



# **Economic and Social Development**

37<sup>th</sup> International Scientific Conference on Economic and Social Development – "Socio Economic Problems of Sustainable Development"

## **Book of Proceedings**

Editors: Muslim Ibrahimov, Ana Aleksic, Darko Dukic











Baku, 14-15 February 2019

Varazdin Development and Entrepreneurship Agency in cooperation with Azerbaijan State University of Economics (UNEC) University North Faculty of Management University of Warsaw Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat

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## THE NEW METHODS OF HUMAN RESOURCES IN AZERBAIJAN CASE

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#### ABSTRACT

The first part of the study presents the contextual and conceptual novelty elements concerning human resources on which this human resource management approach relies. The conceptual novelty element is represented by the comprehensive approach of human resource management (MRU), focused on the relationships of the organization with internal and external human stakeholders, not limiting to the traditional approach, managers subordinates. The second part of the paper makes a selection of methods and techniques used in human resource management, grouped on the 14 activities specific to MRU. This ensures a coherent and effective methodological basis for human resource managers and specialists, in agreement with the challenges of the current period of transition to knowledge-based economy. The last part of the study indicates the methods and the techniques recommended to be used in particular during the eight stages of human resource reengineering.

*Keywords:* career development, innovation, human resources, new methods

#### **1. INTRODUCTION**

Successful individual company activity in many ways depends on effective human resource management. In the modern world, the role of human resources and their management is becoming increasingly important. The ability to correctly select qualified, meeting all the stated requirements of staff for their organization is quite a challenge. In this regard, the issue of personnel appraisal becomes even more relevant. There is a need for the availability of objective information, the state and prospects of staff development. What does the notion of "personnel appraisal" mean? Evaluation of personnel — a system of methods for measuring the value of the main human resource. In the economic sense, is characterized by the efficiency of the resource in terms of the objective function (optimality criterion). Thanks to its use, the best use of available resources (labor, production, natural, etc.) is achieved. The objectives of staff evaluation:

- 1. Administrative goals are based on decision-making by the organization's leadership (promotion or demotion, transfer to another job, etc.) based on the results of staff performance evaluations.
- 2. The information goal is that all employees, including a guide, have the opportunity to obtain reliable information about the activities of the organization. Open access to information gives you the opportunity to build your own activities, taking into account its improvement, and managers are given the opportunity to make the right decisions.
- 3. The motivational goal is that human work should be assessed objectively. Motivation plays a big role if an employee sees that his assessment of his work meets his expectations, in the future his efforts and motivation will only increase. Tasks of personnel assessment: organization; feedback organization; staff quality of their work;

Methodological approach in relation to personnel management means the use of certain methods of knowledge and methods of activity aimed at achieving management objectives. General methodological approaches should be defined:

- Consistency;
- Accounting for the long-term perspective of the organization;
- Equal opportunity;
- Integration and team cohesion;
- Employee participation in decision making;
- Team leadership;
- reliance on the professional core of personnel potential;
- Horizontal collaboration;
- Compliance with the balance of accounting managers and staff;
- Legal and social cooperation with the professional committee and the public. Principles of formation of personnel policy:
- Science, the use of all modern scientific developments in this area, which could provide maximum and social effect;
- Complexity, which should cover all areas of personnel activities;
- Systematic, that is, taking into account the interdependence and the relationship of the individual components of this work; the need to take into account both the economic and social effects of both the positive and negative effects of an event on the final result;
- Efficiency, any costs for activities in this area should be returned through the results of operations.

Human resource management as the most important component of management activity is based on the not always declared idea of a person's place in the management of an enterprise. Among the most important principles of personnel management in enterprises and organizations should be mentioned:

- ensuring the interrelation of personnel management functions with the goals and objectives of the enterprise;
- compliance of the personnel management system in the formed structure of the enterprise or organization;
- use of developments and experience in personnel management of advanced domestic and foreign industrial enterprises and corporations.

The personnel management system should contribute to the advancement of the most intelligent and effective workers on the career ladder and in no way contribute to the excessive complexity (and even contradictory) of their official duties. Every employee of an industrial enterprise should be able to clearly compare career aspirations with the achieved results of their production activities. It is believed that among the main tasks of human resource management is the timely development of sound decisions that determine the requirements for the company's personnel potential, i.e. to what labor resources and in what quantity are necessary to achieve the goals set by the owners of the enterprise. The classic tasks of human resource management traditionally are:

- 1. Resource Planning Develop a plan for meeting future human resource needs. This process consists of three main stages: assessment of available resources, assessment of future needs for them, development of a program to meet the identified needs.
- 2. Recruitment is to create the necessary reserve of candidates for all positions and specialties, from which the organization selects the most suitable employees for it. This stage is largely determined by the results of the first.

- 3. Selection evaluation of candidates and the selection of the best from the reserve created during the recruitment. This stage involves the collection of information to determine whether a candidate is eligible for the vacant position for which he is applying.
- 4. Career guidance and adaptation of employees to the requirements of the company and its divisions, the development of employees' understanding of what the organization expects from it and what kind of work it receives deserved evaluation.
- 5. Training (and development of training programs) labor skills required for effective work performance.
- 6. Determination of wages and other remuneration or compensation the creation of methods for calculating wages and other payments (bonuses, sick pay, maternity leave, etc.).
- 7. Evaluation of labor activity the formation of methodologies for evaluating labor activity and bringing it to the employee.
- 8. Management training, career management development of programs aimed at developing the skills and improving the efficiency of managerial personnel.
- 9. Enhance, downgrade, transfer, dismissal the choice of methods for moving employees to positions with greater or lesser responsibility, developing their professional experience through their work in other positions or areas, as well as procedures for terminating the employment contract.
- 10. Training and professional development of employees of the organization, career planning, staff motivation [15, 18].

In the light of the ever-growing requirements for the functionality of personnel management facilities, modern personnel systems should meet the requirements of a wide variety of users. Since the personnel system must be integrated, it is quite natural that each task to be solved is linked to the system. In this case, tasks are usually combined through a set of criteria, which can be used as knowledge, skills and requirements, which are determined for a specific position and correlated with employees.

### 2. CHAPTER 2

The origins of human resources management lie in the second half of the XIX century and are associated with the development of personnel management. The development of these disciplines contributed to the activities of the movement for the improvement of working conditions of industrial workers. For a relatively considerable period of existence of HRM, the most effective methods have been formed, which are successfully used in foreign and Russian organizations. HRM methods are divided into 3 main groups:

- Administrative
- Economic
- Socio-psychological

Consider these groups separately. The group of administrative management methods is characterized by a centralized impact on personnel. These methods involve behavioral motives: responsibility, discipline, a sense of duty, the desire to follow corporate culture and loyalty to the company. Administrative management methods, in turn, are divided into 3 types:

- methods of organizational impact regulated by the regulatory documentation within the framework of this enterprise: recommendations, instructions, labor regulation, etc .;
- organizational stabilization methods these include federal laws and other regulatory acts with the status of state, including standards;
- disciplinary methods the deterrent effect of negative incentives: penalties, fines, threats of dismissal; administrative methods regulated by operational management documents: orders, orders.

• Administrative methods include career advancement of employees within the company. The opportunity for career growth strongly binds the employee and the employer. The company provides the employee with the conditions for development, to achieve results. The employee has the motivation to work more efficiently, responsibly, constantly develop, undergo training. Due to the implementation of the practice of career growth within the company, both parties win - both the employer and the employee. Motivating the employee that good work is encouraged not only by bonuses, but also by promotion, the employee will try to act with greater observance of the rules and standards. [7,24]

This is certainly very good for the employer, who, in turn, in response to the employee gives him the promotion he deserves. Thus, the company maintains a hierarchy of levels, while preserving valuable frames. This method perfectly develops trust relationships between hierarchical levels in an organization, and, moreover, people who take a leadership position know the organization very well from the inside, making it easier to solve production issues, properly communicate management innovations to employees, motivate other people by example and overall raise the level of satisfaction with the company employees. The prospect of career growth from the very beginning of work in the company motivates the employee to work according to the rules established in the company, to be more demanding of their work and to show themselves from the best side. The importance of this method is reflected in the results of a study conducted by CareerBuilder (in 2014 among 3 thousand people), one of the reasons for the dismissal of employees is no career growth. So answered 45% of respondents. The economic methods of personnel management include all options for material stimulation of employees. These methods are divided into 2 groups:

- operating within the enterprise. This is a system of material incentives for labor, participation of employees in the profits and capital of an organization, a system of penalties and incentives for the quality of work and work efficiency.
- nationwide. This includes the tax system, credit and financial mechanisms within individual regions and the entire country.

Economic methods, of course, include the establishment of decent wages. Many managers recognize this method as very important, sometimes almost the only decisive one, but, despite its high efficiency, the role of money in employee motivation should not be overestimated. Not all problems with personnel can be solved with the help of salary increase. Let's understand this method. I think it is difficult to dispute that the high level of earnings that an employer promises attracts a greater number of applicants. Due to the large flow of candidates, the company can choose for itself the most valuable candidates, with excellent knowledge of the theory of their profession, good work experience, having the necessary skills and abilities, or meeting other requirements important to the company. Just a high level of wages allows you to save valuable personnel in the company, which is certainly very important. Quite a few companies lost their valuable employees when the latter were offered higher wages in another organization. The development of employees through the acquisition of practical experience, the passage of theoretical training in their specialty and other methods is usually accompanied by an increase in employee self-esteem and, consequently, an increase in the amount of desired earnings. Socio - psychological methods include all methods that have a psychological and moral impact on the employee, as well as related to social relations in groups. These include: the ability of the manager to exert a motivational influence, effectively manage personnel and show a personal example in the work; the formation of working groups and teams, taking into account the psychological types and characters of the staff to create a creative atmosphere and an optimal psychological climate; involvement of employees in the development of solutions, participation in management; motivating and stimulating benchmarks: objectives and goals of the company,

a sense of ownership; providing opportunities to meet the spiritual and cultural needs, the organization of leisure of workers; support of generally accepted social and ethical standards; providing employee social security — bonuses, benefits, social packages, free meals and extended medical care, mobile communications and travel compensation; creation of a system of incentives and moral sanctions, combining both negative and positive incentives [3,67]. This group of methods includes employee training. Anyone, even the most competent employee in the company, can be taught something new, to develop his skills and abilities. An employee who has returned from training feels that he is not indifferent to the company and comes not only with new knowledge and skills, but also motivated by new achievements. In the process of learning, there is always an awareness of how wide the range of what is worth learning is that it introduces a new interest in life, thereby motivating the employee to new accomplishments. However, managers using such a method should not forget that it brings a positive result only when an employee can use this theoretical knowledge in practice.

## 3. CHAPTER 3

The theory of personnel management considers various types of personnel policy, including:

- passive personnel policy (the company's management does not have a pronounced program of action in relation to personnel, and personnel work is reduced to accounting functions and eliminating the negative consequences of personnel errors);
- reactive personnel policy (the company's management monitors the symptoms of a negative state in working with personnel, its causes and the situation of the emergence and development of conflict situations, investigates the causes of any personnel problems, etc.);
- preventive personnel policy (management of the company seeks to have reasonable forecasts for the development of conflict situations. In these programs, short-term and medium-term forecasts of personnel requirements, as well as tasks to improve personnel management, are formed in these cases);
- active personnel policy (carried out at enterprises when management wishes to have not only a personnel forecast, but also anti-crisis personnel programs and seeks to monitor situations and adjust the execution of programs in accordance with the parameters of the external and internal situation at the enterprise);
- open personnel policy (when the management of enterprises seeks to make personnel dynamics issues transparent to all employees. Usually, such a policy employs any specialist, if he has the relevant qualifications, without taking into account work experience in related organizations);
- closed personnel policy (used when a company focuses on the inclusion of new personnel from a lower level of office, and the replacement of higher positions comes from the number of employees of the enterprise. Such personnel policy is typical for companies focused on creating a certain corporate atmosphere, forming a special spirit of involvement, and also, opportunities to work in conditions of a shortage of human resources).[1,135]

Personnel policy of the enterprise, as a rule, includes:

- development of general principles of personnel policy, determination of priorities of goals;
- planning of the need for labor resources, formation of the structure and state, destination, creation of a reserve, relocation;
- creation and support of a personnel information movement system;
- formulation of the principles of distribution of funds, ensuring an effective system of incentives for labor;
- ensuring the development program, vocational guidance and adaptation of employees, individual promotion planning, professional training and advanced training;

• performance evaluation or analysis of compliance with the personnel policy of the enterprise strategy, identification of problems in personnel work, assessment of personnel potential and other methods for analyzing the effectiveness of personnel activities.

A part of enterprises that have been operating for a long time (in the domestic market this is typical of companies that work closely with foreign partners and foreign representative offices) has a documented idea of the personnel policy of the corporation, personnel processes, events and the order of their implementation. For another part of enterprises, the idea of how to work with staff is more likely at the level of understanding or is under development. Although any enterprise, as a rule, is interested in the fact that personnel policy is carried out thoughtfully. Effective personnel policy management cannot be carried out without an understanding of the essence of the domestic system of management of industry and the economy in the country, as well as the strategic goals and development objectives of a particular enterprise arising from this (see section 1). Without studying these issues, any developed enterprise development strategy will never be adequate to the true, and not the "book" problems of industrial development of any collectives. Unfortunately, very many works on the theory and practice of managing enterprises and enterprise groups are not very suitable for Russian conditions, since the history of Russian management and the system of industrial management in Russia that has developed in it is not at all analogous to Western or Eastern counterparts. Its specifics are so different from those declared in pro-Western, oriented manuals and monographs on industrial management that the use of the recommendations of the latter can hardly allow business leaders to achieve the desired results.

### 4. CONSLUSION

Developing training programs and improving their qualifications. In order to obtain a result in the form of objective information, you need to literally indicate the objective indicators by which personnel will be evaluated. There is a need to establish a specific set of criteria, showing personnel qualifications. Criteria can identify, as well as similar for all workers, the moments of activity in general, and highlight the features characteristic of each employee. There are four main groups of criteria.

### 4.1. Staff evaluation criteria

Criteria	Content criteria	
Professional	Professional knowledge, abilities, skills, professional	
	experience, qualification, results of work	
Business	Responsibility, organization, initiative, efficiency	
Moral and psychological		
	Psychological stability, honesty, ability to self-	
	assessment, justice	

Table 1: Staff evaluation criteria

Today, it is assumed that the main asset of any organization lies in people [1,67]. Quality, productivity, profitability, customer satisfaction and the image of a company depends largely on training, coordination and motivation of its staff. For a company to function properly it requires that the persons composing know, willing and able to work properly. Inadequate people management can lead to myriad problems that hinder the performance of an organization:

- Lack of motivation
- undefined responsibilities
- Lack of training / information
- Lack of internal communication

- Non-cooperation
- Lack of coordination
- Conflicts of interest

In the present document provides a summary of some of the methodologies Sinapsys Business Solutions, SL uses in its consulting services to solve such problems. Any change initiative must develop the necessary direction and leadership with a commitment to continuity. Initiate change and create expectations that are not met can cause frustrations and worsen the situation. The implementation should be done professionally and after a proper diagnosis to select the right tools to each individual case (single or combination of several of them) [1,78].

#### 4.1.1. Leadership

Leadership can be defined as the ability of an individual to develop the potential of a team in pursuit of a common interest.

There are different leadership styles (authoritarian, participatory, consultative, ...). Each style may be appropriate to the context and characteristics of employees. The source of leadership may be the charisma, the hierarchical power, the power of knowledge or behavior.

Through education and training, people who have responsibility for others can develop optimal leadership style. A leader does not command it runs, does not impose, but seeks consensus, not divide but unites. Example: In a food business problems were identified by marking their authoritarian style of leadership. In a leadership course were explained leadership styles. Participants were able to assess your leadership style by completing a questionnaire. In addition, each participant learned to evaluate the pros and cons of each style and know how to apply the most appropriate in each circumstance.

#### 4.1.2. Mentoring

The mentoring (mentoring) is a process by which a person (mentor) teaches, advises, and guides to another (the mentee) in their personal and professional development. It is the traditional "sponsorship" that currently is used primarily in high positions in organizations.

Mentoring should not be improvised requires setting goals, planning and monitoring of results. Although there are similarities, mentoring differs from coaching in the mentor must have expertise in the field in which you want to start the mentee, while the coach does not have to have an experience in this field.

Some advantages of mentoring:

- Mentoring is a powerful tool that facilitates the retention and transmission of knowledge in the enterprise
- Increase satisfaction guardian and the ward
- Increase staff retention and commitment of these with the company.

Example: A director of a company in the construction sector, with no time or discipline to study for a master, hired a mentor to learn what I needed from a practical (less formal) and personal assistance. This training helped her improve her leadership style and management techniques are people in your company.

#### 4.1.3. Education Climate Assessment diagnostic technique

Education Climate Assessment diagnostic technique allows for an objective assessment of the degree of satisfaction of people in an organization, understand their needs and expectations at work and their perception of existing problems. There are circumstances that may hinder the effectiveness and objectivity of an evaluation process work climate, including:

• Labor disputes

- job dissatisfaction
- Lack of communication[3,23]

Must be taken into account these conditions, so before starting the survey process may have to be a media campaign upon, to explain what, why and what it intends to carry out this diagnosis. If there is union representation in the enterprise should plan this process with their collaboration and consensus. The evaluation should be completely anonymous and the results published at all levels. The assessment should be followed by an improvement plan aimed at resolving conflicts and problems have been detected. Assessment should be repeated once the improvements made in order to verify their effectiveness and strengthen the process of continuous improvement. Example: In a furniture manufacturing company, is still a problem of lack of motivation, lack of teamwork and internal tensions. The results of a work climate assessment revealed that the main areas of improvement were: to define responsibilities, establish incentive system, improve staff training and development capabilities to offer.

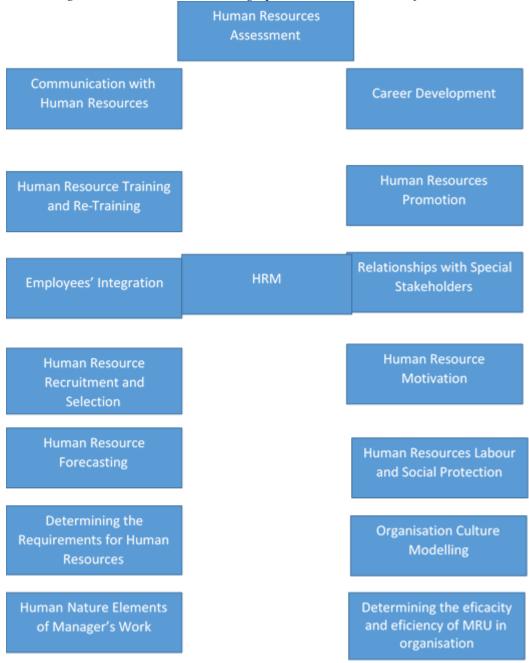
#### 4.1.4. Competence Management / Knowledge Management and Performance Evaluation

This methodology allows to reconcile the interests of the company with the interests of each individual. While comparing the knowledge and skills required by the organization to those who reside in people.

- we define competence as the ability or quality which makes a person is able to play a role, management skills, involves identifying all you need for people to know, willing and able to provide full value for the benefit of the organization.
- skills management, requires:
  - An identification of the skills necessary for achieving the objectives of the organization (strategic, tactical and operational)
  - skills assessment in the Members of the organization
  - A plan to bring existing powers with the necessary
  - setting and monitoring targets both individual and collective performance. These goals should be possible to verify the use of these skills

Example: In a private agency established a competence management system, identified the functions of each position were defined quantitative targets for each position and each department and set up a training plan that took into account the training needs of each person.

*Figure following on the next page* 



*Figure 1: The activities making up the human resources field* [6,45]

Summarizing all the above, the researchers of this topic emphasize that it is competence that serves as a tool for obtaining economic benefits, i.e. results from the use of knowledge as assets. Since competence requires managing complex, iterative processes of integrating technologies, integrating training in many parts of an organization, repeating it is difficult. Thus, in a globalizing global economy, when developing and implementing a strategy, an organization should be based on increasing the competence of the organization as a whole. and each of his employee. It should be noted that the competence approach as a research, scientific and applied direction is an effective way to create new competitive advantages in both domestic and foreign markets. Successful individual company activity in many ways depends on effective human resource management. In the modern world, the role of human resources and their management is becoming increasingly important. The ability to correctly select qualified, meeting all the stated requirements of staff for their organization is quite a challenge.

In this regard, the issue of personnel appraisal becomes even more relevant. There is a need for the availability of objective information, the state and prospects of staff development. What does the notion of "personnel appraisal" mean? Evaluation of personnel — a system of methods for measuring the value of the main human resource. In the economic sense, is characterized by the efficiency of the resource in terms of the objective function (optimality criterion). Thanks to its use, the best use of available resources (labor, production, natural, etc.) is achieved.

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