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Investment in Human Capital as a Condition for Innovative Development of Network Companies

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ABSTRACT

The article deals with theoretical analysis of the phenomenon such as investment in human capital as the condition of innovative development of network companies, as well as considers the investment approach to the definition of human capital, and presents the analysis of the essential characteristics and features of the distribution networks. The authors carried out a study of the socio-behavioral aspects of sales personnel in the chain retailing, analyzed the motivational characteristics of social behavior of personnel in the retail sector, compiled the value model of satisfaction in the “supervisor - employee - customer” interaction system, and studied the functional and behavioral competencies, which indicate the work of the sales staff (B2B, B2C). The article presents job profiles for a sales representative and category manager, as well as identifies deficiencies in the development of customer-focused competences of sales personnel.

Keywords: Human capital, distribution networks, retail, innovative development, investment approach, customer-oriented approach, consumer, sales manager, job description, sales personnel.

1. INTRODUCTION

Recently, the business environment, where modern business structures are forced to operate, is transforming dynamically. This causes the emergence of new organizational forms such as distribution networks appeared in the trading sector. The development of new retail formats, rapid changes in the course of the domestic trading business and the complexity of adaptation to them require the need to study of innovative development problems of distribution networks.

Among the advantages of the distribution networks, experts note the possibility of obtaining services that go beyond the scope of an individual enterprise; improving the efficiency and flexibility of enterprises through the expansion of their specialization; establishing long-term relationships between producer and consumer; the possibility of knowledge and technology transfer from related fields of activity; development of infrastructure; dissemination of innovations; improving the skills of the workforce, and investing into human capital development, which are currently of paramount importance.

Human capital (further – HC) theory has acquired a special urgency in contemporary conditions, where knowledge and professionalism of staff is a core driver to the economic growth of both enterprises and the country at large. Numerous studies (Shultz, 1968; Denison 1979; Kendrick, 1976; Korchagin 2005) have proved that currently the share of the HC in national wealth of advanced countries (the USA, Japan, Sweden, etc.) is 2-3 times higher than the share of physical capital. At that, a trend is for further growth in this indicator. Since the beginning of the XXIst century, the other countries, particularly, China, India, Russia, and South-East Asian countries manifested a similar trend, which has led to a corresponding economic growth. Thus, according to the (Siddiqui and Rehman 2017), public expenditure on education in the South-East Asia region has had a positive impact on economic growth in the region. Moreover, according to estimates (Korchagin 2005), in case HC in these countries continues increasing, then these countries will exactly take the place of world leaders by 2020. Therefore, the issues of intensive economic development came to the forefront.

In connection with the foregoing, the study of the phenomenon of investment in human capital as a condition for innovative development of network companies seems to be quite relevant.

American economist E. Denison as far back as in the 70s of the XXth century identified the economic growth factors of the country, among which the first place was given to the quality of the workforce, in particular, to educational attainment, which is a crucial component of the HC (Denison 1979). Assessment methods of HC impact on the country's economic growth were improved further by J. Kendrick (1976). Although, the very concept of “human capital” was first introduced by T. Schultz (1968) and further developed by G. Becker (1964). For the development of the HC theory T. Schultz and G. Becker received the Nobel Prize in 1979 and 1992, respectively.

Schultz made a huge contribution to the development of the HC theory at the initial stage of its evolution. He was one of the first to use the concept of “human capital” as a productive factor. Schultz considered the accumulation of human abilities to work, effective activity in society, and health support to be the main results of investment in human capital. He proved that the HC is able to be accumulated and reproduced.

While Schultz considered HC solely at the level of country's economy (macro-level), Becker first proposed to conduct an appropriate analysis at the enterprise level (micro-level). Becker identified the HC as a set of skills, knowledge, and abilities of the person. He considered expenditure on education and

training as main investments in the HC. To define the income from the higher education, Bekker deducted lifetime earnings of those who had only secondary education, from the relevant earnings received by college-educated specialists. When assessing investments in education, Bekker took into account not only direct training costs but also indirect costs in the form of lost income during training period. As a result, the author obtained the ratio between income and expenditure spent for education at the rate of 14%. In addition, Becker separately identified special training that gives a person special skills and abilities, which form the competitive advantages of the enterprise, distinctive features of its products and the market conduct as well as, ultimately, its know-how, image and brand.

There are different classifications of the HC types and components. Becker (1964) distinguishes a special HC (skills and knowledge that are needed only to a narrow circle of potential employers) and universal HC (skills and knowledge having a broad spectrum of applications). Some scientists attribute the experience, skills, education, ability, and learning as the HC components (Mubarik, Chandran, V.G.R., and Devadason, E.S., 2017).

Kritsky M.M (1991) considers production, consumption, and intellectual types of the HC. Ilyinsky I.V. (1996) proposes to divide the HC on education capital, health capital, and culture capital. Smirnov V.T. and Skoblyikova I.V. (2006) proposed to consider the HC at three levels:

1. The HC of the individual (individual HC)
2. The HC of the enterprise (the HC at the micro-level, including individual HC recognized by the enterprise, intangible assets at balance cost, as well as organizational, structural, customer, and social capital);
3. National HC (the HC at the macro-level, which includes social, political, and natural capital).

Currently there are different definitions of the HC. On the one hand, HC is understood as intelligence, health, knowledge, quality of life, and other potential opportunities, human abilities to execute a certain activity, that is, human (labor) potential (Smirnov and Skoblikova 2006). On the other hand, the HC is a **capital investment** in education, recreation, and gaining experience of a person (Korchagin 2005).

Approach to the HC as the human potential involves the use of a large number of various indicators, which characterize from different perspectives the state of education, public health service, and standard of living of the population. While, subjective expert methods are used in the absence of appropriate indicators (Smirnov and Skoblikova 2006; Tuguskina 2009).

Investment approach takes into account spending on health, physical culture, sports, health insurance, payments of sick leaves, and job safety. Tuguskina G.P. (2009) determines HC in accordance with the costs of the wage minus the minimum wage. In our view, the HC should take into account both wages and investment in training and education of staff, because both of these investments improve employee's qualifications: the first - in the course of labor activity, while the second one - in education establishments.

The first (potential) approach lacks a consolidated indicator of the HC, and even its individual elements are defined by dissimilar indices. This circumstance does not allow forming an integral indicator and formulating definite conclusions.

In this respect, the second (investment) approach has the advantage. Any component of the HC always is associated with investment on the part of the state, enterprises, or employees themselves, for example, investments in education, health promotion, and gaining work experience. Exactly these components can be

used for assessment of labor resources as a performance indicator of the managerial staff. The investment approach to the determination of the HC allows considering not only implemented, but also the potential abilities of the production personnel (professional, technical, technological, etc.), which can be used in the future. This allows specifically taking into account trends in the further development of the enterprise. At that, it should be borne in mind that, according to studies, the concentration of the HC in the key persons (individual employees) increases the risks of activities, and in the event of the departure of key persons from the organization, the latter loses up to 8% of its value (Israelsen and Yonker 2017).

We believe that the most comprehensive definition of “human capital” is the definition given in (Dobrynin and Dyatlov 1999): “Human capital is a certain reserve of health, knowledge, skills, abilities, and motivations, formed as a result of investment and accumulated by human, which are accordingly used in the labor process and contribute to the growth of productivity and earnings”. This definition combines both approaches to understanding the notion of “human capital” that determine that exactly investments are a manifestation of human potential and the HC.

A parallel analysis of theoretical studies (Perrow 1993; Vlasova and Ponamareva 2003; Oleynik 2005) led to the conclusion that network structures are the most famous among the concepts of economic relations based on institutional and territorial proximity. The practice of recent years shows the successful operation of network systems and proves their competitive advantages as compared with the activities of individual retailer companies (Berman and Evans 2008; Dudin, Ljasnikov, Kuznetsov and Fedorova 2013; Paturel 2001).

Network system increase the efficiency of the enterprises, whose joint activities in the framework of these systems can increase their productivity, level of innovation and competitiveness (Khasis 2009). Such associations allow enterprises to create not only their own physical infrastructure, but also the special service centers focused on various activities that allows reducing the cost of transactions between partners, asserting their interests more effectively at the level of local authorities and local self-government, as well as participating in major investment projects.

We believe that taking into account industry-specific characteristics and functions performed by distributive trade, it can be argued that distribution network is a set of trading objects, which have common management principles (preferably managed from a single center), are united by a similar name (signage), assortment and price policy, as well as development and functioning strategy, and which implement at least one of the main advantages of the network company compared to the individual retail facility. Their entrepreneurial activity is carried out with the aim of obtaining a synergetic effect and is aimed at meeting the consumer demand for goods and services.

Analysis of the essential characteristics and features of the distribution networks allowed turning to the essence of **investments in human capital as a condition of innovative development of network companies**.

Innovative development of a network companies provides both the advantages of a material nature, and the technological competence of the workforce, requiring constant updating of knowledge and skills of personnel involved in the operation and maintenance of technologically advanced equipment and manufacturing technologically innovative products. Reorientation of personnel management system towards individual work with the staff resulted in the transformation of the strategic dimension in the human resources management. Personnel policy became active, that is, personnel management is integrated into the enterprise management system and is able to effectively implement comprehensive corporate goals (Byazigin 2005).

Priorities of personnel management have shifted from cost savings to reproduction of labor power towards increasing the employment potential of the team and individuals through enhancement of efficiency of investment in professional growth and improvement of working conditions. In addition, the human resource management system suggests a strong, adaptive organizational culture, which encourages mutual responsibility of employee and employer, support of initiatives at all corporate levels, as well as technical and organizational innovations.

For example, network construction of sales organizations is based on the multi-format principles and common standards for personnel management. Since their development strategy is focused on expansion in the market, the main task of HR units is the development of labor potential and its mobilization for the achievement of the set corporate goals and the fulfillment of corporate mission. The personnel management strategy proclaims an individual approach to the employees for better achievement of target indicators, career development, and other measures to build staff loyalty. Human capital of the sales organizations with network management is seen as a crucial resource, whose concordance to strategic tasks determines the possibility of further development of the company (Maxwell and Miller 2006).

Based on the preceding analysis, we can formulate the definition of the concept such as “human capital of commercial enterprise”: human capital of commercial enterprise is the totality of individual and collective, explicit and implicit knowledge, as well as information, experience, skills, motivation of personnel, its communication capabilities, attitudes concerning reproduction and the alienation of the results of intellectual activity, used by the commercial company to ensure competitive advantages and profit.

Although the trade is considered as one of the traditional sectors with low innovation potential (compared to the high technology based enterprises), the current stage of the world retail development refutes this assertion. Various informational, technical, technological, and managerial innovations are actively implemented in distributive services that radically change the traditional view on the trading business.

This concerns actively developing e-commerce, flexible electronic pricing, implementing electronic means for maintenance of goods, bar coding, radio frequency technology means to monitor the movement of visitors, immersing customers personalized accounts through the implementation of club and discount cards, distribution of self-service cards, as well as various marketing tools, such as points of sale (POS) to collect data, and electronic cash register (ECR) systems. Besides, outsourcing in trade is also significantly expanding.

The development and implementation of new technologies provides retailers profit growth and eases management, increases flexibility in responding to the requests and needs of customers, while customers get benefits from improved service quality, accelerated process of purchase and goods selection. Innovative solutions, which are developed and implemented in the retail sector, are focused on solving major “pain points” in trading activity. This involves cash handling, queues, efficient use of shelf space, increase of profitability per 1 m², informing buyers about products properties and discounts, etc.

It should be noted that a significant part of the commercial enterprises activity is associated with identifying the customers and addressing their queries. Customers tend to purchase high quality goods and services in a wide range and at the lowest possible price, preferring those companies where, in their view, they can most fully meet their needs. Exactly here the crucial role of human capital is laid in trading activity. Effective and quality cooperation between employees of an enterprise, customers, and partners is directly dependent on human resources of the enterprise as well as conditions of their formation and application. The special nature of human capital is associated with the acquisition by trade sector of signs of the services sector.

Trade is the service sector, in which competition for the consumer has become the most acute issue. Since the activity of trade enterprise is focused just on a person, who, as a customer is in contact with the performer (sales worker) and at the same time consumes a commercial service, then the customer himself evaluates the quality of the service, while service quality must meet the requirements of the customer. In contemporary conditions, the competition between commercial enterprises extends more and more in the plane of the services in the context of identity of the material product supply system (Dudin, Ljasnikov, Omel'chenko, and Shirokovskikh 2013). The quality and quantity of services in these conditions are more determined by the human resources of commercial enterprises.

Proceeding from this, we can formulate the main features of the HC of commercial enterprises:

1. Features of aging of the HC individual components. In contrast to tangible assets and enterprises where these assets are mainly used, aging of the HC of the commercial enterprise is determined mainly by the degree of moral aging: depreciation of the HC is caused by the degree of natural aging of the human body and by the degree of moral depreciation (aging) of knowledge;
2. Features of the HC liquidity at commercial enterprises. The HC of the enterprise has limited liquidity, because the enterprise is the only employer of labor power, while the man himself remains the owner of the HC. In the case of enterprise acquisition, the only rights under employment contracts are transferred. Non-liquid assets include corporate culture and organizational structure (they can be sold only together with the entire organization).
3. The contradictions of contemporary assessment and accounting practices of the HC at the commercial enterprises. The main components of the HC are business qualities of the personnel, its qualification and ability to work, communication with customers, knowledge bases, network forms of work, and customer loyalty. Most of these elements are not taken into account not only by the balance sheet, but cannot be assessed quantitatively (financially). The cost of education and staff training are often attributed to current expenditures, whereas they increasingly acquire the properties of the investment.
4. The features of a synergistic interaction of the HC elements. The HC elements are not of additive nature. Therefore, when investing in the HC, it is necessary to follow the balanced investment. For commercial enterprises, more appropriate are investments in the staff training and loyalty programs.

Speaking about the influence of the HC of the commercial enterprise on its competitiveness, it should be noted that it is a significant impact factor on the functioning of the enterprise in the market, which determines both its internal and external benefits. For example, the skill level of the shop floor workers directly affects the consumer's selection process, since illiterate personnel actions will significantly reduce the loyalty of customers and allow competitors to earn additional income. Accordingly, the same will happen if the implementation process of the present day automation systems is not accompanied by staff training and requalification.

2. RESEARCH METHODS

The authors of (Rhoads, Swinyard, Geurts and Price 2002; Marchington 1996; Boudreau and Ziskin 2011) describe the requirements for retail staff in tangled situations with customers, as well as present types of self-assessment questionnaires for specialists and the general criteria that must be taken into account when

rating professional competencies, work specifics of merchandisers, sales trainees, and goods and services presentation managers. However, general information on assessment of competencies was carried out without taking into account business performance indicators when performing certain duty that does not give a complete picture of the sales staff competence profile.

Socio-behavioral context of professional competence of the staff in the course of sale becomes an inherent competitive advantage of commercial enterprises in the fight for consumer loyalty. In conditions of network trade development, important theoretical and practical issues of the professional social competence of the sales staff remain without attention, as well as the main indicators of their productive activity in “consumer - client” interaction.

Focusing managers’ attention on the professional skill of HR experts, the interest of divisional managers and their readiness to be responsible for development of subordinate employees are the main factors that allow successfully transforming the work of sales staff towards the achievement of corporate strategic goals.

The study of the consumers’ behavior and reactions of trade workers in the course of working with customers was conducted through a survey as well as analysis of information in social networks and forum sites.

3. RESEARCH FINDINGS

The study conducted by the authors allowed identifying the following five types of consumers who make purchases: 1) consumers, who are satisfied with the purchase and service level; 2) consumers, who are satisfied with the product, but not satisfied with the service; 3) consumers, who are satisfied with the service, but speak negatively about the product; 4) misinformed consumers, who were provided incorrect information or did not get any information at all about goods or services of the commercial enterprise; 5) the so called “trolls”, *i.e.* consumers, who are spreading false information and rumors about the company, brand, products/services and may resort to unethical statements, images and “black” comments.

Sales staff (the sales-managers in the salesroom) needs to build a dialogue and assume correct attitude with each such group of consumers. Therefore, the focus of the heads of organizational units should be directed on timely and adaptive training of sales staff regarding customer-oriented behavior standards in the “supervisor - employee - customer” relationships.

In this regard, it is important to heads of organizational units identifying the motives of the staff behavior: how important is to him personal performance, the level of ambition in achieving the objectives, the adequacy of self-assessment of professional capabilities and abilities of employee to solve the customer’s problem, high internal locus of control when interacting with the customer (that is, the willingness to take responsibility in difficult tasks, finding alternative ways to satisfy customer needs). If an employee shies away from difficulties in resolving customer’s problems, looks for causes in circumstances or other people, then this indicates an external locus of control, *i.e.* low level of responsibility for own actions. It is important that the behavior of supervising heads was directed to ensure that employees felt themselves important in the company and realized the set goals, in which they were personally interested.

Resulting from the foregoing, the study identified the following deficiencies in personnel social competence development:

1. Insufficient development level of communicative competences that does not allow establishing a dialogue and influencing (and sometimes guiding) the customer's behavior facilitating him in achieving his goals (getting value from the purchase);
2. Unethical communication in different conflict situations (the return of the defective goods, delay in the service provided, hotline calls, etc.): an employee loses emotional balance, showing the indelicacy in communication with customers, incorrect statements when interacting with customers (consumers) about the leadership, the product, and labor conditions;
3. The use by supervisors of social mobbing in their work with subordinates that is manifested in ignoring the requests of the employees, biased evaluation of their activities, as well as abuse of employees of different categories by manipulative methods of influence and coercive powers in performing tasks and achieving objectives that leads to layoffs of personnel at their own request, disciplinary violations, and the like;
4. Poorly developed organizational and leadership competency: in the course of their activities, the heads of organizational units and administrators are not always able to set target priorities to the tasks, which may vary in the store during the working day; there is no timely feedback, delivery of the necessary service information to subordinates, and the like;
5. Inadequate response to the mistakes of subordinate employees that leads to their aggression, job dissatisfaction and, eventually, to the deterioration of the socio-psychological climate in the working team and collective;
6. Excessive complexity of work performed by employees due to busy time schedule during pre-holidays and holidays that creates misunderstandings with colleagues in terms of the work distribution in the saleroom;
7. Failure in giving change to the consumer due to absence of a coin in cash, lack of awareness about the possibilities of payment options for purchases (several purchases or provision of services) with participation in partnership campaigns with other companies (bank, restaurant, etc.);
8. Untimely advisory, information, or resource assistance that usually leads to certain consequences in the negotiation process concerning the products/services delivery or distribution (for example, controversies in the conduct of promotional purchases, the provision or failure to provide customer discounts).

Thus, the ability to build argumentation of their ideas/solutions in collaboration with customers, suppliers and other stakeholders take a leading position in professional behavior of sales staff. This is especially true for salespeople, sales managers, and sales representatives, acting for the company's interests in the field of sales.

Generalization of the distribution networks experience in the approaches to the formation and evaluation of the sales staff activities (mostly sales managers, sales representatives, merchandisers, category managers, and vendors) showed certain similarity of functional characteristics and indicators. Methodical support of assessment of key sales personnel activities in most of the network commercial enterprises (including B2B2C trade), as the study shows, is in a permanent development, being continuously improved. An important and difficult task for management is establishing reasonable target values of performance indicators of the enterprise and their cascading to other levels of departments and posts.

Compiled profiles for sales representative (Table 1) and the procurement manager (Table 2) can be supplemented and used in the development of professional standards in the trade industry.

Table 1
A generalized profile of a sales representative

Work objective	
Job description	<ol style="list-style-type: none"> 1. Increasing market share of products/services of enterprise in a defined region. 2. Ensuring availability of maximum assortment of goods in retail outlets of the segment in accordance with established standards of goods exposition. <ul style="list-style-type: none"> - Developing contacts with new clients; - Carrying out sales management by product segmenting and product sales in a certain area; - Monitoring the level of customer stock and ensuring their timely replenishment; - Monitoring of timely and quality delivery of products to customers, tracking of expiry dates of goods; - Observing the assortment and pricing policy of the company as well as merchandising standards in outlets; - Ensuring the safety of commercial equipment in retail outlets; - Identifying and informing the management about the violation of the price policy and the cases of dumping; - Considering complaints and reclamation of buyers; identifying their causes, providing recommendations and taking action to eliminate them; - Ensuring collection of commercial information in retail outlets when conducting market research, cooperating with the customers during such campaigns; - Controlling the collection of receivables.
Objectives	Job expectations
<ul style="list-style-type: none"> - Organizing and controlling sales management in the area; - Providing high-quality service and ensuring customer satisfaction; - Maintaining the dominant distribution level over the competitors; - Organizing and conducting negotiations with customers for timely return of funds; - Timely informing immediate supervisor or the security officer concerning the customer's contractual obligations on repayment of indebtedness; - Quality filling in reporting forms according to corporate standards. 	<ul style="list-style-type: none"> - <i>To have</i> a secondary or higher (bachelor) education, experience in products sales (mention category of goods) for at least 1 year; neat appearance, analytical abilities and leadership qualities, ability and commitment to learning. <li style="padding-left: 20px;"><i>Needed skills:</i> - Development of direct sales, presentation, negotiation and conclusion of contracts; - Record keeping; be stress-resistant and willing to change; be honest, initiative and purposeful. <li style="padding-left: 20px;"><i>Need to know:</i> - The basics of management, marketing, merchandising and accounting; - Merchandising policies and standards adopted by the company; - Specifics of the area and sales techniques.
KPIs	<ul style="list-style-type: none"> - Implementing sales plan, distribution and merchandising standards in retail outlets in a certain area; extension of customer base; <ul style="list-style-type: none"> - Complying with standard receivables; - Providing timely and accurate reporting; - The absence of complaints from customers.
<p>Competencies: Commitment to development, customer orientation, leadership, flexibility, and communication skills.</p>	

Source: compiled by the authors based on the results of own research by interviewing managers, sales staff, an analytical review of resumes posted on websites of HR portals, trade networks, and Directory of Occupations.

Table 2
Profile of the procurement manager in trading business (B2C system)

Objectives	
<ol style="list-style-type: none"> 1. Increasing sales and gross income due to the effective promotion of product categories by achieving maximum customer satisfaction; 2. Achieving maximum return on investment in the stock of funds. 	
<p style="text-align: center;">Job description*</p> <ul style="list-style-type: none"> - Participating in the development and approval of the overall product strategy; - Defining criteria, building assortment matrix and its monitoring; - Studying marketing information, business proposals, and marketing materials to identify sustainable demand for new groups or changes in demand for products from the existing range; - Managing categories to ensure the maximum planning variables; <ul style="list-style-type: none"> - Defining and articulating a clear strategy for categories in line with company strategy and market demands; - Organizing and controlling of vendors/brands portfolio; - Participating in procurement policies and negotiation with suppliers; - Participating in the formation of planning variables of categories and their control; - Participating in the development and implementation of pricing strategy; - Participating in the development, implementation and control of sales system; - Controlling the availability of strategic range and sales leaders according to planning variables; <ul style="list-style-type: none"> - Working on cost optimization; - Developing and carrying out jointly the tender and the effective use of tenders' marketing budgets. 	<p style="text-align: center;">Requirements</p> <ul style="list-style-type: none"> - Experience in procurement at least 1 year; - Deep knowledge of the market suppliers; - Specific knowledge of products and trends; - Communication skills in relationships management; <ul style="list-style-type: none"> - Experience in the category management; - Higher economic education. <p style="text-align: center;">KPIs</p> <ul style="list-style-type: none"> - Implementation of turnover plan; - Implementation of revenue target; - Compliance with norms of inventory turnover. <p style="text-align: center;">Objectives</p> <ul style="list-style-type: none"> - Defining and controlling the composition of product categories; - Defining and controlling pricing and distribution of goods; - Defining and controlling the purchasing policy with respect to products and suppliers; - Developing existing categories and participating in the creation of own brands; - Organizing and controlling sales management in the channel; - Ensuring the effectiveness of marketing activities; - Ensuring the effectiveness of sales and balances; <ul style="list-style-type: none"> - Participating in planning of key indicators; - Managing subordinate staff.
<p>Competencies: Customer-oriented approach, involvement, commitment to development, result-oriented performance, partnership, communication.</p>	

**Note:* functionality can vary depending on the specifics of the commercial enterprises, the organization and interaction of the responsibility and control powers in sales management between departments, the organization of corporate business processes, and the logistics.

Source: compiled by the authors based on the results of own research by interviewing managers, sales staff, an analytical review of resumes posted on websites of HR portals, trade networks, and Directory of Occupations.

4. DISCUSSION

Analyzing approaches to evaluating social competences of sales personnel, it is worth noting the recommendations of (Byazigin 2005), where the focus is made on the use of open (certification, testing) and implicit evaluations (*e.g.*, mystery shopper) that allows diagnosing the quality of service personnel,

ability to work with conflictive customers, and learning how the behavior of the seller influenced the choice of the customer. It is important to organize the acquaintance with the relevant regulations on personnel assessment and, what is extremely important, the goals, indicators and performance criteria of employees and their immediate supervisors, because the latter decide on the appropriate performance level subordinates.

The lists of competencies that are taken into account by the HR managers in the assessment systems and professional trainings of different categories of employees can be quite different in terms of their semantic content, job description, and structure. For example, a merchandiser can perform both public relations functions and control functions, work under the contract or full-time and occasionally combine the functions of sales manager. The core competencies of a merchandiser at the commercial network enterprises shall include: communication (the establishment of formal and informal contacts, the ability to express thoughts and ideas in situations of communication with different number of people, as well as ability to convince them); focus on development (the speed and efficiency of acquiring new knowledge and skills, applying new experience of a different kind of complexity), self-organization (the ability to harmonize human behavior in order to achieve a specific goal; plan the work and distribute the load); and ensuring quality and responsibility for result (achieving results at the required quality within the prescribed timeframe, the responsibility to colleagues for obtaining result, compliance with undertaken commitments).

Socio-behavioral aspects of competence of the sales personnel should be harmonized with the individual development plan, which, in turn, must be associated with the values and strategic goals of the enterprise, promoting the functional involvement of the employee into the buyers' "world of consumer sentiment". A content analysis of job profiles (salesperson, sales manager, sales representative, category manager, merchandiser, and assistant manager) and regulations on the assessment of trade personnel reveals certain characteristics in the job description of these positions and available set and content of competences (B2B, B2C). Thus, for example, the duty of category manager in a distribution company and online store will be basically similar in terms of the formation of policy objectives or key performance indicators (corporate KPIs are mandatory for inclusion in an evaluation forms for almost all employees), though they will differ in terms of criterion evaluation indicators, job description, and range of competencies that generate competitive advantage.

Sales representative reports directly to the sales department manager or the regional development manager of the sales department of a certain region (depending on the organizational structure of sales department).

Among the typical mistakes and behavior styles of the trade representative, we identified a number of indicators of socio-behavioral incompetence of this category of staff, such as in particular: a low level of emotional intelligence; the inability to control own emotions, keep feelings of anger, aggressive behavior, irritability, rudeness in communication; uncertain behavior in the negotiation process (willingness to obey the will and desire of the opponent, failing to defend the interests of the company, and to refuse the request), disinformation and concealment of the true reasons of low efficiency and performance; transformation of business contacts to the personal plane. Determining how effectively the assessment system operates, can be done by evaluating dynamics of operating rates of the enterprise, its branches and subdivisions.

The most common KPIs for professional categories of employees in sales sector is the implementation of plans on turnover and income by category of goods, the implementation of standards of inventory turns, accounts payable, indicators of complaints in connection with the return of defective goods, and the market share (Table 3).

Table 3
Comparative characteristics of the performance criteria for the categories of “retail manager” and “commercial merchant”

<i>Manager in the retail trade of non-grocery goods (KPI of category manager *)</i>	<i>Commercial merchant (KPI of category manager assistant *)</i>
<ol style="list-style-type: none">1. Implementing plan for turnover (per month, year).2. Implementing revenue target in terms of compliance with inventory turnover.3. Market share (per annum) (based on GfK data)	<ol style="list-style-type: none">1. Implementing standards for accounts payable turnover.2. Implementing plan for orders and deliveries.3. Implementing specifications of stocks of goods in warehouses return.4. Observing specifications of commodity stock.5. Decreasing in the number of complaints by increasing the number of closed claims.

The target values of the performance criteria are set monthly in hryvnia, euros, and other currencies; the regulations may be correlated depending on the established logistics with provider, size of warehouse, retail space, recorded in hryvnia, days, etc.

*Category manager and category manager assistant – is the internal professional terminology used by commercial enterprises.

Source: generated by the author.

Along with this, we note that management of major retail chains use grade system of job classification, which may differ by the number of grades, salary brackets, and range of competencies for different profiles of positions, as well as the system of remuneration and rewards. The implementation of the staff assessment system with respect to their competences allows making rational decisions on the level of investment in human capital and adjusting training programs based on the description of behavioral markers (usually adapted to the relevant professional categories of posts).

5. CONCLUSION

The investment approach to determining the HC has a number of advantages. First, investment in human capital can always be determined based on the objective value indicators. Second, investment indicators of any types are congenerical, have a common unit of measurement, and, therefore, can be used to form an integral indicator of the HC. Thus, investment is a universal indicator of both HC components and the HC in general.

Generally, we can propose the following routes forward for the HC as the competitive advantages of commercial enterprise in terms of its capital: continuous training of employees in general; advanced training of employees; effective use of organizational skills; effective development of human resource management; motivation and promotion of employees; formation of a sense of loyalty to the organization; and the use of advanced global experience.

To maintain existence, the HC needs to be in continuous development, while the uniqueness of the personality becomes integrated indicator of qualitative development of capacity for work as the basis of intellectual capital. The HC of the commercial enterprise becomes the driving factor, the activation of which allows not only obtaining additional competitive advantages, but also “resetting” the enterprise’s activity under the conditions of considerable economic and financial turmoil.

Based on the outcomes of the study, we note that investments in the improvement of professional competence of the personnel should be transformed and improved in accordance with changes in sales business processes and the challenges in a competitive environment. This approach will allow obtaining results, which will significantly increase the level of business opportunities of specialists (maximum competence level), determining the scope and nature of the activities, where the potential of a particular manager in sales will have a greater effect. It will allow also implementing the universalization of basic competencies of the employees and creating highly-skilled personnel reserve of specialists with broad knowledge and skills in various spheres of commercial activities, as well as the pool of talents, who have successfully passed a series of professional rotations to fully meet the business needs of the company, arising in the course of staffing vacant management positions.

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