HR MANAGEMENT BY VALUES AS AN INNOVATIVE WAY TO IMPROVE PERSONNEL WORK

The article is aimed at generalizing the theoretical and practical foundations of HR management by values, allocating the difficulties of such management. The theoretical studies of Western and domestic scholars on the management by values are analyzed, which, according to the authors of the article, is one of the most effective ways to improve personnel work. Involving staff in the decision-making process is possible in any management model. Values change the behavior of the staff. Each company has its own values, and the behavior of employees is grounded on basic values. As a result of the research carried out on the basis of one of the largest banks in Ukraine – JSC CB «PrivatBanks» – five main directions of improvement in motivation of labor are proposed, which are also the main problems of the financial organization, which need to be addressed. An analysis of the bank’s system of motivation showed that HR management is carried out through a combination of administrative, economic and socio-psychological management methods. It is determined that the development and implementation of the values system in the company is as follows: development of key criteria for the value system (for this are created working groups of key employees); interviewing staff to determine the importance of each criterion to them; conducting a survey among employees to determine the extent to which each criterion is implemented in the company; analyzing the employees’ perception of the company’s existing values system based on the data obtained. Recommendations for hiring staff are proposed, as outlined in the checklist to valuate the quality of the candidate as a future employee. The difficulties of management by values at Ukrainian enterprises are substantiated. Based on the authors’ own research, the core values from the employee’s point of view are proposed. Also recommendations to improve the company’s personnel policy in the context of HR value management are proposed.

Keywords: management, staff, values, personnel work, personnel policy, motivation.

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Лях І. О., Литвин О. І. Управління персоналом за цінностями як інноваційний шлях удосконалення кадрової роботи

Метою статті є узагальнення теоретичних і практичних засад щодо управління персоналом за цінностями, використання складання такого управління. Проаналізовано теоретичні дослідження західних і вітчизняних учених стосовно управління за цінностями, як, на думку авторів статті, є одним із найбільш ефективних шляхів удосконалення кадрової роботи. Загалом персоналу в процес прийняття рішень можливі в будь-якій
Цінності формують поведінку персоналу. У кожної компанії свої цінності, та поведінка співробітників будуть на базових цінностях. У результаті проведення досліджень на базі одного з найбільших банків України – АТ КБ «ПриватБанк» – запропоновано п’ять основних напрямків поліпшення мотивації праці, які також є головними проблемами фінансової організації та потребують вирішення. Аналіз системи мотивації праці в банку показав, що управління персоналом здійснюється за допомогою поєднання адміністративних, економічних і соціально-психологічних методів управління. Зокрема, що розробка та впровадження системи цінностей у компанії збільшується також чином: розробка ключових критеріїв системи цінностей для цього створюється робочі групи з ключових співробітників, проведення оцінювання системи цінностей з метою визначення важливості кожного критерію для нього; проведення оцінювання системи цінностей з метою визначення ступеня реалізації в компанії кожного критерію; проведення аналізу спрійняття співробітниками існуючої системи цінностей компанії на основі отриманих даних. Запропоновано рекомендації по найму персоналу, які викладені в чек-листі щодо оцінки якості кандидата як майбутнього працівника. Обґрунтовано складність управління на цінностях підприємствами України. Виходячи із власних досліджень запропоновано основні цінності з точки зору співробітників. Також наведено рекомендації щодо вдосконалення кадрової політики підприємства в контексті управління персоналом за цінностями.

Ключові слова: управління, персонал, цінності, кадрова робота, кадрова політика, мотивація.

Табл.: 3. Бібл.: 10.

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Ляя И. А., Литвин О. И. Управление персоналом по ценностям как инновационный путь совершенствования кадровой работы

Целью статьи является обозначение теоретических и практических основ управления персоналом по ценностям, выделение трудностей такого подхода. Проанализированы теоретические исследования западных и отечественных ученых относительно управления по ценностям. Кроме того, в статье приведены рекомендации по совершенствованию кадровой политики предприятия в контексте управления персоналом по ценностям.

Ключевые слова: управление, персонал, ценностей, кадровая работа, кадровая политика, мотивация.

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The book of T. Peters and R. Waterman “In Search of Excellence: Lessons from America’s Best-Run Companies” [8] is one of the first works on the problems of personnel management by values. It describes the concept of 7C, the central component of which is corporate values as a resource for the development of an organization.

Further promotion of the idea of using corporate values to manage companies is associated with the names of S. Dolan and S. García [3]. They argue that values management has a threefold goal:

- to simplify the organizational problems that arise in connection with the growing need to adapt to changes at all levels of the company;
- to indicate the strategic vision of the future of the company;
- to ensure the dedication of each employee to daily high-performance work.

From a practical point of view, the goal of value-based management is to create conditions under which employees can work independently and effectively to achieve the goals of the company [5]. K. Jaakson defines management by values as “a series of interrelated managerial activities to ensure the acceptance of relevant organizational values inside and outside the organization” [4].

Modern innovative approaches to social development of an enterprise stimulate and form its fundamentally new strategic directions. One of these is the effective personnel management based on the value system formed by the enterprise itself. Under modern conditions, considering the mechanism of personnel management as a whole, it is necessary to start with the value system, and then choose forms and methods of personnel management, build a personnel policy (selection, training, personnel development), take into account the influence of external and internal factors. The foundation of personnel management is organizational culture with its functions: security, integrational, regulatory, motivational, economic one, etc. [7].

In support of the trend towards the transition to value management, a number of well-known companies (General Electric, Microsoft, Levi Strauss, AT&T, etc.) began to integrate values into their business practice. Examining a number of successful companies, J. Collins and J. Porras came to the conclusion that all of them did not change either their core goals or core values while their business strategies and practices were repeatedly adapted to changing conditions. This allowed them to become unique organizations able to innovate and achieve impressive results over a long period [2].

The work of A. Skobtseva identified the important role of corporate culture. According to the research, 86% of companies around the world recognized that the key to success of their business in highly competitive realities was a healthy corporate spirit. Due to the increased involvement of personnel, companies were able to improve the quality of work by 44% and increase profits by 22% per year [9].

American researchers K. Cameron and R. Quinn [1], analyzing the characteristics of the cultures of several hundred organizations, identified four basic types:

- clan culture, which is similar to a family, tribe, sect, where people have a lot in common. The organization is held together by a commitment to tradition;
- adhocracy culture (from the Latin. Ad hoc – “on occasion”, situationally), which suggests a creative, innovative association. The unifying essence, value is the willingness to constant change, experimentation, innovation;
- hierarchy culture, which implies structured and formalized environment. It is controlled by procedures;
- market culture, which is aimed at achieving results. Competition, desire to become the best are welcome here.

In any organization, there are always elements of all basic cultures in various proportions. However, one of the described cultures always prevails.

Value-based management rests upon corporate ideology. Ideology is a system of views and ideas that determines the values of a company, its corporate culture, vision and development concept. Ideology is consciously created by chief executives as a tool for management and development of an organization [10].

Our studies were conducted on the basis of one of the largest banks in Ukraine, Joint Stock Company Commercial Bank “PrivatBank”. Personnel management at the bank is in charge of its HR Management Department, which performs the functions of personnel planning, selection and hiring; career guidance; staff adaptation; professional training and staff development.

Based on the analysis of the bank’s main structural unit dealing with human resources management, we came to the conclusion that it has the following tasks: planning staffing and staff movement; analyzing professional and personal qualities of the bank’s employees; organizing HR management; assessing and certifying the bank’s employees; organizing staff training and development; forming a personnel reserve, organizing leadership development and career management; improving working conditions and solving social issues; developing motivation of the bank’s employees.

In general, we can note that “PrivatBank”, in order to retain the best employees, as well as increase its reliability and efficiency, needs to do the following:

- to find out what its employees really want (by communicating with them and continuous feedback);
- to provide a wide range of career opportunities and development for its employees;
- to introduce a system of criteria and incentives that clearly show what exactly the bank expects...
from its employees, and how they should work to be rewarded.

In the optimal amount, the planned need for personnel can be facilitated by promoting the bank’s employees or by hiring. Promotion may require retraining. It is also needed in order to prevent the aging of personnel.

Improving the management process is possible through staff development and enhancing the personnel assessment system.

Personnel training helps, on the one hand, increase efficiency of the bank and professional growth of its employees, on the other hand, strengthen its authority for partners and customers, and further develop the entire banking industry.

Features of the formation of the banking staff development system depend on the specifics of banking activities in general (working with clients, introducing new services, new software, new banking products, etc.), features of the bank (its strategic objectives, financial status, size, banking operations), as well as material resources, the willingness of the bank’s management to invest in the development of its staff.

Thus, the construction of an effective and versatile personnel development system under the current conditions allows Joint Stock Company Commercial Bank “PrivatBank” to solve a whole range of management tasks, form a highly professional and motivated team, as well as increase the bank’s competitiveness.

We can define five main areas for improving labor motivation, which are also the five main problems that need to be addressed. In view of this, the following recommendations were developed (Tbl. 1).

| Problem                  | Solution Recommendations                                      |
|--------------------------|-------------------------------------------------------------|
| Material incentive       | Applying a performance-based employee incentive program     |
| Staff quality            | Introducing a continuing education system                   |
| Labour organization      | Implementing and rewarding initiatives of employee, not just those of managers |
| Personnel involvement in the management process | Implementing the democratic principle “to hear all opinions” |
| Intangible incentive     | Accounting for the employee’s identity in providing intangible incentives |

**Source:** developed by the authors.

Analysis of the system of labor motivation in “PrivatBank” showed that personnel management is carried out using a combination of administrative, economic and socio-psychological management methods. The basis of the personnel incentive system is organizational and technical methods that optimize the construction of a labor efficiency management system.

The system of motivation of JSC CB “PrivatBank” and its impact on the performance of its personnel are given in Tbl. 2.

The used socio-psychological methods are effective non-material means of improving employee performance, creating a favorable psychological climate in the team and a sense of belonging to the organization. The established at the bank stable amount of staff remuneration prevents an increase in the staff turnover and reduces the cost of finding new labor resources.

Most people go to work for a salary. Salary motivates, but not enough. Good employees are motivated by career opportunities. They think in terms of the future. Using only material incentives is not efficient even in the West. A balanced set of different motivation groups provides a good result.

In general, well-framed efforts to develop a career management system in a bank can help employees in determining their own needs for promotion, provide information on relevant career opportunities within the financial organization, and combine the needs and goals of an employee with the goals of the organization. The formation of the system can reduce the aging of human resources, which are so expensive for a bank. In addition, the career counseling system is able to provide considerable assistance to the bank’s management in terms of understanding the motivation of their employees and adjusting the methods and incentive programs used.

When hiring the staff, it is advisable to follow the recommendations set out on the checklist for assessing qualities of a candidate as a future employee (Tbl. 3).

We believe that the main criterion in the formation of a bank’s personnel should be human values. You can prepare a person professionally very quickly, but values are difficult to change.

**Difficulties in managing values:**

- the value should be similar to those of the person. Most people cannot define their values, are not capable of self-identification;
- a person cannot accept a value when at work and abandon it when leaving work. Not all employees see their work as a place they live;
- the organization should have a leader obsessed with the idea, who could be an example to follow;
- when recruiting staff, a rigorous selection should be performed with consideration for the organization’s values.

The introduction of changes in the company always causes resistance. It can be optimized but not eliminated. Most people don’t like something in the company. A person’s own goal may not coincide with the mission of the company. However, a balance between the interests
Table 2

Incentive program of JSC CB “PrivatBank” and its impact on the personnel performance

| Motivation group                        | Motives and incentives                                                                 | + To personnel performance (according to expert observations of the author) |
|----------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Material incentives                    | Salary, participation in profits, acquisition of shares, performance-based payments    | +50%                                                                     |
| Non-material incentives                | Diplomas of Merit, valuable gifts, title, souvenirs, oral encouragement, good relations with colleagues and top managers | +25%                                                                     |
| Career Opportunity, Decision-Making    | Freedom of choice and action, satisfaction of an employee’s own ambitions, achievement of a higher position in society, application of his/her knowledge and skills, justified expectations | +10%                                                                     |
| Social Security                        | Health and pension insurance, social benefits, recreational opportunities, special working conditions | +5%                                                                      |
| Group motivation                       | Mission, corporate culture, team affiliation, socio-psychological climate              | +5%                                                                      |
| Training, continuing education         | Trainings, courses, seminars, adaptation of new employees, new knowledge              | +5%                                                                      |

Source: developed by the authors.

Table 3

Checklist for assessing qualities of a candidate as a future employee (for the management of departments of JSC CB “PrivatBank”)

| Qualities of the candidate | Score |
|----------------------------|-------|
| Formal parameters          |       |
| Personal qualities         |       |
| Professional qualities     |       |
| Health status              |       |
| Appearance                 |       |
| Job specific qualities     |       |

Source: developed by the authors.

Based on our own research, we offer the following core values from the point of view of an employee:

+ **product (work) value:**
  a) interesting work;
  b) decent salary;
  c) career growth, promotion;
  d) training and development;
  e) incentive program;

+ **company value:**
  a) company image;
  b) prestige of working in the company;
  c) corporate culture;
  d) social programs;
  e) company stability;

+ **individual (leader) value:**
  a) leadership qualities;
  b) professional qualities;
  c) attention to employees;
  d) encouragement of initiatives;
  e) focus on achievements.

Involvement of personnel in the decision-making process is possible in any management model. It should be borne in mind that values change the staff behavior. Each company has its own values and employee behavior is based on core values.

The personnel policy in JSC CB “PrivatBank” should be aimed at creating a systematic work with personnel in order to achieve not only economic effect, which is extremely important, but also social effect, which is even more important. We believe that in the personnel policy of an enterprise, two aspects of work of the HR department should be distinguished. The first direction is associated with the awareness of the person-
nel of the rules, norms, values adopted by the enterprise. The second aspect of work of the HR department is the degree of openness of the enterprise to the outside world, i.e., orientation toward either its own or attracted personnel. Our own observations show that the focusing of a company on its own personnel, i.e., when employees understand the transparency of career building, tangible and intangible incentives, is a more productive approach in a strategic perspective.

We have defined five main recommendations for improving the personnel policy of an enterprise in the context of personnel management by values:

1. Improving personnel quality due to enhancing quality of attraction and selection of specialists;
2. Implementing performance-based incentives;
3. Using intangible incentives depending on the values of an individual employee;
4. Involving personnel in the management process on the principles of social partnership between employees of the enterprise;
5. Improving the organization of labor through using feedback between managers and employees.

CONCLUSIONS

Today, in Ukraine, there are a number of factors that, on the one hand, require applying new technologies, and, on the other, introducing personnel value-based management. Based on the foregoing, we conclude that management by values is a systematic work. It should be carried out in the following areas: implementation of team work in the company, client focus, fairness to staff, and initiative.

Thus, we can summarize the results obtained during the study. Firstly, today, prerequisites for domestic enterprises to actively introduce the concept of “value management” into the management system have formed. Secondly, it is determined that the consistency of the beliefs and values of managers with the values of employees is one of the key factors in improving team performance and company profits. This has urged the need to develop appropriate tools to identify the most significant values through the synthesis of employees’ ideas at different levels.

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