The Ministry of Education and Science of Ukraine
Ukrainian-American Concordia University
Management and Business Faculty

MASTER'S QUALIFICATION WORK

IMPROVEMENT OF HUMAN RESOURCE MANAGEMENT IN INTERNATIONAL COMPANY
(in the example of MIRBUD S.A. company)

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Field of Study 07 – Management (*First Name, Last Name)*
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ABSTRACT

Ivetta Brodskaia, "IMPROVEMENT OF HUMAN RESOURCE MANAGEMENT IN INTERNATIONAL COMPANY (in the example of MIRBUD S.A. company)"

Every year the understanding of the importance of human resources in achieving the goals of any company is becoming more and more evident. Professions such as HR specialists, teamwork consultants, coaches to improve leadership competencies and so on are gaining in popularity more and more.

Company executives are increasing budgets for the development of HR departments, outsourcing specialists and no longer laughing at the phrase «non-financial motivation».

At the same time the role of national identity and equality is growing at the same time, which poses new challenges to managers of international companies to comply with a variety of formal and informal rules related to the expansion of the company on a global level. This paper is devoted to the analysis of current realities in the field of personnel management, their theoretical foundations and their impact on business performance, as well as those aspects that can improve the level of development of personnel management in the future.

Keywords: human resource management, international company, business improvement, business development

АНОТАЦИЯ

Бродьска Іветта, «Покращення управління людськими ресурсами в міжнародній компанії (на прикладі компанії MIRBUD S.A.)»

З кожним роком все більш очевидним стає розуміння важливості людських ресурсів у досягненні цілей будь-якої компанії. Все більшої популярності набувають такі професії, як спеціалісти з персоналу, консультанти з командної роботи, коучі для підвищення лідерських компетенцій тощо. Керівники компаній збільшують бюджети на розвиток відділів персоналу, аутсорсинг фахівців і більше не сміються над фразою «нефінансова мотивація».

У той же час одночасно зростає роль національної ідентичності та рівності, що ставить перед керівниками міжнародних компаній нові завдання щодо дотримання різноманітних формальних та неформальних правил, пов’язаних із розширенням компанії на глобальному рівні. Ця стаття присвячена аналізу сучасних реалій у сфері управління персоналом, їх теоретичних основ та впливу на результативність бізнесу, а також тих аспектів, які можуть підвищити рівень розвитку управління персоналом у майбутньому.

Ключові слова: управління людськими ресурсами, міжнародна компанія, вдосконалення бізнесу, розвиток бізнесу

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Head of Department ____________________

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"____" __________________20___________

TASK
FOR MASTER's QUALIFICATION WORK OF STUDENT

_______________________________ *Brodskaia Ivetta* ________________________

(Name, Surname)

1. Topic of the master thesis
_________ *Improvement of HR international organization management system*

Consultant of the master thesis___*Syerova L.*____________________________________,

(surname, name, degree, academic rank)

Which approved by Order of University from ***"__" ____________ 20__ №___***

2. Deadline for master thesis submission ***15/12/2021__***

3. Data-out *to the master thesis materials received during the consultation with the representatives of MIRBUD S.A. company.*

4. Contents of the explanatory note (list of issues to be developed) *There are three main topics/tasks for the thesis: theoretical and methodological foundations of the HR international organization management system; research of the organizational and economic mechanism of management of the enterprise's HR; development of measures to improve the HR organization management system of the enterprise.*

5. List of graphic material (with exact indication of any mandatory drawings)
Graph for illustrating the dynamic of financial indicators of the company activity and schemes for visualization the HR international organization management system of the company.

6. Consultants for parts of the master thesis

Part of the project	Surname, name, position	Signature, date	
		Given	Accepted
1	***Syerova***		
2	***Syerova***		
3	***Syerova***		

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the master thesis project (work)	Deadlines	Notes
1.	*I part of master thesis*	*20/10/2021-22/10/2021*	*Done*
2.	*II part of master thesis*	*27/10/2021-12/11/2021*	*Done*
3.	*III part of master thesis*	*17/11/2021-26/11/2021*	*Done*
4.	*Finalizing and completion of the graduate work (introduction, conclusions, summary)*	*03/12/2021*	*Done*
5.	*Pre-defense of the thesis*	*15/12/2021*	*Done*

Student____________________________________
(signature)

Consultant___________________________
(signature)

Conclusions:

The master thesis of I. Brodskaia is relevant and devoted to the HR international organization management system. Reviewed master thesis consists of content, introduction, 3 sections, conclusions, and recommendations. The content of the paragraphs is fully complied with the parts' titles and the topic of the master thesis. Content and structure of the work meet the requirements and current standards for obtaining an educational master's degree. Illustrative materials facilitate the perception of presented information and indicates persistence in the collection and processing (analyzing) of statistical data. Practical significance of this master thesis is proved by opportunity of using of proposed improving set of measures on the MIRBUD S.A. company. Proposed recommendations will increase the efficiency of HR management system of the company. The master thesis is a complete independent study of current theoretical and practical aspects of the HR management. The master thesis of I. Brodskaia is recommended for defense with the highest score.

Consultant___________________
(signature)

CONTENT

INTRODUCTION

Currently, human capital is the most important component of production, the most valuable resource of any organization; it serves as an indicator of competitiveness, economic growth and efficiency. Human resource management directly affects the capitalization (value) of a company. The share of intangible assets (brand, intellectual potential of personnel, personnel policy) in the total assets of the organization is growing. Composing the most important "internal competence" of the organization, human resource management is one of the factors that ensure leadership in the competitive struggle, since it is one of the most important competitive advantages of the organization, it becomes a guarantee of its success and survival in the face of increased competition. According to a number of experts, it is human resource management that allows companies to move from the number of good, successfully working, to the number of leaders in a certain market segment. The development of the human resource management system is closely related to the use of intangible assets of the enterprise. A feature of intangible assets is their reproducibility. A well-built human resource management system allows the company to use the internal intellectual potential of its employees as a reproducible resource, which in turn contributes to an increase in economic efficiency and qualitative transformations of the company.

Human resource management functions in multinational companies are extremely complicated by the need to adapt personnel policies and procedures to the differences between the countries in which each branch is located. In particular, cultural differences between countries, differences in economic development and legal systems may require an international company to adapt hiring, firing, training and remuneration programs for each country in which an international company opens branches.

National culture plays a major role in the formation of the cultural values of the organization, in turn, these values are in interaction with the needs, attitudes and norms of individuals and groups. They will identify the different behaviors that contribute to both improving the organization's performance and decreasing it. Values borrowed from the corporate and professional culture of individuals have an additional impact.

Human capital should be viewed as an economic category related to costs, revenue generation and productivity growth in a company. It is interesting to see how profitable the financial costs of human resource management for an international company are compared to the overall development and growth of the company. To do this, consider how human resource management in an international company differs from human resource management in your country.

The specifics of international human resource management are primarily influenced by: cultural and economic factors, management style and practice, differences in labor markets and labor costs, problems of labor movement, factors of relations in industry, national orientation and control factors. In addition, international human resource management is characterized by more heterogeneous functions; a high degree of involvement of managers in the daily life of staff; a differentiated approach to training managers and a more significant influence of external factors

All international companies also face serious problems in recruiting. The influence of cross-cultural interaction is of particular importance here. Employees, bearers of their national culture, bring their traditions, norms and values into the organizational culture, which must be taken into account when forming a common organizational culture. Organization of the training process and personnel development also requires certain costs. Consideration should be given to the costs associated with teaching the language, culture, national traditions and customs of the country where the organization is headquartered.

The costs of forming the organizational structure should include the costs of developing a unified legal framework, since the laws for doing business in different countries differ significantly. Difficulties arise especially when the culture and laws of the home country of the company contradict the culture and laws of the host country. For example, the United States' Equal Employment Opportunity Act, which prohibits discrimination on the basis of gender, is contrary to Saudi Arabian laws and customs regarding the role of women. These conflicts cause problems for American companies, who seek to ensure that their female leaders have the same opportunities to work abroad as their male counterparts.

Finally, working conditions and living wages can vary widely from country to country, so multinational companies often have to tailor their pay systems to the needs of the host country's labor market. They should be aware of local laws that may require minimum wages or require companies to provide workers with certain benefits, such as annual bonuses or health insurance. In addition, managers must determine how to pay overseas executives who are potentially facing higher living costs, worsening living conditions and the stress of being separated from friends and family.

Based on the experience of international companies, it can be concluded that the cost of creating financial resources in international companies is higher than in national companies. These costs pay off, as cross-cultural resources are used by an international company as a powerful factor in development. The costs incurred to create organizational culture and human capital development in an international company are economically justified: transforming the costs of developing human non-material support, increasing the economic efficiency of the company as a whole, increasing the level of the company's competitiveness, as well as using the resources of its strategic development.

The construction industry is one of the most important elements of the economic system. The social and economic situation of the state depends on its development, providing the population with the necessary housing and expanded reproduction of the capital stock of enterprises.

Analysis of recent research and publications. A large number of Ukrainian and foreign scholars are paying attention to the study of development issues in the construction industry. General concepts of construction companies and areas of marketing research are highlighted, in particular, in works by V. Andriychuk, O. Bilovodskaya, O. Bilorus, I.S. Stepanov, G.M. Tarasyuk, LI Schwab, V.Ya. Shaitanov, VP Pasichnyk, E.H. Arap, V.Ya. Livshits. The activity of the operators of the construction cluster was studied in detail in the works of V.G. Kuznetsov.

The purpose of the work is to analyze the structural organization of the company with accent on the HR Department, and also analyze of the marketing policy on the basis of the methodological and theoretical foundations of marketing in construction companies.

The subject of the study is the influence of the structural organization of the company on the level of development of the company, as well as the processes of Human Resource management and marketing in a construction company on the example of "Mirbud S.A." as one of the most promising ways of growth of the company.

The object of the thesis is the structural organization and human recourses direction in the company "Mirbud S.A." Ltd.

The tasks of the thesis are:

– To review the essence and mechanisms of human resource management in an international organization

– To study the methodological approaches to the evaluation of human resources management effectiveness

– To describe the organizational structure and economic performance of MIRBUD S.A. company

– To analyze the human resource management system of MIRBUD S.A. company

– To evaluate the competitiveness of the MIRBUD S.A. company on the market

– To provide the recommendations concerning the improvement of company's activity and human resources management in the company

Research methods. The methodological basis of the research is the modern economic theory and the theory of knowledge with the basics of the dialectical method. For the formation of theoretical positions and conclusions, the abstract-logical method and method of observation were used; structural method, comparison method, historical and logical approach, graphical methods; financial analysis and economic-mathematical modeling.

Structurally, thesis paper consists of an introduction, three sections, conclusions and proposals, a list of sources and applications.

CHAPTER 1. THEORETICAL AND METHODOLOGICAL ASPECTS OF HR MANAGEMENT IN INTERNATIONAL COMPANIES

1.1. The essence of human resources management in international organization

International human resource management bears both functional and strategic resemblance to human resource management. Functionally it performs almost the same set of activities as human resource management – recruitment, selection, performance management, compensation, training, industrial relations, career management etc. Strategically international Human Resource Management is closely linked to the business strategy of the organization.

There are major differences between domestic HRM and IHRM:

– Business activities e.g. taxation, international relocation, expatriate remuneration, performance appraisals, cross-cultural training and repatriation

– Increased complexities e.g. currency fluctuations, foreign HR policies and practices, different labor laws

– Increased involvement in employee’s personal life e.g. personal taxation, voter registration, housing, children’s education, health, recreation and spouse employment

– Complex employee mix – cultural, political, religious, ethical, educational and legal background

– Increased risks e.g. emergency exits for serious illness, personal security and etc.

International human resource management differs from domestic human resource management primarily in terms of the complexity associated with managing people across national boundaries.

International human resource management deals with at least three types of employees based on their country of origin:

1. Parent-Country Nationals (PCNs) – Employees belonging to the country where a company’s headquarters are located are called as parent-country nationals

or home country nationals. The advantages and disadvantages of this type are presented on table below (table 1.1)

Table 1.1

Advantages and disadvantages of PCNs system

Advantages	Disadvantages
Assurance that the subsidiary will comply with company objectives policies etc.	difficulty in adoption to the foreign environment
greater control over activities of the organisation	problems of family adjustability
acquisition of experience in local markets	friction resulting from language barriers
greater efficiency in implementing business strategy	PCNs may impose an inappropriate HQ style
dequate understanding of culture of the host country	

Source: compiled by author

2. Host-Country Nationals (HCNs) – Employees belonging to country where the company has set up a subsidiary or a manufacturing facility are called host-country nationals. The advantages and disadvantages of this type are presented on table below (table 1.2.)

Table 1.2.

Advantages and disadvantages of HCNs system

Advantages	Disadvantages
reduction of hiring cost and compensation package; no work permits required	HCNs may still have limited career opportunities outside the subsidiary
elimination or reduction of language barriers	poor understanding of business objectives of host-country organization

governmental policy may force hiring of HCNs	
better understanding of host country's laws and regulations	

Source: compiled by author

3. Third-Country Nationals (TCNs) – Employees who work in the home or host country facility of the company but are not nationals of either are called third-country nationals. The advantages and disadvantages of this type are presented on table below (table 1.3.)

Table 1.3

Advantages and disadvantages of TCNs system

Advantages	Disadvantages
better equipped with the use of international perspectives	poor understanding of political situations and national hostilities
possibility of low cost of hiring and compensation	resistance from the government and local people and functionaries in the organization

Source: compiled by author

Human resource management system in an international company:

1. Strategy

Basic approaches to personnel management in an international company:

Paternalistic (parent): prioritizing the use of Human Resource policies and practices of the parent company; the appointment to key management positions of employees from the parent company (especially at the start-up stage); making key decisions (including personnel decisions) in the parent company.

Independent: every business in the region is run locally; employees recruited from the local labor market can be appointed to key positions; Human Resource policies and practices are developed independently, corporate standards are applied as guidelines, not a rigid law.

Global (geocentric): development and implementation of an integrated business strategy at the global level (including HR strategy); creation and development of groups of managers and specialists from different countries; development of universal competencies of employees.

2. Staffing, Recruitment and Selection:

There are basically three ways to meet the requirements of manpower in foreign ventures. First, a foreign company may send persons of its home country to manage its affairs in the host country. Second, it can hire people of the host countries to meet its human resource requirements there. Third, it can also utilise the services of third country nationals. International Human Resource Managment is now accepted as the key source of competitive advantage for international business.

In all cases, there have emerged certain norms regarding basic characteristics in international staffing. These are:

– cultural adaptability
– strong communication skills
– technical competence
– professional expertise
– global experience
– inter-personal skills
– family flexibility
– country or region specific considerations.

Most of the multinational companies vie with each other to recruit candidates for technical and managerial positions from highly reputed technical and management institutes offering them lucrative compensation packages and try to retain the services of the most talented ones.

In India, major requirements of various categories of manpower needed by foreign companies are met by the people of the country itself. India has a bountiful of software engineers and analysts, technical and managerial personnel with adequate expertise and specialisation, skilled and unskilled workers. Most of the foreign MNCs operating in India utilise the services of the local people to manage their businesses in the country.

The use of information technology, Internet and the services of specialised and professional organisations have considerably made the task of hiring easy and convenient. Only in the case of top positions, the foreign companies generally prefer to fill them by personnel of their home countries.

Foreign companies having their business in India also have the advantage of not facing the rigours of laws related to management of human resources such as the Civil Rights Act of the USA, compulsions of co-determination of Germany and a few European countries and compulsory collective bargaining as in existence in the USA and a few European countries. Besides, they do not have to face the problems of visa restrictions, rigid immigration laws and regulation of supplies.

There are, however, legal constraints on dismissing, discharging, retrenching or otherwise separating specified categories of employees under the Industrial Disputes Act, 1947. Besides, most of these countries do not have to face problems of language and skill and expertise of personnel needed for manning positions at various levels. These companies also have the advantage of outsourcing of specific operations, the facilities of which are in abundance in the country.

The Indian companies having their businesses abroad do not have to face many problems in recruitment and selection of suitable candidates for their enterprises as a sufficient number of qualified and competent people with managerial and technical skills and specialisation are available in the country for foreign assignments.

They can conveniently be sent to countries having English as the major language. Many of the Indian students acquire efficiency in different foreign languages, which do not only enhance their career prospects, but also contribute to the success of the enterprises in the host countries.

Only in a few cases, both the Indian and foreign companies avail of the services of third-country nationals.

3. Training and Development (T&D):

Training and Development is an important area which calls for special attention in international human resource management. Although a sufficient number of qualified people with requisite academic background is available in India, they need suitable training to develop skills and capabilities commensurate with requirements of jobs assigned to them.

Different foreign and Indian companies have their own specific areas of operations, and their needs for equipping employees with essential capabilities vary. In the situation of fierce competition among firms, it becomes imperative for them to keep their employees at the level of maximum efficiency.

It is the task of training and development programmes to ensure that employees at all levels of organisational hierarchy are effectively trained and developed keeping organisation's objective at the forefront. Some more notable areas of T&D programmes in international businesses comprise the following:

– language efficiency;

– understanding of the social and political environment of the host countries;

– awareness of the cultural and social environment;

– adaptability to changing situations;

– efficiency in the use of the computers, Internet and other electronic devices;

– the needs of employees' career development.

As the extent and dimension of competition, technology job requirements, market conditions and government policies change, so also it is necessary to arrange for suitable training programmes on a continuing basis. Some of the methods used for training of managers and executives in international perspective comprise job rotation training, simulation, conferences, case study and Internet-based training.

Many reputed companies have started laying increasing emphasis on professional development in order to enable employees to achieve their carrier-related goals. T&D programmes must also cover proper understanding of legal framework of the host countries including labour and social security laws and those related to compensation and personnel matters.

4. Compensation:

In international human resource management, compensation issues are of vital importance. Companies engaged in foreign businesses must offer lucrative compensation packages to all categories of employees in order to attract and retain talented and competent personnel.

It must also be emphasised that labour cost has increasingly become an important component of the total cost of business operations. Although the use of improved technology in various areas of business activities has tended to replace manpower by electronic and other devices, the total expenditure on wages and salaries has continued to rise.

While formulating compensation policies and determining compensation packages, it is necessary to give due consideration to the standard of living, prevailing rates of remuneration, statutory regulation of wages and fringes benefits, cost of medical care and income tax laws of the host countries. People of various countries prefer to work in gulf countries as their emoluments are income-tax free.

Labour laws of many countries also lay down minimum standards related to paid holidays, vacation time pay, maximum daily and weekly hours, minimum rates of wages statutorily fixed, liability of the employers in regard to social security benefits and payment of gratuity and bonus. As there are wide variations in practices in different countries of the world, international human resource management must take into account the implications of these variations.

Other pertinent aspects that deserve particular attention in international compensation management, especially in regard to higher positions, include the following – remuneration paid by competing firms; consistency with international standards; need for career development of employees; simplicity in administration; and stability in the retention of talents with a view to maintain the services of talented and indispensable executives. Many MNCs have started offering stock ownership and equity-based compensation, long-term incentives, profit-sharing and team-based remuneration to them.

5. Performance Appraisal:

Regular performance appraisal of various categories of functionaries in foreign business is also important in international human resource management. It is rather very difficult for the home- country management to evaluate performance of employees working abroad. The task of performance appraisal of such employees may be entrusted to competent appraisers of the host country.

However, the home-country management may formulate guidelines and lay down the standards for key jobs. Certain guidelines for appraisal may be related to objectives of assignment, emphasis on quantifiable measurement for the assignment, converting qualitative behaviour into quantifiable measurements, evaluating employees' performance on these measurements and making calculations of return on investment (ROI).

It is always desirable to provide feedback which can be helpful in making appraisal objective and transparent. Foreign companies sometimes have to face the problem of biases and prejudices by host-country appraisers, impact of unforeseen situations and also group-pressures.

Many foreign companies have started increasing adoption of 360° appraisal. Email has generally been helpful in making both the appraiser and appraisee aware of the relevant issues in performance appraisal.

Various international human resource management roles suggested by various researchers are (table 1.4.):

Table 1.4

Characteristics of human recource management roles

Role	Includes
Champions of Processes	a. Building commitment of the senior leadership b. Training managers c. Monitoring HR processes
Guardian of Culture:	a. Supervision and management of implementation of global values and systems. b. Ensuring future leaders are sensitive and equipped

Role	Includes
	to deal with global challenges.
Effective Political Influencer	a. Understanding internal labour market where a subsidiary is located. b. Managing the internal labour market for the global managers.
Network Leadership	a. Building strong internal and external networks. b. Keeping abreast with latest trends and developments. c. Mobilizing resources to staff project teams effectively.
Builder	a. Articulating various International HR management basics. b. Developing basic internal HR management practices at the beginning of internalization
Change Partner	a. Continuously calibrating human resource management practices as the external environment changes. b. To enable the MNC to be agile in terms of its HR practices to meet the challenges of the environment and cash-on the business opportunities.
Navigator	a. Competency development of the people and developing a competent organization. b. Balancing between long-term and short-term plans and goals. c. Balancing between global integration and local responsiveness. d. Balancing between change and status quo in an global environment

Source: https://www.businessmanagementideas.com

The Human Resource strategy and the degree of internalization determine the role or roles that Human Resource assumes upon itself.

1.2. Mechanism of human resources management in international organization

Human Resource Management activities are performed in a particular context. It implies that either different Human Resource Management activities may be required in a global firm as compared to the domestic firm or even if the HRM activities remain the same, there may be difference in the way of performing these activities.

There are four major contextual variables because of which HRM activities in a global firm differ from a domestic firm, hence the need for international HRM. These are cultural diversity, workforce diversity, language diversity, and economic diversity. These variables and their affect on IHRM practices are peresented below:

1. Cultural Diversity:

Culture of a country is one of the key factors which affect people-oriented processes, and Human Resource Management is a people-oriented process. Therefore, culture of a country has very significant impact on Human Resource Management practices. When we consider global perspective of Human Resource Management, we find cultural diversity along the globe, that is, cultures of two countries are not alike.

Cultural diversity exists on five dimensions- individualism versus collectivism, power orientation, uncertainty avoidance, masculinity versus femininity, and time orientation. Let us see how these dimensions affect human behaviour and, consequently, work practices.

1). Individualism versus Collectivism:

People differ in terms of individualism and collectivism. Individualism is the extent to which people place value on themselves; they define themselves by referring themselves as singular persons rather than as part of a group or organization. For them, individual tasks are more important than relationships. Collectivism is the extent to which people emphasize the good of the group or society.

They tend to base their identity on the group or organization to which they belong. Countries that value individualism are USA, Great Britain, Australia, Canada, Netherlands, and New Zealand. Countries that value collectivism are Japan, Columbia, Pakistan, Singapore, Venezuela, and Philippines.’ India may be placed near to collectivism.

2). Power Orientation:

Power orientation, also known as orientation to authority, is the extent to which less powerful people accept the unequal distribution of power; people prefer to be in a situation where the authority is clearly understood and lines of authority are never bypassed. On the other hand, in a culture with less orientation to power, authority is not as highly respected and employees are quite comfortable circumventing lines of authority to accomplish jobs.

3). Uncertainty Avoidance:

Uncertainty avoidance, also known as preference for stability, is the extent to which people feel threatened by unknown situations and prefer to be in clear and unambiguous situations. In many countries, people prefer unambiguity while in many other countries, people can tolerate ambiguity.

4). Masculinity versus Femininity:

Masculinity or femininity, also known as degree of assertiveness or materialism, is the extent to which the dominant values in a society emphasize aggressiveness and the acquisition of money and material goods, rather than concern for people and overall quality of life.

In societies having masculinity characteristics, more emphasis is placed on ego goals such as career, money, etc., while in societies having femininity characteristics, more emphasis is placed on social goals such as relationships, helping others, etc.

5). Time Orientation:

Time orientation dimension divides people into two categories- long- term orientation and short-term orientation. People having long-term orientation focus on future, prefer to work on projects having a distant payoff, and have persistence and thrift. People having short-term orientation are more oriented towards past and present and have respect for traditions and social obligations.

The basic implication of cultural diversity is that same set of Human Resource Management practices is not suitable for all cultures; consideration has to be given about matching Human Resource Management practices with cultural characteristics of the countries concerned.

2. Workforce Diversity:

Workforce diversity is increasingly becoming common for large organizations even for domestic ones. However, in a global firm, additional workforce diversity emerges because of hiring personnel from different countries.

A typical global firm may draw its employees from three types of countries — home country (PCNs), host country (HCNs), and third country (TCNs). In a global firm, workforce diversity can also be seen in the context of employee mobility from one country to another country for performing jobs.

On this basis, an employee can be put in one of the following categories:

1. Expatriate — a parent country national sent on a long-term assignment to the host country operations.

2. Inpatriate — a host country national or third country national assigned to the home country of the company where it is headquartered.

3. Repatriate — an expatriate coming back to the home country at the end of a foreign assignment.

Workforce diversity implies that various categories of employees not only bring their skills and expertise but also their attitudes, motivation to work or not to work, feelings, and other personal characteristics. Managing such employees with pre-determined Human Resource Management practices may not be effective but contingency approach has to be adopted so that Human Resource Management practices become tailor-made.

3. Language Diversity:

Language is a medium of expression but employees coming from different countries have different languages. Though English is a very common language, it does not serve the purpose adequately as it does not cover the entire world. While employees coming from different countries may be encouraged to learn the language of the host country for better dissemination of the information, it does not become feasible in many cases.

An alternative to this is to send multilingual communications. It implies that anything transmitted to employees should appear in more than one language to help the message get through. While there are no hard- and-fast rules in sending such messages, it appears safe to say that such a message should be transmitted in the languages the employees understand to ensure adequate coverage.

4. Economic Diversity:

Economic diversity is expressed in terms of per capita income of different countries where a global company operates. Economic diversity is directly related to compensation management, that is, paying wages/salaries and other financial compensation to employees located in different countries.

One of the basic principles of paying to employees is that “there should be equity in paying to employees.” However, putting this principle in practice is difficult for a global company because its operations are located in different countries having different economic status. In such a situation, some kind of parity should be established based on the cost of living of host countries.

Diversity of various types in a global firm suggests that Human Resource Management practices have to be tailor- made to suit the local conditions.

Although the major activities of human resource management as practiced in international organizations, their scope, responsibilities, and authority may vary according to the size of the subsidiary. The policy making section may study the local situation and generate a report which will then submitted to the top management for approval. They themselves may not have the authority to formulate such policies.

Main areas of responsibility of the Human Resource department in international company:

1. Establishing or Reviewing Employment Policies:

For instance, Equal Employment Opportunity Policies relevant to the United States may not be applicable to the subsidiaries in overseas operations. Some countries allow only certain percentage of expatriates to be appointed in their subsidiaries.

Decisions regarding policies also must be made whether to fill all key positions with parent country nationals; appointment of home country nationals; appoint the best qualified irrespective of their nationality and so on.

The employment policies must be approved by the headquarters before they are being circulated to respective Human Resource managers in various subsidiaries. Such policies also must be reviewed periodically to check for their workability and validity and proper changes must be incorporated.

If the subsidiary is not large, the human resource function will be placed under production head who will be in charge of the selection process and take care of most of the human resource functions and activities, with the help of one or two clerical personnel.

If the subsidiary is fairly big, then there will be a full-fledged human resource department with variety of responsibilities, each looking after one section and reporting to the subsidiary human resource manager. The manager will directly report to the Managing director of the company. At times, the manager will be a member of the executive committee and participates in policy making bodies.

2. Recruitment:

The international selection toolkit differs depending on the market, the country of search, the capabilities of the international organization and other factors. Typically, three types of recruiting are used:

1) International agencies that have a wide base of vacancies around the world. The cost of the services of these companies differs depending on the country, the level of the position and the degree of search complexity. For example, the cost of recruiting a middle manager in the US, UK will be 20-23%, in China - 18-21%, in some CIS countries - 15-18% of his annual income or depending on a fixed salary.

2) Local recruiting portals can post vacancies through their partner networks in different countries of the world, charging their commission. The option of self-posting on a local portal is possible (the easiest way to implement this is in USA, Europe, CIS cpuntries, the harder - in Asia and Latin America). The third option involves the use of global services that provide country opportunities for access to

geography (the linkedin Jobs service, in this case, vacancies for both specific applicants and for candidates from others who are ready to move). The cost of posting a vacancy depends on the country, the period of posting and the number of vacancies in the package (in Eastern Europe for one vacancy - 60-150 euros, in European currency - up to 1000 euros, in the USA - USD200-400).

3) International professional networks (linkedin.com, viadeo.com, xing.com) allow to enter profile groups and communities, selecting them by country and the market of interest, provide the opportunity for free posting of vacancies and direct communication with an industry representative in the country of interest. Recommendations are also one of the search options.

Recruitment and selection policies must be established taking local regulations and rules. Human resource plans must be drawn for the local operations annually and such information must be passed on to the headquarters for compilation of a cumulative plan for the whole corporation. Checks and verifications must be made for the accuracy and relevancy for scheduled production and service operations of the subsidiary.

Such information must be updated annually or when and where changes have been made due to expansion of operations or retrenchment exercises due to economic slowdown or other human resource problems.

Since human resource policy issues are already covered, the decisions must be made as to whether recruit human resources from outside or look for them internally. If the focus is going to be from outside, then, identify the sources and established contacts with such sources. Such contacts would help public relations purposes also. Some multinational companies have a good rapport with schools and colleges in the community and make annual visits to such institutions for recruitment exercises.

3. Selection Process:

The steps involved in the selection process must be examined to see their relevancy and applicability to the subsidiaries. For instance, the content and the information secured through application forms must be relevant and applicable to the local situation. Care must be exercised in importing such forms from parent company and using them in the subsidiary without incorporating the local content.

It may be easier to use imported application forms, but they may secure the right kind of information or the items in such forms may be understood by the applicant. Local laws must be taken into consideration rather than asking questions pertaining to laws and regulations in the country of parent organization.

The use of psychological tests is not that common in many Asian and African countries. The validity and reliability of these tests are not checked for accuracy and applicability. Although there are no laws pertaining to the use of these tests in India, they may pose language problems. The academic institutions started to use objective-centered tests for the entrance exams and as a result of these experiences, students and employees is slowly getting used to such tests.

The interviews are common features of selection program in many companies and there should not be any problem in this area of selection process. Students who apply for admissions into the educational institutions or for employment, appear for admission interviews or job interviews. They get used to preparing for these interviews and adequate training must be given to the interviewers to conduct such interviews and develop the capability to interpret the information obtained through the interview process.

In many companies using reference checks for obtaining the recommendations from the candidates previous employers or from the academic institutions has become a routine matter. The human resource specialists must learn to use such information more productively for choosing the right candidate. The ability to interpret the most valuable information is not gained to an extent in the subsidiaries of international companies.

The interviews conducted by the technical supervisors, foremen, and managers are carried out in an informal manner. Some of the international companies, particularly, the global companies use structured approaches to carry out these interviews. At times, the senior people also sit in these interviews either as observers or to quiz the candidates. Some companies with good Human Resource practices give practical tests to test the skill level of the candidates.

Once the interviewers have firmed up their mind to the acceptability of the candidate, they may send the potential employee for a physical examination to check the general health of the candidate. In some multinational companies, the candidates may be asked to go for some specialized tests, depending on the nature of work environment and the job.

If the individual is allergic to certain aspects of job, such as, chemicals, it is better to check that aspect in the early stages itself. This way some legal implications can be avoided. In one of the American companies, while an employee was asked to carry a heavy load, he suffered heart attack and ended up suing the company. If the company would have known the condition of the employee, this incident could have been avoided.

The human resource specialists in some international companies administer highly structured induction and orientation programs to those selected for jobs after the final interviews and checking of all records, including the reference checks. In recent years, most of the International companies seem to have well-structured selection programs.

Once the employees are placed on the jobs and their probationary period is completed, they are placed on regular jobs and their performance is observed and monitored. Proper guidance and counseling are offered to those who encounter difficulties whether in adjustments to the environment or in the learning process. Of course such things do not happen in all international companies. Generally, some employee turnover takes place during this period. But with proper built-in safeguards, such turnover can be minimized or eliminated.

International companies must be aware of and knowledgeable in laws pertaining to recruitment and selection of employees in a particular country. For instance, the Indian Government has laid down some laws pertaining to the recruitment and selection. As per these laws, reservations for Scheduled Caste, Tribes Backward Classes exist and certain percentage of jobs must be allocated for these groups.

As of now, such reservation does not apply to private sector companies. Child labor Protection Acts do apply to the Private sector companies also. The human resource department must be familiar with the Factories Act, Environmental Regulation Act (Anti- Pollution), and there are several legislative measures regarding purchase of land and constructing Factories.

The Equal Employment Opportunity Act implemented in the U.S may not apply to Indian subsidiaries. The immigration act in the U.S. has direct implication for hiring Indian employees for jobs in Indian companies in the U.S. Wherever Federal Government funding is secured, Federal Laws apply.

4. Performance Assessment:

Performance assessment is an essential part of the Human resource Management in many of the international companies. They may range from simple to complex assessment systems, such as Competency based systems. The employee’s performance is evaluated periodically with a formalized assessment system.

Common objectives of a performance appraisal used in international companies:

– To help the employees improve their current job performance.

– To stimulate their interest in self-development

– To provide an adequate supply of well-prepared employees for promotional exercises

– To provide a tool for comparing employee s performance with salary for sound salary administration.

– To provide opportunity to express his feelings about job related matters.

– To foster good personal relations.

– To encourage high standards of performance

– To let each employee know where he or she stands.

In recent years, quite a number of international companies have imported Management By Objectives approach to the assessment system in their subsidiaries. With proper training, the system has become routine and accepted by the employees.

Steps of Management By Object:

1) Agreement on duties and responsibilities of the subordinate’s job between the boss and the subordinate.

2) Setting objectives in all areas of major responsibility

3) After setting the objectives, the subordinate submits them to his or her boss.

4) Reporting of progress to the boss.

5) At the end of the given period, the subordinate prepares an accomplishment report comparing performance to the set objectives.

6) The next important step is the appraisal interview where reasons for not accomplishing objectives are explored and corrective actions are suggested.

MBO is accepted as a way of life in many international companies and the human resource department gets the responsibility to make sure the system is in place and carried out effectively.

In many international organizations, performance assessment occupies an important place due its impact on providing feedback on the performance to the corporate headquarters or to the subsidiary heads. Due to its importance, this process is also known as Performance Improvement Management. The department heads and their subordinates are trained into conducting the appraisals and providing feedback to their subordinates.

The employee potentials are assessed for upgrading them and grooming them for higher level positions. Employee career strategies are linked to the feedback obtained from the performance appraisal outcomes. Setting up of career plans and strategies are not that common in many international companies.

This may be because of the availability of all types of employees when and where needed. Of course this attitude is changing and more and more subsidiaries are instituting career plans in their organizations. Although there are different approaches to career plans and career development, it is considered as a process of developing a personal strategy that is conceptually similar to a corporate strategy.

5. Training and Development:

Through Training and Development, international companies have contributed a great deal of education to the employees of their subsidiaries. In many organizations, a separate department is set up to look after this responsibility. Training improves the ability and knowledge of operative employees and development, improves the ability and knowledge of managerial personnel.

While training prepares the individual to meet the requirements of the job by upgrading their skills, development involves improving a manager's general knowledge to perform managerial responsibilities. Managers learn skills to make good decisions during class lectures and when get back to work, they apply such skills.

The international companies are known for imparting knowledge, skills, and techniques for new employees and skills need to upgrade for existing employees. The Japanese multinationals spend quite a bit of money, time, and effort for training employees at the shop-floor not only in Japan but also wherever their subsidiaries are located. The quality consciousness is put into every employee. Small group activities are very common in Japanese companies. The Koreans also follow the Japanese example.

Some of the commonly used training programs in the subsidiaries of international companies are:

a. Job instruction using models or prototypes

b. Apprenticeship training or understudy

c. Job rotation

d. Lectures to provide theoretical aspects of job

e. Coaching, especially low performers

Very systematically and objectively, the training needs are determined in the subsidiaries using the techniques learnt from the parent company. Through questionnaires, psychological assessments, and the feedback from performance assessment, the training needs are determined. Once the needs are determined, appropriate training and development methods are chosen and the trainees are selected. For managerial personnel, the feedback from performance assessment system comes as input for selecting the developmental methods.

The developmental methods cannot be simply taken from the headquarters and planted into the subsidiaries. Such efforts may not yield good results. What constitutes the success criteria in the local context must be examined systematically and then the relevant programs must be planned. The subsidiaries must analyze their own situations and try to isolate executive characteristics necessary to make their executives successful in those situations.

Once these factors are assessed, the developmental programs can be designed and program sessions can be planned. At times, managers are sent to the headquarters of the parent organization for gaining insights and education. The Japanese companies are very aggressive in this aspect. Executives get expose to things as practiced in the corporate headquarters, especially the world’s best run companies either in Japan, America or Europe. Visiting such places gives the managers firsthand knowledge and exposure. They are also indoctrinated into the philosophies and culture of the parent company.

Subsidiaries in many developing countries have set up institutes for providing vocational training. Some of them were funded by the agencies under the United Nations. The apprentice programs are still common in these countries. These are well-structured programs which provide classroom training as well as job training to the people who are coming out of vocational institutions which provide basic education.

Some of the commonly used developmental programs for executive level in subsidiaries are:

a. Interviewing Skills

b. Negotiation Skills

c. Motivational methods

d. Leadership styles

e. Grievance handling skills

f. Middle management development programs

g. Executive development programs

h. MBA level courses on a part-time basis.

i. Use of local educational institutions

Newer types of developmental methods and techniques are generally imported from the corporate headquarters and in some cases they are adapted to the local conditions. The local facilitators and trainers are used to deliver the message. The program content is also adapted to the local environment and situational conditions. At times, the trainers and consultants are brought in to deliver the programs with the assistance of subsidiary trainers.

6. Employee Compensation:

Compensation is a complex subject when it comes to International area of management. Conditions, systems, and legal aspects vary from country to country. If two or more countries are involved in determining salaries and benefits to their employees in world-wide locations, the complexity is further increased.

The parent organization may have to work out several policies, procedures, and methods acceptable to the employees in various subsidiaries. This particular area of business also involves governmental rules and regulations, economic conditions, pressures from the unions and things alike. The currency exchange rate will further complicate the issue. When people are moved from one country to another, the internationally accepted standards and norms have to be followed.

The expatriate managers may have to be compensated at a much higher level than the local managers. Their housing, travel, maintaining cars, special clothing allowances, maintenance expenses have to be added to their salaries. Their compensation package will take varying income tax rates in different countries. The tax reporting system to their respective governments is also too complex.

The same types of problems are experienced by the expatriates working for Subsidiaries of Indian companies. Bharat Forge, Tata’s, Birla’s, Ranbaxy, Infosys Technologies, and Oberoi are some examples. They have to work out compensation packages to employees in different countries as per the local conditions and regulations caused by economic, political, and regulatory backgrounds.

In the compensation practices of multinational companies, variations occur. Different countries have different systems and policies to determine the salaries and reporting systems. The impact of national cultures on compensation determination was studied by Schuler and Rogovsky. Development of culture specific compensation practices based on status, performance, social benefits, and employee ownership plans were examined by the authors. They tried to correlate these four factors with Hofstede's four dimensions of culture and found to be associated with comparative practices.

Generally, there are two common approaches to the determination of compensation in International companies. These are balance sheet approach and the Going rate approach. In this approach, the amount paid for income tax, expenses met for house rents and related expenses, goods and services payments, and discretionary expenses.

The differences between home country and the country of residence are figured out and if there is a difference, that difference will be compensated. Going rate approach refers to the market rate. In this approach, the salary structure of the host country is connected to the base salary. Some supplements are given consideration.

The National Employers' Federations or some consulting companies put out annual surveys which are used for determining salaries. Due to some complexities in figuring out the base salary, this approach is not favored. Only problem is figuring out the taxes and living expenses. The services of accounting firms and consulting companies are utilized in handing the compensation matters.

Besides salaries, the benefits offered by the company vary depending on the nationality of the company. While some are generous, others take a stringent approach. Some countries are generous in offering maternity benefits for their female employees. The mothers can get nearly ten month's salary for their pregnancy related expenses and given a few months of paid leave. Some countries go to the extent of granting four weeks of paternity leave.

Singapore has developed a very interesting system for compensating employees. This system is known as Flexible wage system. In recent years the single most important task facing international and local companies is handing wages and salaries according to changing environmental conditions. When the panic button is pressed, the human resource people look for short-term solutions which sometimes may get them into trouble.

There is a great deal of rigidity to traditional compensation systems based on collective bargaining agreements. Generally these agreements are for two or three years. The increments are predetermined at the time of collective negotiations and the employers are bound to go by the agreements irrespective of the prevailing economic conditions. Traditional wage systems also favor seniority rather than individual performance. Granting across the board increases without any consideration for individual performance leads to inequity.

A flexible wage system is one that gives discretionary power to the employer in determining compensation. Such power is essential when deteriorating and unfavorable economic conditions prevail. Without such power or flexibility, the employer may not be able to adjust to changing business conditions. The power to manipulate wages and salaries does not mean that the employer can do anything at the will. In fact, such power places a greater degree of responsibility on the employer. This responsibility includes coming out with an equitable compensation system for a given economic situation.

The flexible wage system has certain principles in common. The basic wage and salary component of the system reflects the worth of the job. Usually, a job evaluation exercise is used to assess the relative worth of jobs in a company. Thus inequities in the existing compensation system must be removed, if the flexible wage system is going to be successful. The company’s performance and productivity measures are considered in setting aside funds for the distribution of wages and salaries to increase, payments. Individual s performance is assessed through performance appraisal as a criterion for distributing payments to individual employees.

An important and critical element in the flexible wage system is the assessment of the individual's performance. Along with this is the need to convince the individual that the assessment is fair and objective. Without an effective appraisal system, a flexible wage system will not be a flexible wage system.

The flexible wage system and its accompanying appraisal system should not be used as a tool to justify one's actions. Rather, it should be used to demonstrate fairness. Now days, new models are being developed for more fair distribution of wages and salaries across the globe, taking Globalization into consideration. It is worth keeping an eye on the models and strategies for Wage and Salary Administration.

A specific area deserving attention in international human resource management is the standards set by international and regional organisations in regard to the use of human resources. A particular mention may be made of the role of the ILO, European Union, (EU), South Asian Association for Regional Cooperation (SAARC), Association of South East Cooperation (APEC) and BRICS (Brazil, Russia, India, China and South Africa). The ILO creates international standards of labour in the forms of Convention and Recommendation. Conventions are obligation-creating instruments. The member states ratifying a Convention are under the obligation to give effect to its provisions by enacting labour law or under collective agreement or in other ways. The MNCs operating in foreign countries must abide by the provisions of ratified Conventions as embodied in labour law, collective agreement or other instruments.

Similarly, the European Union also creates norms in various areas related to the use of human resources in the member countries. Some of these norms are related to industrial relations, workers' participation in management and rights and obligations of employers and unions. Some of the norms adopted by organisations in the Asian countries also have direct or indirect relevance to the use of human resources.

The areas of activities in domestic and international human resource management are not dissimilar, but the international Human Resource Management requires revamping and modifying them taking into account the dissimilarities in the cultural, political, economic and legal environment of the countries in which they operate.

1.3. Methodological approaches to the evaluation of human resources management effectiveness

1. Audit Approach

A human resource management audit is a process of evaluating the effectiveness of the Human Resource function. The Human Resource Management audit, as its financial audit counterpart, possesses the following elements:

– Independence from the subject being audited

– Technical work in the form of a systematic gathering and analysis of data

– An evaluation of the Human Resource activities, policies, and systems based on the evidence

– A clearly defined objective of the process

– Action in response to audit findings.

Human resource management audit offers several benefits:

– Provides verifiable data on the human resource management function

– Clarifies the Human Resource function's duties and responsibilities

– Identifies critical Human Resource problems

– Helps align Human Resource strategy with organizational strategy

– Improves the status of the Human Resource function

– Helps reduce Human Resource costs

– Helps review and improve the Human Resource information system

Human Resource audit may be partial or total. Where it is partial, Human Resource audit covers a few areas of Human Resource. for example, the compliance of managers and supervisors with the established Human Resource principle and practices. In the comprehensive audit system, all Human Resource activities such as HRP, employee hiring, training and development, performance management, employee well-being, safety and health, Industrial Relations, and the like will be covered. Better results from an HR audit will be obtained where it is comprehensive.

Approaches to Human Resource Audit

Auditors may adopt any of the five approaches for the purpose of evaluation:

– comparative approach,
– outside authority approach,
– statistical approach,
– compliance approach,
– Management By Objectives (MBO) approach.

In the comparative approach, the auditors identify another company as the model. The results of their organization are compared with those of the model company. Often, the auditors use standards set by an outside consultant as a benchmark for comparison of their own results. This approach is called the outside authority approach. The third approach is the statistical approach. Here, statistical measures of performance are developed based on the company's existing information. Examples of such measures-are absenteeism and turnover rates. These data help auditors assess the performance. In the compliance approach, auditors review past actions to determine if they comply with legal requirements and company policies and procedures. A final approach is for specialists and operating managers to set objectives in their area of responsibility. The MBO approach creates specific goals against which performance can be measured. Then the audit team researches actual performance and compares it with the objectives.

2. Analytical Approach

The second approach to human resource management evaluation is the analytical one. The analytical approach relies on cost-benefit analysis, also called the utility analysis. Utility analysis seeks to express evaluations in economic terms, which are more useful for decision-makers. Several Human Resource activities have been evaluated with utility analysis, including appraisal systems, employee hiring, training, and turnover.

Although utility analysis has wide applicability and represents a quantitatively superior means of evaluating Human Resource activities, the process is difficult. Because of this difficulty, and the number of resources and effort required for analysis, its use has been limited to only certain specific situations.

3. Qualitative and Quantitative Indices

A number of quantitative indices or metrics are available to determine the effectiveness of Human Resource Manamement. For example, one can calculate the cost of turnover, absenteeism cost, cost of work-life programs, cost per hire, lead time to fill vacancies, Human Resource expense factor, training costs, and the like. Sears, Roebuck and Company applied behavior-costing methodology to study the relationship between employee attitudes, customer behavior, and profits.

In retailing, for example, there is a chain of cause and effect running from employee behavior to customer behavior to profits. The human resource management department itself can be treated as a profit center. These and other indicators, when calculated and compared with other firms, give a fair picture of the outcome of Human Resource functions and activities. Excessive reliance on quantitative indices to evaluate Human Resource Management effectiveness, however objective they may appear may be dysfunctional.

4. Balanced Scorecard

Robert S. Kaplan and David P. Norton developed a balanced scorecard[1] and it helps to evaluate Human Resource Management effectiveness. The balanced scorecard contains four dimensions: the financial performance of an organization, its customer service, its internal business processes, and it’s capacity to learn and achieve growth. Within these four areas, managers need to identify key performance indicators the organization should track. The financial dimension reflects a concern that the organization's activities contribute to improving short-term and long-term financial performance.

Customer service perspective measures such things as how customers view the organization, as well as customer retention and satisfaction. Business process indicators focus on production and operating statistics, such as order fulfillment or cost per order. The final component relates to the human resource-its potential to learn and grow. This perspective seeks to focus on how well resources and human capital are being managed for the company's benefits.

The balanced scorecard provides a balanced picture of current performance as well as the triggers for future performance. The scorecard helps managers align their business units, as well as their financial, physical, and human resources, to the firm's overall strategy.

What needs emphasis is that the Human Resource evaluation should not confine only to people dimension of the scorecard. The Human Resource professional should be judged on all the dimensions of the scorecard. Human Resource executives tend to believe that their success should be judged only by the extent to which they meet employee needs. As the scorecard indicates, employee commitment is only one criterion for effective Human Resource performance, and Human Resource professionals will be held accountable for all the dimensions as other managers.

5. Benchmarking

Benchmarking involves employees learning and adopting the so-called "best practices" by comparing their human resource management practices with those of other (more successful) organizations. Benchmarking essentially involves that employees study the practices followed in competing firms and evaluating their own practices with those thus collected. Besides the evaluation of their own Human Resource practices, benchmarking enables managers to learn from other firms and adopt effective Human Resource strategies. In addition, benchmarking can help create and initiate the need for change because it identifies what an organization needs to do to improve relative to the Human Resource strategy in excellent companies

Seven sequential steps in Benchmarking:

1. Identify Human Resource practices for benchmarking. Critical practices from the organization's perspective are identified for benchmarking.

2. Constitute a core or a project team to handle the benchmarking process.

3. Identify benchmarking partners-organizations from the same or different industry, competitors or non-competitors, or international firms-who are known to have tried best practices successfully.

4. Collect data from each of the benchmarking partners (for example, firms A, B, and C).

5. Analyze and interpret the data.

6. Prepare a comprehensive report based on data analysis and interpretation.

7. Develop action plans to improve Human Resource strategy and practices.

CHAPTER 2. STUDY OF HUMAN RESOURCE MANAGEMENT EFFICIENCY OF MIRBUD S.A. COMPANY

2.1. Organizational structure and characteristics of financial and economic activity of the enterprise

The rapidly transforming business landscape means that there are currently many human resource management challenges which will continue to evolve for years to come.

As the business world changes, so does the role of Human Resource professionals. Since human resources is a business-driven function, effectiveness depends on a thorough understanding of the strategic corporate direction, as well as the ability to influence key policies and decisions. In addition, human resource management challenges must be defined and solutions determined in order to succeed.

Due to the fluctuating economy as well as local and global advancements, there are many changes occurring rapidly that affect Human Resource in a wide range of issues. In the Survey of Global Human Resource Challenges: Yesterday, Today and Tomorrow, conducted by PricewaterhouseCoopers on behalf of the World Federation of Personnel Management Associations (WFPMA), several challenges for human resource management were revealed. This survey, which concluded that "despite national and regional differences, there was remarkable unanimity," disclosed the following top 10 human resource management challenges (table 2.1):

Table 2.1

10 human resource management challenges

Challenges	% of Companies
1. Change management	48%

2. Leadership development	35%
3. Human Resource effectiveness measurement	27%
4. Organizational effectiveness	25%
5. Compensation	24%
6. Staffing: Recruitment and availability of skilled local labor	24%
7. Succession planning	20%
8. Learning and development	19%
9. Staffing: Retention	16%
10. Benefits costs: Health & welfare	13%

Source: Survey of Global Human Resource Challenges: Yesterday, Today and Tomorrow.

According to P. V. Morgan, International Human Resource Management is the result of an interplay among the three dimensions — human resource activities, types of employees and countries of operation. The complexities of operating in various countries and employing different national categories of workers is an important variable that differentiates domestic and international Human Resource Management, rather than any major differences between Human Resource Management activities performed.

Broadly stated, International Human Resource Management is “the process of procuring, allocating and effectively utilising human resources in a multinational corporation “. When compared to domestic human resources management, the scope of IHRM is very wide.

For example, while compensating people in India, the American MNC must keep in mind the expectations of locals, the competitor’s compensation structure, taxation problems of repatriates, TCN’s aspirations and a host of other issues that have a bearing on the psyche of employees possessing different skills and having different cultural backgrounds (both within and outside the country).

Inernational Human Resource Management, thus, requires a much broader perspective, encompasses a greater scope of activities and is subject to much greater challenges than is domestic Human Resource Management.

Reasons of International Human Resource Management challenges:

Integration Issues:

It is difficult to push the right button at the right time, especially when managers operate from headquarters separated by distance. Controlling operations of subsidiary companies in different parts of the globe through remote control can be really taxing — especially in coordinating effort and put the same on track in sync with the established policies of a company.

Heterogeneous Functions:

International Human Resource Management can be very challenging when one takes a look at what international Human Resource managers are supposed to handle in terms of variety and complexity — including issues relating to international hiring, placement, culture-specific training, compensation relating problems, administrative services to expatriates, carrying out appraisals from time to time, offering growth opportunities to the talented ones, putting out fires with labour, resolving conflicts and maintaining health labour-management relations, etc.

The employees sent abroad on an assignment need to be taken care of in a special way. Their families too need to be taken care of including medical, educational, insurance, transportation benefits, etc. Human Resource issues relating to the above are going to be impacted by a variety of factors which demand a closer examination.

MIRBUD S.A. operates primarily as a general contractor in all segments of the construction industry. The Company has been listed on the Warsaw Stock Exchange since 2008.

“The mission of MIRBUD S.A. is to make investments in a way worthy of a construction market leader, respectful of the environment and in compliance with the principles of ethics. We achieve our goals through professionalism, reflecting a passion for construction, based on extensive experience, high efficiency and partnerships with suppliers and subcontractors."

The Company's trademark is its thirty years' experience and over 500 completed investment projects, most of which are prestigious construction contracts in the field of:

- industrial construction (production and storage buildings);

- public utility buildings (sports halls, stadiums, hospitals, public administration offices, shopping malls, office and hotel facilities);

- road engineering construction (motorways, national, roads, elements of the urban transport infrastructure, bridges and railway sidings);

- housing construction (single-family, multi-family residential buildings).

MIRBUD S.A. builds and hands over to investors fully equipped, top-quality hospitals, offices, office buildings, schools and hotels, but also sports facilities, including football stadiums. Have a look at selected projects, including:

- public administration buildings - commune offices, customs offices;

- sports facilities - sports halls, gyms, elements of external infrastructure;

- hospitals;

- didactic buildings and specialised research units;

- hotels;

- car showrooms and service stations.

MIRBUD S.A. has huge experience in the construction of large-scale commercial facilities, including:

- shopping malls;

- exhibition and market halls;

- congress and hotel facilities.

Specialised equipment, qualified staff and experience in the implementation of projects makes MIRBUD S.A. a reliable partner in the implementation of road projects. The Company, as a general contractor, provides services in the field of construction or modernisation of:

- roads with crossings, junctions, roundabouts and accompanying infrastructure;
- streets, car parks and sidewalks;
- railway sidings, tram lines;
- viaducts and bridges;
- culverts.

MIRBUD S.A. in the profile of its activity has completed projects in the field of housing construction, including large citygenic projects.

So far, the Company has completed and is carrying out construction of several dozen housing projects, among others in such locations as:

- Katowice
- Łódź
- Zakopane
- Rumia
- Hel
- Konin
- Żyrardów
- Skierniewice
- Łowicz
- Rawa Mazowiecka
- Brzeziny near Łódź.

Organizational structure of Mirbud S.A.

The MIRBUD Capital Group employs nearly 800 employees, including highly qualified engineering staff with various specialisations in the construction industry. The Company's also has the advantage of a well-developed machine park which ensures performance of most of the work on the basis of its own facilities.

Since 2008, MIRBUD S.A. has been successively building a stable Capital Group with a diversified range of activities. Investment tasks in the field of housing construction in the developer system were taken over by a company separated from the structures of MIRBUD S.A. and listed on the Warsaw Stock Exchange - JHM Development S.A., and the shares purchased in 2010 in Przedsiębiorstwo Budowy Dróg i Mostów Kobylarnia S.A. from Bydgoszcz allowed the scope of activities to be extended to road and bridge works and production of bituminous masses. JHM DEVELOPMENT S.A. invests in the construction and sale of private and multi-family residences. The company also buys and sells real estate on its own account, in addition, rents out and manages its own properties.

Moreover, the MIRBUD Capital Group includes Marywilska 44 Sp. z o.o., which is the owner and manager of one of the largest shopping centres in Warsaw. Another company belonging to the Capital Group is Expo Mazury S.A., which manages the congress and exhibition centre in Ostróda - the largest facility of this type in Warmia and Mazury. The youngest company is MIPBUD LLC, which since 2018 has been implementing construction contracts in all segments of the construction industry in Ukraine.

The Management board is presented by:

President of the Management Board – Mr. Jerzy Mirgos

Vice-President of the Management Board – Mr. Stawomir Nowak

Members of the Management Board – Mr. Pawel Korzeniowski and Mr. Tomasz Salata.

Also company has the Supervisory Board and as part of the MIRBUD S.A.'s Supervisory Board structure, there is an Audit Committee, which was separated as a monitoring, advisory and opinion-forming body under specific provisions of law and the Rules of Audit Committee Procedure of MIRBUD S.A. (Fig. 2.1.)

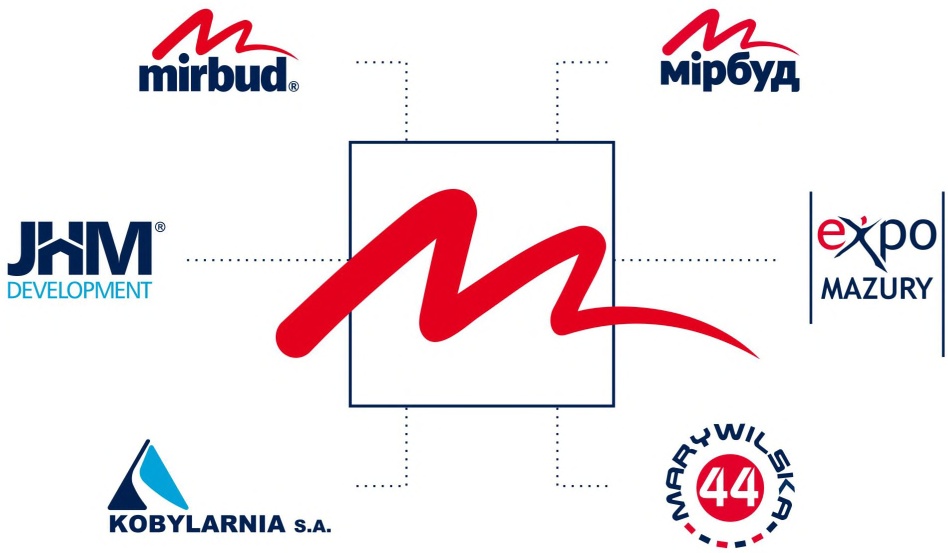

Fig. 2.1. MIRBUD structure

Source: https://mirbud.pl/en/

The highest governing body is the Founders' Council. The company's activities are managed by the director, who is accepted under the contract by the Founders' Council. He independently resolves issues related to the company's activities and acts on its behalf.

The work of the General Director is aimed at coordinating work between different services in accordance with the production plan. This position requires a competent employee on issues related to this production. The CEO is interested in the established work of the company, that is, he is one of the founders. The CFO understands the financial issues of the company and skillfully distributes the financial resources of the firm, evaluates the state of the financial market. The chief accountant keeps documentary reports of the company. The marketer deals with product sales issues, signs contracts, and works with documents.

Management team of Mirbud S. A. includes mostly middle-aged men with higher education and extensive work experience. These are highly qualified employees who know several foreign languages, and very often go on business trips abroad.

Thus, a fairly effective organizational structure of the enterprise has been formed, which corresponds to the specifics of the construction activity of the enterprise. Functional responsibilities are evenly distributed between departments, which does not allow to overload individual divisions of the organizational structure. In addition, there is close cooperation between departments, which ensures the integrity of enterprise management. The presence of decentralized aspects in the management of structural divisions makes it possible to solve problems on the ground, when an informed decision comes not from the general director, but directly from the head of the division. Strategic issues are resolved at the general meeting of heads of structural divisions. The final decision is made by the general director of the enterprise.

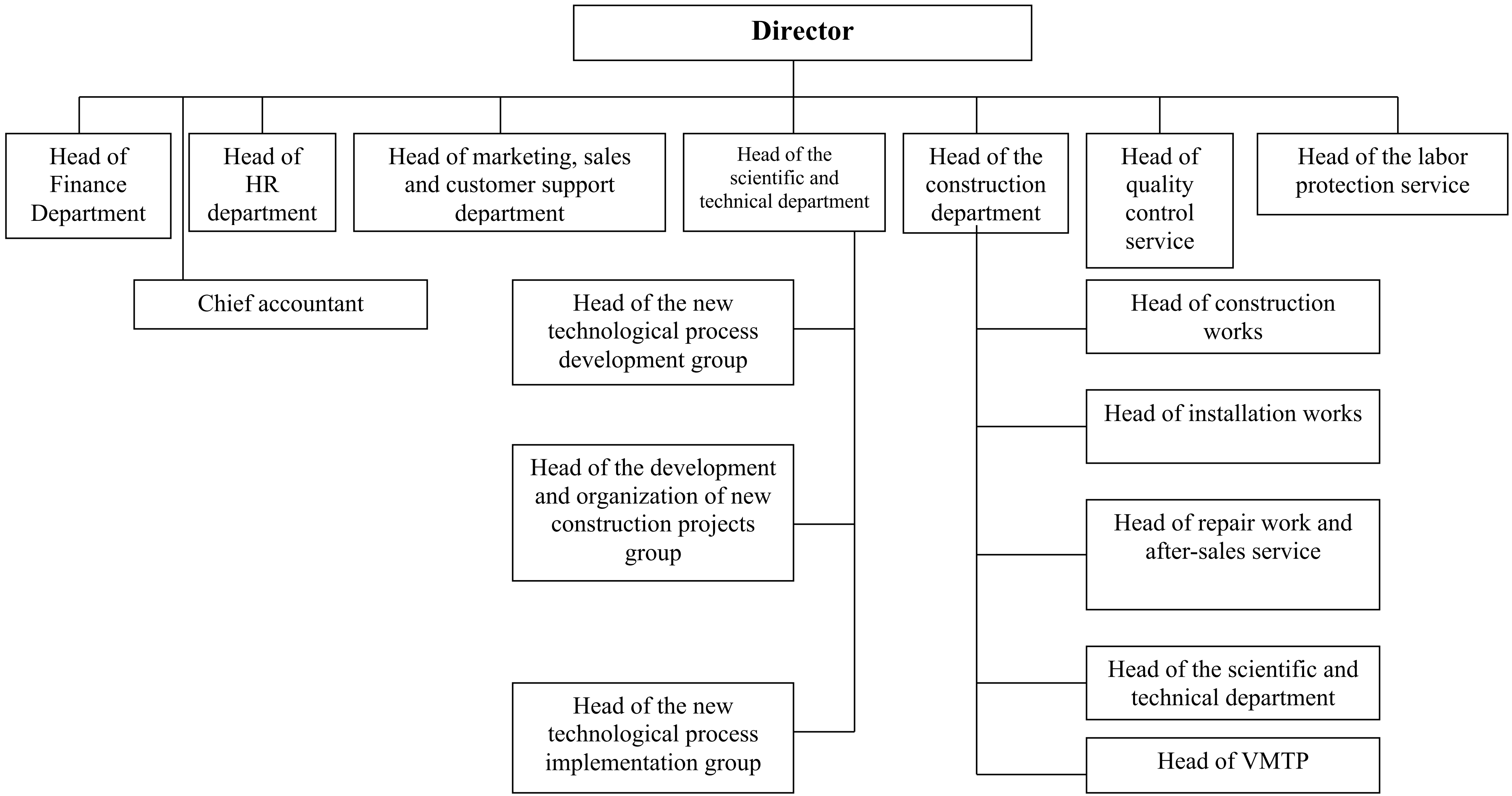

Fig. 2.2. Administrative and managerial structure of Mirbud S. A.

2.2. Analysis of human resource management of MIRBUD S.A. company

Labor potential of Mirbud S. A. is characterized by a system of indicators: the qualification composition of employees of the company, the turnover and stability of the composition, the indicator of staff variability.

The availability of the enterprise with the necessary labor resources, their rational use, and a high level of labor productivity contribute to an increase in the volume of services provided, efficient use of equipment, cost reduction and profit growth.

Let's analyze the structure of the company's employees (Table. 2.2).

Table 2.2

Personnel structure of Mirbud S. A. in 2018-2020

Indicator	2018		2019		2020		Deviation 2020/2019	
	Qty	Share	Qty	Share	Qty	Share	+/-	%
Average number of people	448	100	447	100.0	445	100	-2	-0.5
- administrative staff	66	14.7	68	15.2	68	15.3	-	-100
- employees	369	82.4	367	82.1	366	82.2	-1	-0.3
- other service personnel	13	2.9	12	2.7	11	2.5	-1	-8.3

Source: company internal sources

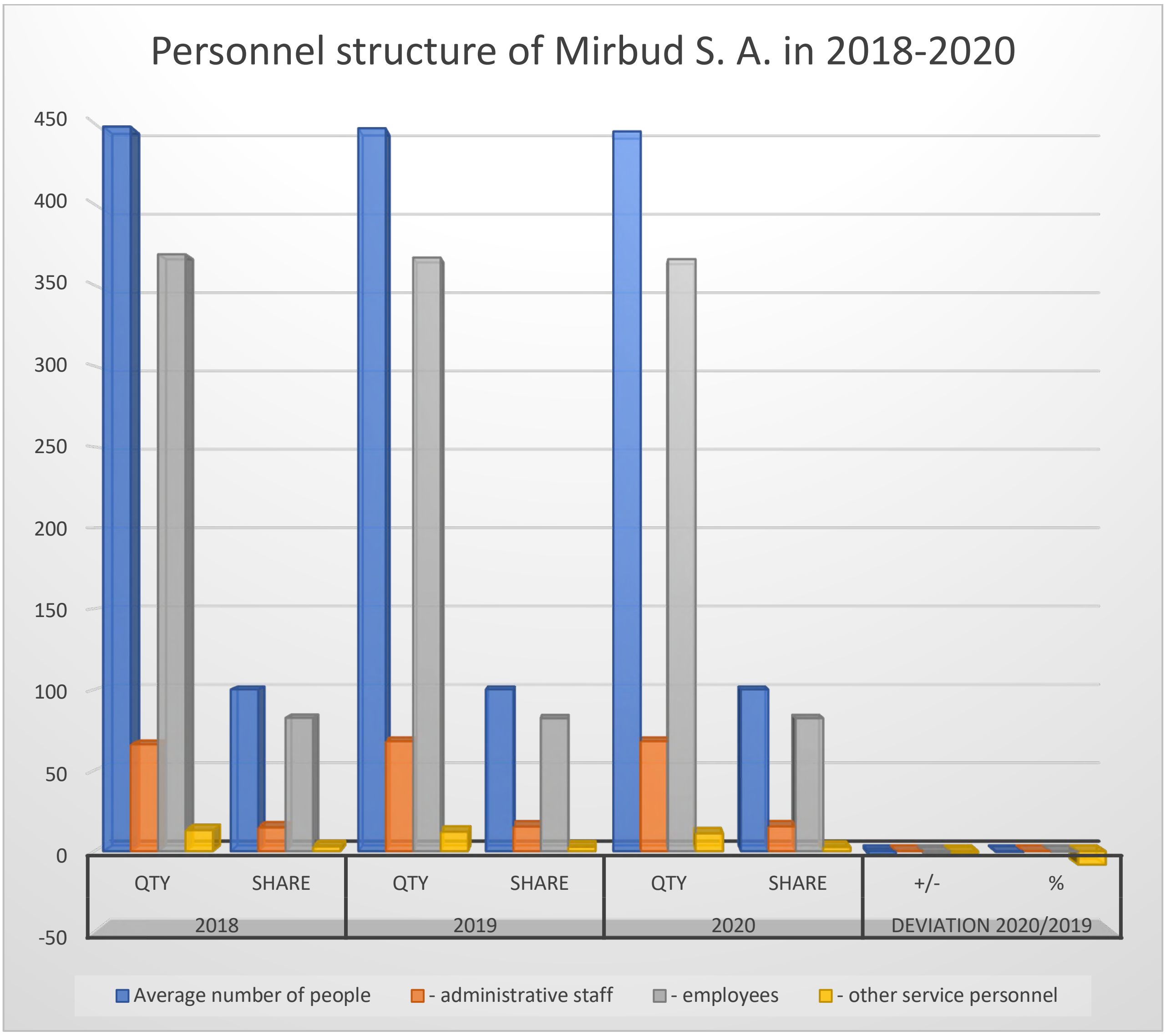

Fig. 2.3 Personnel structure of Mirbud in 2018-2020

Source: company internal sources

So, we can see that most of the employees are workers, which is about 97% of the total staff of the enterprise. In 2020, there is the lowest number of employees in the last four years – 445 people, which is a negative factor for the company and may lead to a decrease in the volume of services provided.

Every year, the number of employees in Mirbud S.A. is decreasing, so it is advisable to analyze the movement of labor at the enterprise. (Table 2.3 and Fig. 2.4. and Fig. 2.5.).

Table 2.3

Analysis of the movement of the labor force of Mirbud S.A. in 2018-2020

	Indicator	Number of people			Deviation 2020/2019	
		2018	2019	2020	+/-	%
	Average number of employees, persons	448	447	445	-2	-0.5
	New employees were hired during the year	33	55	51	-4	-7.3
	Employees left	35	60	58	-2	-3.3
	- conscription, retirement and other conditions provided for by law					
	- from own desire	35	60	58	-2	-3.3
	Turnover ratio:					
	- employment, %	3.7	6.2	5.7	-0.4	-6.8
	- dismissal, %	3.9	6.7	6.5	-0.2	-2.8
	Staff turnover rate, %	3.9	6.7	6.5	-0.2	-2.8
	Total turnover ratio, %	7.6	12.9	12.3	-0.6	-4.7

Source: company internal sources

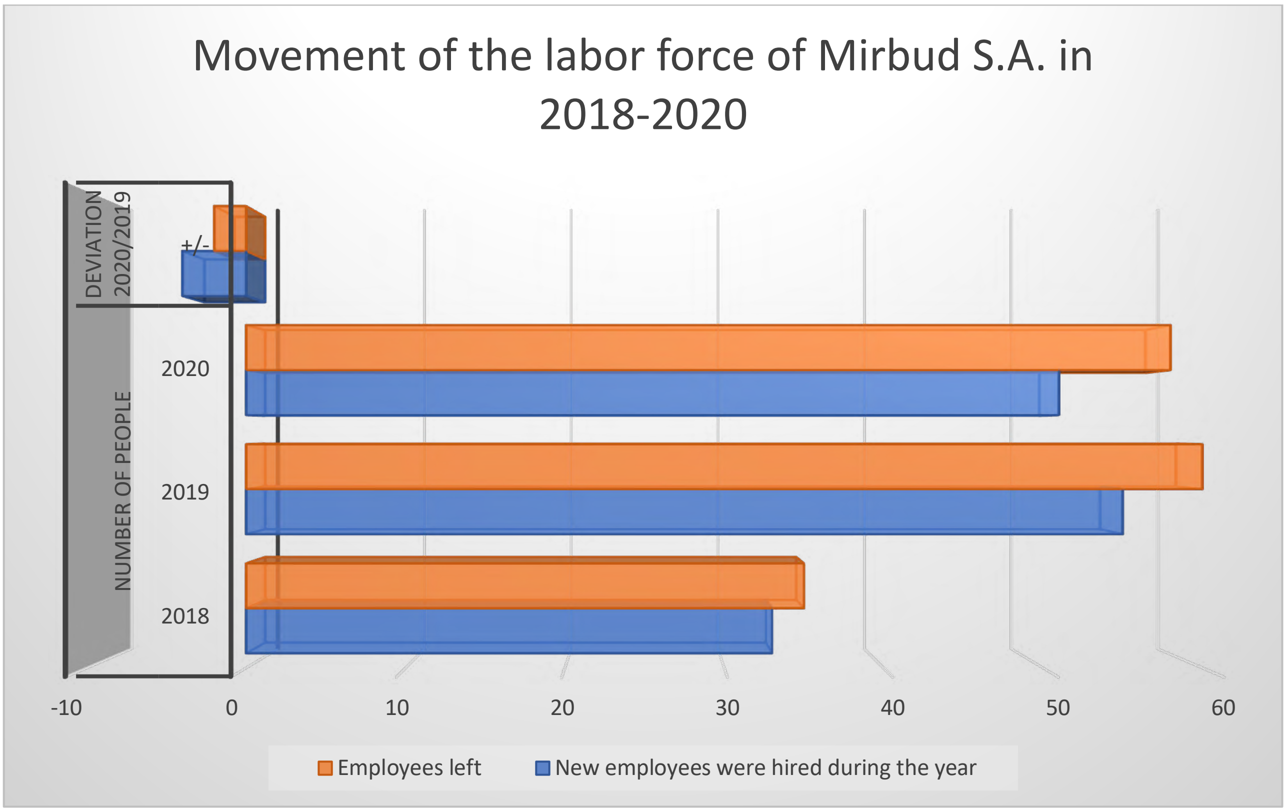

Fig. 2.4 Analysis of the movement of the labor force of Mirbud S.A.

Source: company internal sources

From calculations, we can see that in 2018 the number of employees increased by 5 people, but already in 2019 and 2020 there is a decrease in the number of employees by 2 and 5 people, respectively. However, in order to get a complete picture of the state of affairs at the enterprise with personnel, we will calculate the turnover coefficients for admission and dismissal, as well as the coefficients of turnover, stability, and total turnover.

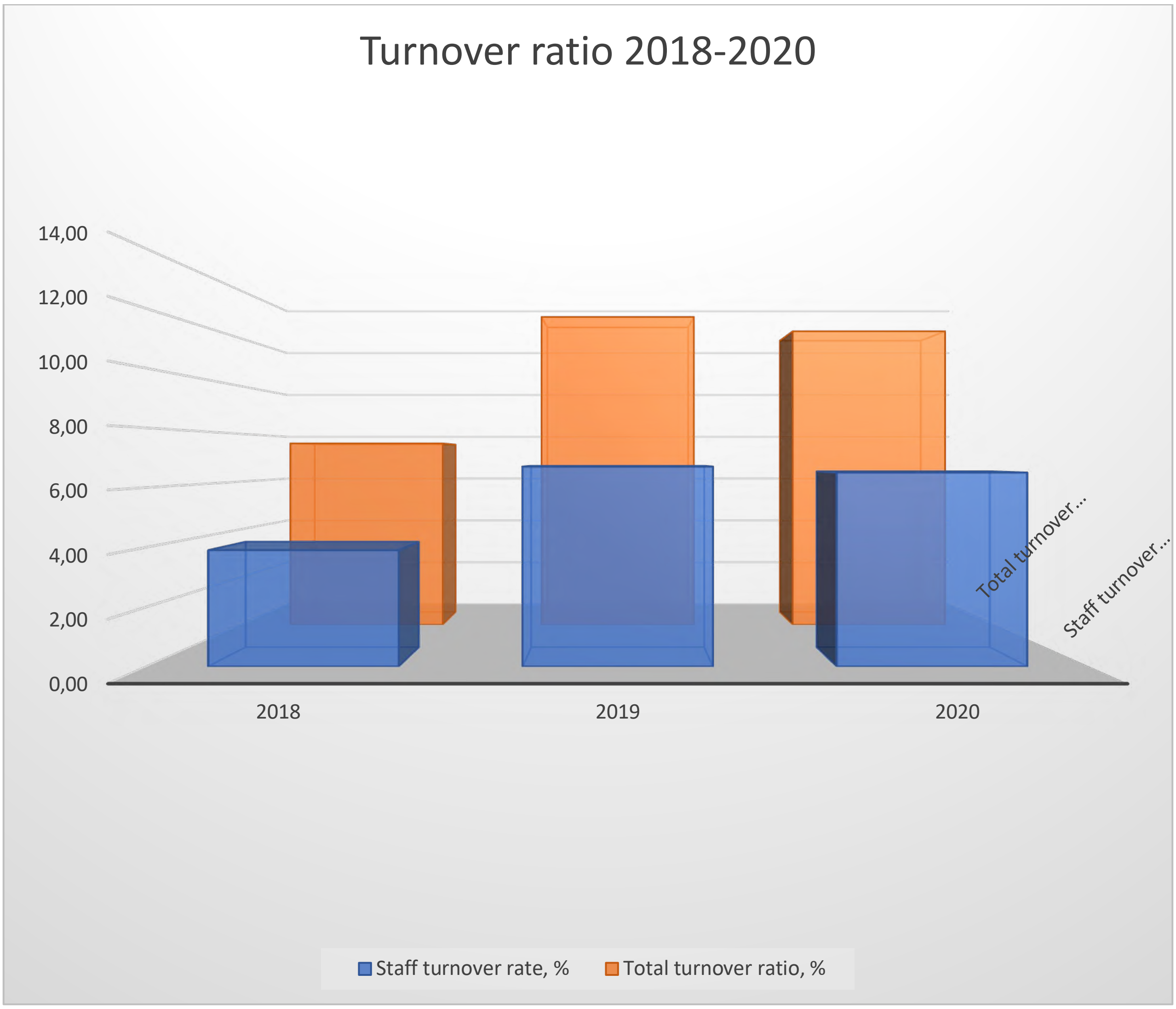

Fig. 2.5 Turnover ratio of the labor force of Mirbud S.A. in 2018-2020

Source: company internal sources

The turnover ratio for dismissal is the ratio of the number of dismissed employees to the average registered number.

In 2018-2020, there is an unpleasant trend regarding the dismissal of employees. The turnover ratio for layoffs grew annually and in 2018 it was 3.9%, and in 2019 –

6.7%. In 2020, there is a slight decrease in this indicator to 6.5%

Staff turnover ratio is calculated as the ratio of the number of people dismissed at their own request and for violation of labor discipline to the number of registered employees.

It should be noted that the company's staff turnover rate coincides with the acceptance turnover rate. This is due to the fact that all employees left at their own request.

The hiring turnover ratio is the ratio of newly hired employees to the average number of employees in their main activity.

This ratio increased from 2018 to 2019. In 2018, it was 3.7%, and in 2019 it grew to 6.2%, in 2020 there is a slight decrease in this indicator to 5.7%.

Therefore, as we can see, the largest number of employees were hired by the company in 2019 to restore the employees who left. It should be noted that the number of employees hired was still insufficient, and did not cover the number of those who left.

The total turnover ratio is calculated as the ratio of the number of newly hired and retired employees to the average registered number.

As for the total turnover ratio, it fully reflects the trends observed above. From 2018 to 2019, this indicator grew. In 2018, it was 5.3%, and in 2019 it was almost 13%, in 2020 there is a slight decrease in this indicator to 12.3%.

Therefore, summing up, we can say that the number of employees at the enterprise is decreasing every year. It should also be noted that the largest number of dismissed and employed people was observed in 2019, and in 2020 these indicators slightly decreased.

It is also advisable to study the indicator of labor productivity (Table 2.4).

Table 2.4

Analysis of personnel productivity Mirbud S.A. for 2018-2020

Indicator	Indicator value			Deviation 2020/2019	
	2018	2019	2020	+/-	%
1. Volume of services rendered, th. UAH.	68734.8	34023.5	34864.8	841.3	2.5
2. Number of employees, persons	448	447	445	-2	-0.5
3. Number of hours worked by workers, people-days thous.	164	162.6	162.3	-0.3	-0.2
4. Hours for personnel, thousand	1311.9	1300.6	1298.3	-2.3	-0.2
5. Number of days worked by one worker	223	221	222	-1	0.2
6. Average working day, h.	8.0	8.0	8.0	-	-
7. Average labor productivity of one employee, thousand UAH.	153.4	76.1	78.3	2.2	2.9
8. Average daily labor productivity of one worker, UAH.	419.2	209.3	214.8	5.5	2.7
9. Average hour for labor productivity of one worker	52.4	26.2	26.9	0.7	2.7

Source: company internal sources

Labor productivity is the most important qualitative indicator of the use of labor resources of the enterprise and labor potential and the main factor in the growth of the volume of services provided.

The analysis of labor productivity begins with the study of its level, dynamics, and overall assessment of task performance.

These data indicate that in 2020 there was an increase in labor productivity in all indicators. Thus, the labor productivity of one employee increased by UAH 2.2 thousand (2.9%), the average daily labor productivity of one worker increased by UAH 5.5 (2.7%), the average hourly labor productivity increased by UAH 0.7 (2.9%).

2.3. Assessment of the competitiveness of the enterprise

Let`s make an analysis of the environment of Mirbud S.A. on the method of structural analysis of the five competitive forces.

1. Existing competitors: construction companies (Ltd. "MKS", NPF "Versiya", "Kievshchina zhytlo" Ltd., "Kyivmiskbud" Ltd.).
2. Consumers: physical and legal persons.
3. Substitute products: new and up-to-date services.
4. Suppliers: Producers.

External analysis is the process of evaluating external factors, that is, those that are objectively formed in the environment of the company's operation, to which it can not directly affect. External analysis puts two main goals:

1) identify the opportunities and threats facing the firm;
2) identifying key success factors in the chosen business area.

Favorable opportunities are factors of the environment that help to achieve the goals of the firm. Threats are external conditions that limit the company's ability to achieve the desired goal without fail. The same factors can create both additional opportunities and additional obstacles.

To determine the influence of environmental factors, its entirety are divided:

a) general macroeconomic factors;
b) sector factors.

Common macroeconomic factors include:

– macroeconomic indicators (dynamics of the gross domestic product, inflation rate, changes in the level of real incomes, fluctuations in interest rates on loans, exchange rates, etc.);
– socio-demographic situation (structure by the number of able-bodied population, level of social protection of the population, etc.);
– state regulation of business (possible changes in the legislation regarding this business, its products, services, sales channels, prices, advertising policy, taxation,

customs regime, etc.);

– natural conditions and environmental restrictions

Of course, it is unmistakable to estimate the long-term impact of general macroeconomic factors on particularly small firms. However, the very attempt to conduct such an analysis compels the entrepreneur to work on the problems inherent in his business, and to think about his behavior in the event of such occurrence.

The deterioration of the general macroeconomic indicators, including the maintenance of inflation, the increase of the expenditure part, including the increase of utility bills, etc., lead to a decrease in the purchasing power of the population of Ukraine, thus indirectly affecting the sales volumes of Mirbud S.A. in the domestic market and on the activity of the enterprise as a whole.

Let`s identify a group of factors of the intermediate environment Mirbud S.A. (Table 2.5).

Table 2.5

An analysis of the competitive environment of the industry

Group of factors	Factors	Manifestation of the factor	Influence on the enterprise	Possible reaction from the enterprise
1	2	3	4	5
Consumers	1.1. Construction services market	Sharp decline in demand	High cost	Reduction of sales volumes
		Growth of the market	87% boot production	Extension of the range of services
	1.2. Instability	Non-payment	Stop supply	Tough measures against debtors
Suppliers	2.1. Suppliers of material and technical resources and energy	Growth in prices and debts	Interruptions in supply. Increase in cost	New forms of cooperation, new suppliers
	2.2. Banks	High interest on the loan	Lack of financial resources for new projects	New forms of cooperation, new partners

Competitors	3.1. Average domestic competition	Unattractiveness of the industry	Enterprise-oligopolist in the market	The external market is price competition
	3.2. External competition	Reduce competition		The possibility of dictation in the domestic market
Partners	Interested in receiving services	Compulsory reduction of construction volumes	Orders from Western consumers Possibilities to get targeted loans and benefits	Reorientation of enterprise activity into another type of construction services

Thus, the influence of external factors on the activities of «Mirbud S.A.» Ltd. is significant, but the company has the ability to respond to certain negative effects of these factors, restraining their negative effect.

Let`s conduct a logical factor analysis of the weak and strong points of Mirbud S.A. in the next directions: production, production potential, market situation (Table 2.6).

Table 2.6

SWOT-analysis of «Mirbud S.A.» Ltd.

SWOT-analysis	Opportunities 1. Access to new markets. 2. Expansion of product range. 3. Introduction of new types of additional services. 4. Prospects for market growth	Threats 1. Instability of the national currency. 2. The emergence of new competitors.
Strong sides 1. Orientation to different contingents (students, businessmen, retirees, for home, office). 2. High quality products, their reliability and	Strength and opportunity 1. Access to new markets, increase in the range of services, participation in tenders will increase the availability of financial resources.	Strength and Threats 1. Increasing competition, changing consumer tastes will influence the strategy. 2. The emergence of new competitors causes

functional design that meet the needs of customers. 3. High aesthetic appeal of products. 4. Minor maintenance and repair costs 5. Variety of prices for products. 6. Significant capacities for certain types of goods	2. Qualification of personnel, quality control, unsuccessful behavior of competitors and the development of advertising technologies will make it possible to keep up with the growth of the market. 3. The variety of prices for quality goods attracts the attention of different customers.	additional financial costs. 3. Popularity will protect from services-substitutes and will add advantages in a competition.
Weak sides 1. Insignificant production capacities for certain types of goods. 2. Minor advertising costs.	Weakness and opportunity 1. Significant advertising costs will help attract customers. 2. Insufficient capacity for the provision of construction services in the presence of equipment and areas.	Weakness and threats 1. An unfriendly policy of the state may lead to the termination of the enterprise. 2. When changing the advertising policy of competitors, there is a need to look for more effective advertising tools.

Source: compiled by the author

Strengths, as shown in the SWOT-analysis, is that the enterprise is oriented at the implementation of services to different contingents of consumers, offering them a quality product. Complete provision of the enterprise with the necessary production equipment has great importance. Also not insignificant is the highly skilled personnel, who is able to provide high-quality services, control and accompany the activity of the enterprise.

By analyzing the weaknesses, we first of all pay attention to the small amount of advertising costs. Since there is strong competition in the market, it requires dependence on advertising.

Significant influence on the level of competitiveness of the enterprise is the competitiveness of the product and its external side - the competitiveness of the brand of construction services. In essence, a trademark is just a symbol, but a symbol with great potential, because a strong trademark is a cost-effective marketing tool. The main task of managing a trademark is the development of a strong chain of positive associations associated with this brand. It is in this case that we are confronted with a brand and can consider it as an object of research. The effectiveness of brand management should be assessed on the basis of studying its competitive position and competitive potential, because both the internal and external aspects of assessing the results of its presence on the market, which most fully corresponds to the interpretation of the trademark as a brand, are analyzed.

Main characteristics of competitive position of Mirbud S.A.

Let`s evaluate the competitive potential of Mirbud S.A. and define the strategy for its development on the Kyiv market.

The analysis showed that there is a significant number of competitors (n = 35) in the market of Kyiv providing construction services, competition between enterprises is increasing.

Mirbud S.A. is one of the five leaders in the provision of construction services in Kiev. Together with it, among the leaders there are companies such as NPF «Versiya» and "Kyivshchina-zhytlo" Ltd.

To identify the capabilities of competitors, we will analyze the key factors of success in the field of production activity by the following parameters: general economic indicators, production, goods, marketing. To assess the competitive advantage of an enterprise, an approach is used that involves assessing the key success factors (CFCs) of the competitor companies and evaluating the positions of the analyzed enterprise. As the analysis showed, the competitive strength of «Mirbud S.A.» Ltd. is estimated at 188 points, which is the best indicator and characterizes the enterprise as the leader of the investigated group. The second and third positions are occupied by "Versiya" and "Kyivshchyna-zhytlo" (159 and 156 points, respectively). In general, «Mirbud S.A.”'s competitive position is 88.5%, which again proves its dominant position in the Kyiv commodity market. But some positions of the company's potential need improvement, namely: it is necessary to develop the communication aspects of the enterprise, to widely implement measures to stimulate buyers, to strengthen advertising activities; the price component of competitiveness needs to be revised and adjusted in order to achieve a larger market share; it is necessary to establish connections with the intermediary system.

Let`s investigate the dynamics of the market share of «Mirbud S.A.» Ltd. and its competitors. In table 2.7 we consider the sales volumes and its market share.

Table 2.7

Sales volumes of "Mirbud S.A." Ltd. and its competitors

Indicators	Year	Enterprises-competitors			Total	Total in Ukraine
		«Mirbud S.A.»	«Kyivschyna-zhytlo»	«Versiya»		
Volume of sales, ths. UAH	2018	89029.6	255020.5	212400.6	556450.7	17482514.0
	2019	141716.0	192658.3	144943.5	479317.8	19828754.0
	2020	316933.3	250309.2	197507.5	764750.0	22449058.0
From the total sale mass,%	2018	16.0	45.8	38.2	100.00	*
	2019	29.6	40.2	30.2	100.00	*
	2020	41.4	32.7	25.8	100.00	*
From the total in Ukraine,%	2018	0.51	1.46	1.21	3.18	100.00
	2019	0.71	0.97	0.73	2.42	100.00
	2020	1.41	1.12	0.88	3.41	100.00

Source: company internal sources

As we see from table 2.7 and Fig. 2.6., in 2020 the market share of Mirbud S.A. has significantly increased compared to other domestic competitors. It was, respectively, 2018, 2019, 2020, 16%, 29.6%, 41.4%. So, Mirbud S.A. is confidently increasing the volume of production and sales, which speaks not only of its quality, price and other indicators, but also about the proficient management of the company. It should be noted that all of the company's management, like other staff, is continuously training, improving their skills and skills. Speaking about the biggest competitors "Kyivshchyna-zhytlo" and "Versiya", we note that from the table 3.1. It is clearly seen that in 2019, the volume of construction services provided to both companies significantly decreased. The decrease in sales volumes and, accordingly, the market share of the companies "Kyivshchyna-zhytlo" and "Versiya" is due to the fact that in 2019 these and many other companies were not ready to actively increase the demand from buyers and could not timely increase volumes production. This position was not used by very large companies, whose share increased by 1.2% in 2019 to 65.2%.

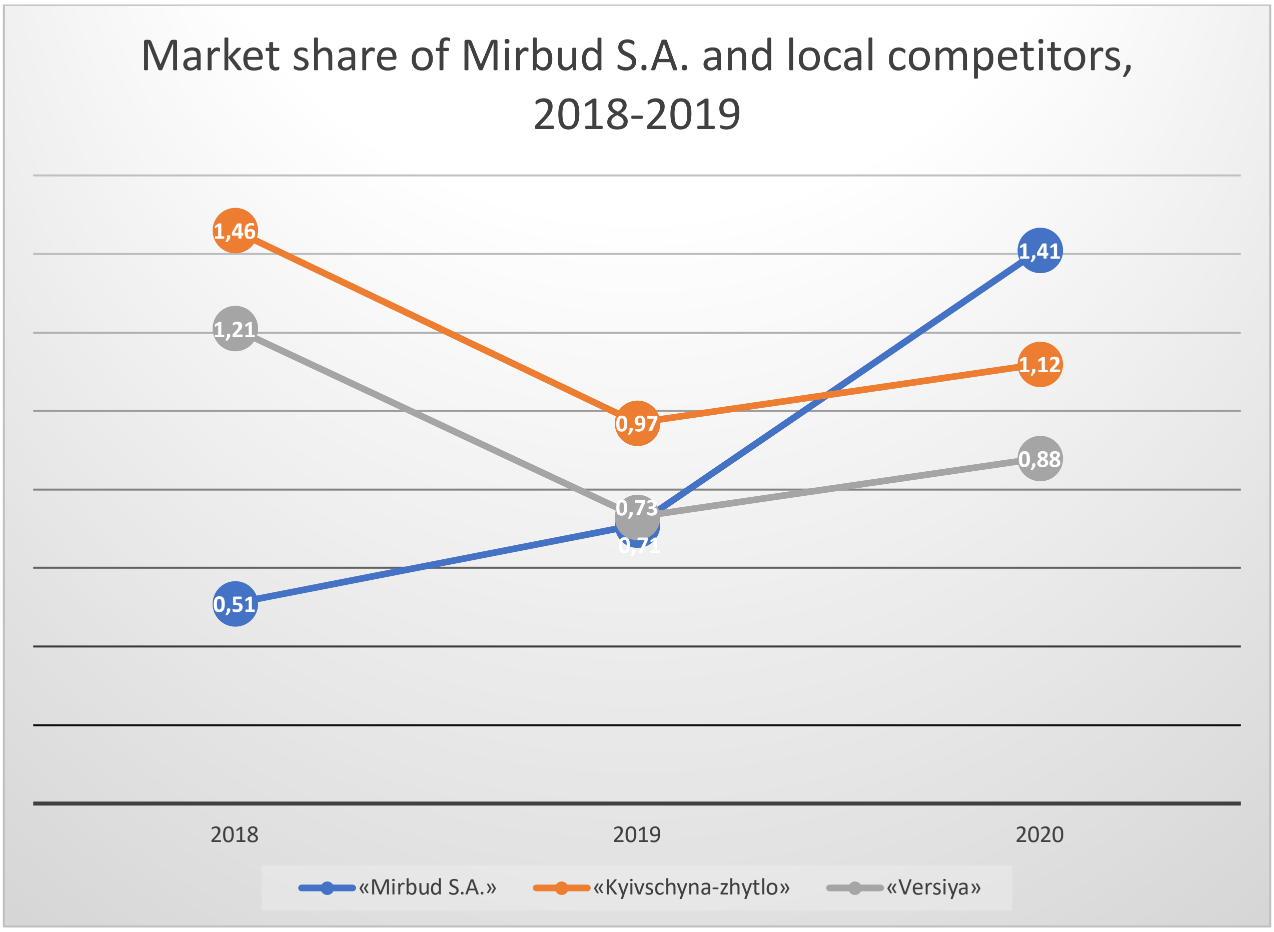

Fig. 2.6 Market share of Mirbud S.A. and local competitors, 2018-2019

Source: company internal sources

Thus, according to the results of 2020 there is an opportunity for further development of the market of construction services.

Compared to the competitors we chose for analysis, Mirbud S.A. has an increasing share of the market. As we can see, Mirbud S.A. is actively engaged in a competitive struggle with domestic competitors in the market of construction services.

Consider the dynamics of the market share of Mirbud S.A. and its main competitors (Table 2.8 and Fig. 2.7.).

Table 2.8

Dynamics of the market share of "Mirbud S.A." Ltd. and its main competitors

	Name of the company	Years			Absolute deviation (%)		Annual growth (%)	
		2018	2019	2020	2019/2018	2020/2019	2019 p.	2020 p.
	«Mirbud S.A.»	16,0	29,6	41,4	13,6	11,8	0,6	1,2
	«Kyivschyna-zhytlo»	45,8	40,2	32,7	-5,6	-7,5	-0,2	0,3
	«Versiya»	38,2	30,2	25,8	-8,0	-4,4	-0,3	0,4

Source: company internal sources

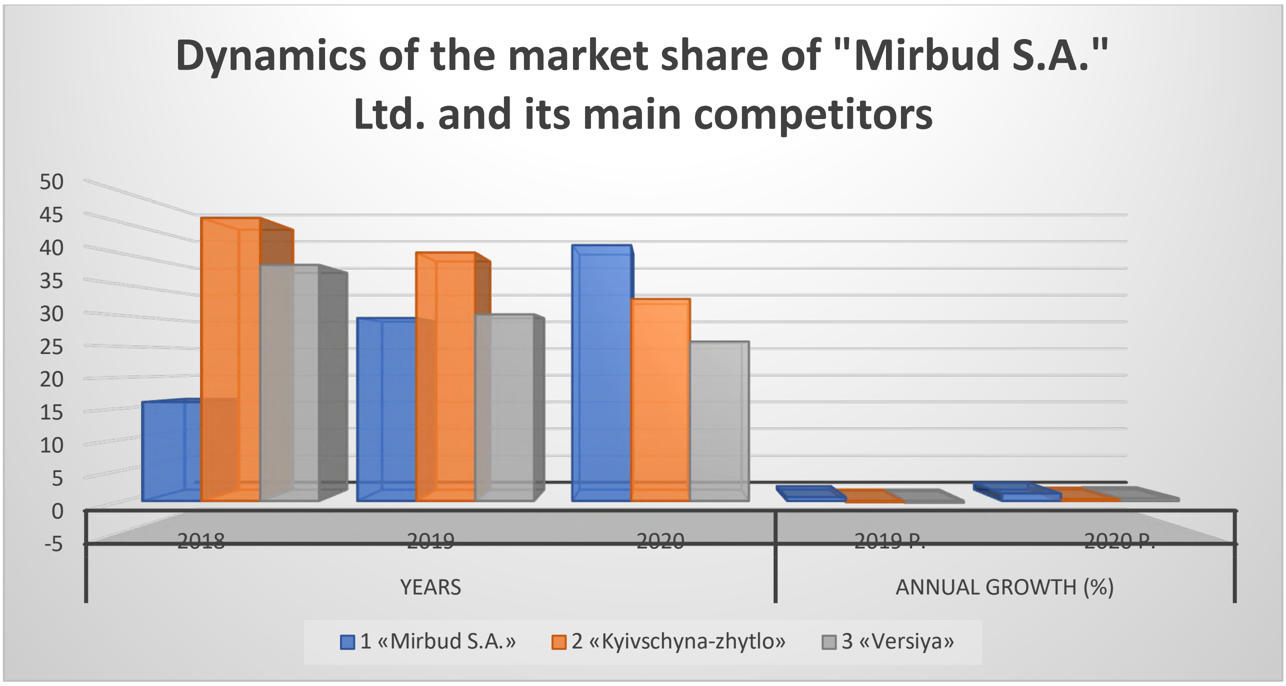

Fig.2.7 Dynamics of the market share of "Mirbud S.A." Ltd. and its main competitors

Source: company internal sources

As we see from the matrix (Table 2.9.), Mirbud S.A., in accordance with the matrix of the formation of a competitive business card, is a leader in a fast-paced competitive market. «Kyivshchyna-zhytlo» and «Versiya» are also leaders in the Ukrainian market, but with a competitive position that tends to improve.

Table 2.9

The matrix of forming a competitive business card of enterprises

Market share Growth rates of the market share	Market leaders	With a strong competitive position	With a weak competitive position	Outsiders
With a competitive position that is rapidly improving	1 «Mirbud S.A.»	5	9	13
With a competitive position that is improving	2 «Kyivschyna-zhytlo» «Versiya»	6	10	14
With a competitive position that is deteriorating	3	7	11	15
With a competitive position that is rapidly deteriorating	4	8	12	16

Source: company internal sources

In order to identify the positive and negative factors that may affect the formation and development of the potential elements of Mirbud S.A. in the external environment, we use the SPACE-analysis method.

The application of this method should be used in the process of developing a sustainable development program of the enterprise, identifying weak and strong positions in the formation and implementation of the potential elements.

The SPACE-analysis method is derived from the SWOT-analysis and is used to assess the strengths and weaknesses of the enterprise in terms of the following groups of criteria: financial strength of the enterprise (FS = 1), enterprise competitiveness

(CP = 0.4), sector attractiveness (GH = 1), the stability of the industry (SG = 2). We will carry out the score assessment on the key criteria for Mirbud S.A. and determine the vector of the recommended strategy in the coordinate system SPACE (Fig. 2.7).

The position of the vector determines the type of recommended strategy (conservative, protective, competitive, aggressive) to strengthen competitive positions. And the beginning of the vector is at the point of origin, the end of the vector is at the point A with the coordinates:

$x = GH – CP = 1,0 – 0,4 = 0,6;$

$y = FS – SG = 1,0 – 2,0 = -1,0.$

As we can see, the vector of the recommended strategy for Mirbud S.A. corresponds to the competitive strategy. In order to strengthen its position in the competition, the company must learn the experience of competitors in reducing the cost of production, use existing marketing and advertising opportunities, find new partners and expand sales markets.

Thus, for Mirbud S.A. today it is advisable to have a competitive strategy of leaders in the industry, and the strategic line is a competitive strategy of defense and strengthening. The content of this strategy is to make access to the market more difficult for new firms, to maintain the existing market share, to strengthen the achieved market position, and to protect the company's competitive advantages.

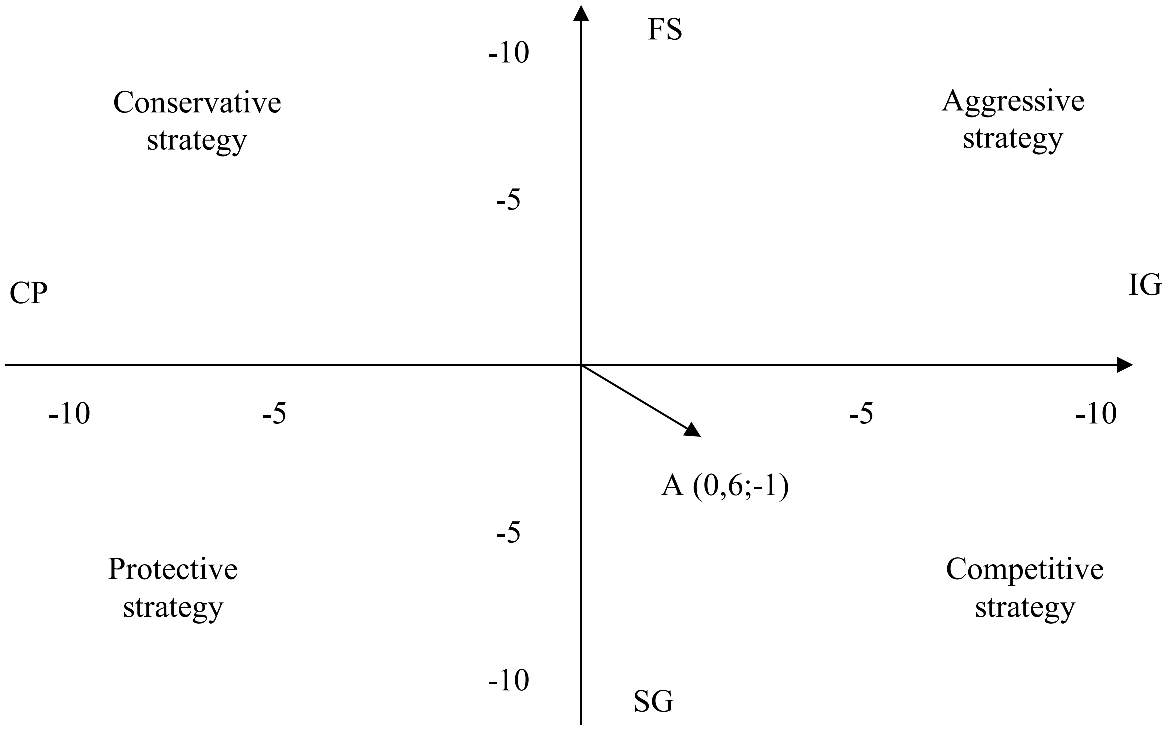

Fig. 2.7. Determination of the vector of the recommended strategy for Mirbud S.A. in the coordinate system SPACE

Source: company internal sources

All of the above will help to strengthen the competitive position of Mirbud S.A. in the market of construction services in Kyiv and will ensure the maintenance of competitive advantages for the future.

Strengths and weaknesses

The decision on the conclusion of a contract for the purchase of a construction site has specifics on the markets B2B and B2C. Such a decision on the B2C market is determined, as already indicated, by the level of personal relations of the heads of enterprises, previous experience of joint work, recommendations of common acquaintances, material interest of decision makers.

The decision on the B2B market is more marketable and determined by the following factors:

1. Source of information. When searching for information, buyers are guided by three types of sources of information:

- sources of information dominated by the manufacturer - is a complex of marketing communications of the construction company. Such information, on the one hand, is free, accessible, on the other hand - biased, because it emphasizes positive and conceals the negative properties of the product;

- personal sources of information in which the consumer dominates - this information from friends, neighbors, leaders of public opinion. The degree of reliability of such information depends on the moral and ethical and intellectual characteristics of the source of information;

- neutral sources of information are information from independent sources: the Internet, the media, official reports, reports of specialized agencies, results of laboratory tests, professional literature, statistical collections. The advantages of such sources - objectivity, validity, reliability, competence.

2. Characteristics of the buyer in the search for information. It is possible the following types of consumers:

- consumers with experience, knowledge and understand their preferences with respect to construction objects. The process of selecting "automatic" is preceded by a brief informational search or without it;

- consumer who knows the specifics of the real estate market, but does not know this construction company. At the same time, well-known construction companies do not provide satisfaction, and selection criteria have already been formed and this allows you to restrict the search volume;

- consumer is dealing with new construction companies and does not know the specifics of the real estate market, that is, the risk of buying is high. The selection criteria are fuzzy or absent, so that they require an active search for information.

3. Characteristics of the buyer in terms of rationality of the decision. Rational behavior does not exclude the impulse behavior even in the real estate market. Valuation of options is based on such indicators as: technical and operational characteristics of the object; the level of emotional pleasure from the purchase; level of popularity of the object. In this case, compensation and noncompensation models of the process of making purchasing decisions can be distinguished (Table 2.10).

Table 2.10

The essence of decision-making models for buyers in the real estate market

Type of model	Subtype of model
Compensation models - predict that the negative assessment of one characteristic of the product is offset by a positive assessment of another characteristic	Fishbein model - the consumer evaluates the product as the sum of the assessments of its characteristics: a high score of one parameter can offset a low estimate of another;
	model of behavioral intentions - the consumer during the purchase is guided not by the characteristics of the goods, but by the strong inner desire, the psychological setting to become the owner of the product (collectors)
Noncompensation models - provide no compensation. Advantage at the time of purchase is given to the goods, which have the best estimate for the most important for the consumer characteristics of the goods	the disjunctive model assumes that the consumer during the purchase focuses attention on the dominant characteristic of the product and evaluates only those options that are the best behind these dominant attributes;
	conjunctive model - assumes that the consumer during the purchase focuses on the set of characteristics of the product, which must meet the minimum allowable level of the principle "no worse than". Requires a certain level of satisfaction from each characteristic of the product, otherwise the product is not purchased;
	lexicographic model - suggests that the consumer evaluates the characteristics of the product according to ranked priorities and chooses the product that best matches the characteristics of the highest priority. The consumer ranks the attributes in order of their importance, then evaluates the alternatives of the choice according to the most important attribute and selects the product with the highest rating;
	model of domination - assumes that the consumer evaluates the product according to its characteristics, which are satisfactory in comparison with other goods. Unlike the lexicographic model, there is no parameter ranking here, all parameters are considered important, and an unsatisfactory score of at least one parameter can affect the purchase decision

Source: Селезньова О.О. Генезис маркетингової діяльності будівельних підприємств розвинутих країн

Thus, in order to develop the competitive potential, concrete actions for Mirbud S.A. in the Kyiv market should include:

- attempts to raise the competitive barrier for applicants for leadership in newcomers through increased advertising and sales promotion costs, higher levels of service and increased costs of researching and developing their own brand names for products that the applicant for leadership already owns brand names or, maybe have;

- the transition to a more pronounced personalization service and the use of other additions to increase consumer loyalty and the complexity or increase in price of their transition to the products of competitors;

- expansion of the parametric range of products, to close free niches for competitors;

- maintaining reasonable prices and attractive quality;

- creation of new capacities to prevent the growth of market demand and to block the expansion of small competitors;

- investing in cost-competitiveness and technological development;

- concluding exclusive contracts with the best suppliers and dealers.

All of the above will help to strengthen the competitive position of Mirbud S.A. in the market of construction services in Kiev and will ensure the maintenance of competitive advantages for the future.

CHAPTER 3. OPPORTUNITIES FOR INCREASING HR MANAGEMENT EFFICIENCY AND COMPETITIVENESS OF MIRBUS S.A. ON THE MARKET

3.1. Recommendations of improvement of the enterprise`s activity

The marketing activity of a construction company requires constant changes and improvements. External market conditions, consumer preferences and production technology make marketing departments systematically evaluate its actions, review marketing strategies and plans, and measure the results of its activities. If there is a difference between the goals set and the results achieved, the management performs corrective actions. All these processes involve marketing control. As a result of the research carried out within the framework of this control, the construction company and each marketer can determine the ways of improving the marketing activity at the enterprise.

Domestic scientists proposed a certain scheme of action, in relation to the improvement of marketing communications of the enterprise:

1) focusing on maximum satisfaction of consumers' needs as the first and main objective of the enterprise;

2) review, clarification or definition of a new target customer; deeper study of the consumer trend;

3) identification of specific marketing business processes that have made a mistake, correct this error and improve these business processes, with the necessary amount of financial resources, the introduction of marketing innovations;

4) optimization of the communication process with the consumer; creation of a more effective advertising campaign (change of means of distribution of advertising; content of advertisements).

The main component in improving marketing communication activities of Mirbud S.A. is to improve the work of the marketing department. The marketing service needs to be formed gradually, gradually combining the main functions of marketing (market research, pricing policy, marketing communication policy). The marketing department should be headed by the commercial director of the construction company. Effective marketing management means building a system for collecting information, conducting market research, organizing marketing communication activities, so as to provide maximum high performance at minimum cost. During the marketing activity, the management needs to take into account the needs of consumers of this construction company in the foreground.

Integrated marketing communication is a concept of planning of marketing communications, connected with the need to assess the strategic role of individual areas (advertising, sales promotion, public relations) and the search for their optimal combination. The optimal combination of advertising, sales promotion, propaganda, personal sales and public relations promotes the establishment of strong links with the external and internal entities of the construction company.

The aim of communication policy, first of all, is to move the product to the market. One of the main components of communication policy is advertising.

Advertising is one of the most effective measures aimed at stimulating demand. Therefore, it is necessary to popularize the products on the territory of the city with the help of advertising.

In order to increase the competitiveness of Mirbud S.A., it’s can be proposes the following measures:

1) the placement of outdoor advertising - banner (board) advertising with the brand name, the address of the location, it is recommended to place them along lively highways and in crowded places;

2) periodic posting of colored leaflets in newspapers with information about goods and services;

3) the placement of information about activities and products on the pages of magazines, in demand among the population, which have good quality of printing, and also distributed on the territory of the city and region;

4) development and issue of printing products in the advertising agency

(calendars, souvenirs) for placing them at retail outlets.

Public relations is also an important part of communicative activity. This is, first of all, the establishment of a friendly relationship with the general public, i.e. it is conducting seminars, charitable activities, presentations, participation in exhibitions and fairs. In this regard, it is necessary to form a special department of PR in the Mirbud S.A. Employees of this department would have certain responsibilities, namely: control over information about the company and its goods and services, which falls into the media, responsible for the content of the interviews of employees, the publication of press releases, promotional materials about the company.

Effective marketing of any enterprise in modern conditions is impossible without the use of an effective communication system. Marketing communications are the activities of the company, which aims to create a relationship with market participants, which will promote effective marketing activities and sustainable operation of the enterprise.

Traditionally, there are five major marketing communications tools such as advertising, public relationships (PR), sales promotion, personal sales and direct marketing. However, these means of promotion do not exhaust all elements of marketing communications. Widely used so-called synthetic means of marketing communications. These include exhibitions and fairs, sponsorship, branding, integrated marketing communications in places of sale. In today's environment, the use of integrated marketing communications is increasing. Integrated marketing communications is a comprehensive concept that covers all the tools of marketing communications. Their purpose is to formulate the appeal, they are aimed at the target audience and can promote the company's products to the end user.

The emergence of a large number of unconventional promotion tools and the evolution of some marketing communication tools in certain types require a generalization and analysis of the possibility of its use in the activities of construction enterprises. After all, the latest trends in the development of communication tools should be distinguished according to the type of market in which they will be applied. Unconventional marketing communications include specific methods of promotion using non-standard approaches, non-traditional advertising carriers, achievements of science and technology, creation of artificial situations, etc. We support the opinion of those scholars who consider it generally inappropriate to use non-standard tools in the activity of construction enterprises.

Summarizing the position of scientists regarding the integration of promotion tools, it can be argued that it is expedient to integrate basic and synthetic instruments into the communications policy of a construction company. It should be noted that different goals of marketing communications policy require differentiated use of basic communication tools. Thus, for the purpose of forming a positive image PR is used mainly, to strengthen the brand - advertising, to increase sales - sales promotion and direct sales. Most types of synthetic instruments are used to increase the level of product sales, in addition to branding, which includes a set of measures for the formation and strengthening of the brand.

According to the results of our research, we have developed a list of communication tools taking into account the specifics of construction products and the appointment of marketing communication tools that can be used to promote the products of construction companies:

1) the main tools of marketing communications:

- direct sales as the main tool of communication policy;
- sales promotion for the sale of products;
- advertising for brand enhancement;
- public relations for image formation;
- elements of direct marketing for informing about quantitative and qualitative characteristics of production, terms of its sale, etc .;

2) synthetic instruments:

- exhibitions that are used to ensure the long-term sale of products;
- fairs for selling products and obtaining results in the short run;
- events, i.e. holding seminars, conferences, etc., organizing holidays and other events;
- branding for the formation and strengthening of the brand of the enterprise.

As a result of the combination of basic and synthetic marketing tools, we get a new synthesized toolkit for marketing communications of a construction company, which has the features of the tools from which it was formed.

The basis of mass synthesized communications are events that combine workshops, conferences, fairs, and other events within the framework of communication activities (for example, in the framework of the presentation of a new type of product) that are widely used in the practice of construction enterprises. Such measures include the promotion of products and the establishment of links with target customers, as well as the possibility of acquiring enterprise products.

Depending on the objectives are distinguished:

- business events designed for partners, distributors, dealers and customers and include summits, congresses, forums, conferences, seminars, presentations to find new business relationships, as well as demonstrations of product quality characteristics;
- corporate events aimed at the staff of the company, as well as partners and important customers, and include corporate jubilees and professional holidays to ensure loyalty of the invited visitors;
- special events that cover special events, press events, charity and sponsorship programs that ensure the creation of a positive image of the enterprise.

To promote the production of construction companies, it is expedient to use mass events (according to the number of target audiences) and business events (depending on the objectives of the event). Formation of the advancement complex on the basis of these types allows to provide an adequate level of sales of products, promotes the establishment of new business relationships and maximum reach of the target audience.

Personalized synthesized communications are based on exhibition activities and include elements of sales promotion, as well as personal sales (working with agents, intermediaries).

Summing up the above, it should be noted that the management of communications policy in modern conditions has come to a new level, because the continuous increase of the role of information in the activities of enterprises makes them re-look their marketing positions, particularly in the field of communications. The emergence of completely new problems associated with changes in consumer behavior, the expansion of communication capabilities, promotes new approaches to managing the marketing communications policy, and the transformational processes in marketing communications predetermine the need to recreate modern features in traditional forms of promotion.

The use of elements of the marketing communications complex is integrated, the development of strategies and marketing communications programs will enable construction companies to increase the effectiveness of communication policy management and overall efficiency. A key factor in the success of communications policy of enterprises can be considered the use of an integrated system of marketing communications, that is, simultaneously different channels of communication, which will create opportunities for increasing the effectiveness of the communicative policy of the construction company.

Thus, special methods have been proposed to improve the marketing activities of a construction company. The proposed methods will allow the Mirbud S.A. to significantly increase the level of competitiveness in the market and to bring confidence to customers.

One of the newest and most advanced approaches to determining the competitiveness of an enterprise is the benchmarking method.

Benchmarking has long won the sympathy, commitment and has been successfully used in the practice of Japanese, American, Western European and Scandinavian businessmen and scientists.

Benchmarking is an art of discovering what others are doing better than us, and studying, refining and applying the work methods of other organizations. At first glance it may seem that the question is about the old method: enterprises, and not only they, were always subjected to espionage, their activities were analyzed and studied, and the best revisions were used, if possible, by competitors. However, at the turn of the 70's some enterprises have begun to develop a theory based on a comparison of activities not only competitors, but also advanced companies from other industries. Firms began to learn to quantificate differences in the management of enterprises. The concept and methods that they have developed allowed to reduce costs, increase profits and optimize the dynamics of the structure and the choice of the strategy of the enterprise.

Today, benchmarking is dynamic. The set of its definitions is rapidly increasing, and it is difficult to formulate its exact characterization. The goal of benchmarking is to make sure that the success of a business is firmly established on the basis of the study.

For most companies, benchmarking is not new as it was carried out in a competitive analysis, although benchmarking itself is a more detailed, formalized and orderly function than a method, or a competitive analysis approach. Benchmarking is a necessary function of the success of any organization. Benchmarking is seen as a way of evaluating strategies and goals compared to first-class enterprises to ensure long-term market positioning.

Benchmarking goals:

- determining the company's competitiveness and its weaknesses;
- awareness of the need for change;
- selection of ideas for the fundamental improvement of business processes;
- identification of the best methods of work for companies of this type;
- development of innovative approaches to improving business processes;
- promotion of the setting of "long-term" goals for performance indicators, which significantly exceed current ones;
- developing new measures to improve the quality of services provided and efficiency;
- reorientation of corporate culture and mentality.

Using benchmarking is multidirectional. He has found wide application in logistics, marketing, personnel management, financial management, that is, in relation to the company, benchmarking covers all areas and directions of its activities. Thus, benchmarking in logistics allows to quickly and easily identify problem situations in logistics systems, in areas close to the buyer, regarding orders execution and transportation.

Let's consider in more detail the basic principles of benchmarking:

1. Reciprocity. Benchmarking is an activity based on mutual respect, consent and exchange of data that provide a "win" situation for both parties. But reciprocity is not blind. First, it is necessary to agree the limits of the range of information, the order of data exchange, the logic of the study. In a benchmarking alliance, any partner must have guarantees about the behavior of others, and only compliance with the rules of the game by all participants guarantees them a good, good result. Everything must be pre-established and agreed.

2. Analogy. The operational processes of the partners should be similar. Any process can be evaluated, only a group of research could transmit it into the cultural, structural and entrepreneurial context of its enterprise. The analogy of processes and the establishment of benchmarking partner selection criteria is what determines the success of the activity.

3. Measurement. Benchmarking is a comparison of characteristics defined by several enterprises; the goal is to establish why there are differences in characteristics and how to achieve their best value. The most important is the definition of key characteristics of the process, which allows to improve the characteristics based on the study process.

4. Reliability. Benchmarking should be based on actual data, accurate analysis and study of the process, and not only on the basis of intuition.

Benchmarking can be considered as one of the most important directions of strategically oriented marketing research. In the table 3.1 provides summary data describing the importance of benchmarking in the process of strategically oriented marketing research.

Table 3.1

Comparative characteristic of benchmarking in the process of conducting strategically oriented research

Characteristics of the research process	Significance of benchmarking in strategically oriented research		
	Market research	Competitors analysis	Benchmarking
General purpose	Analysis of markets, market segments and product recognition	Analysis of competitor strategies	An analysis of why and why so well done by competitors or enterprise leaders
Subject of study	The needs of buyers	Competitive strategies	Methods of doing business that meet the needs of customers
Object of study	Goods and services	Markets and products	Methods of doing business, as well as goods
Major constraints	The degree of customer satisfaction	Market activity	Unlimited
Values for decision making	Insignificant	Significant	Very significant
The main sources of information	Buyers	Industry experts and analysts	Enterprise leaders in the industry, as well as competitors

Source: Бихова О.М. Роль бренда в організації інтегрованих маркетингових комунікацій

Benchmarking approach leads to a significant change in the decision making process in marketing. Traditionally, marketing decisions were made based on the results of marketing research and intuition of managers in relation to the marketing mix. Based on this, the marketing strategy of the company was developed. Modern business conditions lead to insufficient to ensure the firm's competitiveness and its steady position. Necessary study of business experience and behavior in the market of business leaders to increase the validity of marketing strategies.

Thus, the link between benchmarking and strategic planning at the enterprise is obvious. Benchmarking should act as a strategic planning tool to ensure a purposeful and profitable business development.

The process of planning, which sets strategic directions for business development, is the most important area for which benchmarking plays a decisive role. Goals and guidelines that depend on the mission of the enterprise are largely determined by the results of benchmarking. The application of benchmarking in the process of strategic planning ensures the effectiveness and reliability of such planning.

In the process of developing a strategy, it is important to look from the outside as it establishes a strategic direction and contributes to the distribution of limited resources. Knowledge about the methods of work of the best firms and the needs of buyers, obtained in the process of benchmarking, is an important information necessary for the development of the enterprise and ensuring its competitiveness. In the process of such transformations, the manager must study and analyze not only how his enterprise is adapted to market requirements, but also how to improve the work of this enterprise, what to do and so on.

That is, benchmarking puts the task of transforming activities within an organization in accordance with market requirements.

Thus, we can conclude that a strategically oriented enterprise should be closely linked to the application of principles, methods, tools and philosophy of benchmarking. Trademarks are one of the most valuable assets of Mirbud S.A., and management is aware that this value can and should be used to generate additional income. Thanks to the effective use of venture assets, these companies are able to provide high rates of economic growth.

The value of a trademark is formed by six main sources:

1. Experience of use. If the products under a certain trademark for many years have proven to be the best, the brand gets added value as familiar and reliable. On the contrary, trademarks that often did not meet the expectations of the consumer or due to lack of promotional support came out of his field of view, do not have similar

positive associations.

2. Representation of the user. Often, the image of a trademark is associated with the type of target audience. A prestigious or successful image is created with the help of sponsorship and advertising, in which the trademark is associated with attractive or famous people.

3. The power of persuasion. Sometimes consumer confidence as a product of a particular brand increases the efficiency of the latter. In the field of pharmaceuticals, cosmetics and high-tech products, the buyer's satisfaction is often based exclusively on the belief in the trademark. The basis for stable beliefs can serve as comparative assessments of their own representations about the product, its technical characteristics and the opinions of independent experts.

4. External aspect. The design of a product that belongs to a particular brand directly affects the perception of product quality.

5. Name and reputation of the manufacturer. Often the well-known name of the company is attributed to a new product and it is carried by the positive associations of the name of the company, which provokes consumer confidence and the desire to test the product.

6. Emotional grounds. The consumer chooses those trademarks that, in his opinion, correspond to his "needs". However, according to A. Maslow's theory, in a society of abundance, these needs not only have a physical and economic basis, but are also determined by self-actualization and self-evaluation, the search for the content of human belonging to one or another group.

In general, the analysis and evaluation of the effectiveness of marketing communications in branding related to such important scientific and practical tasks as increasing the efficiency of production and economic activities of domestic enterprises, the formation of organizational and economic mechanism of branding, assessment of its functioning.

3.2. Improvement of the system of material incentives in the process of personnel management MIRBUD S.A.

In Mirbud S.A. it could be introduced other incentive and compensation payments, such as remuneration for final results, paid for the implementation of annual or quarterly plans by individual structural divisions or the enterprise as a whole. Remuneration encourages group interests, encourages the team to achieve the final results of production; most often it is distributed according to the coefficient of labor participation or contribution.

In order to improve the remuneration system in Mirbud s S.A. it is proposed to pay remuneration for the following results:

- increase in sales volumes;
- increase of labor productivity (output);
- improving service quality.

Important for increasing labor productivity is the motivation of work at Mirbud S.A. In this case, motivation should be considered as a set of incentives that encourage employees of Mirbud s S.A. before active work, that is, after carrying out organizational measures, the manager must ensure the successful performance of the work.

The main thing here is the interest in work, the need for labor activity and satisfaction from it. This shows that a person's behavior is always motivated. It may work hard, with enthusiasm or may shy away from work. The behavior of a person can have any other manifestations. It should always be looked for a motive for a person's behavior. A person who has gained knowledge and skills in the process of training, advanced training and accumulating industrial experience wants to apply their skills in work. And the more it succeeds, the greater the degree of satisfaction, and accordingly the degree of expressiveness of motives. In this case, the employee considers the organization's goals to be their goals. Among the remuneration system that needs to be implemented for the effective work of employees of Mirbud s S.A. bonuses should take an important place. Labor bonuses are an additional form of remuneration paid to an employee if the enterprise achieves certain results, as well as taking into account the individual contribution of the employee to the final results.

The bonus system ensures employees' interest in labor results, compliance with planned proportions, and work in a given mode. Bonuses may be of a general nature (for the achieved results of the work of Mirbud S.A.) and private (for creating and implementing new solutions, saving electricity, etc.).

Bonuses can be viewed by source:

- revenue bonus should provide that the employee or division receives a certain share of remuneration when a certain, pre-set amount of sales revenue is reached in the form of a certain percentage of revenue or the absolute amount of the bonus;

- income bonuses will allow to coordinate the receipt of remuneration with the achievement of a certain economic result (gross or net income) in the form of a pre-set percentage of income or the absolute amount of the bonus;

- bonuses from the profit of Mirbud s S.A. should provide that an employee or division receives a certain share of remuneration when a certain amount of profit (gross, net) is reached in the form of a fixed percentage of profit or an absolute bonus, depending on the amount of official salaries. Profit bonuses are the most subtle incentive tool, since they clearly focus on achieving the main economic criterion — profit.

The forms and amounts of bonuses should also depend on the category of Personnel of Mirbud S.A. Employees are awarded for performing a given amount of work, ensuring the required product quality in the form of an estimated percentage to the hourly tariff rate from the time actually worked, that is, they are awarded a bonus for the basic salary. Under normal production conditions, the share of premiums in total earnings should not exceed 50%. An increase in the share of bonuses may lead to the fact that they will no longer perform a stimulating function and turn into a component of wages.

The amount of bonuses is determined by the company's management based on net profit; sometimes the estimated percentage of bonuses is reserved in the payroll fund. In fact, employee bonuses are aimed at achieving group results and are not always related to the final result of the enterprise.

Management personnel (employees) can be awarded mainly for exceeding the planned final results from profit in three ways:

- payment of a certain percentage of the basic salary (official salary, monthly payment rate);

- distribution of part of the net profit (material incentive fund) among employees in accordance with the labor contribution coefficient;

- payment of a pre-agreed percentage of net income (salary fund) for each percentage of the excess of the final result.

Maximum bonus amount for Mirbud S.A. is included in the regulations on remuneration (bonuses) and is known in advance. Special attention should be paid to the system of material incentives (table 3.2).

Table 3.2

Strategic approach of Mirbud S.A. to the system of bonuses, surcharges

Strategic objective	The role of material incentives	System type
The greatest attention is paid to the results	Select those employees who show the best results	Payment for results
The company's competitive advantage depends on the professionalism of its employees	Encourage employees to master professional skills and correct forms of work behavior	Payment at the level of competence and skills
Innovation is important	Encourage new ideas and creative approach of employees	Incentive schemes for ideas and innovations
Promoting team unity	Establish equal working conditions for all employees	Harmonized payment and reward system

3.3. Implementation of human resource forecasting in the process of personnel management MIRBUD S.A.

Human resource forecasting is a process that helps an organization determine how many employees it will need in the future to meet its strategic goals. Human

Resources forecasting involves establishing what jobs the company will need to fill, what types of skills employees must have to do those jobs and what challenges the company will face as it works to meet its staffing needs. Human resource planning has become an essential component in identifying and planning for a company's changing personnel needs.

Scrutinize the Current Job Market

One of the first steps in forecasting workforce availability is to take a closer look at the economic and population issues that affect employment. Uncertainty in the economy and labor market can make forecasting more difficult. Human resource professionals must consider factors such as the current unemployment rate and demographic composition of the local job market. For example, trends such as a significant number of young graduates entering the workforce at the same time increases the potential for filling some job positions at lower wages and salaries. Age, training and level of education are other factors that affect the talent available in the job market.

Evaluate Organizational Needs

Learning more about the available workforce is just one element of the Human Resource forecasting process. Organizations must examine their own human resource needs, which are dependent, in part, on the size and type of organization. Many organizations begin by collecting data from all departments. The next step is to assess the existing job positions within the organization. Human Resource managers must take into account the types of jobs and number of employees performing in each class. After establishing what knowledge and abilities employees should possess to achieve the company's long-term strategic goals, Human Resource is responsible for evaluating the current skills of employees. This step helps determine if employees have the qualifications and expertise to satisfy the company's future needs.

Anticipate Employee Turnover

Human Resource must understand an organization's present and future objectives in order to successfully forecast workforce demand that will support organizational strategies. In addition, human resources must anticipate the need for creating new positions and modifying current positions. Employee turnover rates place demands on organizations to improve employee retention and recruitment strategies. Knowing what kinds of labor are available in the job market is critical when it comes to filling vacant positions when employees retire; some are promoted to higher positions; and others leave to go work elsewhere.

Estimate Future Human Resource Needs

Once an organization has identified what resources are available in the workforce and has defined its organizational needs, it can plan for future labor needs. Factors to consider include evaluating current employee potential, determining training needs and putting succession plans in place. A primary question managers should consider is whether employees are working in positions that fully utilize their strengths, abilities and experience. Recognizing talent and potential and focusing on employee strengths can prompt promotions or other shifts in job roles. Matching employees' skills to an organization's goals improves employee job satisfaction as well as helps a company to achieve its strategic objectives.

Businesses have to manage overhead and labor expenses to maximize profits. Keeping more employees on the payroll than needed for business results eats into profits, but inadequate staffing to meet market demand or production needs hurts production capabilities. Human resources professionals must staff their organizations with enough skilled employees to meet current needs and future strategic goals. They have various methods to calculate staffing needs using a company's performance data and strategic plans.

Methods of human resources planning system:

Effective Work Force Planning

Effective work force planning includes a needs analysis to estimate the numbers of openings to be filled due to turnover and retirement and to staff new operations. An important part of this planning is identifying knowledge, skills, capabilities and experience. Human resources employees can conduct this planning using historical turnover data, information about economic conditions and projections of business operations and growth.

Forecasting Methods

Human resources staff must look at staffing needs for the short term, intermediate term and long term and do this through forecasting. Forecasting involves analyzing external and internal environments and work force availability and analyzing numbers and types of positions to be filled and how to fill them. This allows managers and recruiters to see who's available internally and externally using company and government data, industry trends and economic reports. Work force planners can forecast an organization’s demand for employees with aggregate or unit breakdown methods, either analyzing total company staffing needs or staffing needs by department or business unit.

Judgmental Methods

Rule of thumb and the Delphi technique are judgmental methods of figuring out how many employees a firm needs to hire and retain now and in the future. The rule of thumb method uses the organizational structure to plan for staffing, hiring replacements for turnover and increasing staff along the same structure. For example, if a manufacturing organization is structured with one supervisor and 20 production employees per product line, with three product lines per manager, replacements are hired as employees leave and 20 employees per product line are the numbers hired when new products are added. The Delphi technique involves using input from business experts who know about the company’s staffing history and strategic plans to make staffing decisions.

Mathematical Methods

Ratio methods and statistical regression analysis are mathematical methods used in work force planning. Productivity ratios figure out how many employees are needed based on the production output per employee and production projections. Staffing ratios are based on the organizational structure. For example, if the organization uses one administrative assistant for every four executives, that ratio is used to estimate the number of administrative assistants to hire and retain.

CONCLUSIONS AND PROPOSALS

In the course of the study the following tasks were performed:

– The essence and mechanisms of human resource management in an international organization were reviewed.

The goals and objectives of the Human Resource system directly depend on the goals of the company. This is the first thing to pay attention to when building and optimizing a Human Resource system, since the company's goals are the basis for building any company system.

Any aspect of management related to Human Resource management problems. Recruitment, selection and development of personnel, the art of avoiding conflicts and achieving effective work of the organization, stimulating and motivating personnel, legal and economic aspects of relationships - all this is Human Resources management.

International Human Resource management is the process of acquiring, allocating, and utilizing human resources in a global business to achieve the stated objectives. Because of global context, international Human Resource management is the interplay of three dimensions- Human Resource activities, type of employees, and countries of operations.

1. There are three broad activities in international Human Resource management — procuring, allocating, and utilizing employees for international operations. These three broad activities cover all Human Resource functions which are relevant for domestic operations and discussed in different parts of the text.

2. There are three types of employees in a multinational firm based on their place of origin — parent country nationals, host country nationals, and third country nationals. Parent country nationals (PCNs) are those whose origin is the country where the firm’s headquarters are located.

Host country nationals (HCNs) are those whose origin is the country where the firm’s operations are located. Third country nationals (TCNs) are those whose origin is a country which is neither the home country nor the host country.

2. There are three types of countries involved in international Human Resource management activities — home country, host country, and third country. Home country is the country of origin of the firm. Host country is the country in which operations of the firm are carried on. For a single firm, there may be many host countries. Third country is a country from where resources — human and other resources — are procured. There may be many third countries.

- The methodological approaches to the evaluation of human resources management effectiveness were studied.

Thus, the Human Resource management of an international company is designed to solve many organizational and psychological problems. The solution to these problems presupposes an answer to two questions: first, how to find the right employees, organize their activities, and, secondly, how to provide the most favorable conditions for highly efficient personnel work.

– The organizational structure and economic performance of MIRBUD S.A. company were describe.

The MIRBUD Capital Group employs nearly 800 employees, including highly qualified engineering staff with various specialisations in the construction industry.

Since 2008, MIRBUD S.A. has been successively building a stable Capital Group with a diversified range of activities. The youngest company is MIPBUD LLC, which since 2018 has been implementing construction contracts in all segments of the construction industry in Ukraine.

– The human resource management system of MIRBUD S.A. company were analyse.

Also we analyzed the movement of the workforce over 3 years and the impact on the economic performance of the company We analyzed the movement of the workforce over 3 years and the impact on the economic performance of the company

– The competitiveness of the MIRBUD S.A. company on the market were considered.

We evaluated the competitive environment and the company's place in the market, compared market volumes and traced the dynamics of business development

– The recommendations concerning the improvement of company's activity and human resources management in the company were provided.

Specifically for the Mirbud S.A. company proposed several ways to develop the Human Resource department to improve the efficiency of each unit, reduce employee costs, reduce staff turnover and improve the overall level of employees of the company. First of all it is the introduction of a Human resource forecasting system, as well as expanding the financial motivation of employees through the formation of a new system of bonuses and incentives for company employees.

The construction industry is an integral part of the system of economic relations. Activities in this area are related to what is happening in the markets of goods, services, labor, capital, securities, investment resources, etc. An important component of the construction industry is the commercial real estate market.

A construction company, being, by its very nature, a production organization, has the final result of the production process in the form of completed construction of an object, which is not considered as a product, but serves as an advertising element.

The greatest opportunity for an intensive growth of a construction company is in the development of a new market and in the work "on request", which is typical for the construction industry, especially in the construction of capital objects and the development of large investment projects.

In order to develop the competitive potential, concrete actions for Mirbud S.A. in the Kyiv market should include: attempts to raise the competitive barrier for applicants for leadership in newcomers through increased advertising and sales promotion costs, higher levels of service and increased costs of researching and developing their own brand names for products that the applicant for leadership already owns brand names or, maybe have; the transition to a more pronounced personalization service and the use of other additions to increase consumer loyalty and the complexity or increase in price of their transition to the products of competitors; expansion of the parametric range of products, to close free niches for competitors; maintaining reasonable prices and attractive quality; creation of new capacities to prevent the growth of market demand and to block the expansion of small competitors; investing in cost-competitiveness and technological development; concluding exclusive contracts with the best suppliers and dealers.

All of the above will help to strengthen the competitive position of Mirbud S.A. in the market of construction services in Kyiv and will ensure the maintenance of competitive advantages for the future.

The marketing activity of a construction company requires constant changes and improvements. External market conditions, consumer preferences and production technology make marketing departments systematically evaluate its actions, review marketing strategies and plans, and measure the results of its activities. If there is a difference between the goals set and the results achieved, the management performs corrective actions. All these processes involve marketing control. As a result of the research carried out within the framework of this control, the construction company and each marketer can determine the ways of improving the marketing activity at the enterprise.

Public relations is also an important part of communicative activity. This is, first of all, the establishment of a friendly relationship with the general public, i.e. it is conducting seminars, charitable activities, presentations, participation in exhibitions and fairs. In this regard, it is necessary to form a special department of PR in the Mirbud S.A. Employees of this department would have certain responsibilities, namely: control over information about the company and its goods and services, which falls into the media, responsible for the content of the interviews of employees, the publication of press releases, promotional materials about the company.

The use of elements of the marketing communications complex is integrated, the development of strategies and marketing communications programs will enable construction companies to increase the effectiveness of communication policy management and overall efficiency. A key factor in the success of communications policy of enterprises can be considered the use of an integrated system of marketing communications, that is, simultaneously different channels of communication, which will create opportunities for increasing the effectiveness of the communicative policy of the construction company.

Thus, special methods have been proposed to improve the marketing activities of a construction company. The proposed methods will allow the Mirbud S.A. to significantly increase the level of competitiveness in the market and to bring confidence to customers.

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ANNEXES

ANNEX A

BALANCE SHEETS			
	December 31, year ended		
(in thousands, except share data)	2020	2019	2018
Assets			
Current assets:			
Cash and cash equivalents	483,855	485,323	434,925
Accounts receivable	740,283	900,619	1,028,425
Inventories	661,563	781,371	935,411
Current deferred tax assets	---	29,137	49,455
Other current assets	144,967	93,643	105,575
Assets of businesses held for sale	587	17,008	—
Total current assets	2,031,255	2,307,101	2,553,791
Property, plant and equipment:			
Land	74,999	75,086	79,295
Buildings and improvements	504,712	489,500	494,842
Equipment	1,680,657	1,670,755	1,728,425
Construction in process	82,532	59,241	30,591
	2,342,900	2,294,582	2,333,153
Less accumulated depreciation and amortization	(1,452,815)	(1,410,932)	(1,408,055)
	890,085	883,650	925,098
Goodwill	66,333	66,383	74,319
Other assets	123,013	115,168	135,312
Total assets	3,110,686	3,372,302	3,688,520
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	235,385	260,984	423,807
Accounts payable-documentary letters of credit	1,327	41,473	125,053

Accrued expenses and other payables	236,009	279,415	322,000
Notes payable	---	20,090	12,288
Current maturities long-term debt	10,929	10,110	8,005
Liabilities of businesses held for sale	3,704	5,276	—
Total current liabilities	487,354	617,348	891,153
Deferred income taxes	76,340	55,803	55,600
Other long-term liabilities	115,837	101,919	112,134
Long-term debt	1,067,693	1,277,882	1,281,042
Total liabilities	1,747,224	2,052,952	2,339,929
Commitments and contingencies (Note 18)			
Stockholders' equity:			
Common stock, par value $0.01 per share; authorized 2,00,000 shares; issued 129,000 shares; outstanding 71,000 shares	1,290	1,290	1,290
Additional paid-in capital	355,311	365,863	359,338
Accumulated other comprehensive loss	(127,180)		(19,509)
Retained earnings	1,386,875	1,311,544	1,225,855
Less treasury stock, 13,425,326 and 11,231,402 shares at cost	(252,993)	(245,961)	(218,494)
Stockholders' equity attributable	1,363,303	1,319,201	1,348,480
Stockholders' equity attributable to no controlling interests	159	149	111
Total equity	1,363,462	1,319,350	1,348,591
Total liabilities and stockholders' equity	3,110,686	3,372,302	3,688,520

ANNEX B

COMPREHENSIVE INCOME			
	December 31, year ended		
(in thousands)	**2020**	**2019**	**2018**
Net earnings	104,893	141,634	115,552
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation adjustment and other:			
Foreign currency translation adjustment and other during the year	(30,967)	(83,063)	7,586
Reclassification for translation gain realized upon sale of investment in foreign entity		(10,127)	----
Foreign currency translation adjustment and other		(93,190)	7,586
Net unrealized gain (loss) on derivatives:			
Unrealized holding gain (loss)	1,507	(2,467)	(1,848)
Reclassification for loss (gain) included in net earnings	1,023	1,758	1,268
Net unrealized loss on derivatives	(527)	(709)	(580)
Defined benefit obligation:			
Net loss, net of income taxes		(169)	(489)
Amortization of net loss		99	1,392
Amortization of prior service credit	(33)	(57)	(242)
Adjustment from plan changes		----	----
Defined benefit obligation	(73)	(127)	661
Other comprehensive income (loss)	(30,645)	(94,026)	7,667
Comprehensive income	41,248	47,608	123,219