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## **MARKETING APPROACH TO THE DEVELOPMENT OF PERSONNEL MANAGEMENT SYSTEM**

***Abstract.** Developing and implementing an effective management strategy is a key milestone for companies due to the current economic crisis, the impact of recent pandemics, and increased competition. The current state of the economy makes internal stability and mitigation of external shocks key strategy milestones. The systematization of literature sources and approaches shows that business is becoming increasingly complex, while business processes require human resources (HR) and leadership strategies. Despite the development of IT and the introduction of IT practices in most areas of business activity, human resource management has become significantly more complex. The ability to adapt to the ever-changing business environment, flexibility and agility is becoming one of the most important features of a modern management system. The flexibility of the system depends on the talent management system (TMS), the quality of human resources (HR) and human capital (HC) of employees. The main purpose of this article is to substantiate the theoretical, methodological and practical recommendations for the use of marketing tools in enterprise personnel management. Accordingly, the result of the study is aimed at building a modern system of enterprise personnel management. The methodological*



tools for studying the personnel management system are: the method of analysis and synthesis; using the method of comparison, the theoretical foundations of the concept of "personnel management" are studied, and the financial indicators of the empirical basis of the study are compared; the use of the graphical method was appropriate when constructing diagrams based on the methodology of personnel management in an organization and diagrams of the organizational structure of enterprise management. Employees are a fundamental component of every company, and effective management is a key element of the company's financial stability and success. TMS is a complex process that requires precise planning to ensure the company's profitability. Currently, KMS is becoming one of the most valuable components of TMS, due to the increasing value of information and experience. Such orthodox KMS components as recruiting, training module, employee training are not enough to keep HR engaged. More and more leading companies around the world are using marketing tools as part of their KMS and TMS to address current HR challenges. The introduction of marketing tools and practices is aimed at ensuring optimal utilization of human resources, as well as creating a competitive advantage for the company by increasing the overall efficiency of employees. According to the basics of HR marketing, an employee should not only have the means of production (equipment), but also have defined goals and benchmarks for achieving them, as well as be informed about the company's goals and vision. This allows the company's HR to grow and develop their HC, see their development path in the company, and stay motivated throughout their career. The combination of traditional HR and marketing practices allows both employers and employees to gain significant benefits, such as eliminating time wastage, reducing staff turnover, and increasing retention.

**Keywords:** Personnel Management System, Marketing Tools in Personnel Management System, Internal Marketing, Personnel Motivation, Personnel Training and Retention.

**JEL Classification:** M 12; M 31

**Absztrakt.** A jelenlegi gazdasági válság, a közelmúltbeli világválságok hatásai és a megnövekedett verseny miatt a hatékony irányítási stratégia kidolgozása és megvalósítása kulcsfontosságú lett a vállalatok számára. A gazdaság jelenlegi állapota a belső stabilitást és a külső sokkok mérséklését teszi a stratégia kulcsfontosságú mérföldkövévé. Az irodalmi források és megközelítések rendszerezése azt mutatja, hogy az üzleti élet egyre összetettebbé válik, ugyanakkor az üzleti folyamatok emberi erőforrást (HR) és vezetői stratégiákat igényelnek. Az IT fejlődése és az IT-gyakorlatok megvalósítása ellenére a gazdasági tevékenység legtöbb területén a humánerőforrás-gazdálkodás sokkal bonyolultabbá vált. A folyamatosan változó üzleti környezethez való alkalmazkodás képessége, a rugalmasság és a manőverezhetőség a modern irányítási rendszer egyik legfontosabb jellemzőjévé válik. A rendszer rugalmassága függ a tehetséggondozó rendszertől (TMS), a humán erőforrás (HR) minőségétől és az alkalmazottak humán tőkéjétől (HC). Jelen cikk fő célja elméleti, módszertani és gyakorlati ajánlások alátámasztása a marketingeszközök vállalati személyzeti menedzsmentben való alkalmazására vonatkozóan. Ennek megfelelően a kutatás eredménye a vállalkozás korszerű személyzeti irányítási rendszerének kiépítését célozza meg. A személyzetirányítási rendszer kutatásának módszertani eszköztára: az elemzés és szintézis módszere; az összehasonlítás módszerével megvizsgálni a "személyzetmenedzsment" fogalmának elméleti alapjait, összehasonlítani az empirikus kutatási bázis pénzügyi mutatóit; a grafikus módszer alkalmazása célszerűnek bizonyult a személyzeti menedzsment módszertanára épülő diagramok készítésénél a vállalatvezetés szervezeti felépítésében és diagramjaiban. Az alkalmazottak minden vállalat alapvető alkotóelemei, a hatékony irányítás pedig kulcsfontosságú eleme a vállalat pénzügyi stabilitásának és sikerének. A TMS egy összetett folyamat, amely pontos tervezést igényel a vállalat jövedelmezőségének biztosítása érdekében. Jelenleg a KMS a TMS egyik legértékesebb összetevőjévé válik, az információ és a szakértelem értékének növekedése miatt. A KMS olyan ortodox elemei, mint toborzás, képzési modul, alkalmazottak képzése nem elegendőek a HR bevonásához. Világszerte egyre több vezető vállalat használ marketingeszközöket a KMS és TMS részeként az aktuális HR kihívások megoldására. A marketing eszközök és gyakorlatok



megvalósítása a személyi állomány optimális felhasználásának biztosítását, valamint a munkavállalók összehatékonyosságának növelésével a vállalat versenylőnyének megteremtését célozza meg.

A HR-marketing alapjai szerint a munkavállalónak nemcsak a termelőeszközökkel (felszerelésekkel) kell rendelkeznie, hanem az eléréséhez meghatározott célokkal és irányelvekkel, valamint tájékozódni kell a vállalat céljairól és jövőképéről. Ez lehetővé teszi a vállalat HR-je számára, hogy növekedjen és fejlessze HC-jét, láthassa fejlődési útját a vállalaton belül, és motivált maradjon karrierje során. A hagyományos HR- és marketinggyakorlatok kombinációja lehetővé teszi, hogy, mind a munkáltató, mind a munkavállaló jelentős előnyökhöz juthasson, például: megszűnik az elvesztegetett idő, csökkenti a fluktuációt és növeli a személyzet megtartást is.

**Kulcsszavak:** személyzetirányítási rendszer, marketing eszközök a személyzetirányítási rendszerben, belső marketing, személyzeti motiváció, személyzet képzése és megtartása.

**Анотація.** Розробка та реалізація ефективної стратегії управління є ключовим етапом для компаній через поточну економічну кризу, наслідки недавніх пандемій та зростання конкуренції. Поточний стан економіки робить внутрішню стабільність і пом'якшення зовнішніх шоків ключовими віхами стратегії. Систематизація літературних джерел і підходів свідчить про те, що бізнес стає все більш складним, в той же час, бізнес-процеси вимагають наявності людських ресурсів (HR) і лідерських стратегій. Незважаючи на розвиток ІТ та впровадження ІТ-практик у більшість сфер господарської діяльності управління людськими ресурсами значно ускладнилось. Здатність адаптуватися до постійно мінливого бізнес-середовища, гнучкість і маневреність стає однією з найважливіших рис сучасної системи управління. Гнучкість системи залежить від системи управління талантами (TMS), якості людських ресурсів (HR) і людського капіталу (HC) співробітників. Основною метою даної статті є обґрунтування теоретичних, методичних і практичних рекомендацій щодо використання інструментів маркетингу в управлінні персоналом підприємства. Відповідно, результат дослідження спрямований на побудову сучасної системи управління персоналом підприємства. Методичним інструментарієм дослідження системи управління персоналом є: метод аналізу та синтезу; за допомогою методу порівняння досліджено теоретичні основи поняття «управління персоналом», здійснено порівняння фінансових показників емпіричної бази дослідження; використання графічного методу виявилось доцільним при побудові діаграм на основі методології управління персоналом в організації та діаграм організаційної структури управління підприємством.

Співробітники є фундаментальною складовою кожної компанії, а ефективний менеджмент є ключовим елементом фінансової стабільності та успіху компанії. TMS - це складний процес, який вимагає точного планування для забезпечення прибутковості компанії. Наразі, KMS стає одним з найцінніших компонентів TMS, завдяки підвищенню цінності інформації та досвіду. Такі ортодоксальні компоненти KMS, як: рекрутинг, навчальний модуль, навчання співробітників, недостатні для того, щоб HR був задіяний. Все більше і більше провідних компаній у всьому світі використовують маркетингові інструменти як частину своїх KMS і TMS, щоб вирішити поточні виклики HR. Впровадження маркетингових інструментів і практик має на меті забезпечити оптимальне використання кадрів, а також створити конкурентну перевагу компанії за рахунок підвищення загальної ефективності співробітників.

Згідно з основами HR-маркетингу, працівник повинен мати не тільки засоби виробництва (обладнання), але й мати визначені цілі та орієнтири щодо їх досягнення, а також бути поінформованим про цілі та бачення компанії. Це дозволяє HR компанії рости та розвивати свій HC, бачити свій шлях розвитку в компанії та залишатися мотивованим протягом своєї кар'єри. Поєднання традиційних HR та маркетингових практик дозволяє як роботодавцю, так і працівникам отримати значні переваги, такі як: усунення втрати часу, зниження плінності персоналу, а також підвищення рівня утримання.



**Ключові слова:** система управління персоналом, маркетингові інструменти у системі управління персоналом, внутрішній маркетинг, мотивація персоналу, навчання та утримання персоналу.

**Introduction.** In the current economic downturn and competitive market environment, developing and implementing an effective management strategy becomes increasingly relevant for businesses. Such a strategy ensures the internal stability of the business and protects it from external influences. Today, businesses have become more complex, requiring effective human resource policies and management approaches. While the adoption of new technologies and expanded connectivity has opened new market segments for companies, the process of managing businesses has become more challenging. Of particular attention is the management of the business's potential and its ability to quickly respond to structural changes in the economy, which directly relies on human resources, specifically their knowledge, skills, and abilities.

The personnel serve as the foundation and vital force of the business, and effective human resource management is an essential part of a company's success and stability. Personnel management, in a general sense, is a complex process that requires precise planning to avoid downtime and losses. Nowadays, strategic personnel management in the context of increasing the role of information and knowledge has become an actual issue. However, the use of simple strategic planning tools, such as recruiting, training, and promotions, no longer meets the demands of the present. Leading companies around the world, responding to global challenges and changes in the business landscape, employ marketing tools as part of their human resource strategies. The marketing approach aims to optimize the use of human resources, create conditions to enhance labor productivity, and ensure the company's competitiveness.

Therefore, the fundamentals of human resource marketing require employees to have not only technical means of work but also clearly defined goals, objectives, and a visionary company outlook. As a result, company personnel have the opportunity for self-realization, skills improvement, and motivation to optimally fulfill assigned tasks. Such personnel policy benefits both the company and its staff, reducing time loss, employee turnover, internal labor emigration, and more.

Based on the outlined issues, the main goal of this article is to justify theoretical, methodological, and practical recommendations for using marketing tools in company personnel management. Accordingly, the research outcome aims to construct a modern company personnel management system.

**Literature Review:** Companies, as previously mentioned, utilize various means to achieve their goals, with personnel remaining as one of the key elements of success. The presence of sufficient and qualified personnel ensures the efficient and uninterrupted operation of the company, while the diversity, skillset, and





professionalism of the workforce significantly affect business competitiveness [1]. The term "personnel" is commonly used in the field of human resources and business organization, encompassing all individuals employed by the company. Human resources, in turn, refer to personnel with varying qualifications and knowledge [2]. According to legal encyclopedias, personnel are "a collective of employees or a group of individuals who perform labor functions based on an employment contract (agreement)" [3]. The table below presents different interpretations of the definition of "personnel" by scholars (Table 1).

**Table 1.**

**The Category of "Personnel" from the Perspectives of Scholars\***

<b>personnel</b>	The totality of all human resources that an organization possesses. [4]
	The permanent workforce that has received necessary training and has practical experience [5]
	The core, permanent qualified staff that is influenced by internal (product nature, production technology, organization) and external (demographic processes, legal and moral norms of society, labor market characteristics, etc.) factors. [6].
	The employees of the organization who work under employment contracts and have labor relations with the employer, including both permanent and temporary, skilled and unskilled workers. [7]
	The hired employees of the organization who have labor relations with the employer, regardless of the duration of their tenure in that capacity. [8]
	The personnel composition of the organization, including all hired employees, apprentices, shareholders, and owners who hold specific positions according to employment contracts and receive remuneration. [9]

\*Sources: systematized by the authors

Therefore, company personnel is a collection of hired employees who possess certain qualifications and are in an employment relationship with the organization. The efficiency of personnel and their involvement in the production process depend on the management system in place. Robert Owen, the author of the book "A New View of Society" [10], is considered the founder of modern personnel management as he highlighted the need for improving production relations and working conditions. Currently, effective personnel management plays a key role in stimulating organizational growth and ensuring business prosperity.

However, there is no unanimous opinion among scholars regarding the personnel management system. Partika, for instance, notes that personnel management is a specialized area of business management focused on labor-related issues. Nonetheless, the personnel management system is relatively autonomous and a specific subsystem within the overall business management system. Viewing personnel management as a system, it can be seen as a set of interconnected elements that unite the object and subject of management, involve organizational and management relations, and encompass management functions implemented through a system of corresponding methods and elements [11].

Spights (1944) defined personnel management as a code of methods for organizing and dealing with individuals at work, aiming to enable each person to realize their inner potential to the fullest. M. Armstrong stated that personnel management is a "strategic and consistent approach to managing the organization's

most valuable assets – the people who work in it and make individual and collective contributions to achieving its goals, sustaining a competitive advantage" [12]. G. Milkovich and J. Boudreau believe that personnel management is a "series of decisions concerning relations with hired employees that affect employee and organizational effectiveness as a whole" [13].

In turn, M. Susan examines personnel management as a management function aimed at supporting and enhancing work efficiency and promoting human resources within an organization through proper planning, organization, leadership, coordination, and control of activities related to hiring, development, motivation, and remuneration of employees to achieve enterprise goals [14]. E. Flippo defines personnel management as a "planning, organizing, directing, and controlling the procurement, development, compensation, integration, maintenance, and separation of human resources for the purpose of achieving individual, organizational, and social objectives" [15].

Similarly, M. Vynohradskyi asserts that personnel management is a socio-economic system within a company, characterized by a set of complex tasks and functions including planning, human resource marketing, development, analysis of motivation methods, creating optimal working conditions, designing organizational management structures, regulating labor relations, personnel accounting, providing legal services, and developing social infrastructure [16]. On the other hand, A. Kibanov believes that "personnel management is a purposeful activity of the management team of an enterprise aimed at developing concepts, human resource policy strategies, and management methods". A comprehensive system of measures aimed at improving professional qualifications, motivating and stimulating employees, and fully utilizing their potential for enterprise development has been studied by A. Lysenko [17].

Summarizing the interpretations provided by scholars, it could be noted that personnel management, in the conventional sense, combines the functions of planning, organizing, and controlling personnel to achieve business goals.

The modern need for personnel management entails combining management approaches with marketing practices, known as internal marketing. Internal marketing within the personnel management system incorporates motivation, internal market research, internal communication, internal segmentation, employee retention, and cross-functional coordination. Its main purpose is to retain employees and ensure their satisfaction with effective and result-oriented work in the company [18]. P. Kotler defined internal marketing as the successful hiring, training, and motivation of employees [19]. Internal marketing focuses on personnel and meeting their needs [20]. T. Davis [21] believed that internal marketing helps bridge the gap between various internal stakeholders and fosters cooperation among them.

The successful implementation of internal marketing concepts leads to a positive employee attitude towards work, including organizational commitment, participation, work motivation, and job satisfaction [22]. One important outcome of internal marketing is the growth of employees' organizational commitment,



which, in turn, leads to increased job satisfaction, higher labor productivity, and reduced employee turnover [23;24].

However, despite extensive research, a modern, universally applicable personnel management model incorporating contemporary tools, such as marketing, has not yet been fully developed. Therefore, a modern personnel management approach that aligns with company goals and prevents employee turnover requires the construction of a contemporary management system.

**Methodology and Research Methods (for research and theoretical articles).** The methodology and principles of general marketing create the prerequisites for their effective transformation into the theory and practice of personnel management in organizations and enterprises. The method of analysis and synthesis was used to study the personnel management system. The comparison method was used to study both the theoretical foundations of the concept of "personnel management" and to compare the financial indicators of the empirical basis of the study. The use of the graphical method was advisable when constructing diagrams based on the methodology of personnel management in an organization and diagrams of the organizational structure of enterprise management.

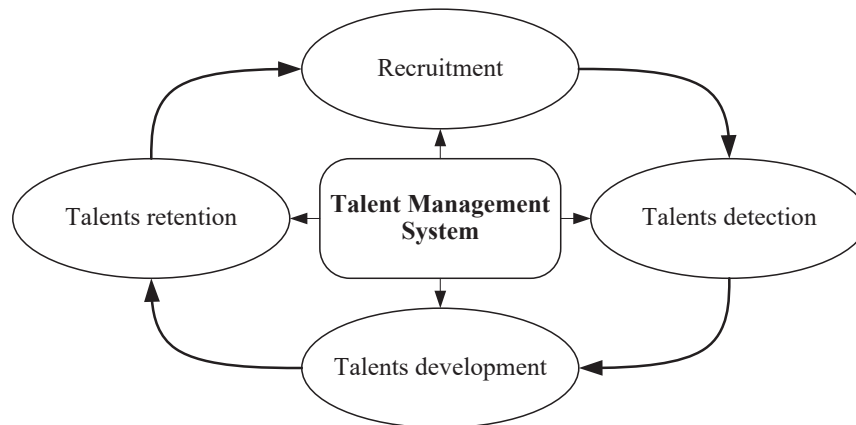
Systemic-functional (theoretical and methodological aspects of personnel development management are specified), abstract-logical (methodical approaches to the formation of direct subdivisions of personnel development management are explored). Finally, he was able to develop new theoretical approaches and practical recommendations for solving problems in a comprehensive personnel management system.

**Results.** Currently, there is a certain instability in the availability of skilled workforce for businesses, which is accompanied by periodic employee layoffs. Among the main reasons for layoffs, the lack of incentives should be noted. Today, highly skilled personnel are more mobile and choose the most attractive options (high salaries, well-equipped workplaces, opportunities for career growth, training, etc.).

Therefore, business owners face the challenge of building a new personnel management system, specifically personnel retention and development by enhancing the qualifications of existing employees. The concept of a "closed-cycle" personnel management, as presented by A. Kumar (Figure 1), has become increasingly relevant.

The first element of the proposed system is recruitment, as effective personnel selection is a critical requirement for the entire system to function effectively. However, when planning a modern management system, it is important to incorporate state-of-the-art information technologies. The application of digital technologies, such as video interviews, social networks, and gamified candidate testing, can provide a competitive advantage to the personnel selection phase of the management system. Additionally, continuous support for hired employees is crucial. This can involve implementing a mentoring system, developing incentive and motivation programs, providing opportunities for skills enhancement, career

growth, and employee retention. Another good practice for recruitment is right of first offer for new vacancy within the company. This will allow to both find a candidate-insider, who is already familiar with the corporate culture and expectations, and to increase retention of other employees.



**Fig. 1. Talent Management System\***

Sources: systematized by the authors based on [25]

Internal job placement can also be an effective strategy. Currently, there are three methods of internal protection for employees: promoting employees to higher positions, advancing employees from lower-level jobs, and transferring employees from similar positions within the organization [25].

The next step is identifying employees' potential, which entails establishing criteria for position suitability and future growth. Internal risks to the organization arise from mismatches in employee qualifications and job responsibilities, a lack of motivation, and low criteria for personnel selection.

In global practice, assessing an individual employee's qualifications and professional suitability is conducted using various assessment tools. One widely used methodology for such assessments is employee diagnostics by the company Midot. Midot's products and services are designed to assess employee trustworthiness throughout their entire lifecycle in the company. Employee diagnostics encompass a diverse set of tools that comprehensively evaluate existing employees or candidates for vacant positions (Table 2).

This methodology allows for a comprehensive analysis of the personnel component of a company, both at the stage of hiring employees and in the process of their job performance. The methodology developed by Midot is a good example of a way to provide a comprehensive analysis of TME of any company. That includes every element: from recruitment and talent detection to dismissal, or promotion. Based on the data obtained through this methodology, it is advisable to create a matrix for assessing the potential of personnel, based on criteria such as job performance, suitability for the position, and growth potential (Figure 2).





**Table 2.**

**Assessment Tools for Employee Reliability and Safety by Midot\***

<b>Instrument name</b>	<b>Instrument description</b>
IntegriTEST	is a computer test that allows for determining the probability of risks related to destructive behavior and misconduct in the workplace, by evaluating candidates' thoughts, judgments, and past actions.
StabiliTEST	is applied during interviews and is designed to forecast the risks of voluntary turnover among new employees within the first 3-6 months of employment.
TRUSTEE	is a test that enables periodic assessments of reliability and loyalty throughout an employee's tenure. It is used for periodic evaluations, before promotions or relocations, and to identify potential participants in exceptional events.
SafetyTEST	is an innovative and unique assessment tool designed to identify candidates and employees with increased risks of being involved in workplace accidents. SafetyTEST also signals any inconsistencies between candidates' safety profiles and the risk level of the positions they are applying for.
IntegriEXIT	is an employee survey conducted during the termination process. It is developed as a solution to identify the frequency and trends of destructive behavior in the workplace, which can be utilized to enhance risk management effectiveness, minimize and prevent similar behavior from occurring.
Podium	is a web platform that allows organizations of any size to create assessment tests and surveys for employees. It provides the ability to view and customize diagnostic reports and manage all stages of the personnel selection and hiring process in a centralized multilingual cloud-based platform.
Avatar Employment Tests	psychometric tests tailored to specific job positions, utilizing modeled real-life work situations

*Sources: systematized by the authors based on [26]*

Practical implementation of the proposed matrix allows for categorizing personnel into four conditional categories: highly active employees with high potential, the main group with average potential and performance, inadequate performers who fall under downsizing, and employees who are inefficient for the company.

The practical use of the proposed matrix allows to:

To effectively allocate resources – by evenly assigning employees to different projects based on their abilities.

To balance skillset within department by distributing key competencies among the team.

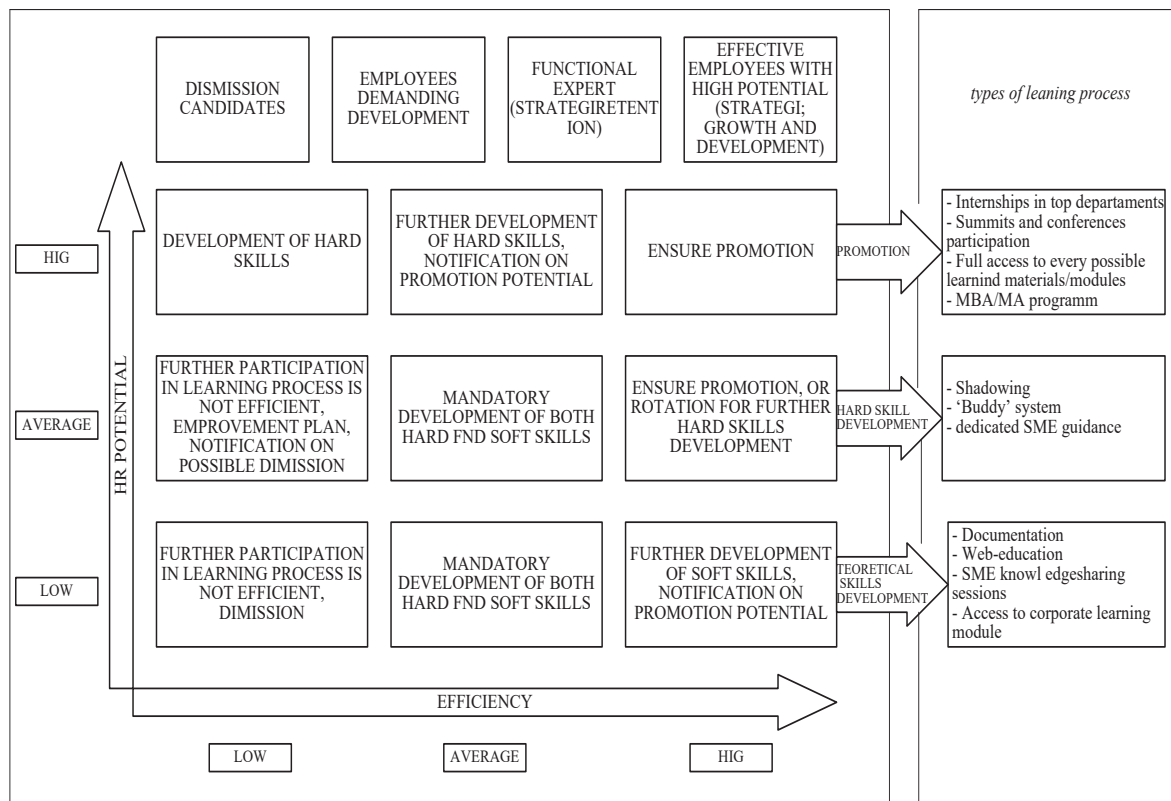
To monitor knowledge levels – by timely upgrading of employees' qualifications or engaging specialists with relevant knowledge.

To improve the efficiency of personnel recruitment.

To enhance employees motivation and willingness to develop.

Furthermore, the development of personnel as a management element involves knowledge management, which should be distributed among:

Soft skills - non-professional universal knowledge and skills (leadership qualities).



**Fig. 2. Personnel Potential Assessment Matrix\***

\*Sources: systematized by the authors based on (based on GE McKinsey matrix)

Hard skills - technical and professional knowledge and skills (technical knowledge) [27]. Combining these skills is crucial in determining the effectiveness and potential of an employee.

However, the management system built on the proposed potential assessment matrix does not guarantee a 100% increase in human capital. Questions arise regarding the appropriateness of training certain categories of personnel and opportunities for their skill improvement. To evaluate the effectiveness of investing time and resources in a particular employee, the Kirkpatrick model can be applied, which allows for determining training effectiveness (Figure 3).

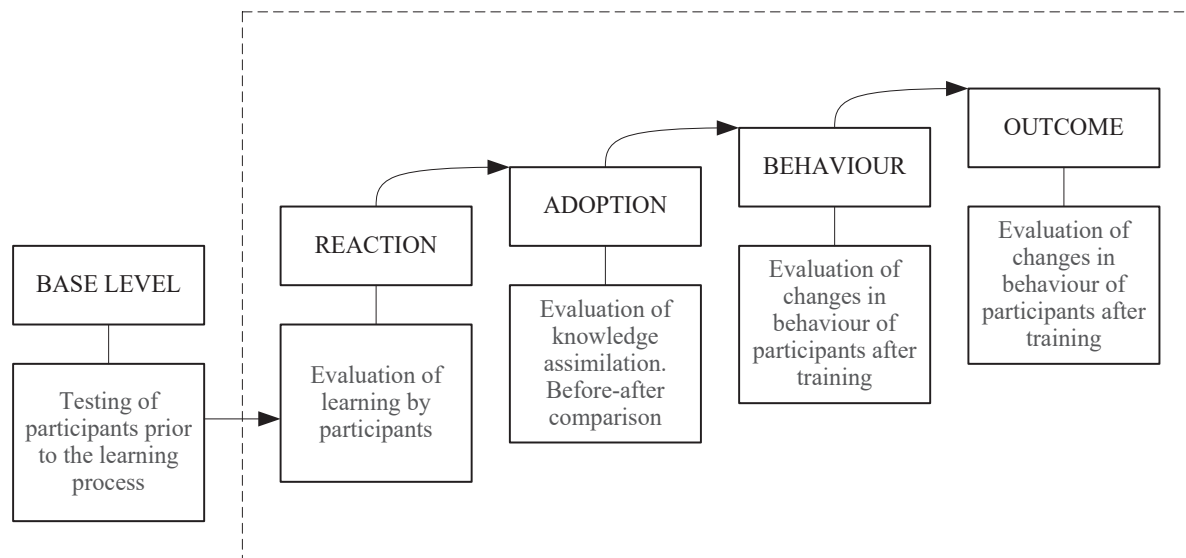
The model includes four levels:

reaction - the extent to which participants consider the training favorable, attractive, and relevant to their work.

learning - the extent to which participants acquire planned knowledge, skills, attitudes, confidence, and commitment through their participation in training.

behavior - the extent to which participants apply what they have learned during training when returning to work.

results - the degree of achievement of target results as a result of training and support package accountability [28].



**Fig. 3. Kirkpatrick Model\***

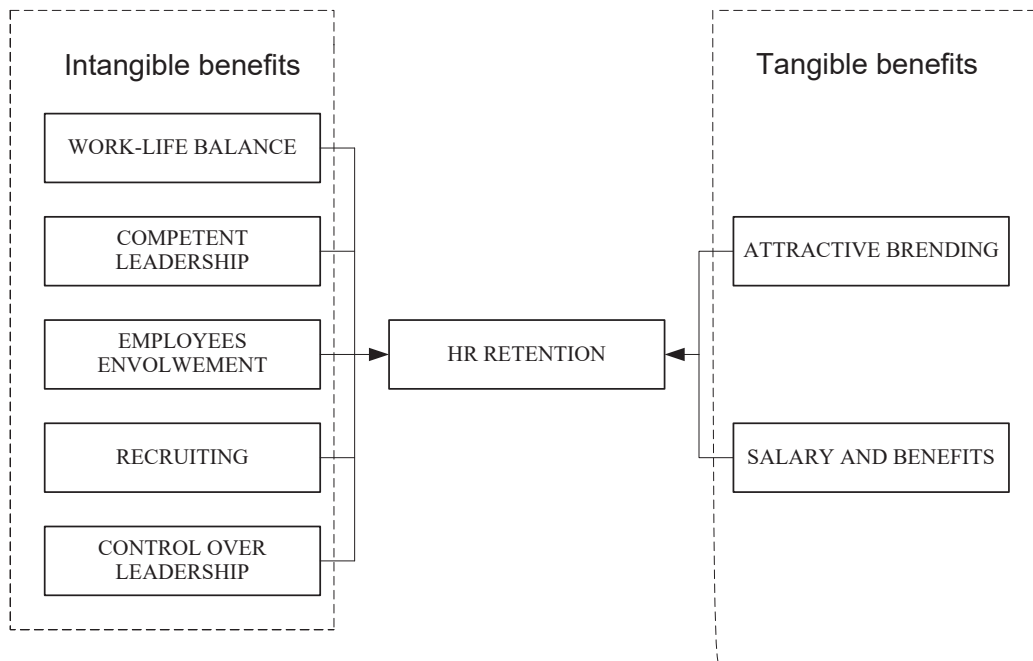
\*Sources: systematized by the authors based on [28]

Testing of participants prior to the learning process is crucial for recording a base level. Evaluation of learning by participants (emotional): Did they like the course? Evaluation is crucial for measuring the attitude of participants towards learning process as well as selection of educational method. Evaluation of how knowledge was assimilated. Before-after learning comparison. Evaluation of changes in behaviour of participants: usage of new practices, feedbacks from co-workers. Measurement of results of training from business perspective. Efficiency, quality of work, feedback from clients/customers. Changes in profits.

This model allows for determining emotional responses to training, verifying the extent of knowledge acquisition (before and after training), evaluating the application of new skills in practice, and analyzing measurable training results.

The final stage, according to A. Kumar, is retention and advancement. As mentioned earlier, qualified employees have a wide range of options and choose the most attractive conditions. Therefore, companies that have nurtured skilled staff need to focus on retaining them. According to the principles of neuromarketing, employee retention relies on working with certain pleasure neurons. For hired employees, this includes satisfying non-material and material values. Despite the seemingly unimportance of non-material values, their satisfaction can provide a crucial competitive advantage, requiring the implementation of modern internal marketing tools. In the personnel management system, internal marketing involves developing programs and strategies to maximize employee satisfaction.

Therefore, marketing tools used for personnel retention should focus on satisfying employees' non-material values. This includes developing strategies and projects in which employees should be involved. However, such involvement should be based on specific incentives and motivations (Figure 4).



**Fig. 4. Marketing Tools for Personnel Retention\***

\*Source: own elaboration.

The main incentives for personnel retention can be high wages and a strong company brand. These marketing tools serve as motivations for employee retention. Additionally, creating favorable working conditions, such as maintaining a work-life balance, involving employees in company management, competent leadership, etc., also helps to form specific tools for retaining skilled employees.

The marketing approach to personnel retention involves offering two career development paths: the "expert path" and the "managerial path" (Figure 5).

Both paths consist of 3 levels: junior, middle and senior. Promotion to the next level is possible only for employees who were evaluated as efficient and with high potential with 9-box grid box (or a comparable tool). At the same time promotion opportunities are formed by HR needs of the company. During the period with no possibility of promotion, top-performers should be proposed extended intangible benefits package: access to entire learning module, allowance to spend part of working time on self-development, ability to relocate to another department in frames of experience exchange etc. After promotion to first grade, during the second evaluation circle, it is important to confirm if preferences of employee has not changed. To make sure that employee desires to continue development in the same path; if not there should be a possibility to change to second one. If employee after evaluation belongs to 'amber' part of 9-box grid, HR department should ensure excessive and mandatory trainings to improve performance.





**Fig. 5. Self-development and Career Growth Stages\***

*\*Source: own elaboration.*

However, promotions should be based on the company's staffing needs. If there is no such need, employee motivation should be based on certain incentives. In addition to salary increases, employees can be given the opportunity to allocate a portion of their working hours for education and self-development. This will



result in the formation of a class of highly skilled professionals and managers with practical application of their own abilities.

Therefore, building an effective personnel management system involves:

Evaluating the current state of the company's personnel provision.

Analyzing the company's financial performance indicators.

Researching the national and regional labor market.

Determining the overall state of the economy.

**Conclusions and prospects for further research.** Rational personnel management helps provide employees with tools and resources necessary for them to work at their best and continue to grow personally and professionally. This gives personnel the freedom and flexibility to achieve success by focusing on continuous professional development. Considering that personnel management involves setting goals and delineating success boundaries, personnel will fully utilize their potential and professionalism, encouraging the acquisition of new skills throughout their lifetime and learning without interrupting work.

Effective TMS empowers employers with necessary tools and practices to create conditions for growth, development and increase in efficiency of employees. Employees under well-designed TMS have freedom and flexibility in selection of learning path and transparent development cycle, which increases their motivation and loyalty. Under assumption that there is a roadmap for KPI and targets selection, as well as means of achieving these, employees will optimally leverage their experience, as well as continuously adopt new knowledge in addition to routine tasks.

Retention of employees is a priority for most modern HR systems, due to the high volatility on labour market, especially between qualified professionals. Well-designed TMS solves the issue by evaluating and categorizing employees. Which allows to focus on top-performers, dismiss underperformers, and educate/motivate average performers. Moreover, strategic HR reserve is created in process: there is a back-up in case one of top-performers decides to leave. Modern TMS should also focus on intangible benefits, which become more and more valuable for employees.

Modern TMS is a complex system which orchestrates four pillars: recruiting, detection, development and retention of talents. But system will be efficient only if it equally focuses each of the pillars and adjusts for changing surroundings, by introduction of IT practices for example.

Given that personnel turnover (market labor shortage, retirement, competition) is constant, an effective personnel management system allows for timely responses to expected or unexpected employee departures. A promising direction of research is the implementation of the development and adaptation of modern elements of personnel management.



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