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**IMPROVEMENT OF HR MANAGEMENT SYSTEM OF A MAJOR STATE-  
OWNED ENTERPRISE**

Major: 5.2.6. - "Management"

**Abstract**

Thesis for Academic Degree of  
Candidate of Economic Sciences

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**The research rationale** is driven by development of the public sector of the economy in recent decades, which accounts at present for about a half of the gross output of manufactured products and services provided in the country. At the same time, problems are building up in operations of state-owned enterprises, related to their low efficiency, the slowdown of innovative development rates and the delay in rolling out modern HR management practices. The last of the identified problems is a consequence of the unwillingness of a significant part of the heads of state-owned enterprises to systemic transformations of the management system and their concern that the changes introduced will have a negative effect to the stability of production processes.

That is why the focus of reforming the personnel management system of a large state-owned enterprise today is not on optimizing the practices of attracting or training employees, but on improving the effectiveness of employees, increasing their personal responsibility, reducing the severity of personnel security problems and increasing the validity of organizational and personnel decisions.

In the areas listed above, at the current stage, a significant gap has formed between the required level of personnel administration and the methods actually used to manage production teams. This gap can be eliminated only through the implementation of scientific approaches to the analysis of the existing situation and the development of effective approaches to improving personnel management, including through rethinking the experience of the socialist era and modern foreign practices. Such a range of issues, in our opinion, is included in the list of topical areas for improving the personnel management system of a large state-owned enterprise, and therefore it formed the main content of this dissertation work.

**The research objective** consists in theoretically substantiate the problems of personnel management in large state-owned enterprises and to develop a methodology for assessing the impact of potential threats to personnel security on the rational distribution of allocated resources.

It appeared necessary for attainment of the objective set in the degree thesis to solve the following **research tasks**:

— Review specific features of HR management at a state-owned major and identify priority areas for its improvement and evolution;

— Unlock opportunities of using feedbacks as a single balanced system to improve the manageability of the personnel of a large state-owned enterprise and identify the potential for introducing modern innovative practices;

— Justify the principles of building an effective system to support HR security of the enterprise and create the methodology of rational distribution of allocated resources;

— Develop the algorithm of quantitative assessment of performance of organizational and management decisions made by the HR management function;

— Suggest an effective method of operational control over performance of organizational and management decisions taken, suitable for practical application in major enterprises, including enterprises with the developed structure of branches.

**The research target** is the HR management system of a major state-owned enterprise.

**The research subject** is personnel management and personnel security of a large state enterprise, methods and systems of personnel management that affect the efficiency of its functioning.

#### **Theoretical and methodological basis of research.**

Developments of domestic and foreign scholars in the field of the general economic theory, HR management, theories of organization and management of production teams were applied as the theoretical basis for the completed study.

Tools of system and factor analysis, the organizational theory along with the method of expert judgments and the mathematic framework of the theory of probability, mass service and queues were used to justify basic provisions in the thesis as the underlying methodological support. Methods of scientific observation, benchmarking, generalization and scientific abstraction were applied in the process of statistical data processing and development of conclusions.

**Academic novelty** of research deliverables consists in determining the systematic definition to use of feedback mechanisms to improve the manageability of personnel, for stabilization of relations in teams, regulation and control over personnel operations,

development of a quantitatively justified method of building up the HR security system of a state-owned major and in development of a factor method for assessment of performance of taken organizational and personnel decisions.

**Key research deliverables** of the thesis obtained by the author personally and presented for approval.

1. Key specific features of state-owned enterprises characteristic of the majority of large domestic companies were identified on the basis of the HR situation review. The high level of inequality was shown in distribution of personal responsibility among various hierarchic levels of state-owned enterprises, which adversely affects opportunities of receiving support from below when implementing innovations in the sphere of labor organization and HR management. Prevalence of top-down mechanisms for regulation of labor relations was detected. The high level of superfluous red tape was recorded, which is inherent to the procedure of making and performing management decisions, along with higher significant of subjective factors obstructing rational implementation of the HR policy. It was justified that underdeveloped system of feedback, shortage of horizontal contacts among teams and the delay in digital development level of HR management functions negatively impact coordination and consistency of functioning of the state-owned enterprise's executive staff. The latter circumstance is of particular importance for management of regional teams of enterprises.

2. Through the analysis of the socialist model of a large enterprise, the need for a systematic approach to the organization of feedback for personnel management of a large modern state enterprise is shown. The conclusion is substantiated that the level of development of feedback in the personnel management system of a state enterprise is a significant symptomatic sign of the state of its personnel administration.

Based on the developed set of main targets, requirements and characteristic properties of feedbacks, an approach to their implementation in the human resource management structure is determined. The features of information exchange when using vertical and horizontal feedbacks, such as the uncertain reliability of the information received, the possible anonymity of its source, the impact of the additional burden on personnel officers and other aspects, are studied.

Innovative directions for the application of feedback mechanisms are shown, and among them the development of knowledge bases, personnel audit and rotational schemes are highlighted as the most promising areas in the formation of a single interconnected feedback system for managing the personnel of a large state-owned enterprise.

3. The need was justified for the rational approach in setting up mechanisms of HR security support at state-owned majors, which is based on the quantitative methodology of assessing levels of potential HR security threats for various categories of employees and its use as the objective rationale when allocating resources in the protecting activities planning process.

The effect of five main significant factors influencing on the behavior of employees was investigated, which comprises the level of personnel loyalty, the degree of motivation to make a negative action, accessibility or opportunity for an employee to implement the design, the probability of being recognized and the fear of possible consequences. The identified aggregate of significant factors is a new one and is of interest for further investigation.

4. The factor method of benchmarking efficiency of making organizational and HR decisions was developed, where normalized efficiency factor numerically equal to the ratio of efficiencies before and after implementation of the management decision is used as the basic quantitative criterion of management decision efficiency. The main idea of the method is expanded, consisting of development of two ranked sequences of positive and negative significant factors and their comparison by pairs. An important advantage of the suggested method was identified, consisting in the opportunity of pooling either quantitative or qualitative significant factors within the framework of a unified benchmarking procedure. The logical sequence was determined for the approach of assessing efficiency of management decisions taken and the algorithm implementing the same was presented.

The possibility was showed to develop this method of quantitative assessment of management decisions' efficiency in direction of providing adaptive properties to the original algorithmic procedure on account of using information about performance of decisions earlier made in the like situation, which can be also interpreted as adding the

feedback loop to the developed algorithm. The opportunity of using the method in situations of the multi-alternative choice was highlighted.

**Theoretical significance of the study** consists in elaborating new approaches to solving existing problems of managing personnel of state-owned enterprises. It became possible to develop on their basis several quantitative methods supporting performance efficiency of implemented HR activities. In particular, quantitative criteria of target correspondence and feasibility of the feedback system were identified on the basis of deliverables of the completed analysis, justifying the effect of traditional and looking-forward HR practices. The study also substantiated feasibility of using the offered procedure of building up the enterprise HR security system that relies on the quantitative methodology of assessing levels of potential HR security threats. The aggregate of five main factors was identified, influencing on the possibility of unlawful acts to be committed by an employee, justifying the system of countermeasures implemented at all stages of enterprise HR function working with him/her, starting from the recruitment procedure and ending with this/her dismissal. The method was proposed to compare options of making organizational and personnel decisions, using paired comparison of sequences of significant factors (either quantitative or qualitative) and making possible to lower the subjectivity level when implementing HR measures.

**Practical significance of the study** is that methodologies developed by the author for use of feedback in the HR management system, HR security improvement, quantitative assessment of efficiency and direct monitoring of implementation of management decisions taken are supporting improvement of the HR management process of major state-owned enterprises and are of considerable interest for use in the public sector of the domestic economy.

Produced deliverables of the completed thesis research were rolled out in the operating practice of HR management functions of the Federal State Unitary Enterprise Russian TV and Radio Broadcasting Network (hereinafter — RTVRN). Their use supported receipt of the resilient positive effect expressed in overall improvement of manageability, lowered labor intensity of activities performed by HR specialists and higher substantiation of decisions taken by them, reduction of resource costs against

concurrent improvement of the HR security level and increase of overall stability and predictability of HR management processes.

The results of the dissertation research were used in teaching at the Federal State Autonomous Educational Institution of Higher Education "Peoples' Friendship University of Russia" (hereinafter referred to as RUDN) of the academic disciplines of the master's program "Personnel Management in a Cross-Cultural Environment": Human Resources Management: Russian and Foreign Experience, Human Resources Security and Occupational Safety, Performance Evaluation labor of personnel, management of VKR (master's theses), etc.

**Conformity of thesis to research discipline datasheet.**

The thesis conforms to the research discipline datasheet 5.2.6. – "Management":

5. Development of the theory and methods of decision making in economic and social systems. Artificial intelligence systems to support managerial decision making.

9. Organization as an object of management. Organization theory. Organization management structures. Organizational change and organizational development.

23. Theoretical and methodological foundations of personnel management. Economic and social tasks of human resource management. Human resource management technologies.

**Validation and implementation of research deliverables.** Main provisions of the study were discussed at the International Conference on work measurement issues in CIS member-states - "Organization and work measurement 2020: Recommendations and practical experience" and were used in lecturing for RUDN master students of the Faculty of Economics in the specialty "Management", "Personnel management in a cross-cultural environment": Human resources management: Russian and foreign experience, Personnel safety and labor protection, Evaluation of the effectiveness of personnel work, Human resource management, etc.

The provisions and conclusions of the dissertation research have been tested in the course of the author's practical activities and implemented in RTRS.

**Publications.** Ten studies with the total volume of 22.14 printer's sheets were published on the thesis research topic, including one monograph (without co-authors) and

nine articles, including seven articles in academic journals recommended by the Supreme Qualification Board under the Russian Ministry of Education and Science.

**Structure and volume of thesis.** The degree thesis consists of foreword, three chapters, conclusions and literature with the total volume of 190 pages. The study contains 7 tables, 14 figures and 2 appendices. Literature comprises 217 titles.

**The foreword** determines the current nature and problems of the selected research topic; research objective and tasks to achieve it; research target and subject; theoretical and methodological basis of research; novelty; main scientific deliverables; theoretical and practical significance of the study.

**The first chapter,** Theoretical and methodological approaches to research of the HR management system of major state-owned enterprises, gives the overall characteristic of HR potential of the domestic economy, identifies specific features of HR management in a state-owned major and offers the methodology of the feedback system buildup in HR management of the state-owned major. The conclusion was made about the specific property of HR potential of a state-owned enterprise as an actually sole segment experiencing material effect of market relations. The theoretical investigation was performed for the basic essence of feedback relatively to the HR management system of the major state-owned enterprise. It was determined that stability of enterprise operations in the environment of changing external and internal conditions can only be supported with the use of management loops closing, which is supported by introducing feedback into the HR management system. It is possible to materially improve the efficacy of feedback on account of using promising HR practices: knowledge base, personnel rotation and HR audit.

**The second chapter,** the analysis of HR security support in the HR management system of the state-owned major, reviews key problems of HR security and analyzes modern practices of HR security provision. The need was justified for the systemic approach in building up HR security support mechanisms, relying on the quantitative methodology of assessing levels of potential threats to HR security. The effect of five key significant factors influencing on behavior of employees was investigated.



The overall characteristic of management decisions efficiency is provided in **the third chapter**, Improvement of mechanisms of making and implementing management decisions in the HR management system of the major state-owned enterprise. The factor method of benchmarking efficiency of making organizational and HR decisions offered by the author is presented, which consolidates recording of the impact of quantitative and qualitative factors on the management decision to be made. The method of direct monitoring for implementation of taken management solutions developed by the author is presented, based on using the opportunity of automated control over the process of performance of directives and assignments of the management by various enterprise units.

Main deliverables of the thesis research are presented and key conclusions of the degree thesis are articulated **in the conclusion**.