

HR-Benchmarking as an Innovative Tool of Personnel Management in Ukraine

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Abstract

The essence of benchmarking and its kind as HR-benchmarking is revealed. First of all, the emphasis is on HR-benchmarking as the process of identifying and adapting existing examples of HR services effective functioning to improve their performance in a particular company, and also methods and motivational tools for effective impact on staff. The basic approaches to the classification of HR-metrics, which analyze HR-services, are determined. The reasons that hinder the effective implementation of HR-benchmarking in enterprises of Ukraine are being analyzed, which is connected, first of all, to the peculiarities of doing business, differences in thinking, motivation, views on human resources, in relation to the work of the employees themselves. The expediency of using HR-benchmarking in the implementation of innovative digital technologies at domestic enterprises it is discussed, which form the digital management of career development, work rotation and continuous training of employees, improving the HR services.

Keywords: benchmarking, digital HR, digital technology, HR-benchmarking, HR-management, HR-metrics, innovation.

1. Introduction

Aggravating competition at the present stage of the world economy development is actualizing the question of increasing the efficiency of the enterprises operation. To this aim, from the 90s to the 20th century, benchmarking studies have begun to be applied on the West, which include the study and application of best practices in business to bring the results of the entity's business to high standards. In Ukraine, such methods only pave the way for enterprises. Although many entrepreneurs, without using the term "benchmarking", apply similar substantive practices, taking advantage of each other's positive experience in partnering communications. Business leaders, sharing informal relationships with partners or managers of related industries, share their experience. But "official" benchmarking applies a minimum number of business leaders-managers of Ukrainian enterprises. They are mainly large business representatives who have business contacts with foreign partners. Global tendencies of transition to the way of innovation development necessitate constant improvement of the managers and top manager's intellectual potential, the susceptibility to new knowledge and the ability to quickly turn them into innovations that will positively affect the overall performance of the activity. One of the effective marketing management tools is benchmarking.

Modern challenges of globalization, trends of the present, transition to a digital economy require firms to look for new models of business management. Therefore, in order to adapt to the rapid transformational processes in the economy, the fast growth of knowledge is needed to be effectively operated to achieve a high level of competitiveness in the regional, national and global markets for domestic enterprises, the need for more rational use of labor resources and the introduction of modern approaches to

professional management staff development. World experience shows that one of the most innovative HR tools is HR-benchmarking.

Significant contributions to the development of the theory and practice of benchmarking have been made by such well-known foreign researchers as B. Gerhart, S. Gringard, P. Wright, D. Barn, J. Evans, D. Hutchins ect. In their studies, they came to the conclusion about the feasibility of applying benchmarking to enterprises namely: Debra J. Cohen, N. Pološki Vokić, M. Vidović, Norailis A.W., Nor Asiah Y., Yermakova M., Murzova L. studied the features and problems of using HR-benchmarking in the field of professional development of human resources in the enterprise in their works. Others researchers such as Boychenko A., Nahybina N., Shchukyna A., Buharov D. in their writings explore the nature, types, methods of benchmarking the structural indicators of the effectiveness of personnel management. Given that benchmarking is only available in Ukraine at an early stage, there is a lack of research on this issue, especially as regards the study of HR-benchmarking as a tool for improving the work of human resources services.

The purpose of the article is to reveal the essence of HR-benchmarking, to generalize of the basic HR-metrics, which analyze HR-services; to study of the reasons why the use of HR-benchmarking in Ukrainian enterprises is complicated, and to rationalize for using HR-benchmarking in the implementation of innovative digital technologies at enterprises.

2. Main Body

The study and analysis of scientific literature shows that at the present stage there is no consensus on the definition of the essence of benchmarking. On the basis of analysis the views of various

authors on the essence of benchmarking [1 - 4], one can conclude that some researchers consider the essence of benchmarking as a process of comparing or confronting the effectiveness of the company's business components with the reference process of the leading organization, others - as a method, tool of effective management; how to search for a better business partner experience; as a systematic activity; as a reference comparison. However, each definition of benchmarking is followed by its key feature, which is to explore and explore the business of other entrepreneurs in order to identify the underlying characteristics for developing their innovation policy and specific types of innovation, which allows not only reaching the level of competitors but also surpassing it.

At present stage of development, one of the innovative types of benchmarking is HR-benchmarking. HR-benchmarking is a process of identifying and adapting existing examples of HR service performance in order to improve their performance in a particular campaign, as well as methods and motivational tools for effective impact on staff. For the standard, the best practice results are usually used: at foreign enterprises; on joint ventures that are more adapted to Western practice; Ukrainian enterprises with a pro-Western corporate culture of doing business.

HR-benchmarking can be subdivided into research on the performance of HR services or HR departments, and in case of lack, mainly at small enterprises, - on research of methods of work with personnel.

The most interested in evaluating and developing HR services activities are the following:

- shareholders who are focused on the use of innovative technologies in the development of the enterprise and want to have information about the HR-service activity in the ratio of invested financial resources;

- top managers of companies that require constant monitoring of HR service effectiveness in financial or quantitative terms;

- HR departments themselves, who seek to justify their existence and to prove their usefulness in achieving the common final result. Studies show that one way to increase the effectiveness of HR services is to evaluate the results of the tasks performed by generalizing a survey of the heads of business units on the HR service's performance in general or on individual indicators (the rate of work for filling vacancies, the quality of personnel selection, quality of staff training, etc.). The advantage of this method is speed and relative simplicity of its use and the insignificant cost of carrying. However, such an internal analysis is imperfect because of the possible subjectivity of appraisers. Therefore, it is more efficient to assess the performance of HR services by key performance indicators and comparison with leading companies operating in the market of related industries, that is, using HR-benchmarking.

HR-metrics are analyzed for the study of global HR valuation practices and their identification as benchmarking during HR-benchmarking, that is, indicators that allow measuring and comparing key HR processes of the company, as well as assessing effectiveness of personnel management and productivity of the staff themselves.

An analysis of scientific literature and world practice suggests that there are several approaches to the HR-metrics classification. So, the American scientist Debra Cohen suggests grouping the data according to their performance in time in three directions: historical, current and forecast [5]. Hudson consultants distinguish four groups of metrics based on the sources of information analyzed: general statistics characterizing the company's human resources; indicators that assess the quality of human resources and the effectiveness of their use [6].

An interesting study is the one by Croatian scholars and experts who analyzed 55 staffing indicators in determining the effectiveness of human resources management at Croatian enterprises [7].

The experience of consultants from Ernst & Young, which recommends the use of HR metrics, is classified as useful in the

HR-processes (Table 1).

Table 1: Classification of HR-metrics in the directions of HR-processes (according to the method of Ernst & Young) [8]

Direction name	Metrics, that are used	Features of use
Organizational efficiency	Revenue / profit per employee, income from investing in human capital, controllability rate, percentage of the most productive employees, percentage of managers from the total number of staff, etc.	Allows in the dynamic to assess the growth of the company, the effectiveness of its organization.
Benefits and rewards	The ratio of the highest level of payment to the lowest, the ratio of the average level of payment of managers to the average level of payment of ordinary employees, the number of positions corresponding to the average annual level of payment, the structure of remuneration system, etc.	Allows the dynamic to assess the amount of differentiation in wages in the company, its compliance with the reference market, the flexibility of the budget on labor costs.
Effectiveness of recruiting and putting into office	Percentage of domestic employment, time to substitute one position, the average number of candidates per post, the percentage of acceptance of job offers, the average speed of promotion of new employees.	Allows in the dynamic to assess the degree of development of the personnel reserve, the breadth of the choice of candidates, efficiency
Training and staff development	Percentage of employees trained in the reporting period, the percentage of personnel training costs in the general HR budget, the average number of days per year for the training of one employee, etc.	Allows in the dynamic to assess the extent of staff coverage of educational activities, accessibility, cost-effectiveness of training programs, specific time and cost of training and staff development
Efficiency of employee retention	Layer of personnel (general, caused by dismissal on their own will, company policy, among newcomers, among employees in key positions), etc.	Allows in th dynamic to evaluate the effectiveness of existing personnel policy
The effectiveness of the information system	The percentage of HR transactions that do not require paperwork, the percentage of HR issues, answers that can be found on web resources, etc.	Allows to evaluate the degree of automation HR-processes
The effectiveness of HR-functions	HR budget per employee / total expenditures, ratio of HR staff and total staff, HR outsourcing level, etc.	Allows in the dynamic to evaluate the specific costs of personnel management, the effectiveness of HR-functions, the value of HR for the organization

However, it should be noted that such a list of indicators cannot be widely applied in Ukraine at the present stage due to the lack of a wide spectrum of HR metrics in the vast majority of Ukrainian enterprises. With insufficient preparation of the benchmarking procedure, the company can not only get benefit, but also suffer losses. Therefore, while analyzing technologies of HR-benchmarking it is necessary to note some possible disadvantages of its application:

- the variety of indicators does not allow to uniquely identify the best practices;
- since aggregating indicators and coefficients are static and calculated on the basis of various methods, they may not take into account the trends and the real state of social and labor relations;
- enterprises, regardless of their affinity, may be different, which limits the possibilities for their comparison between themselves;
- depending on the motives and interests of stakeholders, the information base of benchmarking may be distorted and subjectively altered;
- when using benchmarking research, it is necessary to take into account possible subjectivity when interpreting the results of comparison.

Despite the mentioned disadvantages of benchmarking technologies, there is no alternative to exchanging experience and standard companies. Therefore, its application is an urgent need to increase the competitiveness of Ukrainian enterprises. It should be noted that although the world practice of benchmarking technologies has proven significant advantages in its use, such studies have not yet been widely disseminated in Ukraine. The main reasons for the slow pace of practical application of HR-benchmarking in Ukraine are, first of all, the following:

1. Features of conducting domestic business. Business practices applied at Ukrainian enterprises have not yet reached the level of European standards. Economic and political instability, market fluctuations, corrupt power, permanent changes in regulatory legislation, and the crisis in the system of personnel motivation creates factors that complicate the transition to compliance with European rules of business introduction and the application of proven technologies.

The practice of doing business in the transitional period of market relations formation in Ukraine in the 1990s has had a significant negative impact on the culture of competitive struggle. As a result, benchmarking and including HR-benchmarking are, in most cases, perceived in Ukraine as commercial espionage or unfair competition. In this regard, we note that the main differences between commercial spyware and benchmarking are goals and methods. So, the main goal of benchmarking is to increase productivity, including HR services, which does not imply a negative impact on the research partner. At that time, industrial espionage aims at weakening a competitor or attaining his personal advantage over him at his own expense. Not all managers of Ukrainian enterprises understand that the method of HR-benchmarking is a mutually beneficial exchange of information, which occurs on a voluntary basis, when the owner does not object to its distribution, if necessary adjusting its volume. Meanwhile, spyware receives information that involves bribery, fraud, or blackmail and is carried out secretly.

2. A biased attitude to the latest techniques of the leadership of Ukrainian enterprises. Thus, at the initial stage, in order to disseminate the world experience of increasing the enterprises competitiveness within the framework of the relevant programs of the Government of Ukraine, assistance was provided in conducting benchmarking studies. But, despite their free of charge for entrepreneurs and the attempts of Western coaches to bring the essence of benchmarking techniques benefits, their activities caused a negative reaction. For example, when trying to implement a free Ukrainian government benchmarking program in Ukraine, the leaders were faced with the biased attitude of leading companies to similar initiatives and reluctance to participate in them.

3. Lack of a single conceptual benchmarking tool or its misunderstanding due to the lack of leadership awareness at Ukrainian enterprises regarding the functional purpose and the means used during its conduct.

4. Significant differences in the consciousness of value orientations and labor behavior of the workforce. Analysis of socio-economic indicators of the current condition of Ukraine shows the formation of a new economic behavior of the working personnel, which is aimed primarily at survival, and the crisis of

the motivation labor system. In the vast majority of hired workers, under the influence of various factors, the value orientations of labor motivation change. Among the motives of labor activity, short-term actions, the desire to quickly get the dreamed financial benefits regardless of experience, qualifications, level of competencies and personal labor input begin to prevail.

Some specialists mark the transformation of ethical and moral attitudes in people's lives, their labor passivity. Permanent changes in the legislative framework, deformation of labor values, massive deterioration in the quality of labor potential, social protection, inadequate labor costs - all of this causes pessimism, a sense of indifference to its professional growth and causes the need to rethink the problems of labor motivation, finding new factors and incentives [9].

5. The insufficiency of reporting information on HR-departments does not allow conducting high-quality HR research. Given the shortcomings of the domestic statistical reporting system and available schemes for minimizing taxable income and other budget payments, the reliability of the information does not correspond to the real situation.

6. Inability to compare the experience of Ukrainian enterprises with the experience of advanced Western business entities. The mentality of Ukrainian business, the specifics of conducting business affairs, and the style of management do not provide the opportunity to obtain the necessary quantitative indicators in order to further comparing them with similar indicators of leading world companies. Also, it should be noted that in Ukrainian enterprises, as a rule, the number of HR-metrics used by reference enterprises for assessing HR-services is not applied, or there are no such services at all.

7. Lack of openness of Ukrainian companies and unwillingness of their management to open commercial information. Although the interest in obtaining information is large, but the practice of openness in doing business and the need to provide it to others is not inherent in the Ukrainian business community. Thus, with the implementation of benchmarking with the help of UBI representatives, the reluctance of the leaders of Ukrainian enterprises to provide information not only on the profitability of the enterprise, but also on the issues of managerial and functional character, including those relating to HR departments, related to the planning of activities, involvement of staff in strategy development enterprise development, etc. This led to the fact that the poll lost its informative and expediency in terms of comparison. Such a practice of concealing information is a misunderstanding of foreign specialists, because they consider such research self-analysis [10].

Thus, given the differences in methods of doing business, thinking, motivation, attitudes to human resources in relation to the work of the workers themselves there is the complexity of adaptation and adjustment advanced world experience of the HR-services to Ukrainian realities. In view of this, the leaders of Ukrainian enterprises in need of benchmarking HR-pays attention not to the analysis of HR-services that have significant differences and effective tools to work with the staff, especially who have already tested at Ukrainian enterprises.

We share the point of view of those scientists who emphasize the fact that benchmarking method can lead to innovations through the exchange of information in the business environment, which will significantly affect the financial well-being of business [11]. We believe that HR strategy should be the key strategy for innovations and expanded use of HR-benchmarking at Ukrainian enterprises. The weight of the experience of companies in developed countries and the application of HR-benchmarking research is increasing, as current best practices begin with advanced innovative ideas developed at specific enterprises, not theoretically described in the special literature. Despite the fact that the current HR-benchmarking is used mainly by large enterprises such research in the future have the potential to be implemented in small businesses that are more conducive to

mobile and implementing innovative solutions to improve their competitiveness.

In modern conditions, business practices are rapidly changing towards digital transformation. It means not only the "implementation of digital technologies", but also transformations, which in the end will provide the opportunity to become a "digital enterprise". At first glance, it may be noted that Ukraine has a rather long-term perspective. But, given the high potential and competence of Ukrainian IT specialists, this way can be done quickly and efficiently. According to experts and analysis of reference enterprises, the process of transition to business digitalization begins with the digital transformation of HR departments and HR technologies, since HR leaders and executives are primarily studying new technologies, platforms and methods of work with personnel. In this process, the role of HR departments and their executives is increasing at a fast pace.

It should be noted that at the present stage of development there are global changes in the management of personnel, namely:

- 56% of surveyed companies review their HR programs to use digital and mobile tools;

- 51% of the companies surveyed are currently in the process of reviewing their reorganizations for the use of digital business models;

- 33% of interviewed HR teams use artificial intelligence technology (AI) to provide HR solutions;

- 41% are actively developing mobile applications for the provision of HR services [12].

Benchmarking of companies that are actively using digital technologies in HR has enabled presenting a variety of practical experience for Ukrainian enterprises and identify the main trends that managers need to take into account. Thus, an overview of HR-Digital implemented by companies in various fields of business demonstrates a variety of automation and digital technologies in all areas of human resources management: mobile employer; development of corporate social networks; mobile applications as main platforms for HR tools; studying any place and at any time; intellectualization and robotics; personal approach and cognitive technology [13]. The era of digital technology overwhelms the minds of managers and dictates the need to find new and adapt existing management models that are the basis of future competitiveness. It should be noted that roboticist leads to the fact that some of the functions are most effectively capable of performing a car: maintenance at a retail store without a cashier, automated legal claims, psychometric characteristics of the candidate in recruiting on his profiles and benefits in social networks, GPS-beacons for optimizing labor costs and communications in teams, analytics of time incompatible areas and numbers. All this together indicates the need for rapid changes in the management of human resources. New business and HR strategies, based on digital technologies, increase the efficiency of management decisions: automated recruitment, transition to virtual workplaces, individualization in creating an environment for self-realization and development for all employees, HR management and engagement, HR analytics and performance management. However, which priorities in approaches and technologies would not be used, the company's human potential is of key importance to people who are capable of generating and managing them [13].

The leader in the transition to digital HR is the global company IVM, which is most successfully experimenting with the implementation of new HR solutions. Experience of Watson's Cognitive Human Interface Personality Pilot (CHIP) pilot, a smart chatterbox that recognizes the 200 most commonly asked questions by employees about holidays, social privileges, bonuses and vacancies is also of interest. This tool has shortened the work time of the HR department staff and reduced the time for distracting workers from direct job responsibilities. Royal Bank of Canada (RBC) has created and successfully implemented a new Embark Pre-program that helps employees find out about new

jobs, learn the principles of work and communicate with their employees on the Internet [12].

Thus, global trends indicate that advanced enterprises are shifting to digital HR and implement an integrated set of programs and tools that form digital management for career development, job rotation and continuous employee training, and improved HR services. Given the significant cost of these digital developments, they are not yet in demand and are not being implemented at Ukrainian enterprises on a massive scale. But in the long run, the transition to these digital instruments is strategic and non-alternative.

3. Conclusions

Despite the fact that HR-benchmarking research has been tested by the practice of many foreign companies, their application in Ukraine is complicated. Indeed, their implementation depends not only on the leadership initiative, but also, to a large extent, on the economic situation in the country, the financial capacity of the enterprise, the mentality of the business environment, the specifics of the functioning of the HR departments and the psychological characteristics of the hired workforce.

It should be noted that Ukraine's unwillingness to use HR-benchmarking research in full, despite the fact that, as the world's experience shows, such studies can increase, on the one hand, the level of competence of the management, and on the other hand, it positively affects the performance of the enterprise itself.

However, despite the obstacles in conducting a benchmarking study, the results of its use in world practice show that it is one of the most common methods for improving business management. At the present stage of development, the main condition for the management of human resources is the ongoing monitoring of current trends in the management of personnel development and the implementation of the best adequate practices at the enterprise.

Since, at the current stage, business methods are rapidly changing in the direction of digital transformation, therefore the experience of introducing innovative digital technologies into the personnel work of enterprises should be the criterion for choosing reference enterprises in conducting HR-benchmarking. The ability to use advanced world and domestic innovations through the use of benchmarking tools, in which HR-benchmarking is an urgent need of the Ukrainian business environment.

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