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Assessing Economic Efficiency of Employee Recruitment System

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ABSTRACT

The article deals with the issues related to staff recruitment and the problems of recruitment system at all levels of the organization. A shortage of personnel, rising costs on search and hire of new employees, and high personnel turnover could seriously undermine the organization. The problems of constant need of searching for new employees and high staff turnover reflect serious problems with the human resource management that need to be addressed promptly. Personnel recruitment is a key element of the HR management system and of the organization in general, because it acts as an indicator of the organization's wellbeing. The concept of staff recruitment is a multifaceted one, and it is a function of the staff management system. However, it has not received adequate consideration in scientific literature. In this article, the authors attempt to give an overview of the problem and related issues.

Keywords: Personnel, personnel recruitment, economic effect evaluation, mechanistic control system, labour capacity, efficiency index, staff evaluation, methods of staff evaluation.

1. INTRODUCTION

Evaluation of personnel efficiency in companies is determined by the specificity of their activity. The company's work depends on the availability of relevant specialists; therefore, the main indicators of staff efficiency are the skill level of employees and experience in project work. The company's management have to pay attention to the evaluation and motivation of staff to increase productivity and efficiency of work.

The article proposes to combine the calculation of the employees' working efficiency in project-oriented company by traditional methods with personality assessment methods of individual workers with the goal of predicting outcomes of staff rotation between projects.

The methods of management control include a combination of various methods and techniques, which are used by managers to enhance the initiative and creativity of staff during practical activities and for the satisfaction of their needs.

Management is a complex and dynamic process undertaken to achieve a definite goal. After setting the management goals, there is a search for the most effective ways and methods of achieving them. In that case, there is a need to use a wide range of means to ensure the achievement of the management goals (management techniques).

Management techniques play a special role in the manager's activity. It is because they create the conditions for clear organization of the management process, the use of modern equipment and advanced technology in organization of work, and maximum effectiveness in achieving a definite goal.

It is worth noting that current management techniques are considered to be a holistic system consisting of a number of interrelated and interacting groups of methods.

The progressive management techniques and their skillful use is a prerequisite for effective management and operation of business processes.

Currently, it is obvious that it is impossible to achieve good results in an organization without well-trained and businesslike staff.

For the organization of an effective recruitment system in the company, it is necessary that such system should accurately predict the professional success of the candidates, allowing to select the most promising employees.

Today, the term "technology" is often used in connection with the staff management process, because in modern conditions it needs to have clear regulation, be characterized by a system of rules that determine the ways and methods for solving key management issues.

Until recently, staff management was based mainly on intuition and experience by trial and error, which eventually lead to losses (Ragulina & Zavalko, 2013). However, in the conditions of market-oriented economy and tough competition it is necessary to increase effectiveness of people working in the organization.

The staff-technology is a standardized method of achieving predefined results in a particular area of working with the staff. The basis of staff-technology is taking into account psychological and social nature of the processes that determine human behavior in organizations (motivation, values, group norms, attitudes, psychological climate and characteristics of the corporate culture).

To be successful, staff-technologies should be in line with these requirements:

- clear goals set on the basis of unit goals and (or) the goals of the whole organization;
- the use of effective methods and procedures, which ensure the tasks are solved in the best possible way;
- the process of implementation of specific staff-technology needs to be supplied with all necessary resource;
- people with the relevant qualification and motivation should be responsible for the implementation of a specific staff-technology;

- concrete rules and regulations of realization of this staff-technology should be recorded in the relevant documents (orders, regulations, instructions, etc.);
- monitoring the effectiveness of the staff-technology realization and making adjustments according to the results of the evaluation;
- the top management should be interested in supporting specific staff-technology.

Thus, staff recruitment technology is a set of methods and processes that are used in the selection of staff for the organization's human resources, as well as their scientific description.

2. DISCUSSION

In recent years, the Russian business has increased the role of project-oriented companies, the efficiency of which largely depends on the ability of individual employees to work in conditions of constant organizational change, tough deadlines and a fixed budget. As is known, the most valuable resource of the company is the employees. In the 21st century, the staff is the main value of company without which it is impossible to achieve a competitive edge.

Human resources, like any resource, should be properly managed to achieve goals and proper functioning of a company; consequently, the company's management should pay attention to the staff evaluation and motivation to improve its efficiency. Methods of improvement of staff productivity in a project-oriented company should be based on the results of evaluation of individual employee efficiency as well as on the efficiency of the entire project team.

In assessing the effectiveness of the company, the best performance indicator is the degree of achievement of the goals (Kalyakina, 2015). When there is an objective to do the assessment on a regular basis (quarterly, semi-annually), it is important to build a predictive curve of the efficiency of individual employees and the company as a whole.

It should be noted that the success of the company largely depends on the effectiveness of the use of its human resources. When using matrix organizational structures (in project-oriented companies), resource allocation and data management procedures are more complicated. The main indicators of the company's success are personnel utilization and the part of the volume of work performed by the management (Levchenko et. al., 2015).

Evaluation of productivity can be done both among the staff and in the company. In the first case, it is individual assessment of work on the project. In the second case, the assessment of the performance on the project depends on the work of all staff.

When assessing the performance of the company employees it is necessary to consider the unique indicators for companies specializing in different activities. For example, the leaders of the enterprises working in the services sector (education, medicine, business, service, etc.) may face difficulties of financial assessment of performance (Storey, 2009; Ragulina, Lebedev & Popov, 2013).

Currently, almost in all spheres of the economy there is an increased competition. Under such circumstances, domestic enterprises and organizations are doomed to search for new methods of working with staff. Moreover, this work should be aimed not only at improving the efficiency and effectiveness of

labour, but also on providing the organization with competitive advantages. Control over the work of the staff has to become less mechanistic and more organic. Contrast between mechanistic and organic systems of control are presented in Table 1 (Storey, 2009, p. 32).

Table 1
Mechanistic and organic systems of control

<i>Mechanistic system of control</i>	<i>Organic system of control</i>
Clear fragmentation of tasks	Application of expert knowledge to a common task
Operational and vertical control to ensure the relevance of the task	Constant adjustment of tasks through interaction with the environment
Clear definition of tasks	Flexible and widely defined role responsibilities
Responsibilities connected with the functional position	Duty to care about “the fate of the common cause”
The vertical structure of control, authority and communications	Horizontal and network communications
Instructions and decisions of inspectors	Information and consultation take precedence over the instructions and decisions

Thus, the ideal case is the transition from working “under pressure” to creative work “making the sparks fly” and with concern about the fate of the common cause.

Ineffective staff recruitment may lead to a situation when employees, due to their personal characteristics or inability to cope with the assigned task, choose not always legal, but easy ways to improve performance indicators. This leads to a conflict of interests between the company and the employee and, as a result, wasted time and financially irreparable losses (Kalyakina, 2015; Gureva, Kirillov, Vinichenko, Melnichuk & Melnychuk, 2016).

The company’s management has possibilities that can effectively motivate the staff and will allow to avoid situations when employees begin to look for workarounds to achieve results. To select which of the instruments of motivation in this case will prove to be the most effective, it is proposed to introduce an additional stage of psychological correction, according to the results of the regular evaluation of project performance.

Psychological correction is based on personal, individual mindset of the employee and takes into account not only the results of his or her work, but also their psychological and internal needs. As a method of psychotherapy, it is proposed to use the test on career aspirations and ambitions of the employee to ascertain what type of development, horizontal or vertical, would be the most acceptable. The obtained results will allow to avoid unnecessary actions that may adversely affect the performance of the employee (Malyshev & Ragulina, 2014). In particular, from the results of psychological testing it can be concluded whether it makes sense to transfer the employee to another project, at least at a certain stage of his/her activity.

The economic effect of the project in the implementation phase of psycho-correction should be calculated based on the proportion of the volume of work on the project (V) performed by an employee, and their value factor for the project (V_p), as well as indicators of the project cost price and the profit received from its sale. For project-oriented companies due to the nature of their work these two indicators are inextricably linked with each other. To calculate the operating values of an employee (V_o) it is suggested to use the following formula:

$$V_e = (P_c \times V) / 100,$$

where, P_c – the cost of the project over a certain period;

V – share of volume of works under the project, attributable to the position of the employee.

To calculate the financial value of an employee it is suggested to use the formula:

$$V_{fin} = I \times V_f$$

where, I – total income of project over a certain period,

V_f – value factor of an employee (is determined for the range of positions by experts).

The total value of the employee will represent the difference between the operating and financial values:

$$V_{total} = V_{fin} - V_e$$

This article reflects a positive practical experience of implementation in practice of staff management principles of organic control systems, and of building on its basis a system of involving staff in the organization’s activities and their job empowerment.

The majority of domestic companies tend to adhere to strict management based on the mechanical system, and they tighten control writing new regulations, orders, etc.

The organization can use all forms of control, according to the model shown in Figure 1 (Storey, 2009), but to various degrees.

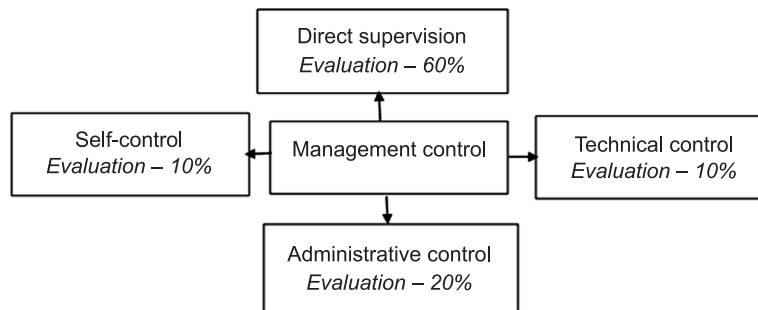


Figure 1: Using different types of control in organization

Direct supervision, its impact is estimated to be 60%. i.e., it is the main form of management control in the organization. This type of control is reflected in the fact that heads of departments regularly visit the workplace, make comments, give suggestions and evaluate quality. In addition, each object is assigned a responsible employee.

Self-control. Its impact is estimated as 10% and it is expressed in the personal responsibility of workers and managers.

Technical control. The effect is also not large – 10%. On the one hand, it is expressed by the availability of the information system, which prescribes the deadlines for the execution of tasks and continually tracks their actual execution. On the other hand, the payments made to employees depend on the assigned plan.

Administrative control is estimated at 20%. This type of control is reflected in the availability of job descriptions, regulations, orders, safety standards and fire safety, etc.

Thus, it is clear that organizations use a very large proportion of direct control, which cannot be regarded as a positive element (Ragulina, Stroiteleva & Miller, 2015). Such system requires a lot of time and effort of the management team to exercise direct control over the operations on objects. Primarily it is caused by low working discipline of the staff, and the lack or poor quality of technical and administrative control. The leadership of the organization consciously has not build a management system with a predominance of “direct supervision,” just was on a bit of the current situation.

Thus, to solve the problems, the marketing department received an instruction to develop an effective marketing program to recover the lost market share.

The leadership of the company came up with a sensible idea of the need to involve a third-party consultant. The consultant, having studied the situation and the existing problem realized that in fact, the organization had a good potential, and it is able to solve the problems by itself. As a solution, it was proposed to create a high performance team of employees. It was agreed that the top-level and heads of departments should not be included in this group. This was due to a simple reason: the employees of this level are already involved in policy-making, and this often creates problems. Besides, they did not succeed in solving the problem. Another important condition was that this team worked and also chose their own leader independently. The results were reported only to the owner. Thus, the main idea was to attract specialists in all key areas of activity of the enterprise and with their group collaboration (dynamics) to develop a program of overcoming the crisis. However, their work should not had been interfered into with intrigue and smart guidance from above.

However, it is difficult to actually form such a functional team. In our case, a consultant was engaged.

The first challenge he had faced with was that employee engagement in the problems of the organization was quite low. In other words, each staff member worked within own rigid regulations, not interested in what was going on around them.

With the aim of enhancing the staff engagement and creating a high performing team, a number of actions were taken. At their base was the model “Ladder” of methods of involvement and empowerment” (Figure 2) (Storey, 2009, p. 36).

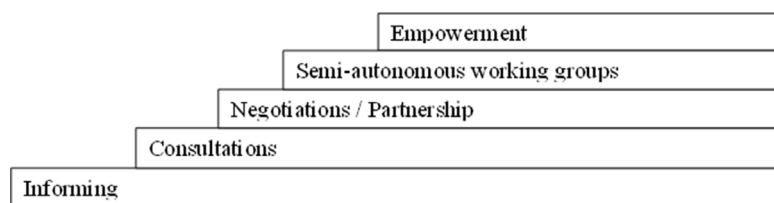


Figure 2: “Ladder” of methods of involvement and empowerment

According to this model, in order to create the necessary high-performance team informing was carried out at the initial stage, which was the first step to increase the level of involvement. As a means of communication the following techniques were chosen: meetings, electronic mail, Internet, newsletters, video presentation on the activities of the organization. At this stage, it was important that all employees had answers to the following questions:

1. How do I work? How successful is my unit? How successful is our company?
2. What results are expected of me/our unit/our organization?

3. In which direction do I develop? In which direction should I develop? In which direction does our unit/our organization develop?
4. How will I/our unit/our company reach the definite goals?
5. How secure is my position? What happens if I express my ideas and make suggestions? What happens if I take on more responsibility?

Thus, the staff was informed about the activities of the enterprise, its problems and prospective solutions. It was announced that a team of highly qualified specialists was being created with the aim of finding ways out of the crisis. At this stage, several specialists volunteered to participate in the team, though most of the workers remained indifferent.

At the second stage negotiations were held by managers with staff with the aim to communicate information as word-of-mouth, to listen to their views and take into account the ideas, suggestions and concerns that employees expressed. To avoid a formal approach, the invited consultant was involved directly in these conversations.

The next stage was the stage of negotiations. The owner himself invited employees to his office and in a confidential atmosphere held talks about the prospects for the development of the organization with key employees of medium level. However, he did not insist, but rather asked to participate in team activities.

Thus, to solve problems that the organization faced, the team was formed. The team members gathered continually during working hours and discussed their vision on the problem. The consultant acted as a facilitator. The achieved results were periodically discussed with the owner of the company. So, according to the model shown in Figure 2, the work of the team moved into the phase of semi-autonomous working groups. They were semi-autonomous because the facilitator still guided their actions and the owner took all the decisions at this stage.

With regard to management control systems, which began to prevail in the organization, expert research conducted a year after the implementation of the described activities showed significant changes (Figure 3).

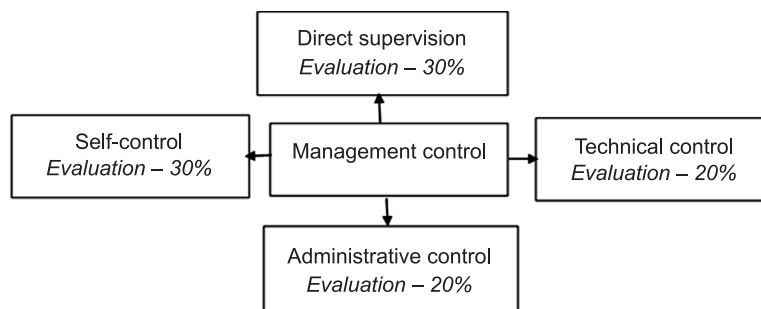


Figure 3: The use of various types of control in the organization after the implementation of staff involvement actions

As is clear from the Figure 3 above, the impact of direct supervision in the organization of management control system decreased from 60% to 30%. It allowed the organization executives to save their working time and use it to focus on strategic issues, rather to monitor their subordinates. Reducing the share of direct supervision was achieved primarily by increasing self-control, which was directly related to the activities of

involving the staff in the organization. Technical control mechanism was also enhanced by the fine-tuning of the work of the information system tracking operations, as well as improving the remuneration system. The value for administrative control remained the same, which is substantiated by the presence of stringent regulatory requirements for the order of the roofing, fire protection and safety.

The three main problems to address which the team was created were only the tip of an iceberg of problems associated with the internal imperfections of the organization. Therefore, the activities of the team were extended for an indefinite period, and its powers expanded over time. The team did not have to coordinate every decision with the owner, much decision-making went on without his participation, but on the initiative of the team members. Also, the work proceeded without the facilitator because all the team roles had already been clarified and detailed.

Analysis of the effectiveness of teamwork in the organization was conducted based on the key success factors of R. Wagman (Fenton-O’Creevy, 2009). This analysis nonetheless suggests the presence of certain problems (gaps) (Table 2).

Table 2
Key success factors of self-managing teamwork in an organization

<i>Item</i>	<i>Gaps</i>
Factor 1 Clear, engaging direction	The goals of team work are not always clearly formalized. This leads to the fact that each team member has his/her own ideas about the meaning of their team’s work.
Factor 2 A real team task	A situation may occur when the team is created only formally, for example, to solve the problem of “optimization of stocks.” One or two members work, while the others are not actually involved and just spend time on joint meetings.
Factor 3 Reward for team excellence	Material compensation is not provided. In terms of negative non-monetary incentives there can be situations when the people doing most work remain “in the shadow.”
Factor 4 Basic material resources	Almost always there is everything for team work.
Factor 5 Authority to manage the work	Authority is available.
Factor 6 The team goals	The goals of the team are interpreted in different ways by team members.
Factor 7 Team norms that promote strategic thinking	Teams monitor the external environment: study the experience of other teams, etc.

Given the lack of an additional compensation for working in the team and the factual absence of other incentives to increase effectiveness, it would be best to build on the principles of employee engagement and expansion of its powers. This is what was accomplished in the end.

3. CONCLUSION

As mentioned above, the team became permanent and its activities were aimed at continuous improvement of the organization’s work. As for the problems, which initiated the process, they were resolved in the following way:

- marketers together with technical experts developed new ways of work. This enabled the company not only to regain its market share, but also to increase it by 20%, surpassing competitors.

- due to changes in production technology technical re-equipment was carried out with the focus was on increasing the level of automation. This reduced the amount of manual labor, and decreased the number of employees. Thus, it solved the understaffing problem.
- the involvement of the main part of the staff in the company increased staff motivation to work, which caused the growth of labor productivity (excluding automation) by 11% and reduction of defects by 15%.
- having increased the sales, the organization was able to raise the level of workers' wages and to introduce a number of financial incentives. In addition, the team developed measures to improve staff loyalty. Due to the implementation of these measures, within two years the company was able to reduce the level of turnover in the workplace from 67% to 12%.

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