

# ASSESSMENT OF THE EFFECTIVENESS OF STRATEGIC PERSONNEL MANAGEMENT OF THE COMPANY

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## ABSTRACT

*The modern business environment becomes increasingly dynamic, and the concept of strategic personnel management attracts attention in the corporate world and in scientific community. This study is aimed at analyzing the practice and assessing the effectiveness of personnel management in the company's strategic human resources management system.*

*In order to achieve this, the authors compared theoretical thinking with empirical testing methods. In this study, expert used assessment methods, which made it possible to determine a system of coefficients for assessing the effectiveness of company's personnel management. Revealed results: (1) development and implementation of personnel management strategies requires the coordination of the interests of management and company's leaders and management accountability, (2) for the assessment of the effectiveness of strategic personnel management of the company, it is advisable to use qualitative and quantitative indicators; (3) assessment of company's personnel determines the key role of professional competence for improvement of the effectiveness of human resources use.*

**Keywords:** Personnel, Personnel Management, Human Resources (HR) Management, Effectiveness of Personnel Management.

**JEL Classifications:** M5, Q2

## INTRODUCTION

The issues of personnel management, as the most important element of the overall management of companies in the innovation economy as a model of the development of the economy of the EU member states become of current interest. Active scientific and practical studies show that the company's personnel occupy one of the key positions to ensure the effectiveness of the company as a whole (Boxall & Purcell, 2016). In order to achieve the goals of companies in the modern economy, it is necessary to stimulate, motivate and develop personnel (Xiu et al., 2017). The researchers of strategic human resources management (SHRM) are increasingly paying attention to study of the interaction between HR management and the effectiveness (Renkema et al., 2017; Drobyazko et al., 2019). Scientific and practical developments in the field of strategic personnel management require further study in order to

improve the tools for the assessment of the effectiveness of the company's personnel management, the development of a personnel management strategy, and the principles for its development.

## **LITERATURE REVIEW**

### **Personnel in the management system of modern companies**

In changing economic conditions, the effectiveness of a company directly depends on human resources, namely, knowledge, skills and abilities of personnel. In countries such as France, the USA, the UK, Canada, Finland, Italy, human resources in companies are used by more than 80%, in Spain, Australia, Japan, Singapore, the Czech Republic-by more than 60%. Russia, Mongolia, Ukraine, China, Poland, Mexico have low rates (less than 25%) (<https://ec.europa.eu/eurostat/home?>). According to Stattev et al. (2019), the quality of professional activity of employees at all levels of management is especially significant in the system of anti-crisis entrepreneurship. Personnel as a socio-economic category reflects the possible participation of employees in production, taking into account their psycho-physiological, professional and personal characteristics (Lorincová et al., 2019).

### **Strategic personnel management in the new environment**

Strategic personnel management is of particular importance in the context of increasing the role of information and knowledge for the development of companies. We agree with the results of study (Harsch & Festing, 2019), where human resources are defined as the basis for ensuring flexibility in accordance with the strategic goals of the company and, thus, allow to achieve a competitive advantage in a dynamic corporate environment. Renkema et al. (2017) substantiate the need to improve the effectiveness of the company's strategic management based on new approaches to personnel management. An innovative approach to strategic personnel management is aimed at improving human relations through consistency, collectivism and high moral values of all categories of company's employees (Barwińska-Małajowicz et al., 2019).

### **Analysis and assessment of personnel in the company's management system**

According to experts, a complex assessment should be used for an objective study of the potential. The use of meta-analysis in personnel management study (Stone & Rosopa, 2017) proved that in order to assess the effectiveness of the use, it is important to justify and determine the main parameters for such an assessment. In this aspect, the quality of information is important to ensure personnel assessment procedures (Ershova, 2014). We agree with Kowalski et al. 2015, in the study of which the interrelation of personnel assessment and the achievement of long-term goals of the company is justified. In personnel analysis and assessment, it is important to determine the factors that determine the effectiveness of labor potential.

## **HYPOTHESIS**

Improvement of the company's strategic development effectiveness depends on an effective personnel management strategy, the development and implementation of which is a process in which human resources assessment has an important role.

## METHODOLOGY

The study methodology was based on the theory of personnel management. The main methods that formed the conceptual basis of the study are: analysis, synthesis, empirical generalization, and expert method. Personnel managers and heads of Czech companies with a parallel study design were selected for the survey. Telephone interviewing and questioning were used. The study involved 60 respondents from 35 companies, of which - 35 HR managers, 15 - managers. Interviewing was used to diagnose the main factors influencing the process of strategic personnel management and the questionnaire to select indicators for personnel effectiveness assessment.

## FINDINGS AND DISCUSSIONS

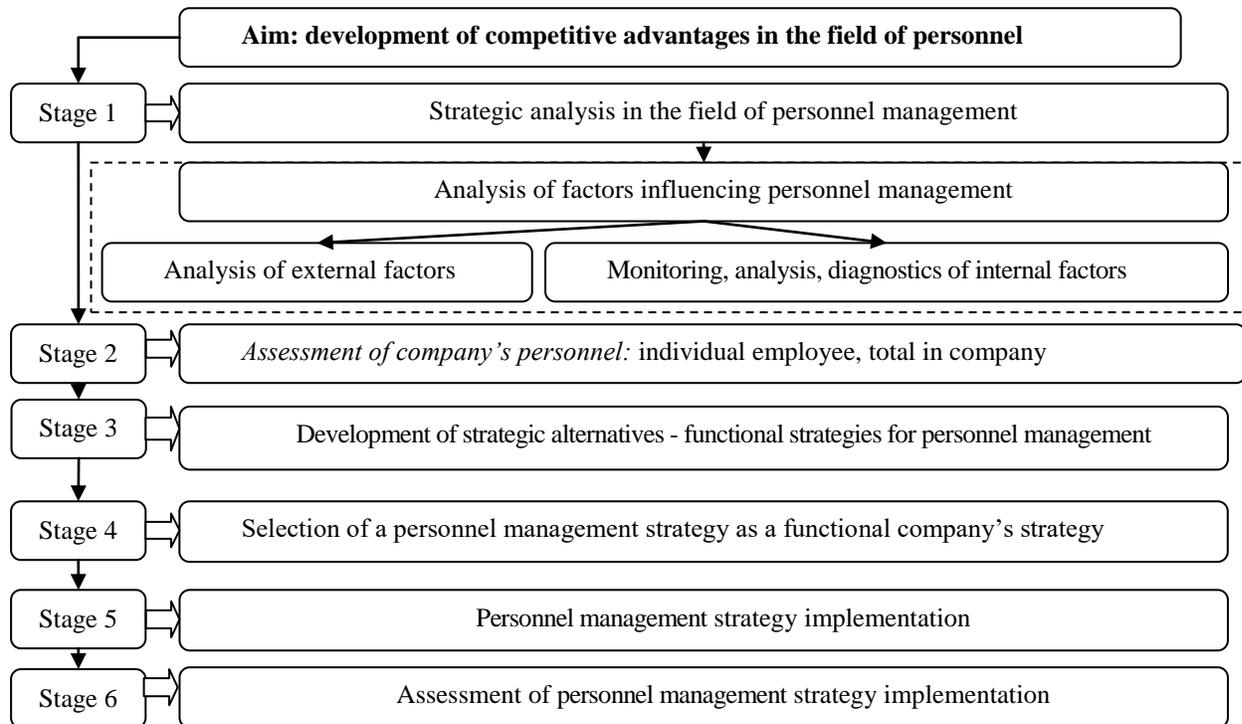
Strategic personnel management will be effective if it is part of the overall strategic management of the company. Surveys of HR managers and managers of 35 companies of the Czech Republic in order to determine the main factors influencing the process of strategic personnel management were conducted by telephone interviewing for the period January-March 2019. In accordance with the selected status groups of respondents, the results are as follows (Table 1).

Factors of influence	Status groups of respondents			
	HR managers		Managers	
	%	Rank	%	Rank
Peculiarities of the business environment (industry characteristics, regional labor market opportunities, market position, etc.)	8	2	8	1
Presence of a clear general corporate organizational strategy	26	7	9	2
Competence of company's personnel	15	5	16	5
Competence of HR-department personnel	6	1	20	6
Managerial levers to stimulate HR strategy	22	6	10	3
Motivational readiness of HR department employees to change	10	3	24	7
Motivational readiness of company's personnel to change	13	4	13	4

The highest rank is assigned to the factor that, in the opinion of respondents, has the greatest influence on the process of strategic personnel management. As the main factors that hinder the effective process of strategic personnel management in companies, HR-managers of the companies they work for determine the lack of a clear corporate strategy for all organizations (26% of respondents), lack of managerial levers to stimulate personnel management strategies (22% of respondents). In contrast to HR-managers, company's managers determine weak motivational readiness of HR-department employees for change (24% of respondents), lack of competence of HR-department personnel (20% of respondents) as the main factors. Summarizing the results obtained, it can be said that the development and implementation of personnel management strategies requires coordinating the interests of management and company's leadership and management accountability. From the point of view of a hierarchical approach to

the formation of a strategy, a personnel management strategy is a component of the overall corporate strategy (including the SBU (strategic business unit) level) and is focused on achieving common goals; in addition, it has its own tools that allows you to achieve goals using special methods and techniques.

Strategic personnel management is aimed at managing its formation on the priorities of competitiveness, the long-term development of the company and the competence-based approach to human resources. On the basis of the process approach, the company's personnel management strategy is presented in the form of stages (Figure 1).



**FIGURE 1**  
**STAGES OF DEVELOPMENT, SELECTION AND IMPLEMENTATION OF THE COMPANY'S PERSONNEL MANAGEMENT STRATEGY**

The authors of this study proposed a methodical approach to assessment of the labor potential of an individual employee. It is advisable to carry out it at stage 2: "Assessment of company's personnel" (Figure 1). Using the method of questioning, indicators were determined that grouped into two groups according to the criterion of quantitative measurement based on the method of expert assessment:

1. Quantitative - professional competence;
2. Qualitative - level of creativity, leadership potential (activity), socio-psychological state.

Managers of Czech companies were selected as respondents for the study. Specialists in the field of personnel management from among the personnel of recruitment agencies in the amount of 12 people were selected as the experts. The overall indicator of the labor potential of

an employee of a company can be expressed by the following functional dependence of aggregated indices:

$$I_{total} = k_1 \times I_{p.c} + k_2 \times I_c + k_3 \times I_l + k_4 \times I_{s.p}$$

Where:  $I_{p.c}$  - index of professional competence;

$I_c$  - index of creativity;

$I_l$  - index of leadership activity;

$I_{s.p}$  - index of socio-psychological state;

$I_{total}$  (max) = 1. The scale of the assessment is as follows: 0.85-1 - high level of labor potential of an employee, 0;

$k_i$  - coefficient of significance of the aggregated index in the total indicator of the labor potential of an employee of the company, determined by expert method,  $\sum k_i = 1$ , where,  $k_1 = 0.4$ ;  $k_2 = 0.3$ ;  $k_3 = 0.2$ ;  $k_4 = 0.1$ .

For each company, taking into account the specifics of activity, scale, level of specialization, etc., it is proposed to independently determine the list of particular indicators, in accordance with the determined expert method of aggregated indices. For example, for calculating the aggregate index of creativity of an individual employee ( $I_c$ ) in a company which introduces innovations, such partial indicators are proposed: the number of inventions, patents, rationalization proposals, new products per person per year. The results of intermediate calculations for each of the aggregated indices were not described in the text of the study. The generalized results of a comparative analysis of the labor potential assessment of employees of the Czech company's marketing department while developing a personnel strategy were presented in Table 2.

<b>Aggregated index</b>	<b>Employee 1</b>	<b>Employee 2</b>	<b>Employee 3</b>
$I_{p.c}$	0.7	0.8	0.8
$I_c$	0.8	0.9	0.9
$I_l$	0.9	0.6	0.8
$I_{s.p.}$	0.8	0.7	1
$I_{total}$	0.78	0.78	0.85

The results show that the assessment of the personnel of the company determines the key role of professional competencies for the effective use of human resources. In order to increase the effectiveness of the company's strategic personnel management, the role of the company's HR department significantly increases. In this situation, it is important to constantly increase the competence of the personnel of this department.

## **RECOMMENDATIONS**

Based on the results of the study, researchers recommend that, in order to improve strategic management in the Czech companies, a personnel management strategy should be developed in order to achieve long-term goals through human resource management. It is also recommended to assess the personnel of the company using a methodical approach based on the index method. With this approach, it is possible to substantiate the choice of strategic alternatives

- functional personnel management strategies. The selected system of indicators for calculating the overall indicator of the labor potential of an employee of the company meets the necessary requirements, including the universality and simplicity of its use and provides objective information that is adequate to the object under study.

## CONCLUSION

The personnel management strategy is a priority for the formation of a competitive, highly professional personnel to achieve long-term goals and implement the overall strategy of the company. Thus, this study is aimed at determining the stages of strategic personnel management and developing a methodological approach to assessing the main indicators of the labor potential of company's personnel. The variables studied were an index of professional competence; index of creativity; index of leadership activity; index of socio-psychological state. For this purpose, this study used empirical testing, expert method, and concluded that the assessment of the labor potential of personnel is the main goal of improving the selection procedures, improving the effectiveness and productivity of human resources in order to meet the future needs of the company.

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