



South Asian Journal of Marketing & Management Research (SAJMMR)

(Double Blind Refereed & Peer Reviewed International Journal)



DOI: **10.5958/2249-877X.2021.00041.2**

MODERN SYSTEMS OF PERSONNEL ASSESSMENT OF THE ENTERPRISE USING THE METHOD OF KPI (KEY PERFORMANCE INDICATORS)

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ABSTRACT

The paper considers the essence of the personnel evaluation system of the enterprise using the method of KPI (Key Performance Indicators) and analyzes the mechanism of its application. The basic procedures of modern assessment technology at all stages of personnel management are studied. The peculiarities of complex assessment of the employee, developed for different categories of personnel of the organization are considered. The measures and procedures of the personnel assessment system KPI used are analyzed. The methodical recommendations for the introduction of the KPI method as an effective system of personnel evaluation.

KEYWORDS: *Personnel Reserve, Personnel Evaluation, Kpi (Key Performance Indicators), Professional Development, Skill Level, Performance Indicators.*

INTRODUCTION

Modern conditions of competition and the rapid development of scientific and technological progress make modern enterprises dynamically change their goals and adjust the directions of activity. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan: "On the introduction of criteria for evaluating the effectiveness of joint-stock companies and other business entities with a state share" gives an additional impetus to the development of KPI in RUz. Accordingly, qualification requirements and job responsibilities of employees change. To form a rational system of personnel training, to coordinate it with the remuneration system and to develop effective programs for motivating people helps to assess the performance of employees, provides measurement and control of compliance of key indicators with the established criteria.

METHODOLOGY

The basic condition of success in the modern market system is the personnel of the enterprise, which can achieve the set goals. Organization cannot count on long-term development and competitiveness without effective management of people and competent organization of their activities, the basis for the provision of which is the assessment of the state of personnel management dominant to improve the staff, its motivation and appropriate pay.

The methodological basis of the study of personnel assessment was laid in the scientific works of such scientists as Martin Fowler, Jackson S.E., Schuler R.S., Lepak D., Tarique I., Mann A, Harter J. The works of G. Azarenkov, L. Balabanov, L. Galliy, G. Kozitskaya, T. Lepeyko, L. Lutay, A. Mironov, S. Sardak, L. Sokolova, A. Tretiak, V. Shpandaruk are devoted to development and problems of personnel assessment, analysis of personnel assessment practice in developed countries and basic tendencies in this sphere. A great contribution to the study of personnel motivation has been made by domestic authors Sabirjanova D.K. and Zainutdinov Sh.

However, it should be noted that there are not enough studies specifically dedicated to the development of a unified methodology and algorithm for selecting a method of personnel evaluation of the organization and its implementation in practice today, which causes the need to focus on this issue in more detail.

The effective functioning of any enterprise is primarily determined by the degree of professional development of its staff. In modern conditions of fast obsolescence of knowledge, abilities and practical skills, one of the major factors of providing competitiveness of the enterprise on the market is a necessity to improve the constantly professional level of the employees. Development of new directions of activity of the organization, increase of a level of requirements to the quality of work of various categories of the personnel demands corresponding changes in the system of an estimation of the personnel.

The success of personnel management is determined by two main factors: the ability of the company to clearly define what behaviour of employees is required to achieve its strategy and the ability to apply effective managerial levers to direct employees to the desired behaviour. Both tasks are equally important and complex, especially in the market transformation of the economy. So, personnel assessment is the necessary means of studying the qualitative composition of the personnel potential of an organization, its strengths and weaknesses, as well as the basis for improvement of the individual labour abilities of an employee and upgrading his skills. As far as assessment results define the position of an employee at work and the perspective of his/her career growth, they are an important motivating factor for increasing the labour activity and attitude to work. Personnel performance appraisal is the process of collecting, analyzing and evaluating information about how employees perform the assigned work and finding out to what extent their work behaviour, work performance and individual characteristics meet the established requirements. So, personnel appraisal connects, unites all elements of the personnel management system into one whole.

The main procedures of modern technology of personnel assessment at all stages of personnel management are: determination of the purpose of assessment depending on the stage of personnel management, at which testing takes place; determination of the object of assessment depending on the stage of personnel management, at which testing takes place; determination of the subject of assessment depending on the stage of personnel management, at which testing takes place; determination of personnel assessment criteria in combination with their

professional environment, personal abilities and qualities, professional performance and professional potential;

- ❖ selection and preparation - preparation for the personnel assessment, which includes the preparation of the initial data required for the assessment, as well as the personal objects and subjects of the assessment;
- ❖ development of the work plan and activities to ensure the assessment of personnel;
- ❖ conducting the procedure of personnel assessment with recording the assessment results;
- ❖ processing and analysis of assessment results, development of recommendations and their preliminary agreement with the assessment subject as well as drawing up a personal evaluation card or another assessment document of the assessment subject;
- ❖ approval of the results of the assessment; - preparation of the personnel assessment.

The system of personnel assessment is the most fully manifested in the complex assessment of an employee, it can be developed for all the categories of the organization's personnel. Assessment for the sake of characterization and comparison includes analysis of personality assessment and job-related ability assessment. This approach relates personnel assessment solely to the job and the necessary skills and abilities to perform it effectively. In addition, this approach leads to an assessment of the skills and abilities needed for education, development, and improvement. The results of personnel assessment determine the suitability of the employee for the position, its possible prospects for professional and qualification promotion or climbing the career ladder. However, sometimes the results of personnel assessment can also lead to dismissal.

The results of the personnel assessment are used for the following purposes:

- streamlining means and methods of work, management procedures
- Improvement of the management structure;
- Improvement of a labour organization;
- evaluation of the efficiency of work of labour collectives and individual employees;
- building of an effective system of motivation of labour activity;
- Recruitment and placement of new employees;
- Formation of the personnel reserve;
- Evaluating the effectiveness of employee training;
- predicting the promotion of employees and career planning;
- Improvement of plans and programs for professional development;
- strengthening of democratic principles in management. To create an effective personnel appraisal system in the organization one must follow several rules, the most important of which are: interest and support of top management, availability of highly qualified employees in the organization, who are responsible for the use of personnel appraisal system, thorough preparation of documents, regulating the work of personnel appraisal system, timely informing the personnel about the purposes and content of personnel appraisal system and establishment of the clear connection of personnel appraisal system with the system. For an objective appraisal of

personnel, there should be used different methods, which should correspond to the structure of an enterprise, the character of personnel activity and aims of appraisal. The labour quality management system characterizes the peculiarities of the expended labour force, its differences from the point of view of internal properties which is expressed by the level of professional skills of an employee, his education, conscientiousness, creativity, interest and communicability. Functioning of this system in the scientific-production enterprise is aimed at achieving the maximum result from the growth of labour quality to optimize the costs of the enterprise, arising at different stages of economic activity on development to implementation of products, and in the end - to increase the competitiveness of the enterprise. In this case, the level of quality of individual results of workers' labour is determined not only at the time of completion of the labour process. It is checked in practice in the course of the use of created products. Low quality of labour has a comprehensive negative effect on the work of the enterprise. Orientation of modern enterprises on the standards of ISO 9001 series when building and improving the system of management and evaluation of personnel quality does not fully justify itself, because this model covers only some aspects, in particular the issues of documentation and staff qualification. The main problem remains the possibility of transition from a negative to a satisfactory condition, while there is a lack of the following levels and benchmarks for future development. That is why it is urgent to search for a method of personnel work quality evaluation, which will help to form the most complete picture of the real situation at the enterprise and define the main reference points of the work quality management system. The method of KPI (Key Performance Indicators) is considered to be an effective personnel evaluation tool. It should be noted that today many companies hardly ever use modern methods of personnel assessment, and those methods that are in place are ineffective. To improve the system of personnel assessment we propose a project based on the implementation of the KPI approach with the involvement of a trainer-consultant.

The main stages of the new personnel evaluation system project:

1. Appointment of responsible executors.
2. definition of terms, goals, scope, possible assessment results.
3. Formation of the KPI implementation and development strategy.
4. Research of process indicators (which testify to the results of the process, how customer requests are processed, how new products are created and introduced to the market).
5. Study of customer metrics (how satisfied customers are, how interaction with sales markets is handled, how many customers were able to attract).
6. Study of financial indicators (level of profitability, turnover, market value of products, financial flow).
7. Study of development criteria (show how dynamically the company is developing. This is the degree of productivity of specialists, the level of staff turnover, the cost of each of the employees, the motivation of employees).
8. Study of indicators of the external environment (how the price fluctuates, what is the level of competition, what is the pricing policy on the market).
9. Study of key functions (business processes) of all positions involved in the project.
10. Explaining to the employees the advantages of using the KPI system.

11. Development of the KPI system and the motivation system on the basis of KPI (the development materials are goals and KPI, which will be developed by managers during training, and also a method developed by a consultant using key strategic priorities (success factors) and understanding of the employee's functions. It allows the development of goals, KPIs and objectives to achieve them as quickly as possible).
12. "Work plan" for each KPI (independently by the units).
13. Preparation and coordination of documents with the management.
14. Automation of KPI system in the electronic program (entering all data into the system, setting up and trial operation).
15. Preparation of the final report containing the hierarchical list of goals and KPI for the entire company.
16. Implementation of KPI in test mode, making necessary changes.
17. Monitoring the results of KPI system implementation.

Methodology of the KPI evaluation foresees that for each position in the Company two models of current results and competencies are developed. The first one lists all the criteria which should be used to assess the efficiency of an employee - quantitative and qualitative, team and individual. The second one lists competencies required for the position - corporate, managerial and expert ones. From two models five-seven basic indicators are selected to evaluate employee's competence results for the specific period and recorded in the employee's personal activity table. Competences, in this case, are equated to qualitative results of his work. The immediate supervisor of the employee assigns a weight from 0 to 1 to each of the selected indicators. He is guided only by his own priorities. The total weight of the indicators should be equal to one. Three levels of performance are set for all indicators first The base - the starting point from which the result is counted. The worst value. Norm - the level that must necessarily be achieved taking into account all circumstances. Target - the level to which to strive for, a kind of ideal value. After the end of the control period, all KPIs are evaluated. The qualitative ones are evaluated on an ordinal 100-point scale, and the quantitative ones on a natural metric scale.

The following types of KPIs are distinguished:

- 1) Target indicators - reflect these indicators approaching the set goal.
- 2) Process indicators - testify to the efficiency of the process and allow estimating - it is possible to perform a certain process faster or reduce costs without consequences for quality;
- 3) Project indicators - are connected with concrete goals of the project and testify to the efficiency of the whole project and its separate parts;
- 4) External environment indicators - these indicators cannot be influenced directly, but they should be considered, for example, when developing target indicators.

Among the external KPIs can be noted fluctuations in cost, the prevailing price level in the market. The introduction of a KPI system in an organization takes place in several stages. The sequence of stages is decisive, and its change harms the performance of the system. It should be noted that the KPI evaluation system is a set of measures and processes that are systematic in nature and are part of the personnel management system. The choice of the evaluation system and methods largely depends on the level of development of the company and the tasks it sets for

itself. In this system of evaluation, we do not compare employees with each other, because only the degree of compliance of employees' activities with the standards of work performance can be compared. So, the KPI evaluation method serves as a tool for systematic performance evaluation of both an individual performer and a unit as a whole. Key performance indicators are selected indicators of the success of specific employees, departments, departments and measured in quantitative (time, number of units, profit volume, reject rate) or qualitative terms (level of competence, quality of service).

As a rule, minimum target and maximum values are set for assessment (for example, the minimum number of manufactured parts for the quarter, the expected or target number of parts and the maximum number of manufactured parts for the quarter). In most cases, KPIs are generated for each employee on an annual basis and the results are compared with the targets at the end of the set period. Thus, the KPI method acts as an important tool of functioning of an effective personnel labour quality management system, providing for review of principles of assessment and stimulation of employees, implementation of regulatory documents regulating its constant application.

Employees form responsibility for personal work results, the level of qualification increases, market thinking arises. As a result, inefficient employees, who cannot work in a result-oriented organization, are eliminated. The implementation of this system forms a team of effective employees who are able to be responsible for their results.

CONCLUSION

Personnel appraisal is the necessary means of studying the qualitative composition of the personnel potential of an organization, its strengths and weaknesses, as well as the basis for improvement of individual abilities of employees and upgrading their skills. A personnel estimation system should be based on the principles of effectiveness, to provide a high level of the employees' motivation; on the principles of practicality, that is the achievement of a maximum convenience for those who are estimated and for those who are subject to the estimation and on the principles of comprehensibility and availability. Thus, the main directions of personnel labour quality management are increasing the labour force quality; labour protection level enhancement; technological production level increase; optimization of organizational quality factors and attitude to labour. It is suggested to apply the modern method of KPI as a universal tool of personnel estimation, which is a complex of measures or actions, has a systematic character and is a part of the personnel management system. The further researches should be directed on the research of influence of the application of the given technique of an estimation features of the functioning of control system by the quality of work at any enterprise.

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