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Personnel management in medium sized companies

Abstract

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In order for the company to function properly and to carry out the necessary tasks the company should establish a team that knows their work responsibilities. This requires a well-organised team that receives good feedback from all echelons and is able to perform work tasks efficiently. It is also clear that this kind of work (the organisation of the work process in a team) is preparing the work of the Department of Personnel Management.

The main aim of the current thesis is to give a broader view on the Department of Personnel Management and those issues that it is responsible for. They are the following: recruitment of qualified personnel, the proper organization of the work process in a team, conflict prevention, and the analysis of the effectiveness of personnel management. All of this is very difficult to achieve without a highly functioning Department of Personnel Management.

A case study will help us to consider a specific example of finding a solution to some of the problems which may appear in a real functioning company. It shows how exactly the Departament of Personnel Management solves different cases.

Key words
Management, personnel management, personnel, company.

ABSTRACT

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1 INTRODUCTION

Personnel Management is the administrative discipline that focuses on working directly with the collective of workers, i.e. the staff. The complex modern conditions of industrial enterprises are in need of an effective system of personnel management which focuses its attention on developing employees so that they become more valuable for the organization. This includes thorough financial management which is related to the global financial crisis that leads to massive staff reductions. The low level of staff training in industry makes it difficult for them to meet the current requirements. It means that the importance of the development of socio-economic mechanisms that are responsible for the preparation of highly qualified personnel (with a high level of general and specialized education) for industrial enterprises cannot be overrated.

Effective human resource management is designed to provide the company with qualified personnel and to facilitate the fullest possible realization of the labor potential of employees to achieve their goals.

The work of a personnel management includes:

a) Creating conditions for the growth of knowledge, training personnel and stimulating self-improvement;

b) Using "motivational packages" (empowerment programs for workers which will help them to make the right economic decisions);

c) The formation of new moral values shared by all personnel of the company;

d) Flexible and adaptive use of "human resources": increasing the creative and organizational activity of the staff and formatting an elevated organizational culture.

The first part of this thesis will discuss the basic principles of such phenomenon as "Human Resource Management". The most important components to which we need to pay attention to and the fairly generalized explanation of all of these components.

The second part of this thesis will discuss an example of Human Resource management (on a real example - the company AV Forager OY). Since I was working there and was directly coordinating and managing the staff. I will express my point of view on the organisation of the work process in the company and how it could be improved, both in my opinion and in the opinion of the employees of the company.

2 Entity, objectives, methodology and technology of personnel management

2.1 The concept of personnel management

The basic structural unit of human resource management in the organization is the Human Resources department. HR is responsible for personnel hiring and dismissing as well as for its training and retraining. To perform the latter tasks the HR department often resorts to the help of other departments (educational or training). (Online Business dictionary 2015.)

The most important tasks of the Department of Personnel Management: social and psychological diagnosis; analysis and control of the relationships within a group or between individuals, relationship management; management of production and social conflicts (which can cause stresses); information support system of personnel management; employment management; evaluation and selection of candidates for vacant positions; analysis of human resources and staffing requirements; career planning and control; professional, social and psychological adaptation of workers; management of labor motivation; ergonomics and aesthetics work. Every organization is interested in avoiding or solving these types of issues. (Senyucel, Z. 2009. Managing the Human Resource in the 21st Century. BookBoon, 14-16.)

The methodology of personnel management involves the consideration of organizations personnel as a management object, the process of forming the behavior of individuals, the relevant goals and objectives of the organization, methods and the principles of personnel management.

Personnel management system involves the formation of goals, functions, organizational structure, personnel management, vertical and horizontal functional relationships of managers and professionals in the process of researching, developing, adopting and implementation the administrative decisions.

Management of technical personnel involves employee recruitment, selection, reception, business assessment, career guidance and adaptation, training, business career management, service and professional advancement, motivation and work organization, conflict management and stress reduction, organization of social development, staff release and so on. This also should include the productive interactions between the leaders of the organization and the trade unions/employment services. (Online Business dictionary 2015.)

The focus on the concept of personnel management nowadays is related to the increasing role of an individual employee. Knowing their motivational system and being able to shape it according to the challenges facing the organization. Human resource management is of particular importance as it allows to implement, and summarize a range of issues of individual adaptation to external conditions, taking into account the personal factor in the construction of a system of personnel management. There are three factors that affect the people in the organization.

The first one is the hierarchical structure of the organization where the main means of influence is the relationship of power and subordination, the pressure distribution of wealth has on the person. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 10-12.)

The second one is the culture, produced by the company, organization, or by group of people with shared values. Social norms, attitudes of behavior that govern the actions of the individual forcing the individual to behave a certain way without any visible coercion.

The third one is the market, the network of equal relations based on the buying and selling of goods and services, property relations, and balance of interests of the seller and the buyer.

These impact factors are complex and in practice are rarely implemented separately. The state of the economic situation of the organization affects the prioritization. Of course the structure of the Human Resources Department is largely determined by the nature and size of the organization and the features of products they create. In small and medium-sized organizations many HR functions are operated mostly by line managers.

A number of organizations formed a personnel management system combined under the unified leadership of the Deputy Director for Personnel Management that includes all entities relevant to the employee management. (Alan Price and HRM Guide contributors 2007. 54-60.)

2.2   Recruitment

The purpose of recruitment is to create the necessary pool of candidates for all positions and specialties from which the organization can select the most suitable ones. The amount of work that needs to be done is directly related to the presence of the labor force that is already available in the company and with the tasks that will arise in the future which may cause the need to change the number of employees. This takes into account factors such as retirement conditions, employee turnover, dismissal due to the expiration of the contract, and expanding the scope of the organization. Recruitment is usually carried out from external and internal sources. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 23-25.)

The means of external recruitment include advertisements in newspapers and professional journals, and access to employment agencies and to companies supplying personnel. Most organizations prefer to recruit personnel mainly inside their own organization. It is cheaper for the company when its own employees choose to climb the career ladder. In addition, it increases their motivation, improves morale and strengthens the attachment of employees to the company. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 35-36.)

According to the theory of expectations of motivation it can be assumed that if workers believe in correlation between their career and on the degree of efficiency of their work, they will be more interested in working more productively. There is one serious flaw in this kind of an approach there are no new people with new fresh ideas which could help to avoid stagnation. (ATG Educational 2008. Human Resources Management. London office, 9-10.)

Internal

Transfers
Promotions
Upgrading
Demotion
Retireed employees
Retreached employees

External

Press advertisements
Educational institutes
Placement agenties
Outosourcing
Labour contractors
Employee referrals
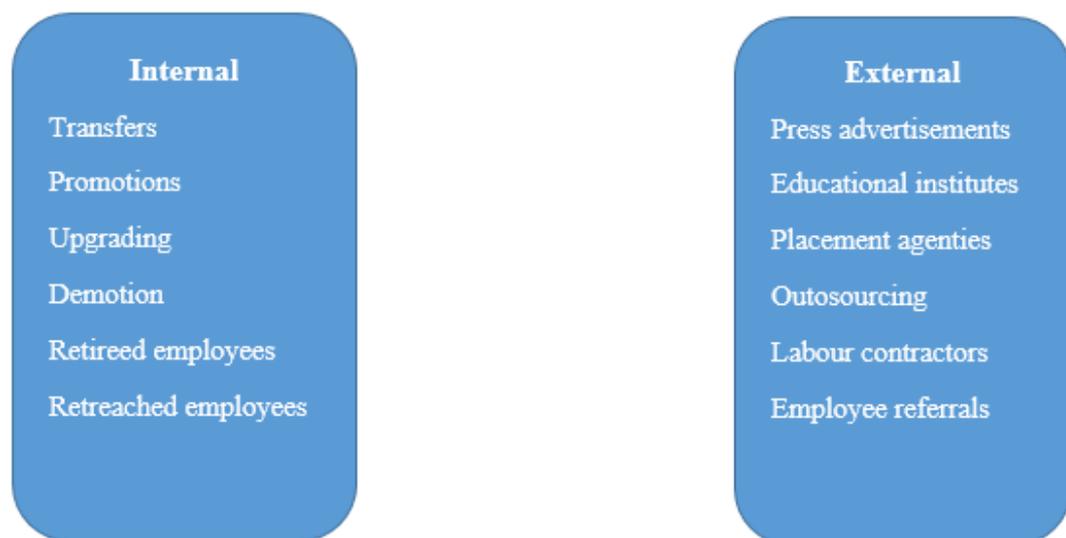
GRAPH 1. Source of recruitment. (created by the author according to the text in the chapter 2.2)

A popular method of recruitment through internal reserves is sending information about opening vacancies and inviting skilled workers. Some organizations practice notifying their own employees about any vacancies and giving them the opportunity to apply before the application will be available in outer sources. One method is to appeal to their employees asking to recommend friends and acquaintances who are suitable for the vacant position.

In addition, there is a way to save time by recruiting students who need industrial practice and who can write their term papers and dissertations on the work of a particular company. (Decenzo, D. & Robbins, S. 2002. Human resource management. 7th Ed. New York: Wiley.)

2.3   Entity and management tasks

It is only logical that the main instrument of management is the person himself. Technical, technological and organizational adjustments are made by competent workers. However, the work force also needs to be controlled. The quantity and quality of labor, potential level and usage, motivation, work ethics and so on – these are some of the crucial aspects that need to be taken into consideration.

In order to reveal the contents of this specific kind of management we must first clarify what is the management's object. (Bennis W. Organization development: Its nature, origins and prospects. Reading, MA, Addison Wisley. 1969. 54-60.)

The object of management is an individual worker or a certain group of them, working as a labor collective. The totality of workers may include the entire staff of the enterprise (organization, company) that is subject to administrative decisions of a general nature, or the staff of one structural unit (department) or production cell (team). The group of coworkers which is the object of management has a distinctive

feature – their activities are dependent on each other and they are unified by common goals that make them a team. (Bennis W. Organization development: Its nature, origins and prospects. Reading, MA, Addison Wisley. 1969. 54-60.)

The subject of personnel management is the group of professionals with certain responsibilities (PDM employees and managers of any level) which manage their subordinates. The most important factor in personnel management is the effective usage of work force that impacts the whole work process of the organization. This can be achieved by competent formation, distribution and redistribution of the staff using economic and social measures. (Bennis W. Organization development: Its nature, origins and prospects. Reading, MA, Addison Wisley. 1969. 54-60.)

Any important task has of a list of the most critical factors that need to be considered. For personnel management they are:

1.   determining the needs of the workers based on the enterprise development strategy and the scope of products and services it provides;

2.   forming a collective of workers that meets the requirements as in quality and quantity (recruiting and replacing workers);

3.   personnel policy (the relationship with the external and internal labor market, dismissal, redistribution and re-training);

4.   the system of general and professional training;

5.   adaptation of workers in the enterprise;

6.   Moral or material motivational systems. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 11-23.)

The objectives of personnel management of the enterprise (organization) are:

1.   improving the competitiveness of enterprises in market conditions;

2.   improving the efficiency of production and labor (in particular - to achieve the maximum possible profit);

3.   Ensuring high social efficiency of the collective. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 11-23.)

The successful implementation of these goals requires a solution to such problems as:

1.   ensuring the needs of the enterprise in the labor force in the required quantities and with required qualification;

2.   achieving reasonable balance between the organizational and technical structure of the productive capacity and structure of labor potential;

3.   full and effective use of the potential employee and the production team as a whole unit;

4.   Ensuring conditions for highly productive labor. A high level of its organization, motivation, self-discipline, developing a habit of employee interaction and cooperation. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 11-23.)

The most effective personnel management and the fullest realization of its goals are largely dependent on the composition of the personnel management system. Moreover, it is very important to understand the mechanism of its functioning and the most appropriate choices of technologies and methods of working with people. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 11-23.)

2.4   The principles of personnel management

It is necessary to distinguish the difference between the principles of personnel management and the principles of personnel management system. The personnel management requirements reflect objectively existing economic laws, and therefore

are themselves objectives. (ATG Educational 2008. Human Resources Management. London office, 8-15.)

Personnel management principles:

- Selection, recruitment and placement of staff; a combination of one-man management and collegiality, centralization and decentralization;
- Monitoring the execution of decisions, etc.

Some of American and Japanese corporations widely use the following principles of personnel management: lifetime employment, control of task execution based on trust; the combination of such control with the corporate culture; consensual decision-making - meaning mandatory approval of decisions by the majority of workers.

The main construction principles of the personnel management system are the rules, provisions and norms which are to be followed by managers and specialists from departments of Personnel Management so they can form and maintain a highly functioning management system. (ATG Educational 2008. Human Resources Management. London office, 8-15.)

The construction principles of personnel management system must be distinguished from the methods. The first one is a binding constant. The set of methods can vary depending on the changing conditions while retaining principles. The principle allows you to create a system of methods or separate methods. However the method does not have such an impact on the principle as the latter one is impersonal.

There are two types of construction principles in personnel management:

- principles which characterize the requirements for the formation of the organizations personnel management system;

- Principles which guide the development of the organizations personnel management system.

All the principles of the human resource management system implement in cooperation with each other. Their combination depends on the specific operating conditions of the personnel in the organization. (Decenzo, D. & Robbins, S. 2002. Human resource management. 7th Ed. New York: Wiley.)

2.5   Management technology

Effective management depends on many factors: knowing the mechanism of the process, all the reasons that cause changes in it and what influences these factors. Therefore there is a certain mechanism according to which the personnel management system functions. The technology of personnel management consists of various tools of influence on the worker. The technology consists of techniques, skills or services.

The control object of management is the staff of the enterprise. The influence may be rendered on a separate employee or on a group of them, on external or internal factors of the work environment. In the second case we also can talk about the indirect effects that affect the control object. (Bishop, P. 2014. Working with Humans. Bookboon, 13-17.)

There are several types of technologies:

1.   multilink, which are understood as a series of interrelated tasks performed sequentially;

2.   mediation - as the provision of services among groups of people to other in specific tasks;

3.   individual - with specification of methods, skills and services in relation to the individual employee.

An example of implementation of a multilink type technology in human resources management is the decision-making process in a career of a worker (hiring, training, adaptation and so on). All of the tasks are made with the implementation of the typical methods of administrative influence. (Bishop, P. 2014. Working with Humans. Bookboon, 13-17.)

Mediation technology is used by the heads of the departments while interacting with personnel for the implementation of work policies, recruitment and other similar tasks. Individual technology is largely focused on the control of the behavior of workers in the course of employment and the use of methods based on motivation, social psychology and so on. The most important one is the regulation of interpersonal relationships. (Bishop, P. 2014. Working with Humans. Bookboon, 13-17.)

As it was already mentioned earlier, the management is directly connected to the factors of influence both from the organization itself and from beyond it. Formation of the collective (quality and quantity of the workers, their potential and the possibilities). The results of the work process performed by a team are also dependent on external factors such as the location of the enterprise, existing laws and regulations, the economic condition of the enterprise and the whole economy itself (compensation system, the development of social protection, taxes, inflation, and so on). (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 51-57.)

The factors that act directly within the company also have a great influence: applied engineering and technology, organizational level of production and management, the state of labor and technological discipline, organization and working conditions, rules and regulations of the internal labor regulations, the system of remuneration,

motivation, work, corporate culture and relationships and so on. In personnel management it is important to know which goals can be achieved with the help of various means of influence. (Bishop, P. 2014. Working with Humans. Bookboon, 13-17.)

The arsenal of instruments (methods, techniques, working with staff, expressed in a variety of organizational forms) is very diverse:

1.   recruitment planning;

2.   change control;

3.   optimization of the size and the structure of the staff, regulation of labor movements;

4.   evaluation and monitoring activities;

5.   remuneration policy for achieving results;

6.   provision of social services as a means of motivation, stabilization;

7.   socio-psychological methods (methods of eliminating conflicts, interoperability etc.);

8.   corporate culture and so on.

Part of these means has an organizational nature (workforce planning, work organization), the other is used to change the workers motivation, behavior, mobilizing its internal resources (the system of remuneration, assessment, interoperability, etc.). (Joshi, M. 2013. Human Resource Management. Bookboon, 34-40.) An important tool of management is human resource planning for a focused development team in accordance with the resource capabilities and objectives of the enterprise. Workforce planning is a part of the planning system so it should be closely linked with the other parts (production planning, marketing, finance, investment, etc). Workforce planning has an impact on a many aspects of personnel management, for instance:

1.   the need for personnel;

2.   employment and filling vacant spots (also in training programs);

3.   release of surplus labor force;

4.   labor costs and others.

Any changes (purposeful changes which are a result of personnel management) in the labour status must consider the promoting forces (that determine the feasibility of the changes) and constraints. Among the latter ones can be identified the following: resistance from workers as a control object to accept new ideas due to different estimates of the same events, the presence of narrow proprietary interests, misunderstanding of the purpose of the organization, and so on. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge.)

The effectiveness of reforms depends on the methods of their implementation. Changes in management strategy can be prescriptive, negotiable, regulatory, analytical and action-oriented. Depending on the situation the greatest effect can give a simple explanation, communication (for lack of information), participation of workers in the reorganization process (to raise the interest in changes), assistance or support (if people are afraid of changes), negotiations and ensuring the consent of those concerned to actively participate in the process; implicit or explicit coercion and others.

Policy on labor costs (investment in "human capital") determines the approach to draw labor, the development of staff, training and re-training employees, the development and implementation of social programs. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge.) The selection of the required labor force should be based on a well thought out system of evaluation. Effective performance appraisal system provides interconnection of the remuneration with the performance level. However it can be used as a motivation tool. This approach to calculating wage is perceived by workers as fair and beneficial to people's attitude to their work, employment, and the whole enterprise itself.

In the personnel management the organization of labor is primarily realized through the basic elements - division and cooperation of labor and working conditions. The division of labor and a partial linkage between labor processes form the keep of the employee, and official duties, which decreases fatigue by changing the amount of work and so on. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge.)

In addition, due to the smart organization of the work process and use of progressive forms of division of work tasks and cooperation of labor by regulating workloads are aligned unjustified differences between the quantity of work tasks that are needed to be done (fair shift separation). Personnel management should provide an enabling environment in which the employees are given an ability to implement their creative possibilities and to develop their potential to the fullest. As a result people can enjoy the work and get public recognition of their achievements. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

A common method is to the motivation labor. This means:

1.   A reward system (material and moral incentives);

2.   The increase of interest in the work;

3.   Staff development, providing opportunities of vocational promotion, career planning;

4.   Improving the socio-psychological climate in the organization due to the change of management style, conditions of employment and work, promotion of individual and group initiative, creativity and self-development.

Motivation can solve problems such as the stabilization of the collective increase of productivity and interest in mobility (especially professional), to ensure a systematic increase in the qualification. To create a favorable image of the company (to attract more high-quality labor force) one must pay attention to the social policy, which manifests itself in a flexible system of services and social benefits provided by the company for its employees and which is mandatory stipulated by the legislation

(social protection). (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.) The formation of climate in the collective is strongly influenced by the corporate (organizational) culture. It is a certain philosophy, a system of values, goals, rewards and norms. Any changes in the external environment, in external conditions, causes a corresponding change in the organizational culture and in the structure of the enterprise.

As a means of personnel management can act the regulation of labor relations between the management and employees. These relationships are officially registered ones between the employers and trade unions. Since the interests of the management and the employees do not always coincide, it is important to ensure the achievement of the collective agreement. Issues such as the increase in productivity, management and development of the company and so on. As well as the agreement of the procedure of consideration of labor disputes and any other complaints that workers may have. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

2.6 Evaluation of work

The staff of the organization holds the most important place in the theory of personnel management. Staff is a particular group of people who are unified with common purposeful actions for achieving the goals and objectives of the organization. The ambiguity of the interpretation of the category "personnel" is caused by the complexity of the human being as an organic and psychological phenomenon. The development and use of different methodologies which impact the personnel is due to many aspects and is based on the fundamental qualities of the staff in general and a separate individual in particular. (ATG Educational 2008. Human Resources Management. London office, 8-15.)

Under personnel evaluation we understand the activities of authorized individuals that they implement (staff officers) to determine the suitability of an individual to fulfill responsibilities, achievements and severity required for quality work. Proper evaluation of human qualities is possible in the case where clearly defined requirements for them are stated. Therefore these requirements are developed by highly skilled experts. The quality of workers needs to be assessed. All the important factors that constitute a single system as objective assessment can only be based on an integrated approach. In the absence of any clarity and specific approaches the same quality workers can be treated differently. (ATG Educational 2008. Human Resources Management. London office, 8-15.)

The level of evaluation depends on the performance, as well as on other criteria - thresholds that will satisfy or not satisfy certain requirements (the criteria are guidelines for the assessment). Performance assessment can be absolute and relative, significant and insignificant, acceptable and unacceptable, hard and soft. Rough figures, in contrast to the soft, should be expressed quantitatively, be easy to calculate and not depend on the subjective opinion of the appraiser. Indicators (the completeness and accuracy of the characteristics depends on them) need to ensure the following: compatibility with other workers, compliance with the organization's goals, and so on. (The National Recruitment Center 2006. 35-40)

The main factors of assessment include:

1. The activities and results:

- complexity and quality of work;
- goal achievement;
- creative business approach.

2. Professional qualities:

- the worker needs to be disciplined, orderly, performing tasks on time;
- style of leadership, obedience, cooperation and so on.

3. Professionalism (the ability and propensity of a worker to effectively perform certain activities):

- The level of intellectual development (detected by means of IQ tests, special talent tests);
- commitment to the work.

4. Moral qualities:

- integrity;
- self-criticism.

The criteria used in the evaluation of staff must meet three basic requirements:

- Validity - the most important requirement for the evaluation of the staff. If it can accurately evaluate the effectiveness of specific categories of personnel then the evaluation is legit.
- Reliability - performance criteria, ensures the consistency of measurement results.
- Level of distinctiveness - this is an indicator that allows you to identify differences in the levels of professional success of different employees. The most important requirements for the evaluation system is its effectiveness and practicality. The evaluation system is considered effective if the result of its work provides clear results and rewards, a high level of motivation, and maximum efficiency from workers. The most important requirement for the usability evaluation system is that it must train and give experience to people, evaluators and those being evaluated. (Joshi, M. 2013. Human Resource Management. Bookboon, 20-30.)

2.7 Incentive pay system and salaries

The current economy of the market raises a number of fundamental problems, and the most important of them is the efficient use of human resources. In order to achieve it we need a well-developed personnel policy. Personnel policy is closely connected with all areas of economic policy of the organization. One of its areas is motivating and encouraging staff salaries. The main factor of the material and monetary stimulus is the salary of employees. (Merlevede, P. 2014. Talent Management: A Focus on Excellence: Managing Human Resources in a Knowledge Economy, Bookboon, 35-36.)

For employees wage is their personal income, which should match the personal contribution to the work process. There are nominal and real wages. Nominal wages are the amount of money received by the employee for their work for a certain period of time. Real wages show the amount of consumer goods and services that can be purchased for a nominal salary for a given level of prices and tariffs. The source of funds for payment of salaries and social payments is the wage fund. It should be in mind that wages as such motivates if the employee at all interested in money reward. Thus, ideally, it should be that the employees know how much they could earn and how much is actually earned. (Alan Price and HRM Guide contributors 2007.)

Remuneration system comes in two models - tariff and non-tariff. The tariff model includes two forms of wages - time-based and piecework. One choice depends on the scope of employees, the specifics of the process, options of valuation and accounting requirements for product quality, and so on. Non-tariff model (system) wage - a system in which the pay is based on the calculation of the labor contribution of each individual employee. (Cruz-Cruz, J. & Frey, W. 2009, Using the Ethics Bowl to Integrate Ethics into the Business and Professional Curriculum. Rice University: Houston, Texas, 46-48.)

Wages make work more effectively, combined with an addition bonus system (from the profit or cost savings). The purpose of bonuses is to financially motivate employees to work hard and to stimulate their further promotion. Premiums can be provided or not provided for the remuneration system. The main task of any existing incentive system is to implement the goals of the enterprise, such as increased productivity, reduced cost of products or services and the intensification of sales. However, to achieve them requires coordination of the interests of the company and employees (who are its main resource). (Cruz-Cruz, J. & Frey, W. 2009. Using the Ethics Bowl to Integrate Ethics into the Business and Professional Curriculum. Rice University: Houston, Texas, 46-48.)

The workers need recognition of the results of their work not only in material terms. In addition to these significant cash savings - opportunities, stability and growth of remuneration, good working conditions, social benefits. (Cruz-Cruz, J. & Frey, W. 2009. Using the Ethics Bowl to Integrate Ethics into the Business and Professional Curriculum. Rice University: Houston, Texas, 46-48.)

Individual incentive system depends on a variety of unique factors inherent in a particular organization, and cannot be a simple copy of some other system. Their creation - a great work of leaders and representatives of human, financial and economic departments. In the sequential approach, in addition to the main goal - to improve productivity, the incentive system can solve many internal problems of the company. (Langlois, L. 2011. The Anatomy of Ethical Leadership. AU Press.)

Incentive schemes are traditionally based on the following principles:
- Funds for salaries to be earned, the size should depend on the results of operations;
- Method of calculation of remuneration should be clear and accessible to each employee;

- Incentive system should be flexible and consistent with the objectives of the company and the directions of its development.

In order to attract highly qualified staff members the following issues must be considered:

- The current need for any additional staff and facilities (in the near future);
- Methods of motivation used in other companies, the average wage in force in them, etc .;
- Maximum personnel costs that the enterprise can afford at the time;
- Plans for the next period (quarter, year) the level of expenditure on the staff.

The incentives can act as material and spiritual benefits created as a result of joint activities of social facilities in social production.

Incentives can be grouped as follows:

- Economic (monetary and non-monetary);
- Status (career growth, benefits, power);
- Social (participation in management, a sense of belonging, communication, recognition of merit, approval, moral encouragement, the possibility of "feedback");
- Professional development (training, professional development);
- Aim at improving working conditions and safety, safety of employees;
- Assurance of implementation of the employment and labor rights.

Experience shows that the more often we receive the reward, the more often will we repeat the action that lead to it. Incentives may be relevant (actual), which are

carried out by means of wages, and future (conditions for a career growth, participation in ownership). The last one is efficient for a high probability of achieving patience and commitment. (Langlois, L. 2011. The Anatomy of Ethical Leadership. AU Press.)

There are two variations of stimulation - soft and hard. Hard stimulation involves forcing people to perform certain actions and it is based on fear. Examples are piecework wages, pay for the final result (which you cannot even get), or the lack of a comprehensive social protection (its presence weakens the incentive mechanism). This stimulation does not replace the legal and administrative methods of influence, but complements them. Its goal is not to encourage work, but to force to do more and better then the required minimum.

Soft stimulation is based on the motivation to work in accordance with the value and suggests the possibility of meeting the perceived needs. Its instrument is, for example, a social package (goods guarantees). Motivation of staff is one of the most complex manager activities and the ability to motivate people is art. Companies in which managerial staff mastered this art usually have leading positions in the market. (Senyucel, Z. 2009. Managing the Human Resource in the 21st Century. BookBoon, 14-16.)

Solving the problem of motivation of the personnel is necessary:

- If the employees evaluate their work as insignificant for the company;
- If present employees expressed dissatisfaction with career development and wages;
- If they are talking about the lack of independence in their work.

Development and implementation of the incentive system becomes necessary because many employees have symptoms of professional "burnout": reduction of enthusiasm and loss of interest at work as well as the replacement of the professional interests by other interests unrelated to work. Note that also if in the company warring factions arise between young and mature employees or women

and men, the problem may also consist in an inefficient system of motivation. (Senyucel, Z. 2009. Managing the Human Resource in the 21st Century. BookBoon, 14-16.)

3   Review and analysis of the personnel management department

3.1   Formation of the personnel management department as one of the strategic directions of development of the enterprise

At the present stage of development of the economic system, one of the most important areas is the revitalization of the human factor. People are the foundation of any organization and its wealth. People themselves has always been a valuable key resource and in the few past decades, especially in developed countries, there has been a clear tendency towards the increment of the value. The professionality level of staff directly affects the competitive opportunities of a company and its strategic advantages. The enterprises are competitive and try to maximize the efficient use of the staff and to create the conditions for the most complete and rapid development of their potential. This is quite important for achieving the optimal interaction between workers and the organization, as well as the relationship with the work environment enables strategic management. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

When should the organization create a specialized department that will be in charge of the work with the staff? The answer is not simple. The thing is that in the early stages of the development of the company a manager can take over the work with personnel using the means at hand (to help attract consulting firms, labor exchanges, recruiting agencies, etc.). Some experts say that the first personnel manager (PM) must start acting when the number of employees in organizations reaches 100 - 150 people, in a specialized unit up to 200 - 500, depending on the scope of the enterprise. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

If the management of the company misses the right time for the creation of a special department for personnel management and continues to operate as they were, the organization starts to "crumble". It may happen because the structure of the enterprise is too variegated to form a single personnel policy that may apply to all workers. The main reason is that often the determining factor in employment is related or friendly relations with management, so in the company we can meet different people, who come with their

objectives, claims and ambitions. In this situation a group of associates is converted into an amorphous group which cannot affect the company's performance. When we talk about the implementation of innovations in the service of the staff, we are primarily talking about the process of change in the organization in general. This happens because personnel management is one of the main "building blocks" of the organization. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

3.2   The structure of the PMD

The organization of personnel management services and the structure of its composition should be based on the following assumptions. The list of tasks related to ensuring the effective management of staff has a relatively standard form for all enterprises. This means that their realization is necessary and is a adequate condition for the implementation of the tasks and functions of management. The principal of creating personnel services in modern conditions does not have a one universally accepted form. One of its variants is presented on GRAPH 2. It is focused on a standard set of activities and on the implementation of the strategic approach to human resources policy in relation to the development of the enterprise (organization). (Torrington D., Hall L. & Taylor S. 2008. Human Resource Management. Seventh edition. Harlow. Pearson Education Limited, 11-25.)
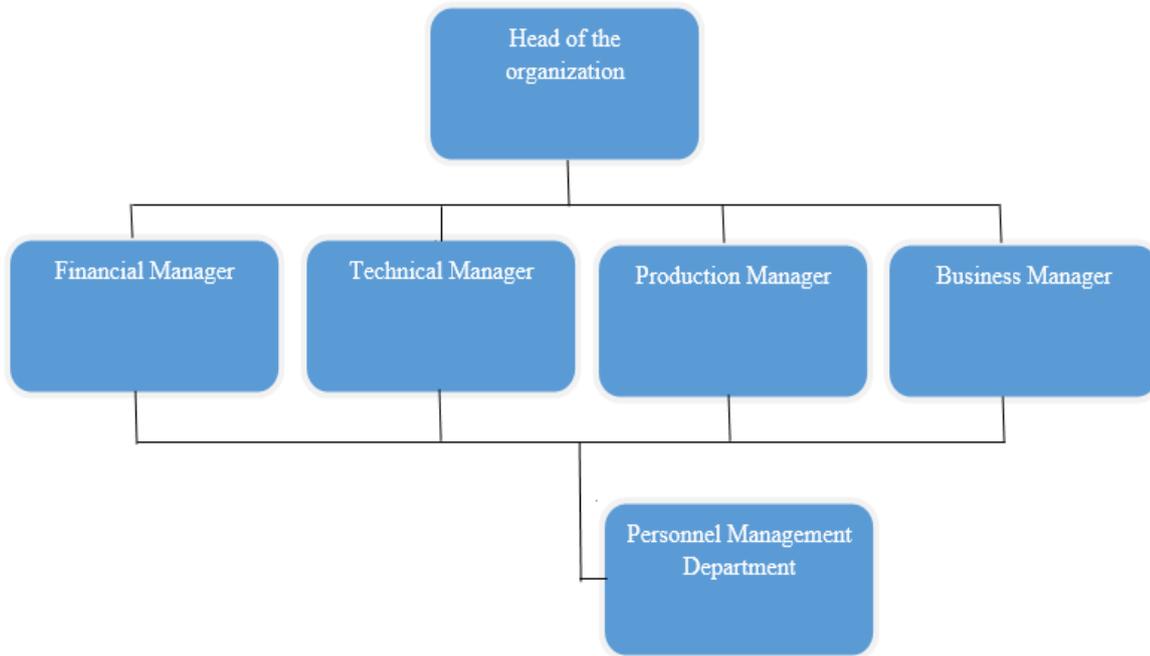
GRAPH 2. Type of personnel management. (created by the author according to the text in the chapter 3.2)

The creation of a concrete personnel service, the distribution of personnel between structural units and the distribution of work tasks within the structural unit between the performers may vary in many ways because it depends on many things. The most important of them is the size of the enterprise (and the number of employed personnel), and the amount of administrative work of each kind. However understanding the direction of personnel management tasks is important as despite the effectiveness of an integrated approach to human resource management in some enterprises the priorities may be different. For example in one enterprise, recruitment is the key, in another career planning, and in a third one evaluation and remuneration. In addition, the style and methods of management and administration of subordinates have influence. As well as many other things. (Torrington D., Hall L. & Taylor S. 2008. Human Resource Management. Seventh edition. Harlow. Pearson Education Limited, 11-25.)

When designing the structure of the personnel management department and the organization of its work one must keep in mind that the existence of any structural division is justified only under certain conditions (a certain number of workers, amount of administrative work, and type of the work). Under other conditions this function can be

assigned (transferred) to another unit or even to an individual (as a part of the structural unit). (Torrington D., Hall L. & Taylor S. 2008. Human Resource Management. Seventh edition. Harlow. Pearson Education Limited, 11-25.)

As the study based on experience in managing organizations and relevant literature can show us, the structure in the organizational structure of the service personnel management can have some changes. When there is a small number of staff in the company, service personnel management performs certain tasks and may be entrusted with specific expertise. In any case regardless of the characteristics of the organization, structure personnel management service functions remain constant. Changes only the complexity of their implementation. (Mayer, T. 2014. Management guide, 30-43.)

Some functions can be transferred to other units that are not a part of structural service personnel management. Some functions may be performed, for example, by a technical development subdivision. After determining the functional structure of the personnel department, the constituent units (departments, bureaus), putting together the list of tasks for each structural unit, determining their functions, numerical composition and the proper structure of their workforces, job responsibilities for each of them, as well as the relationships between units and with other parts of the company (both in terms of incoming and outgoing information) and with regard to methodological support of personnel management, one must implement the monitoring system and supervise it. (Mayer, T. 2014. Management guide, 30-43.)

3.3   Relationships between Management Services staff and line managers

Both line managers and personnel officers are managers of a certain level and are authorized to deliver the people their work tasks and to ensure the execution of them. This they both have in common. The difference is that line managers are entrusted to manage major divisions (industrial, household, etc.), and the PMD is mandated to advise and assist them in achieving these goals. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

The main problem is that the majority of line managers prefer to solve their problems with the subordinate staff by themselves. This creates serious difficulties because, as professionals in a narrow field and with no special training in human relations, each line manager decides personnel matters the most convenient way for the prevailing particular situation in a manner that is not always conducive to implement a unified personnel policy of the company. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

The task of the company's management is to ensure the cooperation of managers of middle and lower levels, understanding the growing importance of the service personnel to jointly address these issues with the units of human resources management. In the field of employment (recruitment, selection, hiring of staff, etc.) line managers responsibilities include a precise definition of the classification of an employee required to perform specific duties. Then, in the foreground appears personnel management service, whose workers are searching for applicants, conduct interviews with the selected ones and test them (See chapter 2.2). The best candidates are directed to the appropriate line manager, who in the selection process makes a decision about hiring those individuals who are capable and whose skills are suitable for working on a specific job. (Joshi, M. 2013. Human Resource Management. Bookboon, 29-41.)

While training managers for the personnel management department it is important to conduct research to develop comprehensive plans, directions, and providing the training that is required; establishing external contacts; collection and analysis of relevant information. In addition there is a need to assist the president of the company in order to meet the growing needs of the company through the development and coordination of training programs; counseling training divisions of the company, engaging in developing new ideas and products; defining of objectives, preparation of training plans based on the latest researches in the field of education. However providing management materials on the economic efficiency of the training system is required. (Joshi, M. 2013. Human Resource Management. Bookboon, 50-55.)

If a PM supervisor is planning to implement such matters, the line manager solves the problem of training at their own level. The duties of the line manager include the following:

- Identify and promote the implementation of the training needs of those working in the unit; consult with the manager of PM about the targeted training;
- Involve experts to train personnel to develop programs aimed at different categories of employees of personnel;
- To decide on the most promising directions for the department of education.

3.4 Analysis of the quality of the work PMD has done

The main purpose of the service personnel is not only to guide the implementation of the personnel policy interests of the enterprise, but also to act in view of labor laws and social programs adopted from the federal and territorial level. Functions, structure and objectives of the personnel department are closely related to the nature of the economic development (see Chapter 2.6). The management's understanding of the enterprise and the fulfillment of goals and tasks of the production (organization). The list of actions needed to ensure the effective management of staff has a relatively standard form for all enterprises. This means that their implementation is necessary and is a sufficient condition for the implementation of the tasks and functions of management. (Bishop, P. 2014. Working with Humans. Bookboon, 33-47.)

Personnel management is a fairly complex process carried out in the organization by the senior management, line managers and staff of service personnel management. Service of personnel management is a functional unit which is not involved in the main activity of the company, but allows the normal functioning of the organization, managing personnel within the chosen personnel policy.

The staff is the most important resource of any company, and the formation of a cohesive workforce is one of the primary tasks of any company. The current trend shows that the main resource of competitiveness is the human potential of employees. (Bishop, P. 2014. Working with Humans. Bookboon, 33-47.) At current time only a small part of the company tracks job recruitment, using such indicators for assessing the quality of recruitment. There are the following main indicators in the service of the staff: the number of filled vacancies,

probation period, the quality of new employees, the number of layoffs, and the satisfaction of the department heads by new employees. (Bishop, P. 2014. Working with Humans. Bookboon, 33-47.)

It is important to be aware of the fact that it is necessary to check not only the work of each individual employee but the efficiency of the whole PM department. Personal results of employees are important and provide useful information that the heads of the department take into consideration while selecting strategies to achieve the main goals of the company.

The leaders of the organization or the head of department or a third-party organization, raised for this purpose, can evaluate the effectiveness of personnel management service. (Bishop, P. 2014. Working with Humans. Bookboon, 33-47.)

The verification of the quality of the personnel office is performed in the following stages:

- "Waiting" - to find out which goals the PDM must meet. To do this one must hold a conversation with the general, financial or commercial director. It is important to hear their opinion about the main criteria to which one should pay attention to.
- "Quantitative analysis" – is the collection and analysis of data on each of the areas.
- "Methods" - at this stage it is necessary to define the procedure that will in the best way display the efficiency of the service department staff. For example one can take five of the most well-known and common methods: expert evaluation, the technique of Dave Ulrich, Jack Phillips formula, the method of benchmarking, the return of the investments. One method may be not enough, so they can be combined. (Bishop, P. 2014. Working with Humans. Bookboon, 33-47.)

The more detailed data will be examined during the audit. The more correct and full information will help to make a report, and it will make possible to find weak points and to make efforts for a more efficient personnel management. If one will properly assess the effectiveness of personnel management, this factor can be helpful for performance growth of the management process and the efficiency of the entire enterprise which will help to increase the profit. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge 25-37)

The modern world sets new high requirements to the parameters of a more effective economic feasibility of measures to improve the system of evaluation of personnel service. It is therefore necessary to constantly update the existing methods for improving the assessment of the personnel management system. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge 25-37)

Any measures for the implementation and improvement of service personnel management must serve the strategic objectives of the enterprise, as elements of the strategy of sustainable development.

In assessing the work of the department of personnel the following quantitative factors are applied to estimate the parameters:

- labor costs per unit of production compared to the competitor;
- The level of personnel turnover;
- rate of absenteeism;
- excitation frequency of court cases on complaints of employees;
- The proportion of employees of the department of personnel with professional qualifications;
- The number of working days lost due to strikes;
- The time period required for the recruitment of a new employee;
- The progress made by application of equal opportunities policy.

Subjective criteria include employee motivation, team spirit and willingness to accept change, the degree of acceptance by senior management proposals emanating from the department personnel, the quality of existing relationships with the trade unions, the level of response of applicants to advertisements of vacancies, the usefulness of the documents prepared by the department (eg, job descriptions, qualifications and psychological characteristics of applicants for the position), etc. One can conduct surveys for employees of other departments in order to identify how they evaluate the work of the personnel department in the following areas:

- the speed with which the personnel department provides information on the received request or give advice;
- Quality advice (consultations) provided by representatives of PMD;
- courtesy and a willingness to contact the staff of the department;

- knowledge of individual staff personnel matters;
- the total contributions into the work of other departments of the company.

Senior management of the company can assess the contribution of PM by how effectively it can resolve the problems of morale and employee relations, company arising during periods of reducing of the size of the company, restructuring, innovation and change. In addition, the expert from the department is expected to participate in the formation of collective decisions of senior management, in addressing strategic issues such as the formulation of the company's mission, defining the characteristics of corporate culture, preparing the ground for technological change, and so on. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge 25-37)

Today the staff is regarded as the main resource of the organization. To a large extent it determines the success of all its activities and is one of the main resources of the organization, which is necessary to competently manage, create optimal conditions for its development, and invest in the provision of resources. In order to properly manage the activities of the employees of the company there is a system of personnel work - a set of principles and methods of personnel management in the organization. Which includes 6 subsystems: personnel policy, personnel selection, evaluation of staff, placement of staff, adaptation and training. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge 25-37)

The structure of the personnel department is largely determined by the nature and size of the organization, and the features of products. In small and medium-sized organizations, many PM functions are operated mostly by line managers, and large formed independent business units are used to implement the PM functions. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge 25-37)

For the effective functioning of such services it is important to perform a study. The results of the evaluation are the summary indicators which will focus the attention on major issues of personnel management. In addition, in order to assess and draw correct conclusions this complex process must be controlled. Professionals and knowledge workers best be evaluated as a group. To be optimally effective professional groups must work together.

Measurement of work of individuals in a relationship to each other increases the division and unproductive competition (see Chapter 2.7).

Managers should be assessed on the basis of the effectiveness of the structures that they head. The nature of managerial work is to pursue the objectives by the hands of controlled people. (Bishop, P. 2014. Working with Humans. Bookboon, 33-47.) The main measure is efficiency, not the efficacy. The purpose of the enterprise is not only to generate as much as possible at the lowest cost. The most important goal is to achieve an acceptable result at any given time.

For the measurement of the department PM qualitative indicators need to create a composition measurement. Quality itself is a subjective response. In order to use it in the measurement of effectiveness, it must first be calculated, i.e. there is a need to express qualitative evaluations through the indexes. (Bishop, P. 2014. Working with Humans. Bookboon, 33-47.)

4 Analysis of personnel management

4.1 Analysis of the relationship between enterprises and workers

When hiring personnel the relations are established between the owner of the workforce and buyer of workforce. However, the hiring process is not just the procedure of enrolment. Before hiring a person much of work needs to be done on the selection of the most suitable applicant from those who are interested in the job. The function of the selection of personnel falls on the employer, because the employer is interested in adding a new employee to his staff. (Senyucel, Z. 2009. Managing the Human Resource in the 21st Century. BookBoon, 31-33.)

During the hiring process each candidate fills out a questionnaire. The administration carefully reviews it and after discussing all possible candidates, decides on one of them. After that the both sides sign a contract. The provisions which are written in the contract govern future relations between the employee and administration (see Chapter 3.2). At the same time the paperwork must be prepared. The position, wages and the probationary period must be stipulated there. In the future work the employee should be guided by internal regulations, job descriptions and the instructions of his department. (Garner, E. 2013. Recruitment and Selection: Hiring the people you want. Bookboon, 25-30.)

4.2 Analysis of the current system of remuneration

Organization of wages in the collective is carried out for:
- The stimulating of solving problems in the collective;
- Improving the quality and efficiency of employees work;
- Promoting the qualification, increasing creativity and the development of skills of workers;
- Growth of job satisfaction, and the results caused by it;
- Ensuring the principles of pay, depending on the quantity and quality of work. Taking into account the terms and conditions of the results.

In businesses and organization two types of wages can be used: hourly payment and piecework. So called a time-based form of pay. The wage worker is charged on a flat rate is correspondent to the tariff category. Or a set salary based on the number of hours actually worked. Piecework is a form of wages, where the work of the employee is paid by a piece rate established for the actual number of manufactured products (the work that has been done). (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge 66-68.)

There is also a time-bonus wage system. The essence of the time-plus-bonus system is that it is complemented by simple time-based rewards for the performance of certain quantitative and qualitative indicators, which are set in advance (see Chapter 2.7). The time-based form of wages is appropriate (to apply) when a worker cannot directly influence the increase of the output; There are no quantitative indicators of development of products; organizing a strict control and accounting actual hours worked; the qualification of workers correspond to the category of the work. (Portolese Dias, L. 2011. Human Resource Management. Flat World Knowledge 66-68.)

The time-bonus system with standardized jobs which is used in some enterprises, contains positive elements: piecework and hourly wages. Standardized tasks are set based on the maximum utilization of production capacity in a given number of standard hours of work (or workload) for a given period of time (a shift - week - month), or an individual worker (individual valuation assignment) or team (collective valuation task). (Joshi, M. 2013. Human Resource Management. Bookboon, 42-44.)

The employee's salary using the time-plus-bonus system with standardized job consists of:
- hourly wages accrued in proportion to the time worked and including the payment of tariff surcharges and allowances (for professional skill, management department, unfavorable working conditions) if the employee has a right to get them;
- Surcharges for implementation of the plan in terms of turnover. It is a percentage of the hourly wage based on the conditions of implementation of standardized tasks;
- Bonus for the provisions adopted by the company, calculated as a percentage of the initial tariff rate plus accrued bonuses and allowances.

5 Consideration of PM processes in the AV Forager OÜ company

5.1 Introduction of the company

AV Forager OÜ is a company that was founded in 2002. The main activities performed by this company are linked with electrical equipment, installation of automated systems, drafting and assembling of alarm systems, as well as the installation of network systems. The company is able to solve any problems related to the installation of electrical systems and electrical equipment. However, they specialize in the creation of large turnkey projects and complete their implementation by the company's own independent strengths. The company also offers maintenance of already existing systems and structures.

At the moment the company operates in four countries - Estonia, Russia, Finland and Sweden. The company employs about 200 workers. In addition to the direct management, the company has its own accounting department, which deals with the financial issues of the company. There is a department of designers who are engaged in the preparation and development of projects. These people have special knowledge and skills that enable them to pursue the work on a high level. Separately from them there is a logistics department, which is engaged in the purchase and delivery of the necessary materials and devices which are needed for the work of the enterprise.

The next place in the hierarchy is held by the project managers, who are the direct representatives of the company in the manufacturing process. These are the people who come into contact with the customers and govern the work process. Ordinary workers are operating on the objects. They have proper qualification that allows them to have access to the objects. For an easier management there is a foreman chosen among the employees, he has a direct connection with the project manager. Sometimes it is possible to observe trainees who study and acquire the necessary experience for the job.

My duty was to organize the work process directly on the object, which means I was responsible for the people and for the work that they do. I was in direct contact with the customers and my area of responsibility included making sure that all requests and customer queries were solved as quickly as possible.

My work day began with a morning staff meeting. We had a strict work plan which we discussed together, and then I sent each of the workers to do their own thing. If someone had issues we solved them immediately, with our own forces, or if was necessary, with the customer that was involved. Mostly I had to work with my head, constantly thinking of the priorities, of the most suitable people to do the task, and how to negotiate with other companies to avoid any misunderstandings. Very often there would accrue a situation where the same work space had to be shared by several firms. If 20 or more people are staying in a small room, there is a great chance that the work process will not go as planned due to the lack of space. That is why I had to negotiate and decide who can do their job first and who can wait and start later.

While working there I got assigned a small site which employed 10 people from the company. However, I must admit that even being responsible for these 10 people was extremely hard, because I should always be in touch to help, explain, negotiate and protect employees.

To do this work properly, there is a need to have a valid amount of knowledge, the ability to read projects, and the ability to talk to people. It is not easy to find a common language with people who are twice your age, whose respect you have to earn to ensure that they can carry out the goals which have been set. After all if the superior is a fool, no employee will take him or her seriously.

5.2   The real work of the department in the company

The main goal of the personnel management unit is the most effective use of the skills of employees in accordance with the objectives of the enterprise and society. This should ensure the care after the health of every employee. In addition, there is a need to establish relations that ensure constructive cooperation between the team members and different social groups.

Main functions of the PMD. The functions, rights and responsibilities of the Department of Personnel Management are defined in the "position of the Department of Personnel Management" and, in particular, "job descriptions for PM specialists". Under this provision

the personnel department is an independent department of the organization and submits to the director of the representative company. The approval of the "Regulations of department staff" and job descriptions that concern employees of the personnel department are made straight by the director of the representative company. The division of responsibilities between the staff of the department is produced by Head of Personnel Management. The head of the organization is entitled to take decisions on the following issues:

Formation of human resource policy corresponding to the stage of development and the market situation;

Evaluation of the human potential in the company. Current and prospective planning for employee needs;

the development of the staffing structure of the organization, research and improvement of job positions, the definition of the functional responsibilities of employees and the requirements of the experts;

monitoring the labor market, the determination of wage levels for different job positions ("price - quality" ratio);

Personnel recruitment organization, selection and adaptation of personnel;

Creating and maintaining placement, career planning, evaluation and certification of personnel. Good execution of a customer's order requires skilled performers, so the main priorities of the personnel policy in AV Forager OÜ is to select the best professionals in the labor market as well as promising young professionals. Motivating the employees to improve the efficiency and quality of their work and stimulating their professional development is very important. The main principles of working with the staff used in AV Forager OÜ:

1. Attracting the best talent;

2. Encouraging high results;

3. Creating favorable conditions for the professional fulfillment of employees;

4. An objective assessment of the entire group as a whole, and each employee in particular;

5. The company cares about the health and well-being and social protection of their employees.

Recruitment. The company focuses on the development and cultivation of its own staff. Recruitment is done mainly for the initial position (work force). To do this they draw in graduates of technical colleges. In the process of working and learning the company strives to instill in young professionals skills which are needed to work for AV Forager OÜ.

The recruitment of graduates is carried out twice a year: the first recruitment takes place in December and January, when all the interested companies take part in the competition (recruiting students of 4-5 courses). After passing a series of tests and interviews for the company there are 5-6 people who are invited to partake in the internship. The company needs these employees, as the internship takes place in the midst of the business season and the company needs manpower. Students also need to take such positions, they need the practice to receive higher education.

Those students who the company wants to see as their employees, after finishing the internship, are offered a permanent job.

Every June the company holds an extra recruitment rally. The difference between these candidates is that the June ones do not have experience. The reason for this two-stage recruitment is that the both methods of evaluating potential candidates (practical training in the company and analysis of their graduate work) allow to choose the best.

Personnel adaptation system. The system of adaptation of new employees which is used at AV Forager OÜ has a number of distinctive features due to the policy of personnel work in the company. The main feature is that there are several types of programs depending on the category of employees on which the program focuses. The first type is adaptation programs for graduates. These are the most significant and intensive programs, since this category of employees are the main driving force. The second type is aimed at employees who come with experience of working in other companies. They originally start working in the main departments but not in the initial positions.

Adaptation programs use following methods:

Mentoring (for a period of one year; the new employee is attached to a mentor from an affiliated company);

- Self-learning
- Training in training centers.
- Assessment of the personnel.

The format and the periodicity of evaluation process depends on whether the employee in the department works separately or within a group of trainees. Employees within a group of trainees are evaluated after every 150 work hours (spent with the client or on the project). In addition there are quarterly and annual assessments.

Annual assessment is a form that is filled out at the beginning of each new fiscal year. It reflects the goals, key business objectives, the necessity to acquire the required skills, and the necessary training that needs to be done. Also there are registered the steps to be taken by the employee to achieve these objectives in time. At the end of the financial year, summing up the work done during this period, a grade is assigned to every employee.

Remuneration and incentives. The company has a differentiated system of remuneration. The procedure for calculation and payment of compensations for employees is fixated in the "Regulations on the labor remuneration and motivation." Employee benefits consist of the following elements:

Base salary;

Allowances, the size of which depends on the results of certification;

Additional payments (for overtime, for the performance of critical tasks, etc.).

The remuneration system encourages the qualitative performance of the duties and achievements of employees and it can be considered as motivating. The company has a package of social benefits, which includes:

- Paid leave and sick leave;
- Health insurance for employees;
- Payment of mobile communications.

5.3   Information support as a factor in improving personnel management

The effectiveness of the personnel management system is largely dependent on the knowledge base. It is a collection of data on the state of the control system and the trends of its development. The data is gathered while watching the processes taking place in the collective of workers in their industrial and social environment. Any administrative decision must be based on knowledge of the situation, influencing factors and interrelationships. The information facilitates the implementation of all management functions: planning, organization, control, regulation, and distribution. The information used in the management of personnel, by its nature is divided into normative, referential, methodical, accounting,

based on the materials of the primary account and the balance sheet presented in the summary form, and others.

The main source of primary information - documents of personnel departments (personal cards of employees, personal files), orders and instructions issued by the company management and structural units in regard to staff workers, primary records and reports on the work performed and produced payment, non-commercial documentation of structural units serving the enterprise, and so on. Another source of information - the workers themselves with their opinions on certain issues, the materials of sociological research (surveys, interviews, etc.) and the results of psychophysiological studies (testing employees), and so on. In this case, it is important to ensure the protection of sociological information of a certain person. First of all it concerns the thoughts of workers on interpersonal relationships in the team.

Many of the processes that determine the staffing situation are very dynamic: the size of the group of workers changes in connection with the staff turnover. The structure changes: gender, age, work experience, and so on. The process of in-plant movement of personnel between the structural units is constant. Professions change, the level of qualification also changes. The information in this case acts as a means of monitoring the conformity of the actual structure of the workforce required for the timely staffing of vacant jobs. Therefore, basic requirements for personnel information are speed and reliability.

The social orientation of personnel work lies in collecting enough diverse information of a social nature relating to individual employees. Thus, while selecting the candidates it is important that the database has information not only on production, but also the socio-demographic and disciplinary information, and even the information on medical treatments. The orientation of personnel work in the development of labor cannot be successful without the knowledge of labor costs, and investments in human capital (labor costs, training, health care, social services and so on). The nature of this information is substantially different from purely staffing, as it relates to the accounting system.

The quantitative characterization is needed to count the degree of rational use of labor, performance appraisals, and so on. In summary, we can formulate the following criteria for assessing the quality of the information. It must be:

- objective (complete, consistent, trustworthy);
- actual (the information needs to reflect the behaviour of executives and professionals as they arise during the development of the staffing situation);
- timely;
- targeted;
- concise (compressed but lossless);
- communicative (understandable and acceptable for managers and professionals).

The collection, storage, processing and analysis of a large amount of diverse human resources information (entities of management - personnel management and managers) is needed to put the adequate information in a convenient form in the system. The basis of the information system must be a single array that reflects information about each employee, their environment and working conditions, which in turn requires a certain structure of information and methods of operating with an array of data.

Since the processes taking place in the team of employees and in its surroundings are very dynamic, it is important to promptly reflect all these changes in the data. This requirement may be satisfied in the event that the information system is closely in contact with the documentation of the enterprise: the orders and instructions regarding the employees are used for immediate correction of the data contained in the array.

Linking personnel information with the information about the structure of jobs, with the requirements for the employee (with a possible wage level, the state of working conditions and so on) is very important. This approach eases searching for employees with the specified attributes in the data array, while grouping, regrouping workers in accordance with the needs of the user.

By monitoring various changes in the state of the object that have occurred as a result of different events, leaders can use the feedback to develop an effective strategy to control and monitor to object. The information system should help to identify the most important factors, and the establishment of cause-and-effect relationships between factors and results. This kind of information is necessary for the development of targets underlying the development of human resources of the enterprise.

5.4 Automated systems for personnel information

The implementation of the requirements of the timely provision of the necessary information while its volume is increasing can be fully realized if the information base will have the form of an automated personnel management system - «SAP» - or a similar one. This approach allows us to implement a new technology in the management process.

«SAP» is a form of organization of personnel management, based on the close relationship between a human and computer technology, as well as on an extensive use of management practices developed using the techniques and methods of optimization and automatization of making decisions.

A workstation is a professionally oriented complex that includes hardware and software, information and methodological support for solving user problems directly on the workplace using a computer. Thereby changing the content of workers of personnel services, which are exempt from routine work and performing unnecessary operations. They work in an interactive mode (communication mode), performing all types of operations, processing data (collection, preparation, input, processing, output and copying the necessary information).

«SAP» allows the user to:

- enter and edit the data about the employee;
- forma and issue of various types of documents;
- create new databases;
- change the structure of the dataset;
- add new complexes and problems (with a corresponding menu);
- recalculate data on a given date, and others.

Background information for creating the subsystem is gathered with the help of unified forms of primary documents of accounting personnel, planning documents, nationwide and local classifiers (positions of employees, qualification ranks and categories, and so on). Information specific to the employee includes data on other place of work, demographic data, data on education, special training, marital status, changes in the company (structural units, change of profession, qualification growth), and others. The output includes a large set of generic indicators and various characteristics and have the form of reports, lists, memos, analytical conclusions, settlements and so on. This eases the personnel planning

and provides a lot of multi-variate calculations. For the effective operation of the system of personnel management in the enterprise, it is important to create a single automated network allowing the mutual exchange of information between all levels of company on the basis of modern means of communication.

The experience of some companies has proved that there is a possibility of connecting businesses to the cross-sectoral networks that allows to have more complete information about the labor market as a whole and even about individual workers - their previous jobs, expertise, qualifications, and so on.

Development and implementation of an automated control system «SAP» should take place in stages, starting with an automated information system for personnel. This should solve such problems as:

- individual personnel accounting;
- reporting to the HR;
- analysis of qualitative composition and movement of personnel;
- extradition requests for the required information;
- training and skill development.

Here the implementation of the modular system is of great importance. It allows to adapt the system for different categories of users, to upgrade the system and to expand its functions.

6 Conclusion

Personnel management is a purposeful activity of the governing structure of the organisation (as well as heads of other departments and experts of the personnel management system) which includes the development of concepts and strategies of personnel policies and management practices.

It consists of the formation of the personnel management system and consists of planning, personnel management, human resources determination and the organization's needs for personnel. Technology personnel management covers a wide range of functions from the recruitment to dismissal of personnel.

Activities which are needed to be performed include information, technical, legal and methodological, legal and clerical provision of personnel management system. Managers and employees of departments of personnel management also resolve issues of evaluation of the entities of the organization, evaluation of the economic and social improvement of the personnel management efficiency.

In this thesis work the theoretical questions of personnel management in the conditions of the market were reviewed. The system of personnel management was analyzed in a specific example also including the terms of efficient use of labor resources.

The opportunities of improving the management of staff were identified and the following activities have been proposed: provision of information as a factor of improvement, automated system of information, the use of flexible work hours.

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