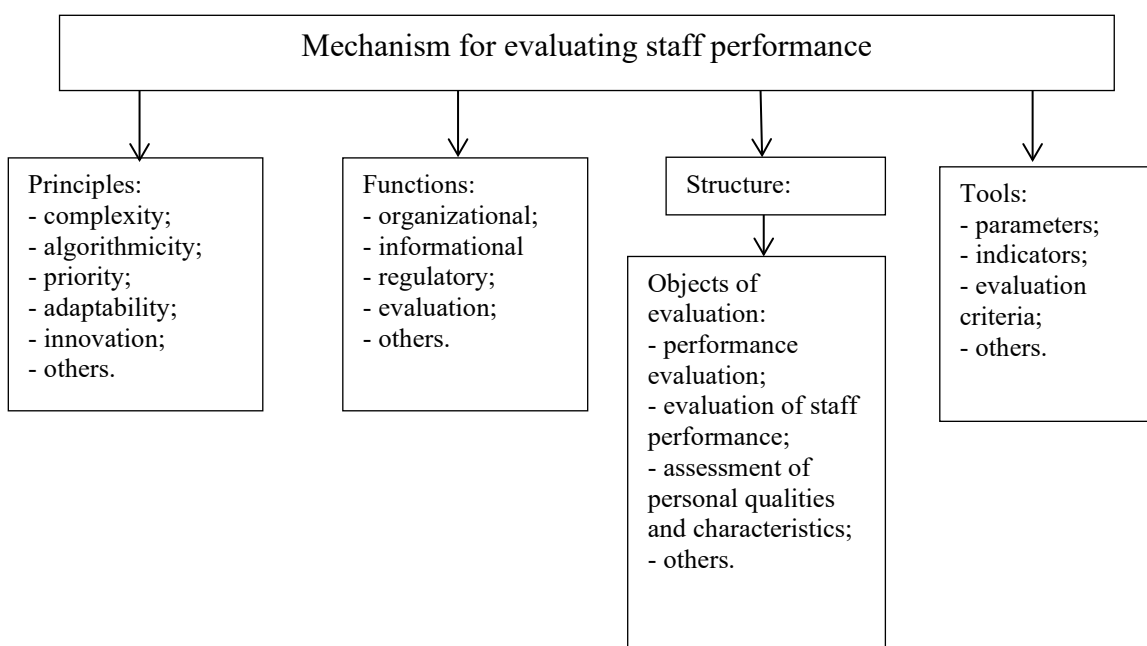


Figure 1 – Universal mechanism for evaluating the performance of personnel

In order to get an idea of the efficiency of personnel usage and to find reserves for its growth, it is necessary to assess the efficiency of personnel usage in the following sequence [1]:

- assessment of the enterprise's personnel costs;
- assessment of staff performance;
- assessment of the efficiency of the enterprise's personnel costs.

Such an assessment can be carried out using a system of indicators [5; 6; 7]: indicators characterizing the level of enterprise personnel costs; indicators directly



assessing the efficiency of personnel work; indicators characterizing the efficiency of enterprise personnel costs.

Among the indicators of personnel costs are [4; 7]:

- total amount of current personnel costs of the enterprise;
- labor costs (payroll of the enterprise);
- average salary;
- the amount of mandatory social payments made in accordance with the current legislation;
- current costs of maintaining the social infrastructure of the enterprise;
- average cost of maintaining one employee;
- share of wage costs in the current expenses of the enterprise;
- share of personnel costs in the current expenses of the enterprise;
- the share of labor costs in the company's income.

Many domestic and foreign scholars and practitioners have studied the problems of finding the most adequate methods for assessing personnel efficiency in the current conditions.

There are many approaches to personnel assessment, but they are most often grouped into three groups, according to their focus [8-10]:

I. Qualitative methods. Their second name is descriptive, as they characterize employees without the use of strict quantitative data.

Qualitative assessment methods include:

- matrix method - comparing the qualities of a particular person with the ideal model of an employee for a particular position of the company's management personnel;
- the method of a system of arbitrary characteristics - the HR department or manager identifies the greatest achievements and the most serious violations in the work and draws conclusions based on their comparison;
- task performance evaluation - the simplest method when the employee's work is evaluated as a whole;
- 360-degree method - assessment of an employee of the company's management



staff by colleagues, supervisors, subordinates, clients and the employee himself/herself;

- group discussion - a conversation between an employee and a manager or experts in this field of activity about the results of his or her work and prospects.

II. Quantitative methods are considered to be the most objective, since all the results of their implementation are expressed in numbers. These include:

- scoring methods. For each professional achievement, the company's management staff receives a certain, predetermined number of points, which is summarized by the end of a specific period - a month, quarter or year;

- ranking methods - a group of managers develops something similar to their own employee ratings, then all ratings are compared with each other, and those employees who are in the lowest positions are fired or transferred to a less responsible position;

- the free scoring method. In this case, each personal quality and attribute of an employee is evaluated by experts for a certain number of points, and the results are incentivized. A rating is compiled on the basis of the facts obtained.

III. Combined methods. The most effective approaches to evaluation, as they use both descriptive and quantitative aspects. These include:

- the method of sum of scores (each employee's characteristic is evaluated on a certain scale, and then an average is derived, which is compared with the ideal for a particular position);

- grouping system (all employees of the company's management staff are divided into several groups - from those who work unsatisfactorily to those whose work is almost flawless).

Despite the multivariance of the above methods, we can generalize that all of them are able to assess only a certain aspect of an employee's work or his or her social and psychological characteristics, so recently, complex universal methods that have incorporated the achievements of all available approaches are increasingly used for objective evaluation analysis

The organizational mechanism for improving the efficiency of personnel will ensure an integrated approach to its management and provides for the development of



an effective program for improving the efficiency of personnel.

The use of such a mechanism is intended to promote the interest of each employee in realizing opportunities for improving skills and professional knowledge, ensuring the growth of individual and collective performance, and realizing all available reserves for improving performance.

It is necessary to ensure full compliance with the remuneration and labor effort expended, the level of qualification, the complexity of the work performed, the level of responsibility, professional experience, the results of collective work and individual results of each employee, and the contribution to the final results.

The recommended organizational mechanism for improving the efficiency of the company's personnel consists of the following elements (Fig. 2):

- 1) strategy for managing labor relations at the enterprise
- 2) labor management at the enterprise by goals and results;
- 3) the process of enterprise personnel management;
- 4) evaluation of the efficiency of the enterprise's personnel;
- 5) directions for improving the efficiency of the enterprise's personnel;
- 6) program for improving the efficiency of enterprise personnel management.

The recommended organizational mechanism includes the following blocks:

- socio-economic (effective management, formation of a system of motivation and incentives, improvement of working conditions, ensuring labor protection);
- financial and budgetary (regulation of financial expenses for labor remuneration, compliance with legal norms, compliance with international standards of activity);
- educational and professional (creating opportunities for professional development, providing professional training and advanced training).

Enterprise personnel management by goals and results involves staff motivation and an innovative approach to labor management.

Directions for improving the efficiency of enterprise personnel management:

- 1) improving the quality in the context of personnel selection;
- 2) increasing the requirements for personnel, standards and norms for evaluating personnel performance

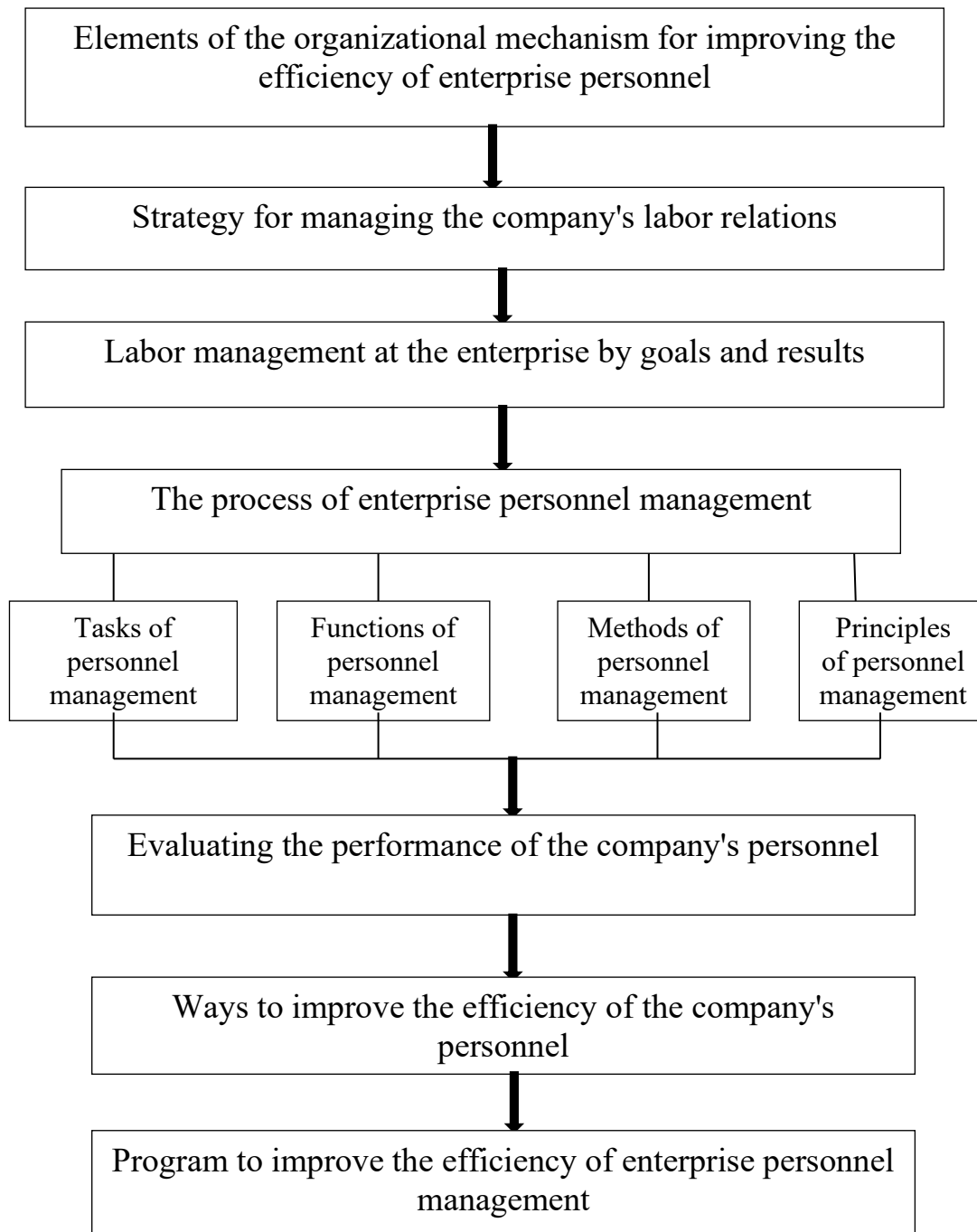


Figure 2 - Recommended organizational mechanism for improving the efficiency of enterprise personnel

3) ensuring staff development, in particular, improving the level of education and professional knowledge;

4) improving the organizational approach to the placement of personnel within the company's positions;



- 5) ensuring the increase of staff motivation;
- 6) ensuring the increase of the innovative component in personnel management;
- 7) optimization of labor costs and working hours.

The program for improving the efficiency of enterprise personnel management consists of the following elements:

1. Evaluation of the existing level of personnel management.
2. Ensuring the search and analysis of existing reserves for improving the efficiency of staff and increasing the level of staff management.
3. Development of a program to improve the efficiency of personnel management of the enterprise.
4. Implementation of the program to improve the efficiency of personnel management of the enterprise.
6. Evaluation of the results obtained from the program implementation.

The main recommended directions for improving the efficiency of the company's personnel are: improving the general working conditions by ensuring compliance with domestic and international standards, ensuring their compliance with the conditions of the main activity; providing opportunities for improving the qualifications, knowledge and professional skills of employees; optimizing labor costs and working time of employees.

In addition, every company must have an adequate recruitment and selection strategy, as well as a high-quality system of motivation and promotion of employees that ensures their professional growth.

Developing an adequate recruitment and selection strategy based on the ability to bring the right people to the company is an important task of HR policy. This strategy includes the following key provisions:

- selection of the best graduates of specialized universities (taking into account personal qualities) for lower and middle management positions at the enterprise through the development of cooperation with leading universities;
- selection of employees with extensive practical experience in the relevant fields of activity for senior positions at the enterprise;



- testing employees during recruitment with a problem-solving test, i.e., the ability to correctly and quickly solve several problems at once;

- using a strategy of promoting young professionals from within.

In terms of motivating and promoting employees, the company should implement

- diversification of incentives for employees, exceptional incentives based not only on salary increases;

- development of a mechanism that provides an opportunity to participate in the company's profits;

- establishing a combined remuneration system;

- conducting age monitoring to identify staff differentiation and individual motivations of employees;

- forming compensation packages for employees based on their individual preferences (health care, loans, mobile phone payments, etc.), but within a limited monthly amount.