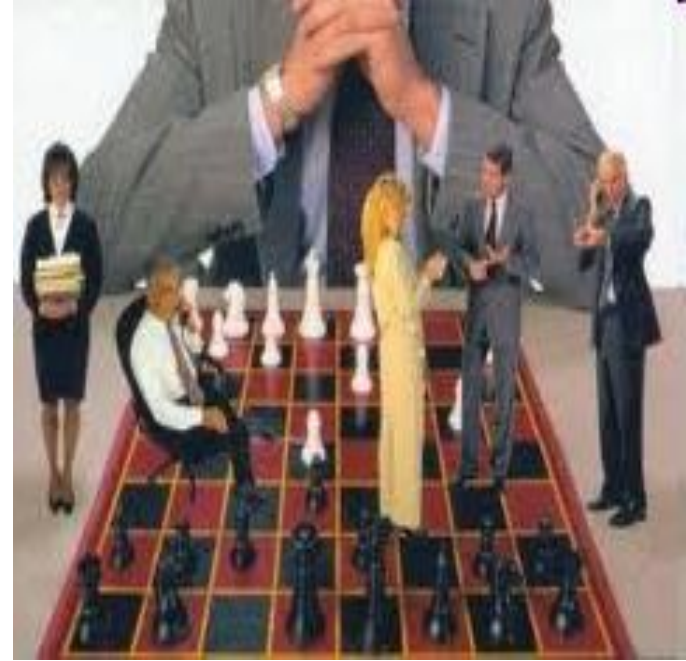


# TOPIC 15. PERSONNEL MANAGEMENT PERFORMANCE



- 15.1. Approaches to the evaluation of personnel management effectiveness
- 15.2 Methods of job evaluation
- 15.3 Methods of assessment of the administrative work of organization

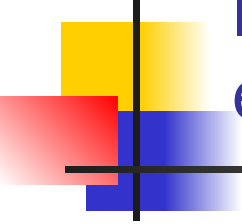


# 15.1. Approaches to the evaluation of personnel management effectiveness

The review of the personnel management effectiveness implies the existence of a number of visions, concepts and approaches.

On the one hand, the peculiarity of leaders activity is the fact that its results are difficult to measure by quantitative indicators. In particular, the efficiency of leader actions should be evaluated not by the number of issued orders and made decisions, but by their performance, innovation, efficiency, which ultimately affect the performance of all the organization's personnel. Thus, the effectiveness of personnel management can be determined indirectly as the productivity of individual employees and staff in general.





It is believed that the effectiveness of staff can legitimately be considered as a part of the overall efficiency of production.

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In economic theory, efficiency is determined by the goals as a function of the achieved results and the spent resources and is calculated as the ratio of savings came from the introduction of a specific outcome to the cost of its creation by the formula:

$$E e = \frac{E}{W};$$

where  $E e$  is an economic efficiency, the shares;

$E$  is savings or profit, UAH.

$W$  is the cost of economies creation, UAH.

Thus, the efficiency is a relative indicator, measured in fractions.


# Do not confuse the efficiency with the effectiveness and productivity.

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Effectiveness is an achieving of a specific result in appointed terms measured in physical terms (number of units, UAH, Kg.)

Productivity is the ratio of volume of output to the total number of employees in the unit (UAH / person).



Currently there is no common approach to the problem of measuring staff performance. Analysis of the scientific concepts suggests three methodological approaches to the evaluation of management effectiveness.

**Supporters of the first argue** that the company's staff can be considered as a cumulative social worker, directly affecting the production, so the results should serve as the criterial indicators of staff performance.


As these parameters the numerical values of the final results of the enterprise for a certain period are taken (year, quarter, month): profit of an enterprise; costs of 1 UAH of production (cost); level of profitability; the volume of marketable products; the volume of sales; company's income; corporate culture; product quality; dividends for a share (the usual preference); the coefficient of economic efficiency; payback of capital costs.

**The supporters of the second approach to the staff performance assessment believe that the criterial indicators should reflect**



the performance, quality and complexity of human labor or activity. As such indicators to assess the production and management personnel are allocated: productivity; growth of labor productivity rate and wages; the share of wages in production costs; total payroll; the percentage of working norms completion; loss of working time; the quality of staff; labor-intensive products; and the coefficients of work complexity, the level of industrial accidents, total number of staff and others.

These figures fully demonstrate the effectiveness of staff employment and may serve as the basis for criteria selection. However, they do not characterize the level of the organization of personnel and their social efficiency, which also affect the final results of production and are directly related to the personnel.



**The supporters of the third approach**, consider that staff efficiency is largely determined by the organization of work, motivation, socio-psychological climate in the team, i.e. are more dependent on the forms and

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methods of work with personnel. As a criterial indicators of staff performance such indicators are offered: staff turnover; qualification of personnel; the level of labor and executive discipline; the professional and qualification structure; the ratio of blue and white colour; use of working time fund; social structure of personnel, etc.

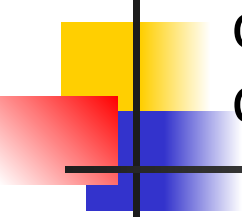
In this case, the composition of the selected indicators do not fully reflect the effectiveness of personnel management, so as it is not determined by the approaches of socio-economic, socio-psychological, legal, organizational and other types of performance that should be considered only in the integrated studies with subsequent calculation of the total integral indicator of efficiency.



On the one hand, the effectiveness of personnel management can be defined as stated above, by the criterial performance measures for all staff. On the other hand, the direct activity of the leaders forms a good basis of functioning of any group of workers. Individual activity of managers is characterized by the ability to make rational managerial decisions.

Managerial decision-making is the most important activity undertaken by managers at various levels. G. Simon, in his work on decision-making determines decision management are process, synonymous with the process of management.



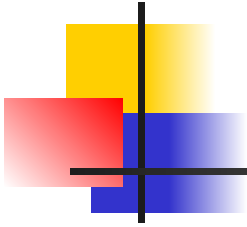


Managerial decisions are made through a dynamic and internally interconnected process, including implementation of 6 functions. Foreign researchers divide managerial decisions into two categories (Ist and IInd categories).

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The highest form of administrative decision is the decisions made at the level of government and are relevant to category II. Researchers identify the following characteristics of managerial decision of category II:

- 1) decision designed to perform tasks that would benefit in the long term throughout the state;
- 2) decision was made on the basis of choosing the best option out of several available, any of which could contribute to the goal achievement;
- 3) decision made foresees certain changes in the existing power structures and running programs;
- 4) decision makes it necessary to allocate the scarce resources (e.g., budget);
- 5) there is some authority for making this or that decision;
- 6) in whole essence of the administrative decision is that the person who makes a managerial decision, becomes the owner of major power.



The experience of economically developed countries shows that the power of those who control expenditures in public sector, are virtually unlimited, which determines the effect of the decision in a particular area, for example, the economic, political, social, cultural, educational, etc. Thus, the market economy provides the extensive development of the delegation of authority within the competence of managers, which reduces the risk of one person to make inefficient decision.



For making and implementing decisions of Category II, above all, it is necessary to formulate the problem, find alternative solutions, compare and evaluate them with a rational approach to the use of methods of exact

sciences (e.g., mathematical methods and models), the adjusted methods of extrapolation and expert evaluations; choose the best option, order the implementation of solutions; provide further analysis and control, without which the managerial decision loses its effectiveness.

The decision process is influenced by all the components (functions) of the decision making at each other, individually and in combination. The existence of such an effect is significant and contains a synergistic effect, which determines the potential decision of effectiveness.



Another constituent of good management is a developed communication process.

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The communication process is an information exchange between managers and subordinates, and on basis of which the process of management takes place.

In implementing the communication process different kinds of barriers, whose presence makes the transfer of information ineffective are emitted. As these barriers these can be the blurred orders and their overlapping, prolonged exercise equipment (which affects the timing of management decisions), the lack of feedback (which makes the management the highly centralized process), inadequate information in the perception of managers and subordinates, the developed network of informal communications, etc.

To overcome the negative tendencies we must implement communication with the principles of legality, uniformity, standardization, objectivity, and social justice.



The information must be "transparent" and not distorted during its transmission from senior management to all categories of staff. At the same time it is necessary to have feedback on the effectiveness, necessity and timeliness of communications, which significantly reduces the loss of performance of overlapping orders. With regard to informal communications in the form of "rumors", they occur at all levels of management. To avoid the negative impact of such communication it is necessary to manage such communications by giving denial, confirmation or passing contrinformation. To do this, managers need to master the techniques used in economically developed countries, enabling to manage the "rumors", or use them for management purposes.

Personal characteristics of leaders play an important role in the implementation of effective management. Among the competitive advantages of managers there is creativity, innovativeness, the presence of conceptual thought.

At present, special attention is paid to the preparation of national managers programs aimed at the comprehensive development of personality.

Thus, training on the basis of adapted MBA program to the domestic conditions of the importance of business games, senectics, brainstorming, simulations increases. At the same time, managers must be constantly learning, that means the constant self-education.



# Management is efficient when it is viewed through the prism of values, morals, ethics.

In recent years, the level of morality in our society tends to decrease, despite the fact that we are talking about the formation of socially oriented management. Some people believe that these negative phenomena are associated with low economic level of population. However, we can assume that the prevalence of individual interests over the public occurs in this phenomenon, which devalues the common human norms. Values guide the person to what style of behavior should be considered as proper or improper. It is believed that values are one of the major categories that make up the definition of culture (social, organizational)



**Culture of modern society** is a set of stable traditional norms and institutions that are generated by a society as a whole and its individuals.

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Culture of Society and organizational culture influence each other, and therefore should define the organizational culture inherent in the administrative apparatus units. By the definition given in the tutorial of J. Luft, organizational culture is a set of the most important proposals adopted by the members of the organization and expressed in the declared organization values that define the guidelines for people of their behavior and actions. These value orientations are transmitted by an individual through the "symbolic" means of spiritual and material environment.

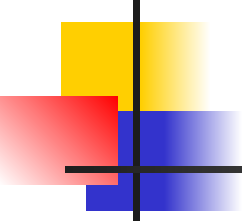




Thus, the presence of values, universal norms, ideals, among the leaders not only form the organizational culture, but also contribute to the implementation of managers mission - the benefit of the entire staff of the organization.

A specialist in organizational culture, Jacques Kremer believes that organizational culture plays a fundamental role in the establishment of effective communication and thereby reduces the amount and costs of information exchanged. It also affects the process of decision-making when it comes to saving time and reducing uncertainty. Thus, the benefits of an organizational culture that influence the effectiveness of communications and rational decisions, can improve the effectiveness of personnel management at various levels of the organization.





The differences in the motives, interests, and actions of individuals are all organized by the same organizational culture, which contributes to the structuring of motivation, achievement and compatibility and, consequently, the

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coordination of decisions and activities of the participants. The combination of these three dimensions (incentive mechanisms, the structuring of the motives and internal structure) provides the cohesion and unity of the Economic Community. This, in turn, means that the management at the organizational level is determined by the system of the value inherent to the individuals and creates, in turn, this system of values.

**Thus, considering the effectiveness of personnel management, we can conclude that it is multifaceted and can be represented as a set of economic, organizational, social and other kinds of efficiency.**

# 15.2 Methods of job evaluation

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Evaluating the effectiveness of personnel management can be performed according to the criteria, both a quantitative and qualitative.

To qualitative indicators can be attributed:

- scientific and technological level of management;
- vocational qualification level of managerial staff;
- validity of decisions of the managerial staff;
- accuracy and completeness of information available to management;
- level of managerial culture;
- level of organization of managerial staff labour.



Quantitative assessment of the effectiveness of personnel management can be labor (the ratio of the number of managers and other staff, the actual labor of performed managerial work, compared with the regulatory, etc.) and financial (the value of the expenses of the administrative apparatus in the general fund of staff salaries).



# 15.3 Methods of assessing the organization of administrative work

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