

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY**

School of Management and Business
Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

Specifics of management in multinational corporation
(based on INDITEX UKRAINE LLC, Zara case)

Bachelor's student of the 4th year study

Field of Study 07 – Management

and Administration

Specialty 073 – Management

Educ. program – Management

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Research supervisor



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Ph.D. in Economics

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Abstract

Personnel management is a kind of art that only masters a true leader and, having mastered getting not only the full return from employees, but also improving the financial results of the company. Multinational corporations are the main structural element of the economy of most countries, the leading force behind their development and efficiency, and the centre of global economic development. It is important not only to analyse their actions in the global and national markets, evaluate their products and services, and be well versed in their annual reports, but also to have a clear understanding of the internal structure of such companies. We are talking about the planning system of multinational companies, the organisational structures used, staff recruitment and motivation, management and decision-making practices, and control. Today, the Ukrainian labor market is going through difficult times in its history, the war led to an increase in unemployment and a decrease in wages, which negatively affected the population. It is after winning the war that company management will need to find effective methods of personnel management that will help not only to obtain positive financial results in the context of the company, but also in the context of the country, which will need funds for development.

Keywords: personnel management, multinational corporation, globalization, corporate culture, unemployment rate, labor market

Анотація

Управління персоналом—це свого роду мистецтво, яке опановує тільки справжній лідер та опанувавши, отримає не тільки повну віддачу від працівників, але й покращення фінансових результатів компанії. Транснаціональні корпорації—основний структурний елемент економіки більшості країн, провідна сила їхнього розвитку та підвищення ефективності, центр світового економічного розвитку. Важливо не тільки аналізувати їхні дії на світових і національних ринках, оцінювати продукцію, що випускається, і надані послуги, добре орієнтуватися в їхніх щорічних звітах, але і чітко уявляти собі внутрішню структуру таких компаній. Мова йде про систему планування транснаціональних компаній, використовувані організаційні структури, підбір персоналу і його мотивацію, керівництво і практику прийняття рішень, контроль. На сьогодні український ринок праці переживає важкі часи в своїй історії, війна призвела до росту безробіття та зменшення заробітних плат, що негативно вплинуло на населення. Саме після перемоги у війні, керівництву компаній потрібно буде знайти ефективні методи по управлінню персоналом, які допоможуть не тільки отримати позитивні фінансові результати в розрізі компанії, але й в розрізі країни, яка потребуватиме коштів для розбудови.

Ключові слова: управління персоналом, транснаціональна корпорація, глобалізація, корпоративна культура, рівень безробіття, ринок праці

PHEE-institute «Ukrainian-American Concordia University»

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Educational level: **bachelor degree**

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Educational Program **“Management”**

APPROVED

Head of Department Prof. L. Zharova

“25” April

2023

TASK
FOR BACHELOR'S QUALIFICATION WORK

Marina El Ghoui

(Name, Surname)

1. Topic of the work:

Specifics of management in multinational corporation
(based on INDITEX UKRAINE LLC, ZARA case)

Supervisor of the work **Roksoliانا Liubachivska, Ph.D. in Economics.**

(surname, name, degree, academic rank)

Which approved by Order of University from “22” September 2022 № 22-09/2022-3c

2. Deadline for bachelor's qualification work submission **“23” April 2023**

3. Data-out to the bachelor's qualification work

Materials from the internship received during consultation with representatives of the company. Information from open resources on the Internet, official reporting of financial and economic activities of the enterprise.

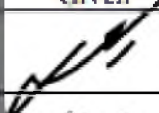

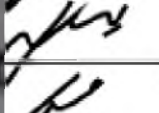
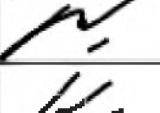
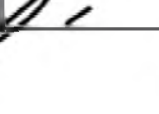

4. Contents of the explanatory note (list of issues to be developed).

There are main topics a student should develop in this work: Define the essence of management and its application in transnational corporations; Determine the types of management styles of international corporations in the context of digitalization; To study the economic activity and financial situation in ZARA; Conduct research on the personnel management system in ZARA; Build a roadmap for building a competitive HR management system.

5. List of graphic material (with exact indication of any mandatory drawings)

Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.

6. Consultants for parts of the work

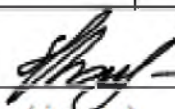
Part of the project	Surname, name, position	Signature	
		Given	Accepted
1	Roksoliana Liubachivska, Ph.D. in Economics		
2	Roksoliana Liubachivska, Ph.D. in Economics		
3	Roksoliana Liubachivska, Ph.D. in Economics		

7. Date of issue of the assignment

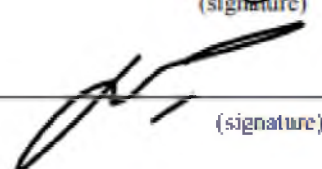
Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	31.12.2022	In time
2.	II chapter	20.02.2023	In time
3.	III chapter	11.04.2023	In time
4.	Introduction, conclusions, summary	23.04.2023	In time
5.	Pre-defense	27.04.2023	In time

Marina El Ghouli


(signature)

Roksoliana Liubachivska


(signature)

Conclusions:

Marina demonstrated a profound understanding of the theoretical foundations relevant to their research topic. Their grasp of complex concepts and ability to apply them effectively in their work was truly commendable. One of student's greatest strengths was their ability to critically evaluate and synthesize various sources of information. They approached the research process with a meticulous attention to detail, ensuring that their analysis was rigorous and well-supported. Moreover, Marina presented well-founded recommendations based on their analysis, demonstrating a deep understanding of the challenges and opportunities faced by multinational corporations in the fashion industry. Their recommendations were both practical and insightful, showcasing their ability to propose strategic measures that could enhance the management practices within the organization. In general, if successful defense, the thesis can claim to be "excellent".

Supervisor


(signature)

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INTRODUCTION

Globalization affects not only the world, states, companies, but also workers, who must change with the change in old standards and the emergence of new trends. An employee is an indispensable part of any company, it is like a puzzle in a multi-thousand square, and the more such employees a company loses, the more holes it will have, which in the end can lead to its destruction. It is in the interests of the company to train the employee, educate and nurture him, and not look for a replacement for him.

Globalization has once again shown the whole world the value of personnel, both highly qualified and unskilled, because someone needs to create technologies, and someone needs to sell goods in supermarkets.

The personnel management system that is used in international companies is imperfect due to significant staff turnover, low productivity and unfavorable working conditions in teams. The consequences of which are a decrease in labor efficiency, unprofitability and, in some enterprises, bankruptcy in general. Today, effective personnel management is an essential element for every company, because no company can successfully operate without a strong team, both mentally and productively. That is why the study of personnel management in an international company is quite important.

The *purpose* of the thesis is to substantiate the theoretical aspects, analyze the personnel management system and propose the main directions for its improvement.

To achieve the set goals, the following tasks were solved in the work:

1. Define the essence of management and its application in transnational corporations
2. Explore the role of international corporations in the global economy and trade
3. Determine the types of management styles of international corporations in the context of digitalization
4. To study the economic activity and financial situation in ZARA
5. Conduct research on the personnel management system in ZARA

6. Research the staff incentive scheme and its impact on ZARA's commercial activities
7. Build a roadmap for building a competitive HR management system
8. Determine the economic efficiency of the main management activities

The *object* of the study is the process of introducing and implementing a personnel management system in an international company

The *subject* of the study is the theoretical, methodological and practical issues of the study of the personnel management system in the company's activities in the clothing market.

The theoretical and methodological basis of the thesis is the scientific works of domestic and foreign economists devoted to the study of the personnel management system and its specifics in international companies.

In the process of research, the following modern research methods were used: the method of comparative analysis and the method of logical generalization, system-structural analysis (when reviewing the theoretical issues of the thesis); analytical method and method of comparative analysis (when analyzing the activity of the enterprise under study); multivariate analysis, index method and grouping method (when developing the main directions for improving the personnel management system).

Materials used in writing the thesis: special and reference literature, dictionaries, information publications, Internet data, annual reports and balance sheets of the enterprise.

The thesis consists of an introduction, three parts (theoretical and analytical and advisory), conclusions, references and appendices.

CHAPTER 1. THEORETICAL ASPECTS OF MODERN MANAGEMENT METHODS IN MULTINATIONAL CORPORATIONS

1.1. Essence of management and its application in multinational corporations

The modern world economy is characterized by a rapidly ongoing process of transnationalization. This process is driven by transnational corporations (TNCs). They are business associations consisting of a parent company and foreign affiliates. The main company controls the activities of the enterprises included in the association by owning shares in their capital. In the foreign capital of TNCs, the share of the parent company - a resident of another country - usually accounts for more than 10% of the shares or their equivalent.

At the turn of the XX-XXI centuries there was an unprecedented scope of foreign economic activity, in which TNCs are traders (merchants), investors, distributors of modern technologies and stimulators of international labor migration. TNCs play a leading role in the internationalization of production, which is becoming more and more widespread in the process of expanding and deepening production ties between enterprises of different countries [Kutsyk P.O, 2015, p. 45].

Almost all the largest TNCs by nationality belong to the "triad" - the three economic centers of our planet: the USA, the EU, and Japan. Recently, transnational corporations of newly industrialized countries have been actively developing their activities in the world market. The sectoral structure of TNCs is diversified: 60% of international companies are engaged in manufacturing (they specialize primarily in electronics, automotive, chemical and pharmaceutical industries), 37% in services and 3% in mining and agriculture.

A transnational corporation is a large association that uses an international approach in its business activities and provides for the formation and development of an international production, marketing, trade and financial complex with a single decision-

making center in the home country and with branches, representative offices and subsidiaries in other countries [Soroka I.B, 2009, p. 36; 3].

A transnational company is a special international operating entity with a unified production-monetary and scientific-technical policy, a system for improving long-term planning and management, and an extensive marketing service [Libman A.V., 2004, p. 6].

TNCs of the new (fifth) generation are based on modern science and innovative business, which makes them the main generators of scientific ideas and concepts and their distributors together with new high technologies United Nations Convention, 2015].

According to the organizational structure, transnational corporations, as a rule, are diversified concerns. Recently, there have been significant changes in the structure of transnational corporations, the main of which are related to the implementation of a comprehensive strategy.

The strategy of transnational corporations is based on a global approach that provides for optimizing the result not for each individual link, but for the association as a whole [Hlobal'na ekonomika, 2015].

The comprehensive strategy is based on the decentralization of the management of international concern and a significant increase in the role of regional management structures. Such a policy became possible thanks to the achievements of technology in the field of communications and information, the development of national and international data banks, and widespread computerization. It allows transnational corporations to coordinate the production and financial activities of foreign branches and subsidiaries [Hlobal'ni transformatsiyi..., 1998, p. 141].

Currently, it is customary to distinguish the following types of transnational corporations (Fig. 1.1)

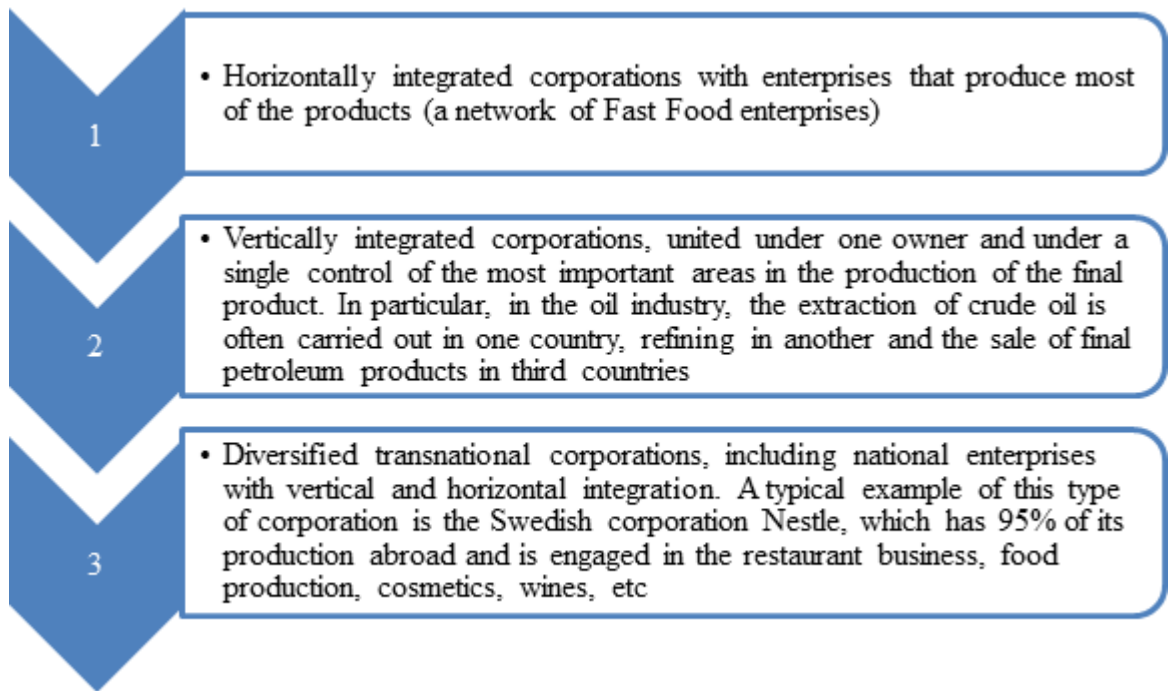


Figure 1.1 - Types of transnational corporations

Source: [Horbach L.M., 2005, p. 11]

International business is based on the opportunity to benefit precisely from the advantages of interstate business transactions, that is, from the fact that the sale of a certain product in another country provides the parties with greater advantages than they would have if they were doing business only in their own countries.

Since we are talking about business transactions, international business, like domestic business, has the main goal of making a profit.

The possibilities of computerization, informatization and telecommunications have fundamentally changed the nature of international business, which in modern conditions has acquired three fundamentally new features:

- It can be effectively produced "without leaving the office"; it can be done in real time;
- It can, with the help of telecommunications, cover all issues of interest to business (markets of goods, capital, labor, information, etc.).

International management is a special type of management, the main goals of which are the formation, development and use of the company's competitive advantages through

the opportunities for doing business in different countries and the appropriate use of social, economic, demographic, cultural and other features of these countries and interstate interaction [Yukhymenko P. I., 2011, p. 65].

The growth of information technologies, one of the primary drivers of globalization, has had an impact on how the concept of international management is currently created. Accordingly, today any large firm should be considered in terms of the influence of international processes. Thanks to the development and existence of the global information space, any company can enter foreign markets, build a virtual network structure or take part in existing ones. The communication activity of companies is becoming more and more dynamic [Ricky W. Griffin., 2014, p. 145].

With the help of international management, the company penetrates the country not only through knowledge of its culture (in the broad sense of this category), but also by accumulating international and national cultures and knowledge, creates a certain system that is beneficial for the company, and thus imposes its own vision of problems and ways to solve them.

The goal of international management is to ensure that an organization interacts with its environment in a way that allows it to keep its potential at the level required to achieve its objectives and, as a result, survive over the long run.

Transnational companies determine the quantitative and qualitative characteristics of the development of the world economic system at the present stage. Despite fair criticism of their abuse of their monopoly position, neglect of environmental and social standards, TNCs act as a unifying element between states of different levels of development, allowing the least developed countries to have access to the latest achievements of science.

The success of TNCs in the conditions of volatility and instability of the global economic system and increased competition depends on the ability to change the management system within TNCs, taking into account scientific and technological progress and the peculiarities of national regulation of host countries.

Most TNCs in Europe and North America are organized hierarchically and have a holding form of organization. According to the legislation of Ukraine, a holding company

is “a joint stock company that owns, uses and disposes of holding corporate blocks of shares (shares, shares) of two or more corporate enterprises” [Pro kholdynhovi kompaniyi..., 2006, p. 134]. Together with the term "holding company", similar concepts of "parent" or "main" company are often used.

The management unit makes the main strategic decisions on the development of all branches. This degree of centralization of management allows you to coordinate the activities of departments on a global scale and maximize the profits of the company as a whole.

The main tasks of the top management unit can be distinguished [David C. Thomas., 2017, p. 76]:

- Comprehensive study, analysis and evaluation of the external international environment in order to identify the competitive advantages of the company;
- Detailed analysis and assessment of cultural characteristics in host countries and further use of this information to develop strategic decisions on the functioning and development of the company both in this country and in general.
- Formation and development of a multinational team of the company and its divisions in the home country and in the host countries in order to maximize the use of the personal potential of employees, the capabilities of individual teams and interaction within the company;
- Search, development and effective use of various opportunities of international business service (primarily in the field of financial, technological and information services for economic operations).

The main factor in the formation and successful implementation of the management system of TNCs in the context of globalization are people who are able to successfully solve problems, combining the interests of their own and other states, ensuring partnership between business and governments of different countries, competition and cooperation on a global scale, adapting corporate management to the cultural differences of countries -participants of international cooperation.

Managing an international business of a significant scale requires a qualitatively different information base, overcoming the language barrier and professional support for management decisions.

1.2. Role of the international corporations in the global economy and trade

In a global liberalized economy, transnational corporations can influence geopolitical issues in international trade and employment, as well as dictate their own rules. The successful investment policy of TNCs and the development of a successful competitive strategy is an important component that is inextricably linked to the success of the company.

According to Ahlstrom and Bruton, transnational companies (TNCs) have become a fundamental part of the modern economic landscape [D. Ahlstrom, 2010, p. 72]. Transnational corporations, together with national states, non-governmental organizations, as well as international economic organizations, are the creator of the globalization process and its beneficiary.

Transnational corporations actively participate in the functioning of the economy, culture and social policy of the state. They influence the emergence and protection of new technologies; provide special pension programs, medical and educational benefits. TNCs can exert financial and competitive pressure on the state and influence the labor market by hiring a huge number of workers, both unskilled and specialists [K.A. Reinert, 2012, p. 80].

The UN Commission on TNCs today defines transnational companies, meaning that a TNC is a company:

- Includes offices in two or more countries, regardless of their scope and legal form;
- A company that can pursue a coherent policy and implement a common strategy through one or more leadership centers;
- In which individual units are interconnected by property or otherwise so that one or most of them can have a significant impact on others.

Figure 1.1 shows ten leaders who are not only influencing the global economy, but setting new rules and shaping their competitive strategies to capture more market share.

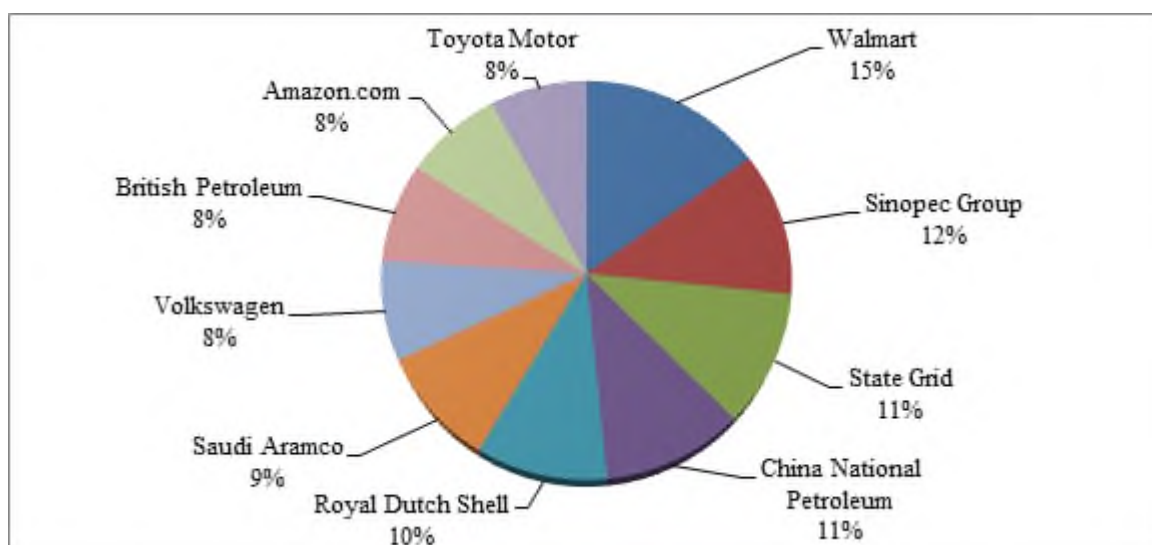


Fig. 1.2 Top 10 global TNCs in 2021

Source: [Fortune, 2021]

Analyzing the irreducible figure above, we can safely say that the 10 largest companies in the world received revenue in the amount of the budget of several countries. These are companies that employ millions of people around the world and create new trends in today's global economy.

The largest TNCs in the world have their branches in several dozen, and some even in more than hundreds of countries around the world. So, TNCs are diversified companies. Their assets are not limited to placement in basic industries. Corporations, based on their profit maximization strategy, can transfer their capital from one industry to another, from one country to another, reducing or closing production in some divisions and expanding economic activity in others.

In 2019, the overall internationalization of the top 100 MNEs remained relatively stable, with only the ratio of external assets increasing slightly (see Table 1.1).

Table 1.1

Internationalization statistics of the 100 largest non-financial TNCs worldwide (Billions of dollars, thousands of employees and percentages)

Indicators	2019	2020	2020-2019	2021	2021-2020
Assets, %					
Foreign	9 139	9 335	102,14	9 535	102,14
Internal	6 625	6 710	101,28	6 919	103,11
General	15 763	16 045	101,79	16354	101,93
Foreign in % of total	58	58	100	58	100
Revenue, %					
Foreign	5 266	5 916	112,34	4 764	80,53
Internal	3 539	3 919	110,74	2 700	68,9
General	8 904	9 836	110,47	7 464	75,88
Foreign in % of total	60	60	100	64	106,67
Employment, %					
Foreign	9 750	9 604	98,5	9 466	98,56
Internal	9 536	8 548	89,64	9 049	105,86
General	19 286	18 152	94,12	18515	102
Foreign in % of total	51	53	103,92	51	96,23

Source: [World Investment Report 2020, 2020]

In 2021, the 500 largest firms from 33 countries received 30 trillion US revenue and 1.9 trillion. The United States arrived, while 67.7 million people work in these companies [World Investment Report 2020, 2020]. According to the top 10 TNCs according to this rating, 3 companies are located in the US and China, and one each in Japan, Germany, the Netherlands and the UK (see Fig. 1.2). Walmart (USA), which specializes in retail trade, takes the first place, while revenue in 2021 grew by 3% compared to 2020, but profit fell by 27.7%.

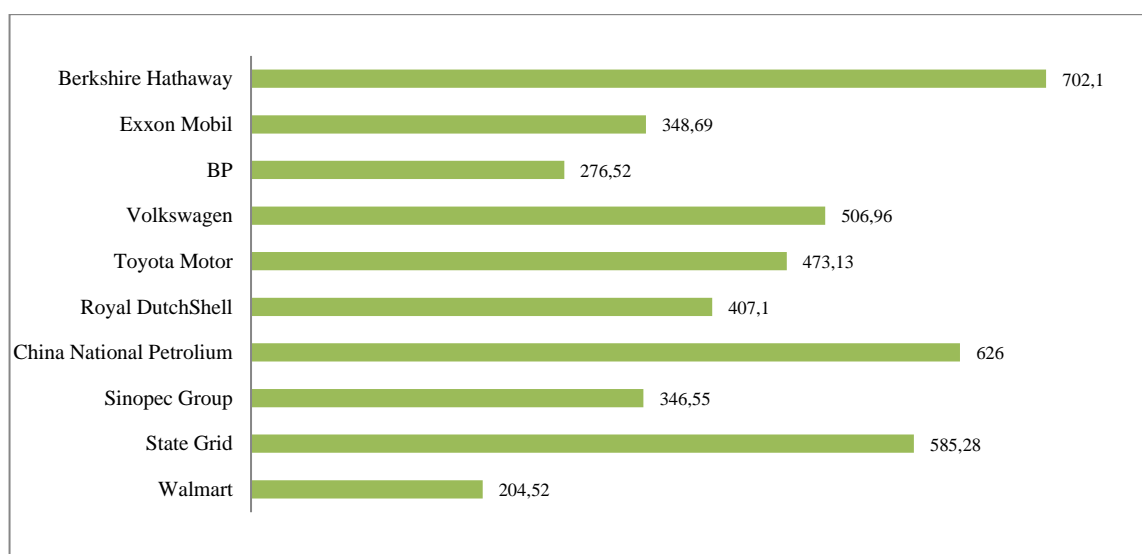


Fig. 1.2 Assets of the largest TNC as of 2021

Source: [World Investment Report 2020, 2020]

The largest change in income was characteristic of BP (Great Britain), Royal Dutch Shell (Netherlands), China National Petroleum (China), Sinopec Group (China). The largest decrease in profit in 2020 compared to 2019 is typical for China National Petroleum - 137%, while Royal Dutch Shell showed the largest increase.

The composition of TNCs has changed significantly over the past five years. Extractive industries and trading corporations are declining their positions in the ranking.

As of 2021, the share of manufacturing in the United States has fallen to 12%, although it accounts for nearly 80% of private spending on research and development and more than 60% of the country's exports [Economic report, 2021].

The geography of TNC activity has also changed, for example, Ireland has become the location of four corporations, and the number of TNCs from Japan and Germany in the Top 100 has also increased (see fig. 1.3).

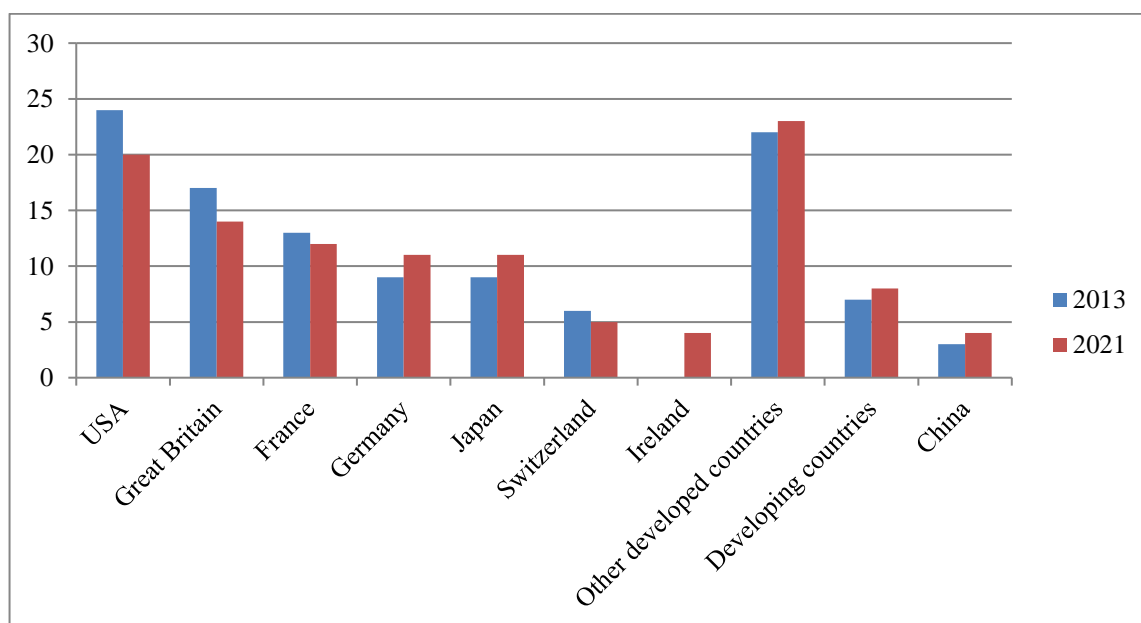


Fig. 1.4 Composition of the top 100 global TNCs by industry in 2012-2017 (number of firms)

Source: [Economic report, 2021]

Next analyses composition of the top 100 global TNCs by location for the 2013-2021 periods (Fig. 1.5)

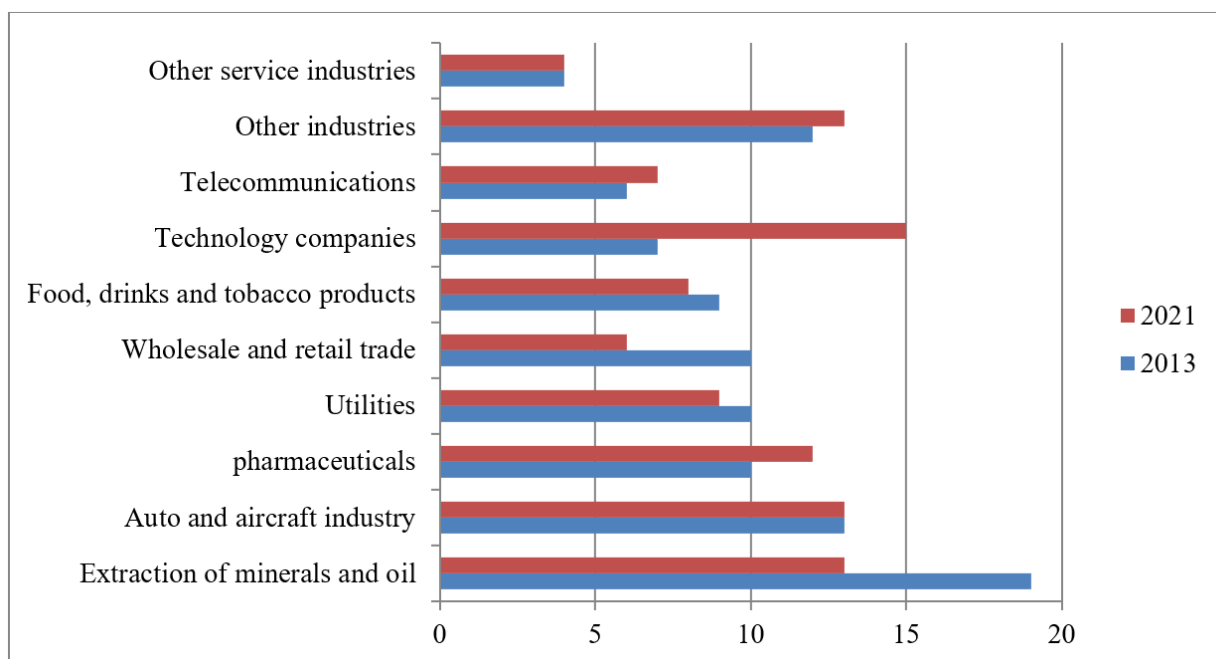


Fig. 1.5 Composition of the top 100 global TNCs by location of headquarters 2012-2017 (number of firms)

Source: [World Investment Report 2020, 2020]

According to the Bhattacharya A., in economically developed countries in 2014-2015 revival began, and from 2018-2021 the rise of economic development corresponding to the sixth technological mode, which is based on nanotechnologies [Bhattacharya A., 2017].

In 2019, announced investment in new projects by state-owned TNCs accounted for only 4%, after a gradual decline from an average of over 10% in 2008-2013. State-owned TNCs showed interest mainly in such industries as utilities, extractive industries and financial services [World Investment Report 2020, 2020].

The number of state-owned TNCs has stabilized as of 2021. As of 2017, there are currently about 1,500 state-owned TNCs. European state-owned TNCs make up slightly more than a third of all state-owned TNCs, and another 45% are found in developing Asia, including 18% in China. The number of state-owned MNEs in the list of the world's 100 largest MNEs has increased from 15 to 16. This list includes 5 state-owned MNEs from China and 11 from developed countries. (see fig. 1.6).

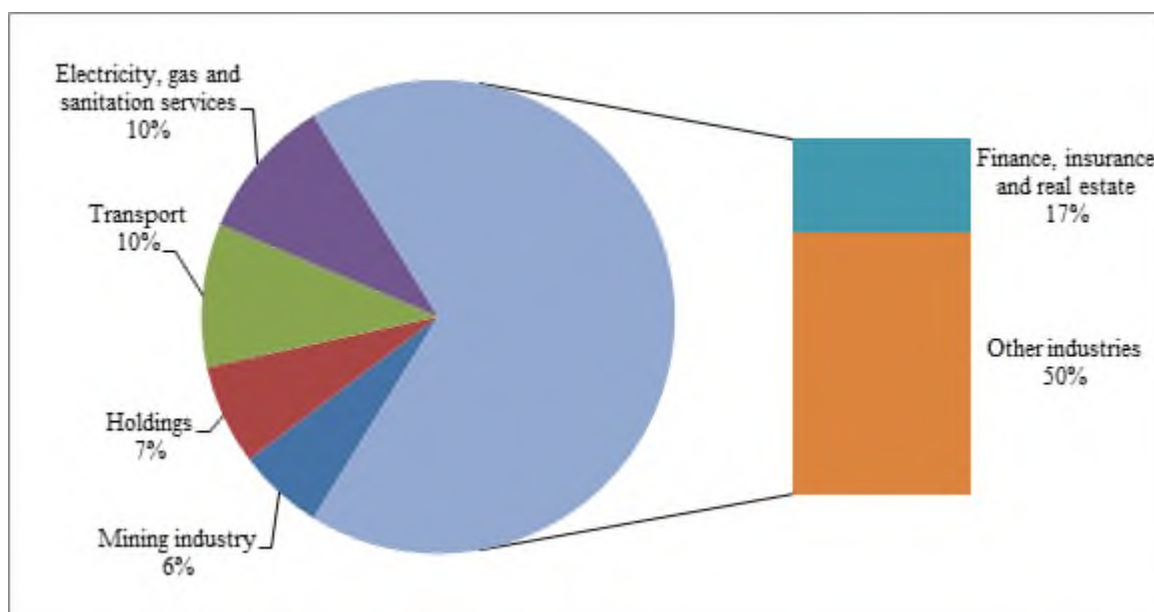


Fig. 1.6 Structure of state-owned TNCs by sectors of the economy as of 2019

Source: [World Investment Report 2020, 2020]

TNCs are not only continuously developing international economic relations, but also the most powerful tool for influencing them. Corporations have a number of objectively important characteristics as members of international relations. These include the availability of territories for carrying out activities, the existence of subdivisions and branches for the sale of products without customs duties, as well as the attracted human, natural, scientific resources of foreign states. That is, at the present stage of development, TNCs occupy the positions of people who are active in the global labor market and cooperation, and distribute world resources.

More likely prospects for the development of companies include the following [Impact of FDI..., 2020].

1. The financial sector in the international market will take a leading position. Such an input can be made by tracing the stages of the formation of TNCs in the financial sector of the economy.
2. Increasing the influence of TNCs on the territory of developed and developing countries.
3. At the moment, the largest TNCs have an economic power comparable to the economic capabilities of some states.

4. Due to globalization, small and medium-sized TNCs are turning into important participants in the world economy and international relations.

TNCs are one of the key factors in the modern economy that influence how a country's economy and the global economy as a whole will develop. The activities of TNCs are diverse, but the leading roles are mainly owned by TNCs with a financial bias. The development trends of the entire complex of TNCs are based on a further increase in economic indicators and an increase in influence in the field of international relations.

At present, most states are developing due to the infusion of foreign investments into their economy by TNCs, the impact of which cannot be unambiguously assessed, since there are both positive and negative sides.

The positive points include:

1. Foreign investment is a promising source of funding for the state. These funds are invested in production, resulting in an increase in production capacity. Sometimes foreign investment takes the form of technology, then we should talk about the exchange of experience between the host country and the home country of the TNC.

2. Foreign investment increases the level of technological development of the host country, which increases the demand for highly qualified employees. This means that by increasing this demand, foreign investment contributes to the improvement of population welfare by paying higher wages, which distinguishes the investing company from the local one.

3. Foreign investments increase the competitiveness of national products by improving its quality [Kurul Z., 2017, p. 150]

Thus, we have considered the positive aspects of foreign investment, but there are also a number of negative aspects. As discussed earlier, foreign investment increases the demand for highly qualified employees and increases their wages, in connection with which national companies find competition in the form of TNCs and lose a significant part of their employees and their own income.

Foreign investment is mainly focused on stimulating intermediate production, for which there is a greater demand. Local companies are engaged in the creation of auxiliary

production facilities. Thus, TNCs take on a priority role in the development of national production, while local companies take a back seat.

A bad aspect of the functioning of TNCs is the fact that foreign capital is crowding out domestic investment. Foreign companies, suppressing the activities of state producers, create obstacles for them to enter foreign markets with their own products. A special type of influence of foreign investment should include changes in the culture of the host country, ways of corporate management of the company, as well as changes in the social sphere.

Thus, the cash flows of investments from TNCs are the driving force in the development of the world economy. TNCs affect not only the economy of specific states where they operate, but also the economy of entire regions of the world.

In the world market over the past twenty years, the largest investment has been observed in the mining and processing industries. Particular attention to these industries is paid by Japan and Germany. These countries allocate more funds for the development of these industries - more than 50% of the total number of investments [Kinoshita Y., 2008].

Assessing the inflow of investments for the competitiveness of the host country allows us to draw the following conclusions:

- The actions of the host country determine the degree of effectiveness of investments. The country's policy should be aimed at increasing the transparency of the economy, increasing the level of competition, increasing the freedom of financial institutions and reducing the bureaucratization of the economy;
- A competent investment program stimulates assistance to foreign and national businesses;

The positive effect of investments is achieved through long-term investments. Short-term capital investment, on the contrary, negatively affects the economy and stimulates the financial instability of the country.

Among the negative aspects of the investment impact of TNCs, one can also single out: a decrease in the profits of local enterprises due to unequal competition and the

displacement of domestic investment by foreign investments, the displacement of local firms by more competitive foreign ones.

1.3. Types of management styles of international corporations in the context of digitalization

The world has experienced processes during the past 20 years that have had a special impact on labor markets. The most important of these processes should be considered, firstly, the expansion of the volume of trade in manufactured goods and, secondly, the development and implementation of new technologies, primarily information technologies. Because of the war, there was a reduction in the demand for low-skilled labor, while a sharp increase in the demand for workers who own modern computer technologies. Finally, another important sign of the impact of globalization on labor markets has been massive flows of foreign direct investment that have changed the industrial orientation of traditionally low-wage regions.

Globalization has given rise to international trade and increased demand for more skilled labor [International trade, 2019]. After all, the basis of international trade is the sale of goods of higher quality, for the production of which there must be more skilled workers. In turn, less developed countries, which are resource providers for developing countries, have experienced an increase in demand for less skilled workers, because such work does not require high qualifications.

The main advantage of globalization is the expanding need for professionals in the sectors of international trade, information services, outsourcing, etc. That is, globalization has given impetus to an increase in the level of income in almost all countries, but not for all people, which is its negative consequence. Also, the most negative consequence of globalization is the increase in the gap between the rich and poor population of the country, because the richer will become even richer, and the poor, in turn, will become poorer.

Today, in the conditions of developed globalization of society, highly intellectual professions, which were not in demand at all in the latter half of the 20th century, are becoming more polarized in general. Such an abrupt revolution changed the labor market and society as a whole, since in the 40-60s the working profession was the most popular, then at the beginning of the 11th century it was replaced by a technological one. Developing countries massively began to expand their export activities, thus increasing the influx of skilled labor, and developed countries switched to the production of technological goods, which also led to an increase in demand for skilled workers.

An important aspect of the impact of globalization is the change in the nature and nature of the competitiveness of a transnational corporation (TNC), which is being transformed under the influence of new factors. The key factors of their competitiveness are their innovativeness in the broad sense of the word and adaptive abilities in a turbulent international economic environment; achieving technological leadership through more efficient use of production systems on a global scale, ensuring high quality and meeting the needs of people and the competent use of various intangible assets, for example, organizational knowledge, human capital, brands, experience, qualifications and motivation of top management of TNCs.

Success in the competition of TNCs is achieved through the effective use of talented and highly qualified employees. The share of human capital in the total capital of the largest TNCs is steadily increasing. The most important element of the competitiveness of TNCs - their adaptability - is ensured by a careful selection of the most motivated and promising candidates, their training, education, the creation of an effective corporate culture, and retraining of employees. The competitive positions of key TNCs, especially those belonging to the group of high-tech companies, are increasingly determined by experience, knowledge, activity, involvement in a common cause, the disclosure of creative potential, and the responsibility of management personnel [Bowlin W. F., 2008, p. 432].

Thus, investments in personnel are investments aimed at increasing the competitiveness of TNCs. Staff training and professional training is carried out in the workplace, online or at corporate universities. Wide use of special games and computer

technologies is characteristic. For example, in the American company Motorola, the preparation of managers for business trips abroad is carried out using the method of simulating new jobs [Motorola Solutions Annual Report 2021, 2021]. Another American company, IBM, spends more than \$1 billion annually on staff retraining, and the direct positive effect is estimated at 20–22% (up to \$225 million). About 135,000 employees of the company are annually retrained remotely. For new employees, the company uses various interactive programs such as One Voice and Basic Blue. Managers are trained in the Coaching Simulator program, which simulates their behavior in ambiguous, alternative situations [IBM, 2021].

Despite the fact that at present the personnel of TNCs is the most important source of increasing competitive advantages, quite often this resource is used inefficiently. As a result of the economic and global financial crisis, the problem of employment growth as a key condition for the competitiveness of TNCs has become much more acute. Vocally proclaiming the value and importance of human capital, in pursuit of short-term profits resulting from restructuring, many TNCs resorted to mass layoffs. Significant layoffs were typical for TNCs in those industries that were most affected by the crisis.

Business knowledge accumulated within the firm plays a fundamentally significant role for TNCs operating in the segment of high-tech industries, which are characterized by fierce competition. At the same time, one's own possession of some unique intellectual capital does not yet mean the high competitiveness of TNCs. The latter is explained by the fact that it is the corporate culture that is being formed, the abilities and talents of employees, and the internal exchange of information between various departments and employees that determine the competitive advantages of TNCs.

Corporate social responsibility increases the loyalty of employees, partners and customers of the organization, integrates the company's objectives into the sustainable development policy, taking into account economic, social and environmental aspects, and increases the conditions for long-term value creation and financial success [Reicher Z.R., 2019].

Countless foreign experience demonstrates that the adoption of the idea of corporate social responsibility in the economic activity of the company increases its level

of competitiveness among competitors. For example, in 2018 such well-known foreign companies as Lego, Google, Microsoft, Walt Disney, BMW, Colgate-Palmolive, American Express, Coca-Cola, Hyundai, Sharp, Bacardi, Starbucks Coffee, PepsiCo, General Motors, Fiat Chrysler Automobiles, Volkswagen and Zara have been leaders in social responsibility [The World's Most Reputable Companies, 2019]. Comparing this rating with the annual rating of the 500 largest companies in the world, the criterion for compiling which is the company's revenue, we will see that almost all of the above companies are included in this rating.

The LEGO Group, Google, Natura, Havaianas, Microsoft, The Walt Disney Company, BOSCH, Intel, Lavazza and IKEA are recognized as global leaders in CSR in 2019 by the Reputation Institute Global CR RepTrak annual survey. Last year's ranking leader - Google - moved to fourth place. Havaianas, Intel and Lavazza made debuts on the list, while Canon and Michelin lost their places in the top 10. Despite the consistently low CSR ratings of energy companies, great progress in social activity was noted in ExxonMobil, Chevron and Shell [The World's Most Reputable Companies, 2019].

An analysis of the best global employers in 2020 according to Head Hunter is presented in Figure 1.6.

Accordingly, it can be concluded that the active use of the social responsibility strategy by a modern company has a favorable impact on more than just the volume of sales of its products and services, contributing to the formation of consumer loyalty, but also forms a positive brand of the company as an employer, thereby attracting and retaining talented specialists in its organizations.

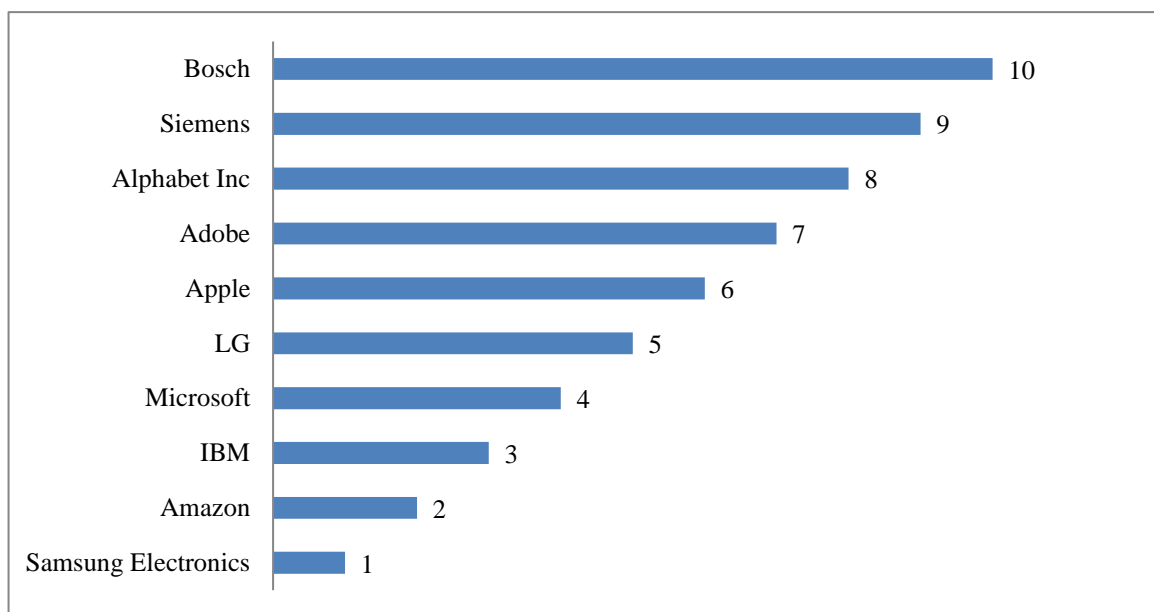


Fig. 1.6 - Top best employers according to Forbes as of 2020

Source: [Forbes List of Top 10, 2020]

All companies in their activities every day face competition. In the course of such a confrontation, they have to use different tools and resources. The indicators of the company, creating for it a certain predominance of competitors, are called competitive advantages. They are part of the corporate style of the company and are one of the ways to resist competitors.

Corporate social responsibility investments are a kind of strategic investment by companies that can become a powerful economic lever in the future.

In foreign and Ukrainian scientific literature, the following key features of personnel management in the 21st century are distinguished [Lukyanenko D.H., 2009, p. 25]:

- New technologies will accelerate the development of personnel by increasing the competence of the workforce to maintain the competitiveness of the company;
- The value of qualified employees will increase and the role of personnel development programs will increase, including programs for the early identification of employees with managerial potential, individual training and talent development;

- More attention will be paid to take into consideration each person's unique qualities and skills people, the socio-psychological characteristics of the individual;
- The importance of computer technologies in management will increase, providing the processing of a vast amount of information necessary for making decisions on personnel;
- The process of decentralization of personnel management functions will continue, and personnel managers will face the problems of monitoring the activities of employees who are outside the zone of their direct control - remote workers [Dmytro L., 2022, p. 6].

Other changes in personnel management, in our opinion, are only partly due to globalization: for example, the increasing share of the service sector or the increasing share of women in the labor force, but one way or another they have a significant impact on modern personnel management practices:

- An expanding service sector replacing the manufacturing sector in developed and rapidly developing economies;
- More skilled workforce on average;
- Strong influx into the labor force of women, who in some countries occupy more than half of the newly emerging jobs;
- An rise in the number of people working not “in the organization”, but “for the organization”, in other words, a shift in focus in relation to work, the value orientation of the employee.

Thus, under the influence of modern trends in the development of the world economy in Ukraine and around the world, they are experiencing similar pressures, including in the social and labor sphere, where a number of global trends can now be distinguished. In turn, the convergence or divergence of HR practices in Ukraine depends on the activities of international companies in the Ukrainian market [Zolak Poljasevic B. Z, 2013].

An employee is an indispensable part of any company, it is like a puzzle in a multi-thousand square, and the more such employees a company loses, the more holes it will have, which in the end can lead to its destruction. It is in the interests of the company to train the employee, educate and nurture him, and not look for a replacement for him.

Globalization has once again shown the whole world the value of personnel, both highly qualified and unskilled, because someone needs to create technologies, and someone needs to sell goods in supermarkets.

CHAPTER 2. ANALYSIS OF ZARA ECONOMIC PERFORMANCE AND EVALUATION OF ITS MANAGEMENT POLICY

2.1. Study of economic activity and financial state at ZARA

ZARA was founded in 1998 as a new brand of the Spanish ZARA group. In Ukraine, the company was registered on November 12, 2007.

ZARA is a limited liability company registered in Ukraine. The company was established in accordance with the legislation of Ukraine, its office is registered at the address: Ukraine, 01023, Kyiv, Sports Square, 1a. The company is a 100% subsidiary of INDITEX S.A. ("Parent Company"), which is owned through the intermediate companies of the Group. Amancio Ortega Gaona is the founder and ultimate beneficiary of INDITEX S.A. [Official web site ZARA].

The Charter of the Company was registered on November 12, 2007 and amounts to UAH 39,577,248.56. At the moment, 16 stores are open throughout Ukraine and it is planned to open new ones in the capital and in the west of the country.

In order to ensure that stores always have models that reflect the latest trends, ZARA uses a flexible business model that allows you to easily adapt to and respond to any seasonal changes in the shortest possible time by supplying new products to the store.

The company's target market is young people who love adventure, are well versed in new trends, love music, actively use social networks and new technologies.

The main goal of ZARA is to democratize the fashion market. The company's mission is based on the fact that fashion is not only for the privileged class, but, on the contrary, they offer affordable fashionable clothes for the street. A large number of designers every day keep track of new fashion shows, presentations, street style from Fashion Sunday and adapt it to the relevant market so that the entire range is in demand.

Main activity: retail sale of clothing in specialized stores, manufacture of packaging from recycled material

Other: retail sales of furniture, lighting, and other home goods in specialized stores, retail sales of footwear and leather goods in specialized stores, wholesale sales of textiles, apparel, and footwear, and retail sales of carpets, rugs, wall and floor coverings.

The main activity of the company is the manufacture of packaging from recycled materials, the import of textile goods and the sale of clothing and footwear under the ZARA trademark in Ukraine.

The uniqueness of the brand lies not only in the products themselves, but also in the design of each company store where youth clothing is sold directly. So, branded boutiques and stores from ZARA differ from similar outlets in their unique style and relatively small area with a high capacity of goods [James Chen, 2022].

The organizational structure is linear-functional. There is a central office in Spain, dealing with the main tasks of the enterprise. The central office in A Coruña consists of three huge glass rooms - one for each division, where designers, marketers, planning and delivery managers work side by side. Business relations here are, as a rule, informal.

The organizational structure of the company is shown in Figure 2.1. ZARA operates according to the fast-fashion principle and according to the corresponding business model. The founder of ZARA is Amancio Ortega. He managed to satisfy consumers with catwalk clothes, but at an affordable price. It is carried out by copying trends and trends, using acceptable quality and at an affordable price. He reduced the time of production of goods and delivery to the buyer to 15 days and arranged the delivery of new products to stores twice a week.

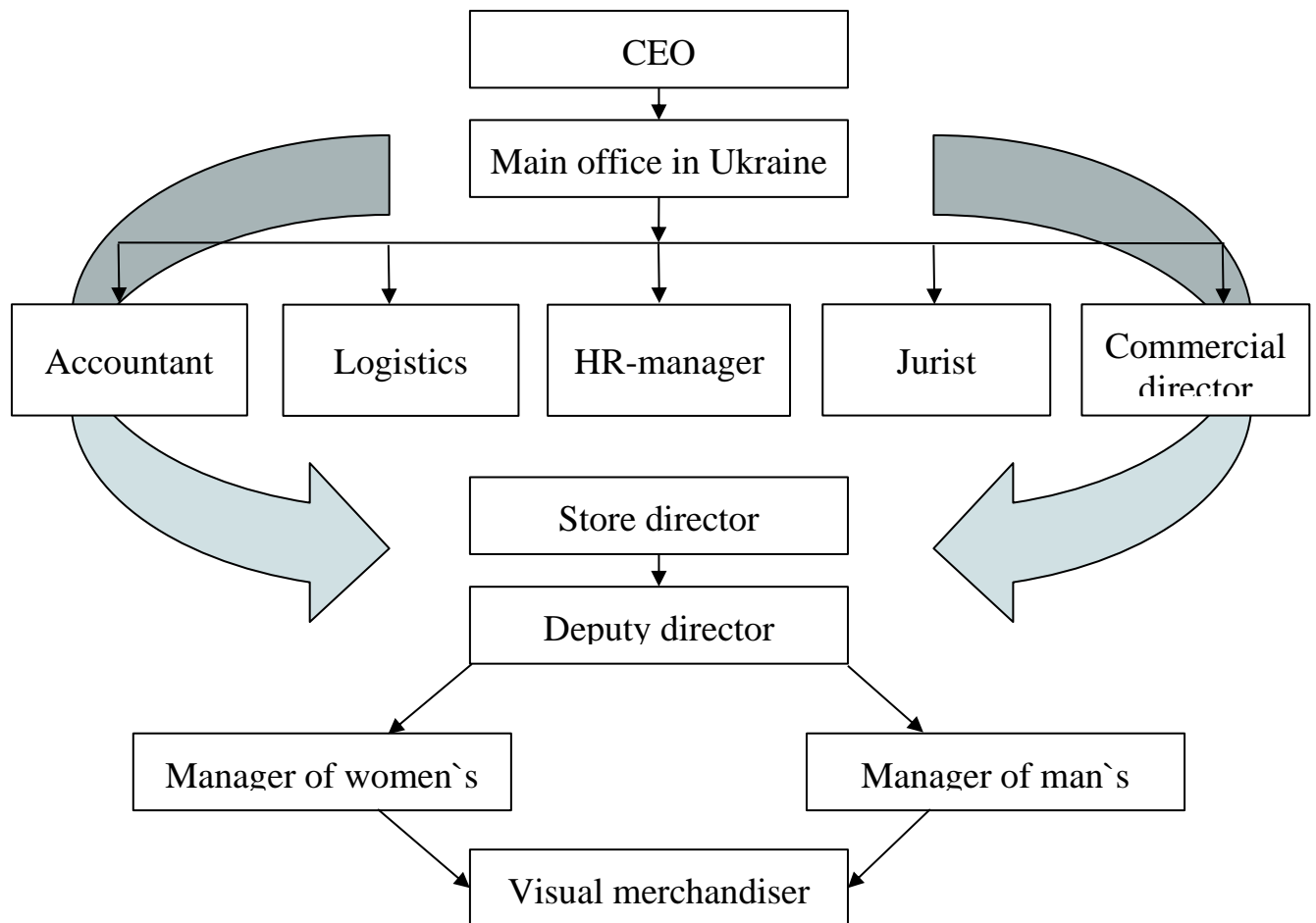


Fig. 2.1 Organizational structure of ZARA

Source: [Official web site ZARA]

Features of the ZARA business model:

— The speed of production and delivery of the product is faster than competitors. Creating a product that the buyer wants to see at that moment in plain sight. The first-class images of stores, appearance, outlets in the most advantageous places allow the company to achieve high results.

— Customer orientation - gradation of goods into different models, styles, colors. The company pays great attention to the analysis of the target audience, which it wears, what is popular in the market, follows opinion leaders, bloggers. The customer is always in the spotlight: during the creation of new models and other processes [Alexander Leischniga, 2016].

— Control of the production network. About 60% of the product is created in Spain, Portugal and Morocco. They also use the services of other companies (491 suppliers in

Europe, 759 in Asia, 135 in Africa, 160 in other countries of the world). More complex batches of clothes are sewn in their own factories in order to be able to manage the production of the product, but it is easier to outsource (40%) to other companies, relations with them are determined by the code of business conduct [Official web site ZARA].

—Fast logistics. The Arteixo logistics center is located almost equidistant from 14 large factories. This model is also used in 10 other distribution centers of the company. This allows you to quickly deliver goods to logistics centers and further to stores.

—Feedback, all store managers, responsible persons and regional teams communicate with each other electronically on a daily basis, which greatly simplifies brand management.

—Innovation is the basis of the company's competitiveness. Inditex is keeping extra capacity in its factories to respond to the increase in demand and get it up and running as soon as possible before the competition.

In order to analyze the financial results of the enterprise, we will construct table 2.1. Analyzing the data of this table, we note that the net income from the sale of the company's products increased in 2019 by UAH 330,936 thousand., and despite the Coronavirus pandemic in 2020, it grew by UAH 66,373 thousand. The main reason for this small increase is the closure of all stores for several months due to the Covid-19 outbreak.

The value of the gross profit of the enterprise increased in 2019 by UAH 261,101 thousand, but again there was a decrease in the indicator in 2020 by -112,045 thousand UAH. The financial result from operating activities had a rather sharp rise in 2019, but again had a negative value in 2020, which indicates deterioration in the company's performance. As a result, the company received net profit in 2019. 65.6% more than in 2018, but in 2020 shook with the pandemic.

Dynamics of financial indicators of ZARA for the period 2018-2020, thousand UAH

Indicator	2018	2019	2020	Change, thousand UAH		
				2019/ 2018	2020/ 2019	2020/ 2018
Revenue, thousand UAH	1578957	1909893	1976266	330936	66373	397309
Cost price, thousand UAH	832746	902581	1080999	69835	178418	248253
Gross profit, thousand UAH.	746211	1007312	895267	261101	-112045	149056
Implementation costs, thousand UAH.	328132	299221	329789	-28911	30568	1657
Operating income, thousand UAH	374907	648671	594370	273764	-54301	219463
Net profit (loss), thousand UAH.	317279	525471	483303	208192	-42168	166024

Source: [Zara financial statement, 2018, 2020]

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We have analyzed the implementation costs for three years of ZARA (see Fig. 2.1)

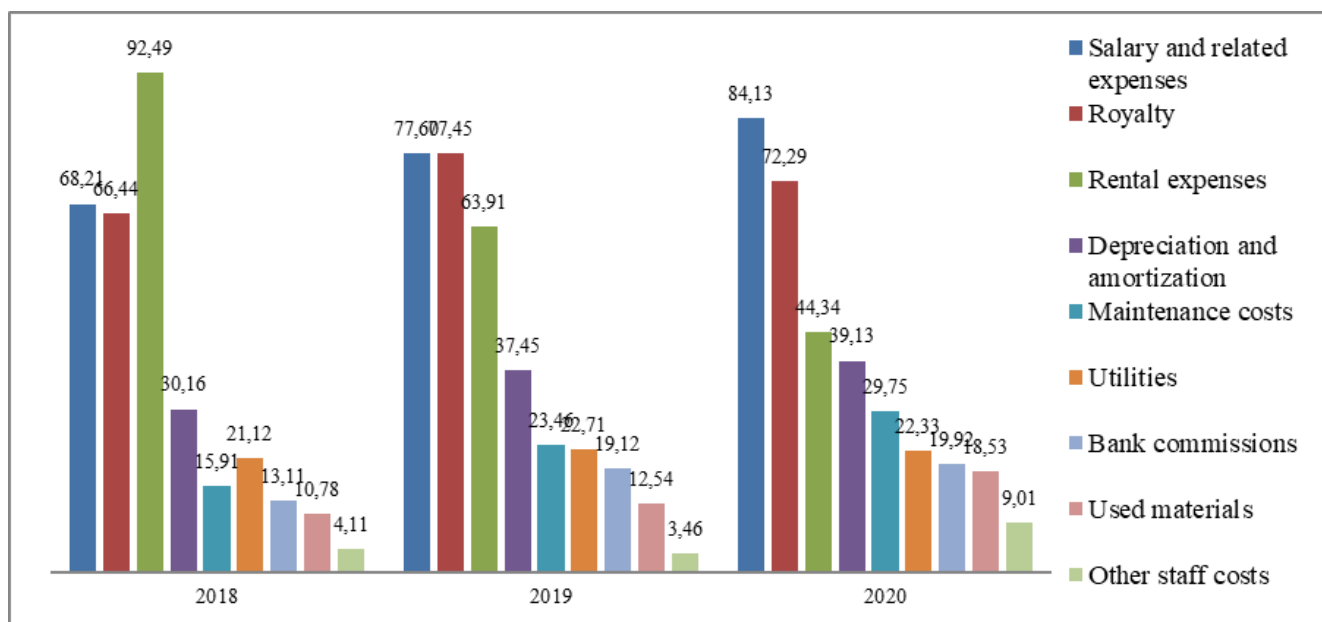


Fig. 2.1 The dynamics of the cost of selling ZARA products

Source: [Zara financial statement, 2018, 2020]

After examining the costs of sales, we determined that the largest part is the cost of renting stores, royalties and payroll costs. Basically, these costs form the selling price of ZARA products.

After analyzing the indicators of the elements of the implementation costs, we can say that the cost of labor has increased more.

Next, we will analyze the liquidity indicators for 2018-2020 (See fig. 2.2)

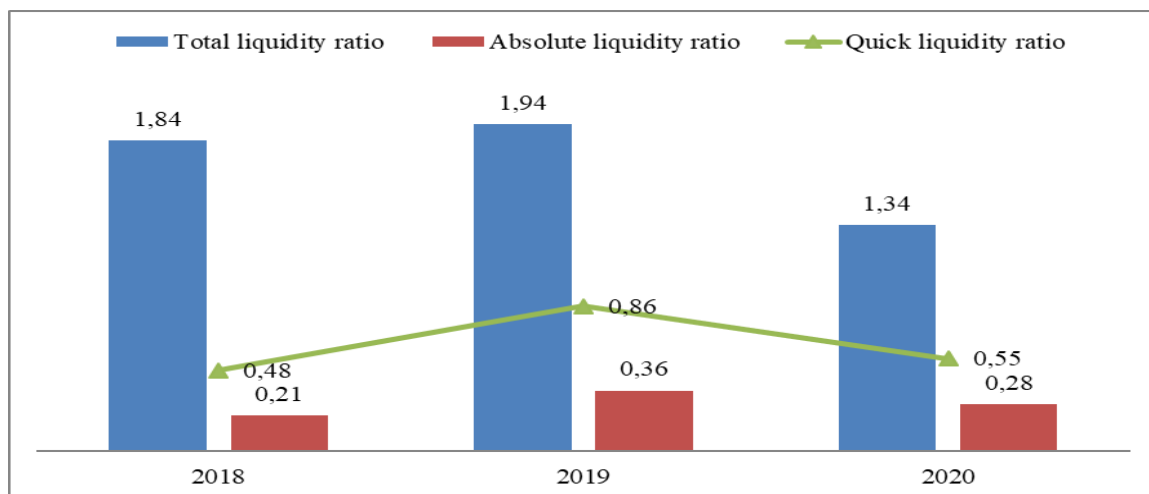


Fig. 2.2 Analysis of liquidity indicators of ZARA for 2018-2020

Source: [Zara financial statement, 2018, 2020]

Analyzing the liquidity of ZARA, it was especially critical in 2020, because the company was forced to close its stores and lost some of its income. The overall liquidity ratio decreased from 1.84 to 1.34 and means a decrease in the solvency of the company under study.

The obtained values indicate that the company does not have enough liquid working capital for the timely settlement of obligations. However, it is necessary to compare the figure with other companies in the industry. Merchandise retailing sells goods and services for cash without the use of commercial loans and will remain solvent with relatively low quick liquidity. As indicated in the table, the coefficient is relatively low, the company remains solvent.

The absolute liquidity ratio allows you to determine the share of short-term liabilities that the company can repay in the near future, without waiting for the payment of receivables and the sale of other assets. This indicator was greater than zero only in 2018-2020, which means that the company will be able to repay debts on time if the payment deadline comes soon. A value above the norm may indicate problems in the company and indicate an ineffective strategy for managing financial resources.

In table 2.2, we analyze the solvency of the ZARA Company.

Table 2.2

Financial stability indicators of the ZARA Company in 2018–2020

Indicator	Year			Change, ±	
	2018	2019	2020	2019/2018	2020/2019
Financial autonomy ratio	0,51	0,66	0,67	0,16	-0,5
Financial dependency ratio	1,94	1,51	1,49	-0,45	-1,96

Equity maneuverability coefficient	-0,25	-0,05	-0,1	0,15	0,2
Coverage ratio	1,84	1,94	1,34	-0,5	-2,44
Capital productivity	3,3	3,7	3,22	-0,08	-3,78
inventory turnover	5,12	8,43	7	1,88	-6,55
Inventory turnover time, days	70,31	42,7	51,43	-18,88	-61,58
Equity turnover	4,53	3,73	3,4	-1,13	-4,86

Source: [Zara financial statement, 2018, 2020]

So, analyzing the table below we can make the following conclusions: the value of the coefficient of monetary autonomy shows the proportion of equity capital to the overall amount of funds advanced to the company's activities and indicates its dependence on its own partners. The value of the coefficient of monetary autonomy shows the proportion of equity capital in the total amount of funds advanced to the company's activities and indicates its dependence on its own partners. The value of the coefficient is above the limit value of 0.5, so the company can be considered independent of partners. The value of the coefficient of financial dependence does not exceed the limit value (2), so the company is not financially independent [Financial Dependence, 2005].

Equity maneuverability ratio during 2018-2020 negative, but in dynamics the indicator increases therefore indicates a positive change and increases the ability of the enterprise to maintain the level of its own working capital and replenish working capital if necessary.

The value of the inventory turnover indicator in the calculations increased in 2019 by 3.31 turnovers compared to 2018, although during 2020 there was a decrease of 1.43 turnovers compared to 2019. The inventory turnover time indicator is inversely proportional to dependent on inventory turnover. It indicates that the company has increased the time for the transformation of inventory items into products and their

implementation [Huff P. L., 1999]. The value of the equity turnover indicator for the period 2018-2020 decreased by 1.13 turns. This trend is observed due to a decrease in equity in the enterprise. The value of current liquidity is above the normative limit (1.5) in 2018-2019, which indicates a low probability of loss of solvency in the short term. But in 2020, this indicator decreases by 0.6, which negatively affects the solvency of the enterprise.

Having made all the necessary calculations, we can conclude that the enterprise is relatively independent, solvent and relatively stable indicators above the normative value as a whole. In 2020, the situation is deteriorating due to the spread of the virus and the need to close all stores in Ukraine. The need to pay wages to employees, the rent of shops, warehouses and the non-inflow of own capital aggravated the situation with the solvency of the enterprise. But the reopening of stores and the stabilization of the situation will again increase financial independence.

2.2. Investigation of the personnel management system at ZARA

The entire staff of the enterprise is divided into employees of the main activity, which is directly involved in the activities of the enterprise. All ZARA employees are a group of young and successful people, high-level professionals who help the company's management to successfully sell their starter in the global clothing market. It is ZARA employees who are its main resource, the most valuable for the company.

The company has a premium salary. Wages are calculated in accordance with bonuses and salary of the employee.

Over the past 2 years, the number and composition of the enterprise's personnel has changed only in the number of employees, which indicates stable working conditions at the enterprise (see Table 2.3).

Table 2.3

Dynamics of staffing and use of personnel of company ZARA for the period 2018-2020

Staff categories	2018	2019	2020	Change, +/-		
				2019/ 2018	2020/ 2019	2020/ 2018
Number of staff, total, people	493	569	477	76	-92	-16
including managers	325	327	321	2	-6	-4
including workers	168	242	156	74	-86	-12
of which: main	112	173	111	61	-62	-1
auxiliary	56	69	45	13	-24	-11
Managers	31	36	28	5	-8	-3
Specialists	81	137	83	56	-54	2
Worked per year by one employee, days	252	251	253	-1	2	1
Hours	2016	2008	2024	-8	16	8
Average working time, hour	8	8	8	0	0	0
Fund of working time, hour	993888	1142552	965448	148664	-177104	-28440
including overtime hours worked, hour	24500	29800	8970	5300	-20830	-15530

Source: [Zara financial statement, 2018, 2020]

ZARA has a central office in Spain, which is mainly responsible for compiling the personnel management system in the company, it consists of three huge glass rooms - one for each division, in which designers, marketing, planning and delivery managers work

side by side. Business relations here are, as a rule, informal. No one prevents the designer from exchanging sketches with a colleague sitting in the next room; marketers are in touch with store directors or act as experts, evaluating new models and styles. At different ends of the halls there are large round tables where you can hold a spontaneous meeting, exchange views, determine the price of a new product or agree on the supply of raw materials. The launch of any new product is carried out by impromptu multifunctional teams who independently make all decisions related to production and sales, and can organize the entire process within a few hours.

Also, ZARA has a central office in Ukraine, which solves more local issues. This is one joint office where the CEO, regional teams of all brands, lawyers, accountants, responsible persons for online sales, cash operations trainers, technical support, logistics, etc. are located. The local ZARA brand team in Ukraine consists of three people. They are responsible more than the commercial component and the staff of all stores. This is a commercial director, visual merchandiser and HR. Currently, there are 16 stores in Ukraine. Each store has a store manager, a deputy director, a women's department manager, a men's and a child's department manager, a visual merchandiser, a cashier, and sales assistants.

Everyone performs their functional duties in the store, helping to ensure constant sales. There is a constant communication between the store and the regional team on any issues, such as the quantity of goods in the store, the quality of incoming products, commercial decisions, performance analysis, staff hours used for work. Sales assistants must work a minimum of 20 hours per week. Employees in senior positions have a full-time job with a fixed number of hours per week (40 hours). Wages are calculated based on the number of hours worked and the percentage of store sales. For higher positions, an additional bonus is accrued for functional duties.

In the store, the main managing body is the store manager, who reports to the deputy director, the manager of the women's department and the manager of the men's department. The visual merchandiser reports and coordinates his actions with the director, deputy director and cooperates with the manager of the women's department. The men's

department manager reports to the director and deputy director. These employees, in turn, can manage other lower-level personnel (sales assistants, cashiers).

All ZARA store managers, responsible persons and regional teams communicate electronically on a daily basis, which simplifies brand management.

In order to rationalize the process of recruitment and selection of personnel, as well as to analyze the reasons for layoffs, monitoring of layoffs for the period March–September 2020 was carried out at ZARA. During the analysis, it was found that the largest percentages of laid-off employees are those employees who left of their own free will.

Next, we evaluate the work force's organizational structure and pay close attention to the employees' qualitative makeup (general education, level of vocational qualification) (see Fig. 2.3 and Fig. 2.4).

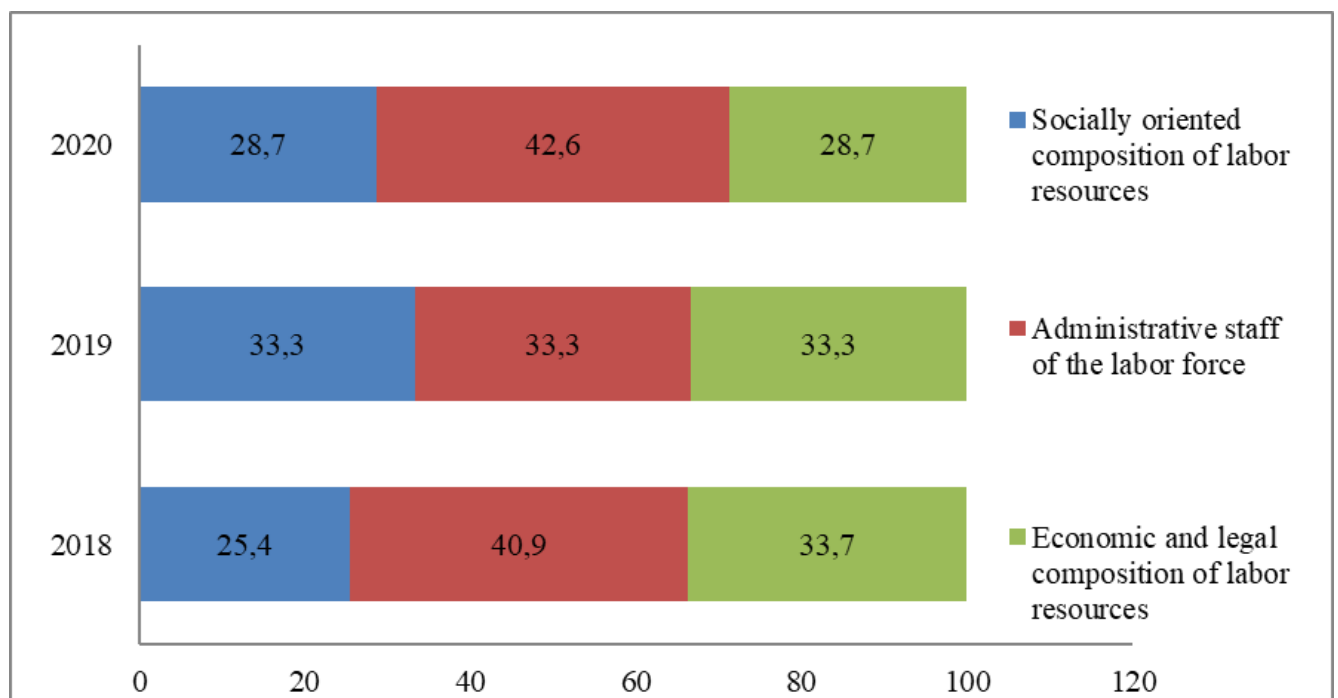


Fig. 2.3 ZARA workforce structure

Source: developed by the author according to [Official web site ZARA]

According to fig. 2.3, in 2020 the administrative staff category was allotted the biggest percentage of the labor force—42.6%—while the economic and legal staff group received the smallest—28.6%. The shares of the labor force in each of the chosen categories in 2019 were allocated equally and totaled 33.3%.

According to fig. 2.4, in 2020, employees with professional qualification levels received the biggest share (51.1%) and employees with general educational levels received the smallest share (14.3%).

2019 saw the following distribution of labor force shares among the chosen educational levels: employees with a professional qualification level had the biggest share—66.7%—and employees with a general educational level held the least share—0%.

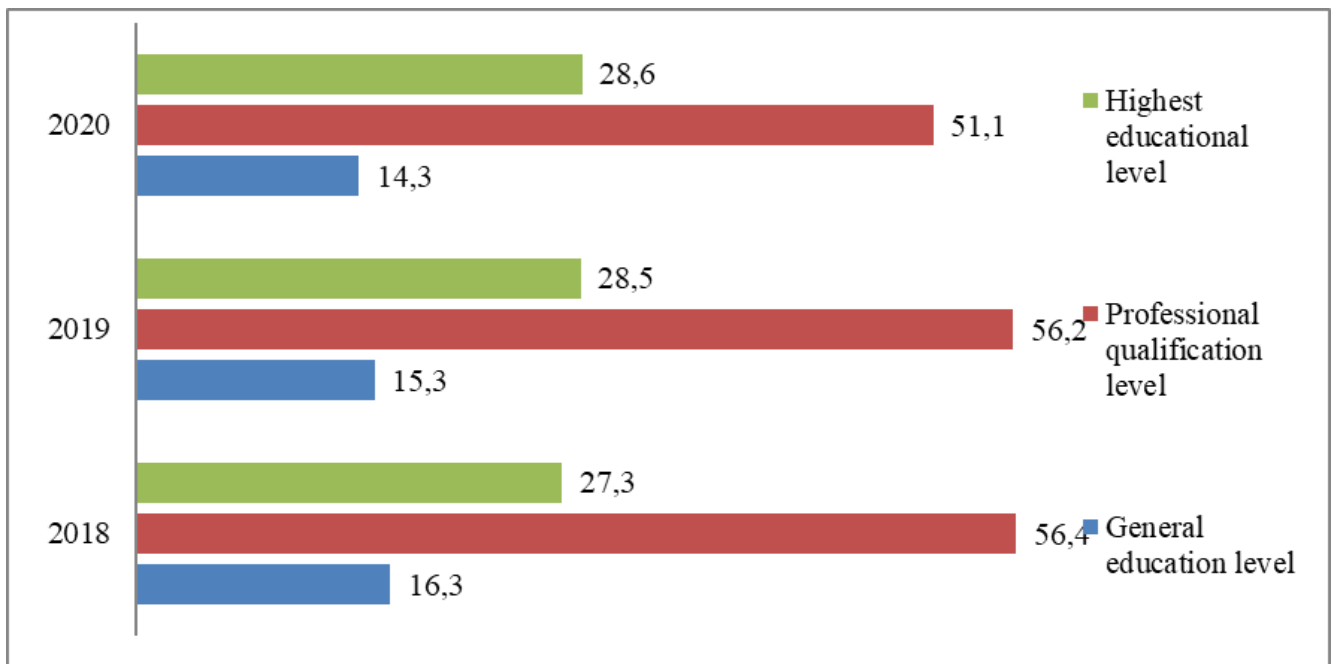


Fig. 2.4 Educational composition of ZARA employees

Source: developed by the author according to [Official web site ZARA]

The advanced training of ZARA personnel is comprehensive in scope, differentiated by individual categories of employees, individualized, continuous, focused on the long-term growth of the company's activities.

Professional training, retraining and promotion of personnel in ZARA is predominantly systemic, continuous. This is confirmed by the fact that the company constantly monitors the needs for professional training and plans for the further use of trained personnel.

A bonus system is being implemented in order to boost the efficiency of the company through the staff members' work activity. Prizes are now given out for

exceptional performance, extra effort, achievement in a particular field, creative initiative, and production of high-quality work.

Rewarding for a specific time period and merit with a letter of praise and rewards (see table 2.4).

Table 2.4

ZARA Employee Commendation Letter 2020

Basis for the award	Frequency of awarding	Number of awarded employees
For effective work and achievement of high results	When the calendar year is over	An employee of each department and division is given a letter of commendation (for 2019 - 6 letters of commendation: credit department -3, accounting, sales department - 2.
For the demonstration of originality	Semiannually	Active and independent employees (for 2021: 2 letters of praise in the sales department, 1 warehouse accounting)

Source: developed by the author according to [Official web site ZARA]

At ZARA, the development of managerial skills is mainly carried out on an in-house basis. In order to increase the effectiveness of vocational training, ZARA is proposed to conduct mandatory entrance control of knowledge before the start of training and especially advanced training in order to identify bottlenecks in certain subjects and mandatory adjustment of the curriculum immediately before the start of training (see Fig. 2.5).

In modern conditions, when it is necessary to quickly retrain personnel, the most acceptable organizational form in ZARA is a 4-6 week course with a break from work. The intensification of training here can reach the maximum possible limits. But for this, as in other forms of education, it is important to use video technology, widely apply active learning methods. Along with this, the form of independent continuous education remains

the most important, especially for management personnel. However, self-education is not only a constant work with relevant literature, but also a direct study of experience, not excluding other companies.

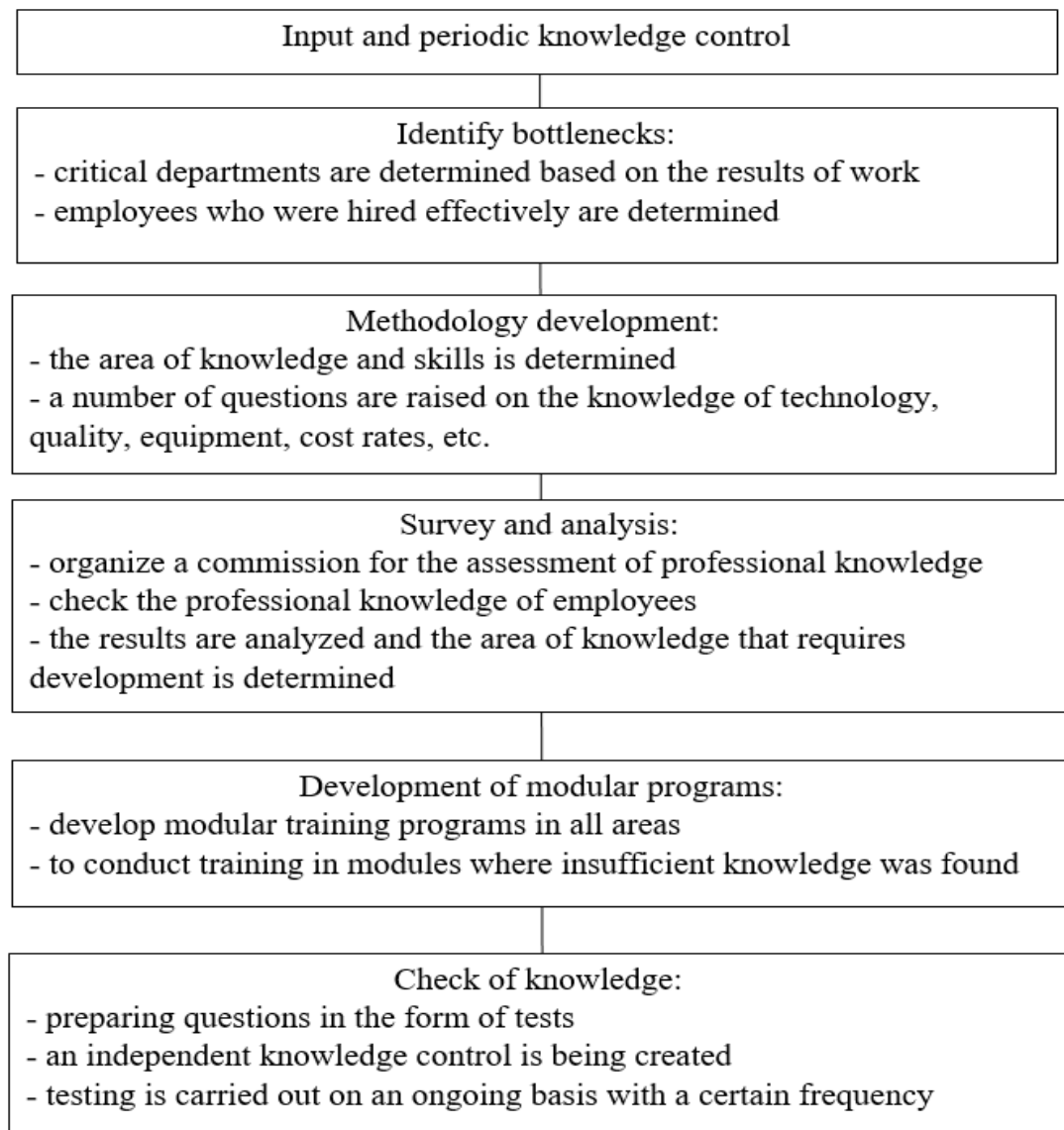


Fig. 2.5 Personnel training model in ZARA

Due to the constant changes in the economy, the training programs at ZARA are constantly updated and refined. Therefore, all training programs and plans that exist in the ZARA Training and Course Data Bank must be reviewed and brought into line with the new requirements. After completing a training course at ZARA, further training is required for all categories of personnel, which consists of briefings, advanced training sessions and self-education.

This analysis allows us to conclude that the heads of departments, first of all, should think about the organization and content of the work of their subordinates, and secondly, it is possible to revise the personnel selection system for their department, preferring those candidates whose expectations coincide with the capabilities of the company, as a result, the number of employees dissatisfied with the content and conditions of the work performed will decrease.

As a result, we examine the personnel management system (see Table 2.5).

Table 2.5

ZARA Human Resources Management System

Personnel registration and accounting subsystem	<ol style="list-style-type: none"> 1. Accounting for admission, dismissals, incentives 2. Information support of the personnel system control 3. Organization of the optimal use of personnel 4. Employment management
Subsystem of personnel planning, forecasting and marketing	<ol style="list-style-type: none"> 1. Personnel planning 2. Relationship with external sources, 3. Evaluation of candidates for a vacant position 4. Ongoing Periodic Personnel Evaluation
Personnel development subsystem	<ol style="list-style-type: none"> 1. Staff development 2. Conducting training activities 3. Creation of a personnel reserve 4. Professional and socio-psychological adaptation of workers
Subsystem of analysis and development of labor incentives	<ol style="list-style-type: none"> 1. Development of a wage system 2. Development of forms of profit sharing 3. Management of labor motivation 4. Rationing of the labor process
Organizational structure development subsystem	<ol style="list-style-type: none"> 1. Analysis of the current management structure 2. Development of job descriptions 3. Development of staffing 4. Formation of a new organizational structure

Source: developed by the author according to [Official web site ZARA]

Thus, personnel management in ZARA is a complex process, but it testifies to the efficiency of the unit and the improvement of the overall results of the enterprise.

2.3. Personnel incentive scheme and its impact on the commercial activities at ZARA

Labor motivation is the basis of socio-economic behavior and should intensify the efforts of the personnel of an enterprise (organization) aimed at improving the effectiveness of their activities [Farheen Z. & Zahra A, 2011].

The ZARA motivation system characterizes a set of interrelated measures that stimulate an individual employee or labor the team as a whole to achieve individual and general goals of the enterprise.

Factors that determine the behavior of an employee and have an impact are taken into account on the motivation of labor activity at ZARA [Ho L.A, 2013]:

- The physical identity of the employee (age, gender, etc.),
- Level of self-awareness and education,
- Professional training,
- Psychological climate in the team,
- The influence of the external environment, etc.

In order to stimulate staff to work, to achieve a greater return of each employee, it is important for the manager to know the personal qualities of his subordinates, as well as their basic needs, which, with the skillful use of the managerial resource, can be turned into permanent motives for labor activity.

Among ZARA employees, certain proportions are women, for whom the main incentives are: attention to their family or child (health improvement in a sanatorium, tuition benefits at a technical school), flexible working hours, additional earning opportunities.

The formation of an effective system of motivation at the enterprise includes the analysis and improvement of relations between: employees and employers; management and subordinates; competing working groups; groups performing related functions.

The motivation system at the enterprise level is based on certain requirements, namely:

- The same opportunities to occupy positions and advance on the principle labor productivity;
- Compliance of wages with results and recognition of personal contribution to the overall success. This implies a fair distribution of income depending on the degree of increase in labor productivity;
- Creation of conditions at the enterprise for the protection of health, labor safety and welfare of all employees in accordance with existing legislation;
- Providing conditions for the growth of professional competence, the realization of the abilities of employees, implying the creation of advanced training, retraining and training programs at the enterprise;
- Maintaining an atmosphere of trust in the team, striving to achieve a common goal, the possibility of two-way communication between managers and workers.

The following motivation methods are used at ZARA (table 2.6).

Table 2.6

ZARA methods of motivation

Economic (direct)	Economic (indirect)	Non-monetary
piecework wages time wages awards for rationalization and invention, payment for employee training, rating surcharges, payments for the maximum use of the worker time, etc.	seniority bonuses preferential rest, preferential use of transport.	occupational Safety and Health, enrichment of labor, flexible work schedules, programs to improve the quality of work.

Source: developed by the author according to [Official web site ZARA]

At the same time, it should be noted that wages are the dominant working condition at ZARA. Material incentives make labor motivation effective only when the latter functions as a system based on the following basic principles:

- Two-way communication between employees and management regarding the general principles of the system;
- A reasonable system for evaluating the work performed and determining their scope;
- Well-thought-out and justified criteria for measuring and evaluating work;
- Weighted standards, their control, consistency and frequency of revisions;
- Clear alignment of incentives with performance;
- Remuneration, especially additional, for a high level of quality work.

It is these principles that underlie the organization of remuneration at ZARA, which is carried out in accordance with the developed regulation for assessing the personal labor contribution to the overall results of management and calculating wages based on it. Evaluation is carried out by groups of workers - temporary or permanent united to complete the work task. The remuneration accrued to the group is distributed among its members in accordance with the personal contribution of each employee.

The effectiveness of the motivation system is observed when analyzing the dynamics of the company's profit (Figure 2.6).

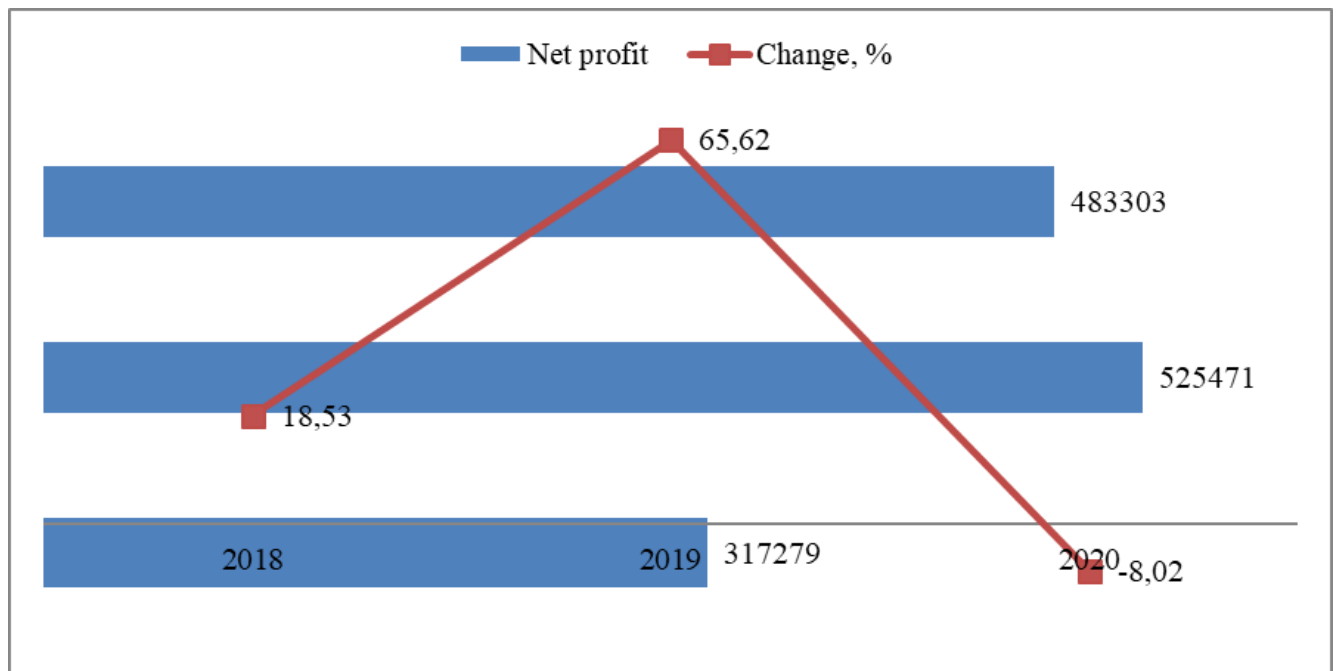


Fig. 2.6 Dynamics and growth rate of ZARA net profit for the period 2018-2020

Source: developed by the author according to [Official web site ZARA]

Thus, analyzing the dynamics of net profit, we can see the insufficient effectiveness of the implemented personnel motivation system, since profit in 2020 fell by a record 8.02%, but the main reason was the Coronavirus Pandemic, due to which ZARA management was forced to close stores for the period of quarantine measures.

The implementation of the proposed measures will allow the management of the enterprise to improve the staffing of the ZARA enterprise.

In addition to offering a personal driver to the organization's management, ZARA also offers its employees a voluntary medical insurance plan, funding for transportation and mobile communications, and an extension of a certain vacation day. We suggest taking into account the costs incurred by the business for an employee benefit package. (Fig. 2.7).

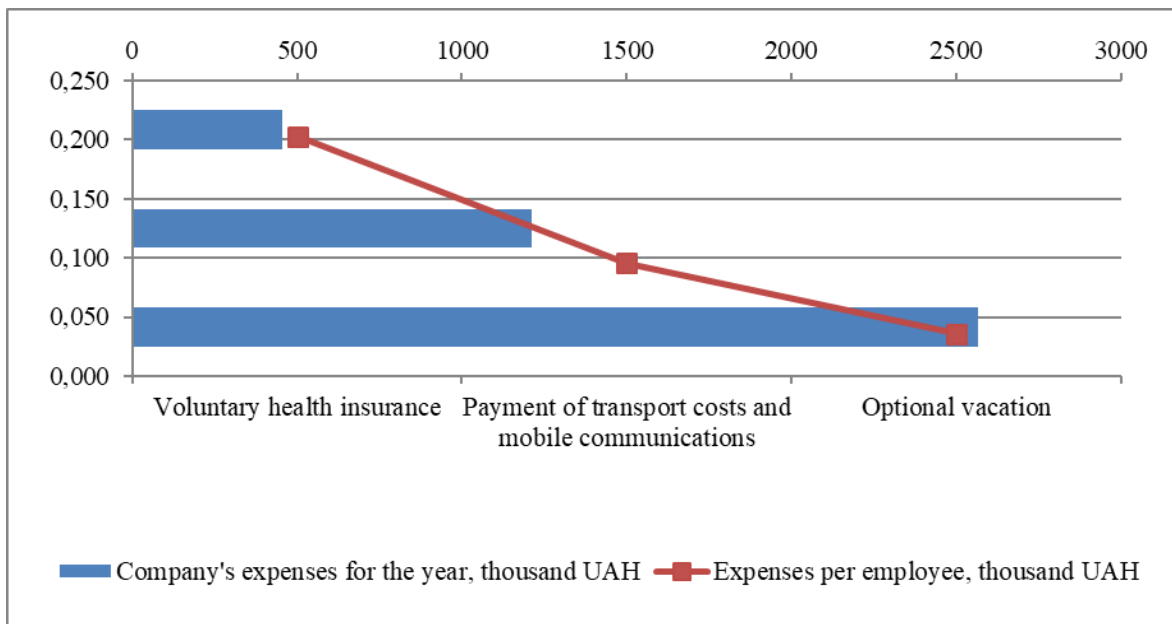


Fig. 2.7 ZARA's expenses for financing the social package of employees for 2021, thousand UAH.

Source: developed by the author according to [Official web site ZARA]

The workplace at the organization is pleasant. obey the rules governing life safety and cleanliness. The personnel department employee exposes the new hire to the safety regulations at the time of hiring. The department leaders also remind their staff about these rules every six months. The business is examined each month to make sure it complies with sanitary, technical, and aesthetic standards.

ZARA gives the team's relationships a lot of consideration. There are certain measures that are especially significant to the business (see Table 2.7).

Table 2.7

Events held for ZARA employees

Month	Event	Composition
March	March 8	All workers
June	Company birthday	All workers
August	Summer corporate party	All workers

October	Defender's Day of Ukraine	All workers
December	New Year's corporate party	office workers

Source: developed by the author according to [Official web site ZARA]

Some of ZARA's bonuses help build social infrastructure. Payment is made for discount cards for dining room meals, a gym membership, and discounted movie tickets.

Table 2.8

Bonuses given to ZARA employees

Quantity per year	Bonus
Monthly	Dining room discount cards
2 times per year	Gym membership
3 times a year	Subscription to the gym
1 time per year	Discount cinema tickets
Monthly	Purchase of goods from the warehouse by employees at wholesale prices

Source: developed by the author according to [Official web site ZARA]

We can conclude that ZARA has a developed incentive system that has a beneficial impact on the overall outcome of its operations and the culture within the team after examining the working circumstances and relationships in the team there.

Based on the implemented motivation system at ZARA, we found that not enough attention was paid to the development of corporate culture. Based on the identified weak links, I propose new measures to improve the current personnel management system in the company.

CHAPTER 3. STRATEGIC WAYS TO IMPROVE THE MANAGEMENT IN MULTINATIONAL CORPORATIONS

3.1 Roadmap to build competitive personnel management system

So, we propose to build an effective personnel management system of the ZARA Company in the form of a block diagram of the organizational and economic mechanism shown in fig. 3.1. The implementation of these blocks coordinates the actions of the management team to achieve the appropriate level of personnel management in the company (see Fig. 3.1)

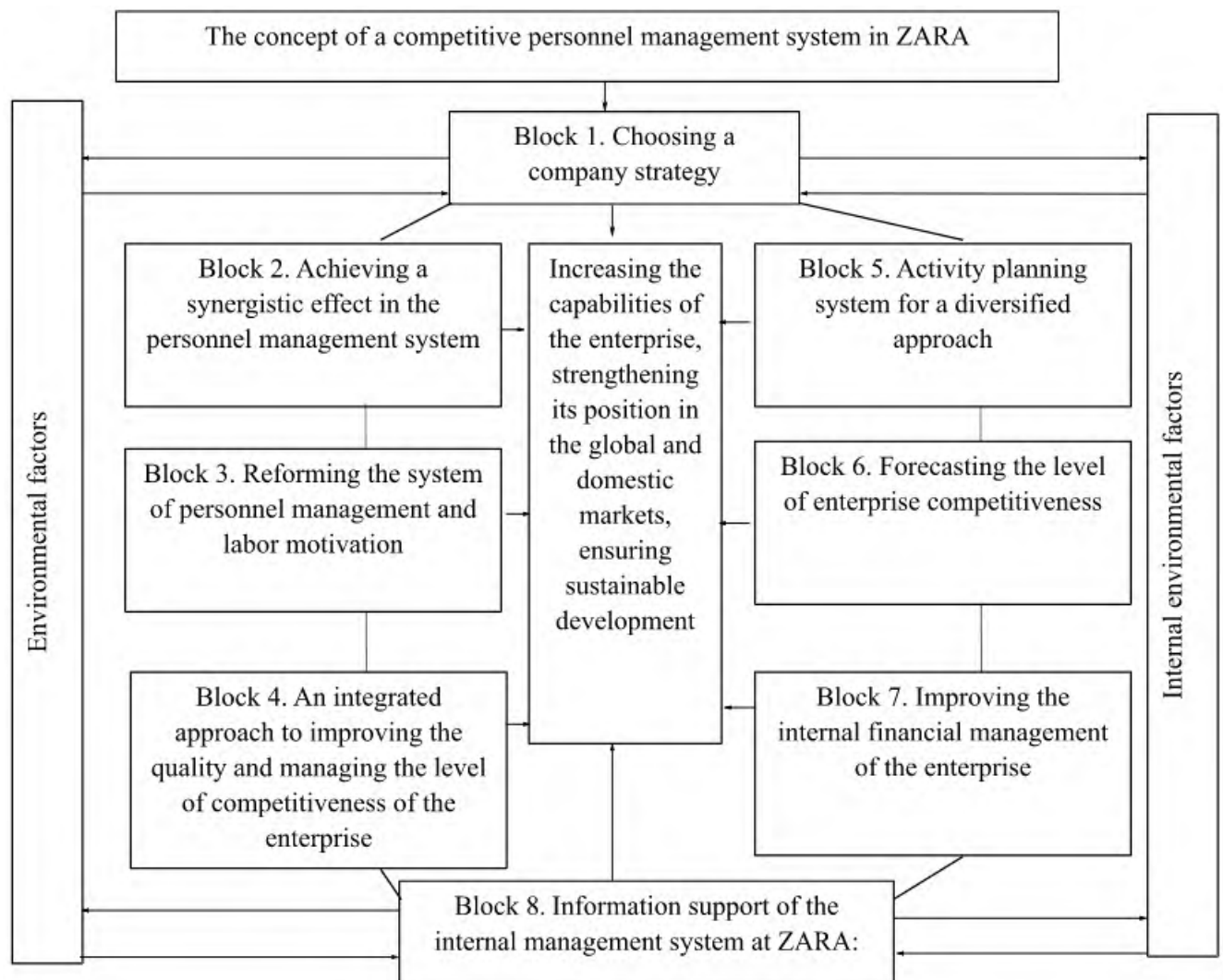


Figure 3.1 - Block diagram of the ZARA personnel management system

Source: Made by author

For the effective implementation of the personnel management system, there is a whole system for managing his personnel, which provides him with a stable position in the clothing market not only in Ukraine, but also abroad.

We propose to analyze the personnel management system of the ZARA enterprise on the basis of eight blocks and, according to the analysis, propose ways to improve the formation of the personnel potential of the ZARA enterprise [Beardwell J., 2007].

Block 1. Choosing a competitive strategy for ZARA:

- The company under study has chosen a cost control strategy, since minimizing costs and reducing the cost of production is the basis for effective ZARA activities;
- The company has chosen an offensive strategy – ZARA aims to be a leader in clothing on foreign markets.
- To ensure its competitiveness, ZARA strictly adheres to a social, financial and investment strategy. Since the enterprise carries out emissions into the atmosphere, therefore, it constantly takes care of its reputation and is socially responsible. And to ensure their activities, they need both internal (net profit) and external injections (investments from the outside), which are an integral part of ZARA's activities.

Block 2. Achieving a synergistic effect in the personnel management system at ZARA:

- The organizational structure of ZARA management is corporate, well-coordinated and functional and does not require significant changes;
- ZARA has created a whole department of economic security, which monitors the expenses and income of the enterprise;
- In the enterprise under study, the management structure is divided into departments, the leaders of which are responsible for the efficiency and effectiveness of their departments and the enterprise as a whole;
- Internal management in ZARA on a clear subordination of employees and managers who report weekly at meetings to the head of their department on the amount of work performed;
- The company has a marketing department that is engaged in improving the presentation of products using modern methods (for example, improving the

appearance of the packaging, which will be not only reliable, but also attractive from the outside or carry out market analysis, segment it and analyze sales volumes for a particular one) ;

- Each member of the ZARA board is liable with his property, according to the invested share, according to the charter.

Block 3. Reforming the system of personnel management and labor motivation in ZARA [Iasechko M., 2020]:

- ZARA has a system of bonuses and bonuses, which are available to employees who have fulfilled their standards (for example, exceeding the sales target or saving materials, etc.);
- The company has a so-called “creative opinion”, where each of the employees can offer an idea that will improve the quality or optimize production in a certain way;
- The remuneration system is based on bonuses, and one of its components is a bonus for improving the performance of the enterprise. That is, each manager forms a task for himself, which, to a certain extent, can improve the work of his site and benefit the organization, and based on the results of this task, he receives a bonus in the form of an additional payment to wages;
- In ZARA, annual training and advanced training of employees takes place, and each employee, according to the test results, can move from the lower link to the higher one, which is mainly stimulated by higher wages;
- Top managers of ZARA take part in making important decisions for the enterprise and share their vision of solving a particular problem, this allows you to make effective decisions that positively affect the competitiveness of ZARA.

Block 4. An integrated approach to improving the quality and competitiveness of ZARA products:

- In the production workshops of ZARA, new, modernized equipment is used for the manufacture of feed, minimizing the use of human labor, which is one of the competitive advantages of the enterprise;
- ZARA has established a diversified strategy to expand abroad, which includes the release of a different range of products and work with many partners, which has

allowed ZARA to successfully operate in international markets. The company supplies its feed and premixes to the EU countries;

- The equipment used in the production of ZARA clothing is reliable with a warranty period of more than 5-10 years. However, every year, funds are allocated from the ZARA budget for its depreciation;
- In ZARA, to minimize the harmful effects, and the ecology of the region, modern filters are used to clean harmful emissions into the atmosphere;
- ZARA production facilities comply with international quality standards and annually the company undergoes independent audits of the compliance of working conditions with generally accepted standards;
- ZARA production facilities comply with international quality standards and annually the company undergoes independent audits of the compliance of working conditions with generally accepted standards;
- The ZARA quality policy is aimed at manufacturing high-quality, competitive products and uses a modern product quality control system. Due to this, ZARA is known as a reliable clothing supplier in the domestic and international markets;
- The company constantly undergoes research and development of new products, innovations and management of the innovation department are carried out, constantly working to reduce innovation risks and increase the competitiveness of ZARA [Bergmann N., 2021].

Block 5. A systematic approach to diversification and production planning at ZARA:

- ZARA produces a different range of products, which allows the company to minimize the risks of losing sales of one type of product and compensate for it by increasing sales of another;
- ZARA developed sales plans for the sales manager and approved the production plan for the workshops, the allowable deviation from the plans is +/- 5%;
- Every year, when budgeting for the next year, ZARA allocates funds for updating or purchasing new equipment, depending on the state of the existing one;

- ZARA has an economic department, the main task of which is to develop an effective business strategy for the enterprise, involve top managers in its development and monitor compliance with this strategy and its effectiveness;
- At the enterprise under study, when forming expenses, spending plans are also formed according to the tax burden;
- For each ZARA workshop, a production plan is formed, which is carried out on the basis of last year's sales plan with an efficiency of + 5%;
- ZARA constantly monitors the prices of raw materials and materials, which are a key lever of influence on the cost of production;
- Based on the general development plans of ZARA, plans are created for each of the departments, in accordance with their field of activity (for example, for the sales department, a sales plan, for the development department, a plan with a minimum number of developments of new types of feed additives per year / month) [Zara Strategic Analysis, 2021].

Block 6. Reorganization of the internal accounting and analysis system in ZARA:

- To account for funds, materials, products, ZARA uses both domestic and foreign methods, depending on the site and field of activity;
- ZARA submits monthly reports from the accounting department on the payment of taxes, from the financial department on the financial condition, which are submitted to the members of the company's management board;
- To control their expenses, all ZARA departments work with 1C Accounting, where you can see all expenses and incomes, receipts or withdrawals for any period;
- 1C Accounting is an effective program for keeping records of material assets and is successfully integrated into the activities of the entire enterprise and provides ZARA management with timely and truthful information about its condition;
- According to the production plans, ZARA also creates cost plans, that is, the company plans to increase the production of feed additives, and for this it is necessary to purchase new equipment, since the current one will not cope with the planned production volumes;

- The work of the accounting department in ZARA is controlled by the chief accountant, who is responsible for the actions of his subordinates.

Block 7. Improvement of internal financial management in ZARA:

- At the end of each month, the CFO of ZARA submits reports to the management on the state of the enterprise (reports on sales and production volumes, accounts payable and receivable, etc.);
- The Finance Department controls the ways in which ZARA's working capital is used and monitors its effectiveness;
- ZARA's financial condition is assessed by the financial department and an auditor is invited as an independent expert once a year;
- For the effective use of funds, ZARA annually forms budgets for expenses and possible future income;
- The financial policy of ZARA is aimed at ensuring its competitiveness and maintaining product quality at a high level, in accordance with this, funds are allocated to ensure the effective functioning of ZARA in the Ukrainian market and abroad [Zara Strategic Analysis, 2021].

Block 8. Information support of the internal management system at ZARA:

- ZARA has developed an effective personnel management system that defines a clear structural subordination and fulfillment of the tasks of each of the departments, the purpose of which is to ensure the competitiveness of their enterprise;
- An automated workplace has been created for each ZARA employee with all the necessary equipment for efficient work;
- ZARA implemented the Microsoft Teams and company's own applications, that allow managers and management to communicate by creating a task and subordinating them, while not wasting time on meetings as it is all done online, this program gained particular popularity during the Coronavirus Pandemic in 2020;
- Every day, using tablets, ZARA quality managers make reports on product quality control in production and send them to the head of the department and the head of production for their elimination;

- ZARA employees are fully provided with modern information tools that help them improve the efficiency of their activities and the enterprise as a whole.

On the basis of the analysis of the system for forming the personnel potential of the ZARA enterprise, we found that the personnel management system and the product quality management system are not sufficiently effective at the enterprise. Based on the identified weak links, we propose new measures to improve the effectiveness of these bottlenecks and, accordingly, improve the effectiveness of ZARA's human resources as a whole.

Based on the analysis of the ZARA personnel management system, we propose the following measures to improve it, namely [Evangelia K., 2004]:

- Introduce a KPI system for sales managers;
- Introduce bonus deductions for ZARA employees.

Now, we suggest going over each one in greater detail and estimating the major expenses involved in putting it into practice in the company.

The first measure to improve the personnel management system at ZARA is the introduction of a KPI system for sales managers, which should help increase feed sales.

1. Sales volumes according to a given plan, determined on the basis of last year's sales with a rate of +5% for growth, taking into account inflationary fluctuations and an increase in the prices of raw materials and other related costs.

2. Indicator of a new client, which will stimulate the laying manager not only to work with existing clients, but also to expand their number, which will positively influence the minimization of the risk of losing clients.

3. The volume of production, this indicator is important, because when accepting an order, the sales manager must take care of the production and constantly provide it with a sufficient amount of order. Therefore, he also needs to make efforts to fulfill the production plan.

4. Timely payment of receivables. Since the sales manager must not only take care of sales, but also monitor the timeliness of payment. After all, an increase in receivables and late payments will negatively affect the repayment of creditors with suppliers and the payment of wages.

So, having examined the main indicators, we will depict the KPI matrix for the sales manager in Figure 3.1.

Table 3.1

Visualization of the KPI matrix of a ZARA sales manager

Indicator	Plan	Fact	Share, %
Sales volume, UAH	2000000	2200000	40
New client	1	1	20
Production volumes, tons	12000	13000	10
Payment term, days	15	15	15
Manager's assessment, %	100	95	5
Task, %	100	105	5
Salary, UAH	6700	6700	5
Total			100

Source: Made by the author

So, from the analysis of table 3.1, that the sales volume indicator, which in the prince will determine the level of wages, will have the greatest weight. The lowest value will be the manager's assessment and completed tasks, which do not affect the company's activity as much as sales, new client or production volume, but are necessary to visualize the overall employee performance as seen from his manager's perspective.

The second measure to improve the personnel management system at ZARA is to introduce a bonus deduction system for employees who have made a marriage.

Our company is a clothing manufacturer and perhaps the main characteristic of quality, which must comply with state standards, and by any means it is necessary to avoid the release of low-quality products. Therefore, we propose to introduce a system of deprivation of production workers, whose work is the main reason for the production of low-quality products.

Let's define the main reasons for laying off workers at ZARA [Ralph W., 2005]:

- making a mistake due to the fault of the employee - this can happen due to the fault of the employee who made a mistake in tailoring.
- violation of the deadlines for the completion or delivery of work established by the sales department - all products must be shipped according to the deadlines that are

agreed with the end customers, and if these deadlines are violated due to the fault of the production workshops for the entire shift or a specific workshop, a fine will be imposed.

- not taking the necessary steps to protect the enterprise's property - for example, the breakdown of certain equipment due to the fault of the employee due to its incorrect or improper use.
- the presence of errors and inaccuracies in technical documents - this applies to the development department, since often errors in technical documentation lead to production failures and the release of low-quality clothing.
- the presence of claims, complaints from customers - due to the poor quality of the goods, the client sets a fine in the amount of the damage incurred, and the quality manager must investigate, determine the reasons for this marriage and fine the perpetrators accordingly.
- accrual of fines to the enterprise by regulatory authorities - for non-compliance with safety regulations at work and for improperly equipped workplace of employees, for example, all ZARA employees must wear overalls and protective equipment [Michael S., 2006].

On the basis of the listed fines, I propose ZARA to introduce a deprivation system for its employees. The amounts of fines are shown in Table. 3.2.

Table 3.2

Amount of employee fines for ZARA

Fine	Recovery amount, UAH
Making mistakes in tailoring due to the fault of the employee	from 100 to 200 UAH
Violation of the terms of the order	from 1000 to 2000 UAH
Failure to ensure the safety of the property of the enterprise	full compensation for the value of the property

Errors in technical documents	from 2000 UAH, depending on the amount of damage suffered by the enterprise
Claims and complaints from customers	from 2000 UAH, depending on the amount of damage suffered by the enterprise
Accrual of fines to the enterprise by regulatory authorities	from 1000 to 2000 UAH

Source: Made by author

Therefore, the fines listed below will be an important incentive for ZARA employees to produce quality clothing within a certain time frame. These fines will allow the company to save money on their repetition in the future and increase its efficiency.

Therefore, the introduction of a bonus deduction system at ZARA will have the following advantages:

- the number of defective products will decrease, and, accordingly, the costs of its processing will decrease.
- orders will be fulfilled within the established timeframe, which ZARA will recommend as a reliable supplier.
- employees will take care of the company's machinery and equipment and thus extend its life and save money on the purchase of a new one.
- the data in the technical documentation will correspond to reality and, thus, the time for correcting inaccuracies will be reduced and stagnation in production will be reduced.
- the number of complaints from customers will decrease - which will directly proportionally affect the growth of ZARA sales, as customers will recommend the company as a quality manufacturer.

Therefore, the proposed measures to improve the ZARA personnel management system should have a positive economic effect on its activities, which we propose to analyze in the next section.

3.2 Cost-effectiveness of the key management measures

Based on the proposed measures to improve the ZARA personnel management system, we propose to evaluate their economic efficiency in detail.

Based on the composite KPI matrix, for better motivation of sales managers, it was proposed to introduce bonuses for sales managers at ZARA, which should have a direct proportional effect on the increase in both the salaries of lawyers and the profit of the company as a whole. We suggest using metrics to assess how well employees are doing their job and calculate their financial motivation (see Table 3.3).

Table 3.3

Analysis of premiums and additional bonuses for sales managers at ZARA

Prizes	Prior to the motivation system's implementation		Following the launch of the incentive system		Change, +/-		Change, %	
	Number of awardees, people	Prize amount, UAH	Number of awardees, people	Prize amount, UAH	Number of awardees, people	Prize amount, UAH	Number of awardees, people	Prize amount, UAH
Conclusion of an agreement with a new client in the amount of more than 2 million UAH.	0	10000	1	10000	1	0	-	100
Conclusion of a deal with a new client in the amount of more than UAH 500,000	1	2500	4	10000	3	7500	400	400
Signing an agreement with a new client in the amount of more than 100 thousand UAH.	2	4000	5	10000	3	6000	250	250
Signing an agreement with a new client in the amount of over UAH 100,000 on the recommendation of an existing client	0	2500	1	2500	1	0	-	100
Overtime fulfillment of labor duties	3	1500	8	4000	5	2500	266,67	266,67
Systematic positive feedback from customers	3	900	8	1200	5	300	266,67	133,33

Presence Award	8	4800	8	4800	0	0	100,00	100,00
Total	17	26200	35	42500	18	16300	205,88	162,21

Source: Made by author

Therefore, analyzing the predicted effect from the introduction of bonuses for sales managers at ZARA, given that the indications we provide are attainable and motivate managers to do their duties more effectively and work toward goals, we see that the expected number of bonuses and bonuses should rise by 62.21%. Attachment to a premium for signing an agreement with a client in the amount of more than 2 million hryvnia will be one of the major incentives. The sales manager will be motivated to acquire more clients each month because his job will depend on it. This is done in two ways: first, to encourage him to close the sale with the current client more quickly and avoid delaying the process; and second, to attract more new clients. Therefore, in our opinion, such a bonus will be a significant financial incentive for ZARA sales managers and will favorably impact the business's overall performance [David P., 2007].

A bonus of UAH 2,000 for a sales manager who used his time wisely and generated revenue for the company is also proposed as one of the indicators of managers' motivation. Monthly reports from employees will first allow management to see the true picture of their employees' employment and, second, will allow management to assess the effectiveness of the report. Figure 3.1 displays the indicators and their significance on which the report will be based.

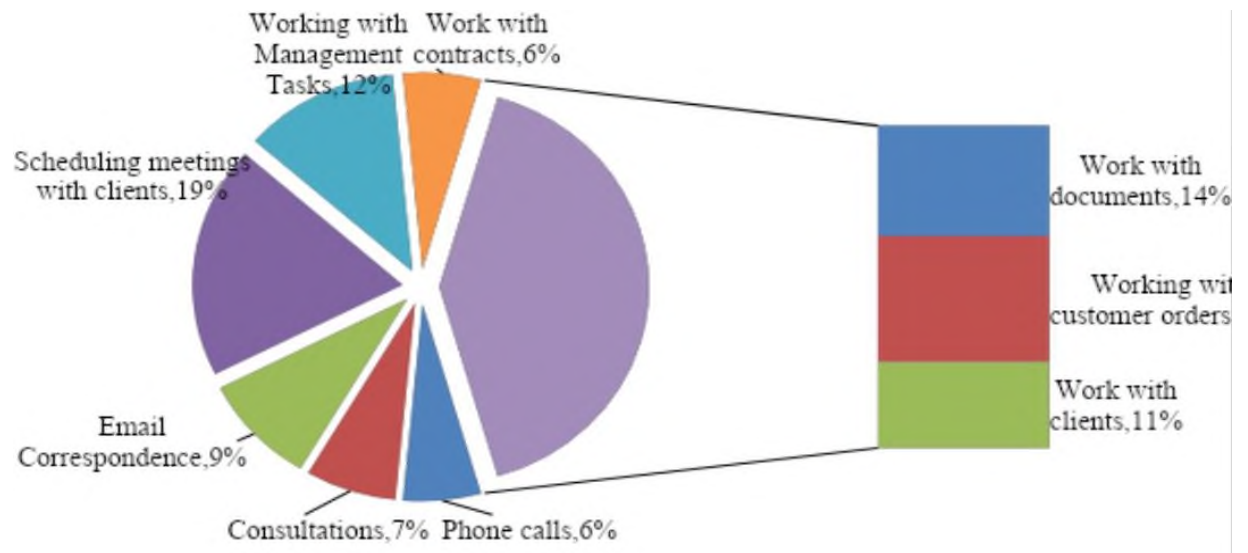


Figure 3.1 - Indicators of the report on the analysis of the working time of a sales manager at ZARA

Source: Made by author

Figure analysis reveals that in order to be more effective, ZARA sales managers must spend more time organizing meetings. This is because a meeting with a potential client can result in the signing of an agreement with him, and meetings are where trust between the client and the contractor is built. Working with customer orders and paperwork is the next item you should consider when arranging your time because you need to keep an eye on the accuracy of contracts and the payment of receivables.

As a result, sales managers at ZARA who are more driven will produce better results because the organization will evaluate each employee appropriately, which will result in high results [Wei P., 2007].

The second measure is proposed to introduce bonus deductions for ZARA employees, which should have a direct proportional effect on reducing the number of penalty cases. We propose to analyze, using predictable indicators, how the introduction of fines affected the efficiency of employees in quantitative and monetary terms (see Table 3.4).

Analysis of the number of ZARA fines after the introduction of bonus deductions for employees in the period 2022-2023

Fines	2022		2023*		Change, +/-		Change, %	
	Num ber of fined peop le	The amou nt of the fine, UAH	Num ber of fined peop le	The amou nt of the fine, UAH	Num ber of fined peopl e	The amoun t of the fine, UAH	Num ber of fined peopl e	The amou nt of the fine, UAH
The assumption of a shortage of products due to the fault of the employee	50	7500	35	5250	-15	-2250	70	70
Violation of the terms of the order	4	4000	1	1000	-3	-3000	25	25
Failure to make sure that the enterprise's property is secure	1	1500 0	0	0	-1	-15000	0	0
Errors in technical documents	2	4000	1	2000	-1	-2000	50	50
Claims and complaints from customers	6	1200 0	2	4000	-4	-8000	33,33	33,33
Accrual of fines to the enterprise by regulatory authorities	1	1000	1	1000	0	0	100	100
Total	64	4350 0	40	1325 0	-24	-30250	62,5	30,46

Source: Made by author

Thus, analyzing the predicted effect of the introduction of employee bonus deductions at ZARA, we see that the predicted number of penalties in 2022 should be reduced by 69.54%. Basically, there will be a reduction in defective clothing due to the fault of workers, as workers will be interested in producing quality products so as not to pay fines. Also, production downtime will be significantly reduced and products will be shipped on time by an average of 75%.

Deprivation is therefore a powerful financial incentive for ZARA employees and will favorably impact the company's overall performance.

ZARA can use the suggested actions to strengthen the effectiveness of its operations and raise the bar of human management, which is the cornerstone of any business, and has significant potential in the clothing market not only in Ukraine but also worldwide. The effectiveness of the company, which is the main resource of success, depends on the employees.

CONCLUSIONS

When writing this thesis, all the tasks set were completed and the results were achieved. Based on what has been written, the following conclusions can be drawn:

The main factor in the formation and successful implementation of the management system of TNCs in the context of globalization are people who are able to successfully solve problems, combining the interests of their own and other states, ensuring partnership between business and governments of different countries, competition and cooperation on a global scale, adapting corporate management to the cultural differences of countries -participants of international cooperation. Managing an international business of a significant scale requires a qualitatively different information base, overcoming the language barrier and professional support for management decisions.

The positive effect of investments is achieved through long-term investments. Short-term capital investment, on the contrary, negatively affects the economy and stimulates the financial instability of the country. Among the negative aspects of the investment impact of TNCs, one can also single out: a decrease in the profits of local enterprises due to unequal competition and the displacement of domestic investment by foreign investments, the displacement of local firms by more competitive foreign ones.

An employee is an indispensable part of any company, it is like a puzzle in a multi-thousand square, and the more such employees a company loses, the more holes it will have, which in the end can lead to its destruction. It is in the interests of the company to train the employee, educate and nurture him, and not look for a replacement for him. Globalization has once again shown the whole world the value of personnel, both highly qualified and unskilled, because someone needs to create technologies, and someone needs to sell goods in supermarkets.

ZARA is a limited liability company registered in Ukraine. The company was established in accordance with the legislation of Ukraine, its office is registered at the address: Ukraine, 01023, Kyiv, Sports Square, 1a. The company is a 100% subsidiary of INDITEX S.A. ("Parent Company"), which is owned through the intermediate companies

of the Group. Amancio Ortega Gaona is the founder and ultimate beneficiary of INDITEX S.A.

Having made all the necessary calculations, we can conclude that the enterprise is relatively independent, solvent and relatively stable indicators above the normative value as a whole. In 2020, the situation is deteriorating due to the spread of the virus and the need to close all stores in Ukraine. The need to pay wages to employees, the rent of shops, warehouses and the non-inflow of own capital aggravated the situation with the solvency of the enterprise. But the reopening of stores and the stabilization of the situation will again increase financial independence.

Thus, personnel management in ZARA is a complex process, but it testifies to the efficiency of the unit and the improvement of the overall results of the enterprise. Based on the implemented motivation system at ZARA, we found that not enough attention was paid to the development of an effective management system. Based on the identified weak links, we propose new measures to improve the current personnel management system in the company.

Based on the analysis of the ZARA personnel management system, we propose the following measures to improve it, namely: introduce a KPI system for sales managers and introduce bonus deductions for ZARA employees.

Deprivation is a powerful financial incentive for ZARA personnel, and as a result, it will enhance the company's overall performance.

My offer to incentivize Zara's employees should give a positive financial result, because if the managers have big bonuses from the sale, they will be interested in what to sell. The same applies to bonus deductions, because the employee must conscientiously perform his work and take care of the company in which he works. Zara must constantly work to encourage her employees, because they are the company's principal resource. It is personnel management and its proper selection that will contribute to the financial growth of the company itself.

ZARA has great potential in the clothing market not just in Ukraine but also internationally and can make use of the suggested ways to increase the efficiency of its activities and improve the level of personnel management, which is the basis of any

company. The effectiveness of the company, which is the main resource of success, depends on the employees.

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ANNEXES A

ТОВ «ЗАРА УКРАЇНА»

**ЗВІТ ПРО ПРИБУТКИ АБО ЗБИТКИ ТА ІНШІ СУКУПНІ ДОХОДИ
ЗА РІК, ЯКИЙ ЗАКІНЧИВСЯ 31 ГРУДНЯ 2019 РОКУ**
У тисячах українських гривень

	Примітки	2019	2018
Дохід від реалізації	6	1,909,893	1,578,957
Собівартість реалізації	7	(902,581)	(832,746)
Валовий прибуток		1,007,312	746,211
Витрати на реалізацію	8	(299,221)	(328,132)
Адміністративні витрати	9	(36,277)	(30,494)
Інші операційні витрати, нетто	10	(2,229)	(907)
Збиток від курсових різниць, нетто		(20,914)	(11,771)
Операційний прибуток		648,671	374,907
Фінансові доходи		9,942	10,988
Фінансові витрати		(17,642)	-
Прибуток до оподаткування		640,971	385,895
Витрати з податку на прибуток	11	(115,500)	(68,616)
Прибуток за рік		525,471	317,279
Інші сукупні доходи за рік		-	-
УСЬОГО СУКУПНИХ ДОХОДІВ ЗА РІК		525,471	317,279

ТОВ «ЗАРА УКРАЇНА»

ЗВІТ ПРО ФІНАНСОВИЙ СТАН
НА 31 ГРУДНЯ 2019 РОКУ

У тисячах українських гривень

	Примітки	31 грудня 2019 року	31 грудня 2018 року
Активи			
<i>Необоротні активи</i>			
Основні засоби	12	289,054	215,578
Нематеріальні активи		120	151
Активи з права користування	19	87,112	-
Відстрочені податкові активи	11	17,088	18,052
Передоплати з оренди		1,013	597
Усього необоротних активів		394,387	234,378
<i>Оборотні активи</i>			
Запаси	13	104,624	114,419
Торгова дебіторська заборгованість від пов'язаних сторін	22	7,186	5,195
Позики, надані пов'язаним сторонам	22	47,000	115,045
Аванси видані та інші оборотні активи	14	300,541	137,093
Грошові кошти та їх еквіваленти	15	117,909	114,257
Усього оборотних активів		577,260	486,009
Усього активів		971,647	720,387
Власний капітал та зобов'язання			
<i>Власний капітал</i>			
Зареєстрований капітал	16	45,395	45,395
Резервний капітал	16	-	11,354
Нерозподілений прибуток		514,964	317,279
Усього власного капіталу		560,359	374,028
<i>Довгострокові зобов'язання</i>			
Торгова та інша кредиторська заборгованість	17	-	771
Орендні зобов'язання		60,959	-
Резерви та забезпечення	18	3,435	1,948
Заохочення за договорами оренди	19	165,245	221,631
Усього довгострокових зобов'язань		229,639	224,350
<i>Короткострокові зобов'язання</i>			
Торгова та інша кредиторська заборгованість	17	46,193	45,127
Орендні зобов'язання		45,023	-
Зобов'язання з податку на прибуток		40,949	24,171
Резерви та забезпечення	18	26,702	23,449
Податок на додану вартість до сплати		17,362	14,968
Заохочення за договорами оренди		-	10,657
Доходи майбутніх періодів за подарунковими картками		5,420	3,637
Усього короткострокових зобов'язань		181,649	122,009
Усього зобов'язань		411,288	346,359
Усього власного капіталу та зобов'язань		971,647	720,387

ТОВ «ЗАРА УКРАЇНА»

ЗВІТ ПРО ПРИБУТКИ АБО ЗБИТКИ ТА ІНШІ СУКУПНІ ДОХОДИ
ЗА РІК, ЯКИЙ ЗАКІНЧИВСЯ 31 ГРУДНЯ 2020 РОКУ
(у тисячах українських гривень)

	Примітки	2020	2019
Дохід від реалізації	6	1,976,266	1,909,893
Собівартість реалізації	7	(1,080,999)	(902,581)
Валовий прибуток		895,267	1,007,312
Витрати на реалізацію	8	(329,789)	(299,221)
Адміністративні витрати	9	(35,047)	(36,277)
Інші операційні доходи/(витрати), нетто		580	(2,229)
Прибуток/(збиток) від курсових різниць, нетто		63,359	(20,914)
Операційний прибуток		594,370	648,671
Фінансові доходи		7,684	9,942
Фінансові витрати		(12,842)	(17,642)
Прибуток до оподаткування		589,212	640,971
Витрати з податку на прибуток	10	(105,909)	(115,500)
Прибуток за рік		483,303	525,471
Інші сукупні доходи за рік		-	-
Усього сукупних доходів за рік		483,303	525,471

ТОВ «ЗАРА УКРАЇНА»

ЗВІТ ПРО ФІНАНСОВИЙ СТАН

НА 31 ГРУДНЯ 2020 РОКУ

(у тисячах українських гривень)

	Примітки	31 грудня 2020 року	31 грудня 2019 року
Активи			
Необоротні активи			
Основні засоби	11	253,669	289,054
Нематеріальні активи		247	120
Активи з права користування	18	96,920	87,112
Відстрочені податкові активи	10	15,354	17,088
Забезпечення за орендою		1,013	1,013
Усього необоротних активів		367,203	394,387
Оборотні активи			
Запаси	12	136,450	104,624
Торгова дебіторська заборгованість		8,733	-
Торгова дебіторська заборгованість від пов'язаних сторін	21	4,650	7,186
Кредити, надані пов'язаним сторонам	21	28,000	47,000
Аванси видані та інші оборотні активи	13	93,122	300,541
Грошові кошти та їх еквіваленти	14	271,532	117,909
Усього оборотних активів		542,487	577,260
Усього активів		909,690	971,647
Власний капітал та зобов'язання			
Власний капітал			
Статутний капітал	15	53,371	45,395
Нерозподілений прибуток		483,303	514,964
Усього власного капіталу		536,674	560,359
Довгострокові зобов'язання			
Орендні зобов'язання		71,294	60,959
Резерви та забезпечення	17	4,643	3,435
Заохочення за договорами оренди	18	113,087	165,245
Усього довгострокових зобов'язань		189,024	229,639
Короткострокові зобов'язання			
Торгова та інша кредиторська заборгованість	16	57,730	46,193
Орендні зобов'язання		46,754	45,023
Зобов'язання з податку на прибуток		36,961	40,949
Резерви та забезпечення	17	31,124	26,702
Податок на додану вартість до сплати		8,485	17,362
Доходи майбутніх періодів за подарунковими картками		2,938	5,420
Усього короткострокових зобов'язань		183,992	181,649
Усього зобов'язань		373,016	411,288
Усього власного капіталу та зобов'язань		909,690	971,647