

# Individualised HR Management Concept of the Organisation

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## ABSTRACT

In the article, the conceptual model of individualised HR management in the organisation is proposed. Employee's personality can be defined as a combination of unique individualised components of his inner world and the working environment, which can qualitatively influence the organisation's operational parameters. According to the functional basis, it was classified the motivators of the employee's behaviour: general, special and variable regulators. The methodological foundations of individualised HR management in the organisation are considered. Methodical recommendations on individualised management of organisational changes are developed. There are listed several requirements to the effective HR management system in the article. To assess individualised HR management, an original model was developed, with the help of which it is possible to implement an approach for each employee and evaluate individual functional positions. Recommendations on the application of the proposed concept and model of individualised HR management in practice are presented. The proposed individualised HR management concept enables the organisation to realise the full potential of human resources.

**Keywords:** *HR management, Individual characteristics, Employee identity, Behaviour motivators.*

## 1. INTRODUCTION

An effective human capital management system has a significant impact on ensuring the organisation competitiveness and creating competitive advantages through the rational use of workers' intellectual and labour potential.

Despite the considerable amount and accumulated experience of scientific developments of domestic and foreign scientists on improving the forms and methods of HR management, most organisations, due to a lack of highly qualified HR management and an insufficiently flexible and outdated concept of HR policy, do not have time to respond to rapid changes in the situation on the labour market, new requirements for the mobile reorientation of one's intellectual potential, the introduction of modern technologies of personnel work as one of the most influential human capital management tools.

The scientific search for ways to increase human capital management efficiency is based on the theoretical works of the universally recognised founders of professional and HR management theory.

Jacob Minser's work, «Investment in Human Capital and Personal Income Distribution», is a study of the dependence of the amount of income received by the population on the level of vocational training received [1, p.300]. The development of the concept was supported by Gary Becker, substantiating the effectiveness of investments in human capital and formulating an economical approach to human behaviour [2, p.165].

Theodore Schultz considers human capital as individual and collective at the firm level, that is, the sum of knowledge and personal abilities that an individual or team has [3, p.14].

In his work, Michael Armstrong focused on the fact that human resource management's overall purpose is to

ensure that the organisation can achieve success through people [4, p.8].

It should be noted, the leaders of the world economy among Russian enterprises are implementing strategies for the effective use of human capital, in contrast to companies that have not reached the level international competitiveness [5, p.52]. Kapelyushnikov R.I. carried out an empirical assessment of the economic justification, where compared income with education HR costs [6, p.150].

The article aims to identify the conceptual model of individualised HR management in the organisation.

The main area of research on HR management along with the development of corporate governance systems and the formation of organisational culture is an in-depth study of the individual personality traits, typology of the HR's labour behaviour, the development of their intellectual potential, self-management and the most timely use of the capabilities of each employee.

## 2. CHARACTERISTICS OF EMPLOYEE'S BEHAVIOUR MOTIVATORS IN ORGANISATION

In previous studies, we considered the composition, structure, and species characteristics of human capital, an essential element of the employee's personal qualities [7, p.108]. At present, there is no unified approach to considering both the content of the concept of "employee identity" and the composition of its elements. Only its individual components are considered (physical data, labour potential, labour behaviour, etc.), and the reserves of their use, and not the potential of the employee's personality as a whole, are determined [8].

In our opinion, the concept of the employee's personality can be defined as a combination of unique individualised components of his inner world and the working environment, which can qualitatively influence the parameters of the organisation's functioning when used effectively.

The personality of the employee is formed in specific environmental conditions, under the influence of certain factors. In this context, the following aspects of employee self-awareness are defined: needs and value orientations, personal work technique; perceptual skills, that is, the ability to perceive the environment without subjective distortions, without the manifestation of persistent prejudices regarding specific problems, personalities, social groups; willingness to perceive new in the external environment; opportunities to understand the norms and values of other social groups and cultures; feelings and mental moods in connection with the influence of environmental factors; ways to personalise the environment; the level of economic culture, manifested concerning the elements of the environment.

To determine the employee's general behaviour, we classify the motivators of the employee's behaviour according to the functional basis, namely: general, special and variable regulators. This approach is most consistent with targeting the employee's behaviour since each functional area does not exist separately. Still, in close interconnection with other areas, they "overlap" each other, thereby forming the organisation's employee behaviour (fig. 1).

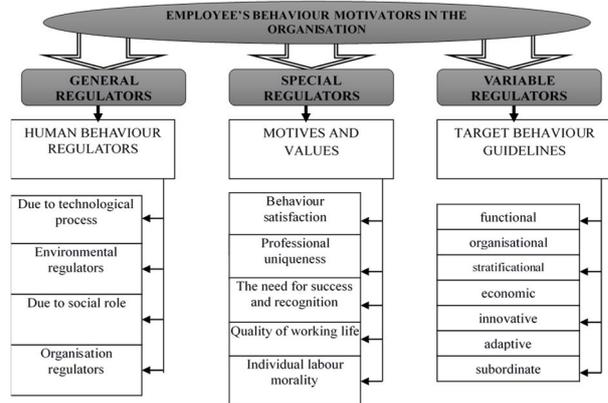


Figure 1 Employee's behaviour motivators in the organisation.

In the HR management process, employee behaviour undergoes several fundamental changes depending on the technological process's influence, the external environment, social factors, regulatory forms of organisation and other factors.

Factors and conditions for forming and implementing individual and professional personality characteristics are quite different in their internal character and influence the enterprise's potential.

Considering the conditions of the macro- and microenvironment, as well as the influence of external factors on the individual and professional characteristics of the person, it becomes possible to predict changes in the employee's work efficiency and develop the necessary measures to adjust this effect to achieve the goals set for the organisation [9, p.93].

Managing labour behaviour can include several stages, the main of which are formation, use and development. The formation of labour behaviour aims to identify strategic opportunities and resources that can increase an organisation's competitiveness by identifying each employee's individual personality reserves. The use of the person's labour behaviour allows involving resources discovered during the first stage in work. The development of labour behaviour increases the individual's potential due to unused reserves, a qualitative change in the organisation's functioning parameters. Moreover, the transition to the development stage of labour behaviour is possible immediately after the first stage or at the use stage.

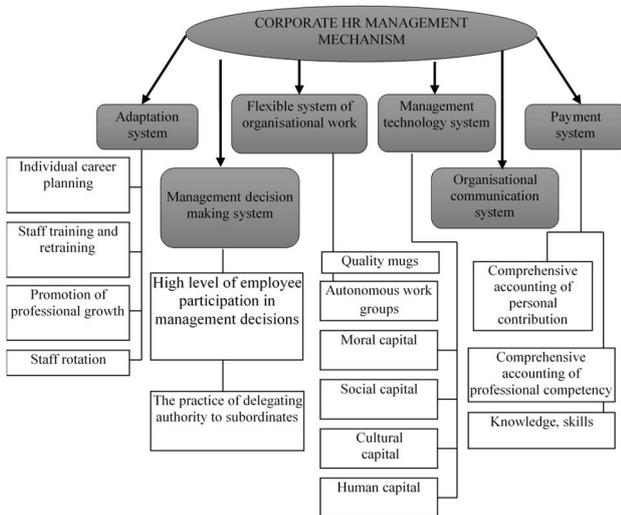
An effective HR management system must meet several requirements:

- to ensure the efficient use of the potential of employees and the compliance of control impulses with the set goal;
- to determine the degree of use of the potential of the individual and a set of measures to develop skills or acquire new ones;
- to study the individual characteristics of the person to achieve the necessary level of job satisfaction.

### 3. UNIFIED MECHANISM OF CORPORATE HR MANAGEMENT

Under these requirements, it becomes possible to build such a management system that will ensure the fulfilment of the task assigned to it - improving labour efficiency, using existing and creating new HR potential reserves.

Based on the existing scientific research, let us consider a unified corporate HR management mechanism (fig. 2). This scheme's main idea is transforming the organisation's HR services from the administrative subsystem to support the main structural divisions into an equal business partner. In fact, we are talking about developing fundamentally new technology for HR management - the management of the movement and growth of human capital.



**Figure 2** Corporate HR management mechanism.

Corporate HR management should be based on assessing and analysing individual functional systems (adaptation, management decisions, organisational work, technology, organisational communication, payment), and then determine their implementation levels.

To interconnect these systems' actions, a corporate HR management mechanism has been proposed that reflects the features and patterns of functioning of each

of the systems. The establishment of formalised relations between the initial indicators and the factors influencing them, as well as the results of the personnel's activity, turns this complex of systems into a single mechanism, which makes it possible to use a single approach to determining reserves and implementing common goals of the main functions of corporate HR management.

The dynamics in the formation of personnel characteristics are significantly affected by changes in the organisation's organisational culture [10]. The dependence of the organisational results of cultural changes is noted. This is confirmed by the fact that when the values, orientations, definitions, and goals of the organisation remain constant, they quickly return to the status quo even if the organisation's procedures and strategies change. This is true for individuals. Type of personality, individual style of management and behavioural skills rarely change significantly without new fundamental goals, values and expectations of both organisations and individuals. Other measures are cosmetic and short-term. Modifying the organisational culture is the key to successfully implementing the primary strategies for improving activities (for example, TQM, optimising the number of employees or reengineering) and adapting to an increasingly turbulent environment that all modern structures are faced with.

The reason that organisational culture was ignored as an essential factor in influencing a company's performance indicators lies in the fact that the very definition of culture operated with categories of values, fundamental assumptions, expectations, collective memory, and conceptual formulations inherent in the organisation. Organisational culture gives employees a sense of their identity, carries unwritten canons on how to achieve something in the organisation, and also contributes to the stability of the social and labour system in which they are found every day. Unfortunately, people do not always realise their own culture in the context of organisational culture, until it becomes an obstacle for them until they feel it in their own experience, or until it manifests itself publicly, it is visible through the prism of some principle or model. That is the main reason for such a long disregard by managers and scientists of the organisation's organisational culture based on its staff's personal qualities and values.

Such information is needed for a complete and qualitative analysis of the HR system's human capital management's effectiveness and the corresponding mechanism's functioning.

### 4. THE OPTIMISATION OF THE INDIVIDUALISED HR MANAGEMENT

To assess individualised HR management, an original model was developed, with the help of which it was

possible to implement an approach for each employee and evaluate individual functional positions.

The optimisation of the model of individualised HR management is carried out according to 2 criteria:

F1 – is the maximum productivity, that is, the organisation's income for the period under consideration, the use of human resources, because of a high level of compliance of employees' qualities with their positions' requirements.

F2 – is the minimum losses in the HR selection according to quality criteria, a timely appointment to positions that ensure the most efficient use of human resources, and losses because of staff turnover.

The usefulness (cost) of an employee for an organisation is proposed to be determined as the share of his contribution in total income, which is determined by the individual distribution between employees of the projected income of the organisation in the t-th year, considering the corresponding discount rate.

At the same time, each employee's individualised attribute and its significance in each position should be considered. Such calculations were developed and tested by the University of Michigan [11, p.8].

The task of optimising the processes of individualised HR management can be formalised as follows.

If you enter a definition:

$j$  – employee ( $j = 1 \dots l$ );

$i$  – employee position (position) ( $i = 1 \dots n$ , where  $n$  is the employee's dismissal position);

$t$  – employee service period (year) ( $t = 1 \dots tn \dots tm$ , where  $tn$  is the year of release,  $tm$  is the planned period of work);

$NV_{ijt}$  – the notional value (utility) of the  $j$ -th employee in the  $i$ -th position in the  $t$ -th year of service;

$RV_{ijt}$  – the real value (utility) of the  $j$ -th employee in the  $i$ -th position in the  $t$ -th year of service;

$i_t$  – the company's income in the  $t$ -th year;

$r$  – discount rate;

$\alpha^{kijt}$  – economic assessment of the utility of the  $j$ -th employee in the  $i$ -th position in the  $t$ -th year by the  $k$ -th sign;

$\beta_{ik}$  – the weight of the  $k$ -th attribute for the  $i$ -th position;

$\gamma_{ijt}$  – real contribution of the  $j$ -th employee in the  $i$ -th position in the  $t$ -th year.

Then the optimisation functions will have:

$$F_1 = \sum_i \sum_j RV_{ijt} = I_t \rightarrow \max \tag{1}$$

$$F_2 = \sum_{j=1}^l \sum_{i=1}^n \left[ \sum_{t=1}^{t_m} \frac{NV_{ijt}}{(1+r)^t} - \sum_{t=1}^{t_n} \frac{RV_{ijt}}{(1+r)^t} \right] \rightarrow \min$$

under conditions

$$NV_{ijt} \leq \sum_{k \in K} \alpha^{kijt} \beta_{ik} \cdot I_t \tag{2}$$

$$RV_{ijt} \leq \frac{I_t}{l_t} \gamma_{ijt} X_{ijt}$$

$$\sum_k \alpha_{ijk} = 1 \tag{3}$$

$$\sum_k \beta_{ik} = 1 \tag{4}$$

$$\gamma_{ijt} \geq 0; \sum_{ij} \gamma_{ijt} = 1$$

$$X_{ijt} = \begin{cases} 1, & \text{if } j\text{-th employee is appointed to} \\ i\text{-th position in } t\text{-th year;} \\ 0, & \text{otherwise;} \end{cases} \tag{5}$$

$\sum_{i=1} X_{ijt} = 1$  – condition for the employee appointment to only 1 position.

$\sum_{j=1} X_{ijt} = 1$  – condition for only 1 employee appointment to 1 position.

The models' specific parameters are determined by the statistical data and the expert evaluation of individual qualifications and the employee's usefulness in the position. The proposed concept and model of individualised HR management enables organisations to realise human resources' full potential.

The efficiency of the mechanism of individualised human capital management of the organisation is based on considering the internal values of employees, provides an increase in the quality of the HR management process and, as a result, an increase in the efficiency of the organisation [12, p.172].

The sustainable advantage of any individual's qualification attributes, in the new concept of individualised management, directs managers to perceive staff as a production force, due to which organisations successfully develop and achieve their goals. At the same time, one should consider that each employee needs an objective assessment of his personal contribution to the organisation's activities, the possibility of personal development and support from the management. In this system, HR management must be managed both from the position of the group's needs and from understanding each employee's unique needs and preferences.

This system is also based on the importance of self-government, which provides a choice for employees.

This aspect of the concept is based on a fundamental change in the existing control process (with a high degree of subordination of employees to organisational rules and a closed monitoring system) towards greater autonomy (with the distribution of powers, obligations and responsibilities between employees). This concept does not replace the previous system with another but recognises that the previous system is not effective in our time. This mechanism requires management, coordinates the differences in individual requirements with the requirements of organisations. With this mechanism's help, employees can be selected, motivated and encouraged, their professional and living standards developed, and their work satisfaction can be enhanced.

Individualised HR management involves the use of policies, systems and practices to create more significant choices and ensure the flexibility of management processes using three main strategies:

- selection of optimal responsibilities for each employee;
- managing personnel activities taking into account individual preferences, evaluating the results of this activity and involving employees in solving organisational issues;
- support in achieving the desired standard of living and meeting the needs of staff.

## 5. CONCLUSIONS

Thus, the conceptual foundations of individualised HR management consider the production system's relationship with the organisation's human, social, cultural and moral capital. A feature of the development of the model of individualised human capital management of the organisation is the use of economic categories of each employee's conditional and realisable value, depending on his share of the contribution to the enterprise's results. Therefore, the adoption of managerial decisions in the individualised human capital management system requires appropriate organisational support, starting with the restructuring of the personnel management service, developing personalised technologies, management processes and procedures, and ending with ensuring the necessary level of managers' readiness for making, implementing and monitoring such decisions.

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