

MODERN CONCEPTS OF VALUE-ORIENTED MANAGEMENT OF BUSINESS ORGANIZATIONS

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Business management is an integral part of its operation. How well it is carried out depends on the success of the business and the successful organization of the work of all units.

At the outset, let us define that any model of control is basically a concept. Management concept is a system of ideas, principles, ideas that determine the purpose of the organization, the mechanism of interaction between the subject and the object of management, the nature of interaction between the individual links of its internal structure, as well as the necessary degree of consideration of the influence of the environment on the development of the enterprise.

The factors that determine the functioning of the organization in recent years have transformed, resulting in the priority of an innovative approach to management. In science and practice, many new management approaches and concepts have been created that are aimed at improving business performance in response to changing and complex operating conditions.

In our opinion these include: TQM (Total Quality Management), BPR (Business process reengineering), Lean Management (lean production), TBM (Time Based Management), VBM (Value-based Management), MBV (Managing by Values), Six Sigma, Theory of Constraints, and benchmarking, outsourcing, controlling, knowledge management.

Before considering value-oriented management, it is necessary to consider the essence of the concept of "value" and aspects of its formation. The category "value" cannot be called new, because the problem of enterprise value orientation has been raised in the works of economists of different schools and areas. The interpretation of the meaning of this term is very different, especially in modern

science. In this regard, it is impossible to find a single universal definition of the value category, since the meaningful content of the term depends on the context and purpose of the study.

The value category, as a key criterion for the organization and functioning of the economic system, is the conceptual basis of the pricing process. Namely, price, as the embodiment of value, or its transformed form, plays a central role in the economic mechanism of the market, acts as a market indicator, an informative factor in the processes of intra-industry and inter-industry competition, the lever of processes of distribution and structural restructuring of the economy.

The analysis made it possible to identify the main areas in which the value category might be considered and which we would like to focus on in the following sections, exploring value in one of these aspects. Thus, one of them is a direction where the concept of value is seen as value and price, which act as indicators and informative factor in the processes of distribution and structural restructuring of the economy. The second aspect of the formation of this category we consider value as a lever of corporate culture and a means of management, which takes into account the human and inter-personal aspects of interaction.

In the material presented, we will look at the structure of a value-oriented management system on two sides: first, value side, as value, and second, value as the lever of corporate culture and the unifying factor of influence in management. This is due to the multidimensionality and diversity of interpretations of the category "value". And for a more in-depth definition of the field of concern for each of the aspects, we consider it worthwhile to also consider Value-based Management and Managing by Values.

The key element that determines the architecture of value-oriented management is the valuation module or value measurement system. The construction of this system involves three interrelated and, in some sense, consistent decisions: the decision to choose a model for valuation; the decision to choose a periodic indicator for determining the performance (one indicator or a set of such indicators); decision to build a system of drivers (factors) of value creation.

An evolution has taken place that has resulted in the emergence of four organizational trends over the past ten years that have forced the company to adapt to new conditions in order to remain competitive in a demanding and unpredictable market. Each of these four interrelated trends complicates organizational processes and exacerbates uncertainty.

Contemporary competition requires the constant creation of additional value to the production process for the full satisfaction of customers in relation to the relationship between the price of a product or service and its or its quality. This trend is personalized, a key factor in New Economy competition. Among them are:

1. The need for professional independence and responsibility. Professionals can articulate their values and turn them into concrete initiatives, into a creative workflow. They are independent, flexible and dedicated. A specialist who is not able to work independently, can't be considered a real professional, he is only a contractor who depends on the instructions of the manager. Independence is a prerequisite for being responsible for your work.

2. The need for leaders who would be leaders / coordinators. Employee autonomy, in turn, is impossible without leaders who can effectively organize the entire workflow. Instruction is a managerial tool for managers, and goals and objectives are coordinator tools. Leaders use values. Although there is a lot of controversy about the concept of leadership, it has been possible to formulate the generally recognized qualities of a leader: to inspire, direct the efforts of employees and unite teams of professionals.

3. The need for a simplified and flexible organizational structure. In other words, an organization with clear and shared values for all employees will be able to apply creative methods much more effectively, getting rid of complex structure and ambiguity. Although specific tasks and instructions reduce the complexity of the organizational structure and even eliminate its consequences, they stifle innovations that can emerge only when professionals are allowed to work creatively. A true competitive company must explain to its employees the importance of being able to adapt to complexity and ambiguity and to teach them how to do it.

Values that were previously considered "too soft" for effective management have now been taken as the basis of the organization's identity and the central tenet of its strategy. The idea of value management has quickly become a major driving force for re-engineering the competitiveness and well-being of the culture. At the same time, Managing by Values (hereafter referred to as MBV) was seen as an important characteristic of effective leadership not only by the adherents of spiritual leadership but also by the leadership of "pragmatists".

In essence, the content, structure and features of MBV is a new strategic leadership tool that is not just a new way of managing a company, but understanding and applying knowledge. Various forms of MBV exist worldwide in response to management's demands for corporate survival and differentiation. The main purpose of this system - the use of human or personal parameters in managerial thinking, not only at the theoretical level, but also in everyday practice. Research confirms that HRM practices bring greater return on investment than new technology, research and development (R&D), competitive strategy or quality improvement initiatives, and successfully recruit and retain staff for companies that are flexible and innovative in your HR policy.

The belief system and values that shaped North American management and the organizational model in the early 20th century are of great importance to new-type businesses. Traditional team-administrative practice stifles the creative process, critical to innovation, the ability to adapt to different conditions and compete successfully. The changes that took place in the 21st century led to a fundamental rethinking of the organizational structure and management philosophy on the path to renewing corporate culture.

The idea of value-oriented potential management is to identify all possible ways to create value for the enterprise in the chosen field of activity and to make decisions on the choice of each of them, based on the available and available, complexes "resources - abilities - competencies". Choosing ways to create value is a function of general management and, on the one hand, depends on subjective factors (leadership style, managers' propensity to take risks, etc.) and, on the other, relies on the results of capacity research. Therefore, at

the general level, the object of potential management will not be its structural elements, but the processes of their research in comparison with the identified ways of creating value¹²⁴.

The American professor, Doctor of Sciences in Human Resource Management, Simon Dolan proposed a three-dimensional model of values for understanding organizational culture as a combination of the three facets of an organization's values system: economic-pragmatic values, ethico-social values, and emotional development values.

For a more thorough presentation of the components, we will dwell on this issue in more detail. So, the three-dimensional model of values is:

- ✓ economic and pragmatic values that are necessary to support and integrate the various organizational subsystems. Encompassing performance, work standards and discipline, these values drive activities such as planning, quality control and accounting. Managers cannot ignore them because these values ensure the survival of the organization in a competitive environment;

- ✓ ethical and social values that are based on the beliefs and customs of how people should behave in public and at work and imply collegial and professional relationships. They can be associated with values such as honesty, honesty, respect and loyalty (the most common among them). These values are embedded in modern concepts such as "corporate social responsibility", "environmental sustainability" and "triune" (also known as "people, planet, profit");

- ✓ emotional and developmental values are essential to create momentum for action. They represent values related to intrinsic motivation: optimism, passion, perception of freedom and happiness.

The lack of these values may impede initiative, innovation and organizational commitment.

To these faces, we decided to add a few more, such as:

¹²⁴ Nazarenko I.M. The value of the enterprise is the main guideline of strategic management. [Electronic resource] Agrosvit № 11, 2013 – p. 14

✓ more individual-centered socio-economic values, which are mainly about creating the necessary opportunities for success and life. These can be values such as wages, the share of bonuses in employee income, the weight of the social package, profit sharing, dividends and more;

✓ values of socio-economic responsibility, which in particular include environmental and spiritual values. These include careful consideration of the environment, rational consumption and use of natural resources, social, economic and environmental balance and development, the formation of a coherent system of values and spiritual and cultural development of human society, rational use of resources and more.

It can be argued that the task of an effective manager is to create a culture that aligns these values with the "corporate core" that would lead to the creation of "corporate well-being". This is achieved when the core values of the organization are shared and aligned with the mission and vision of the organization. Determining what values and beliefs to retain, how to challenge them, how and when to begin the process of change, how to advance it, and most importantly, how to manage those values, are great opportunities as well as major obstacles.

The peculiarities of MBV are that this system includes a variety of issues that are not so easy to spot in everyday work, affecting the growing need for high quality work and customer focus; stresses the need for a flexible organizational structure and leadership that contributes to employee success; fills in the content of the purpose and actions of the staff, builds a culture that helps to direct the daily activities of employees to realize the strategic vision of the company; allows you to integrate ethical and environmental principles into corporate strategic management.

These MBA features are vital not only for the continued existence of the company, but also for the prosperity of our world at large. Summarizing the different approaches to MBA development, there are four main stages that lead to the creation and maintenance of a successful and promising enterprise (Fig. 1).

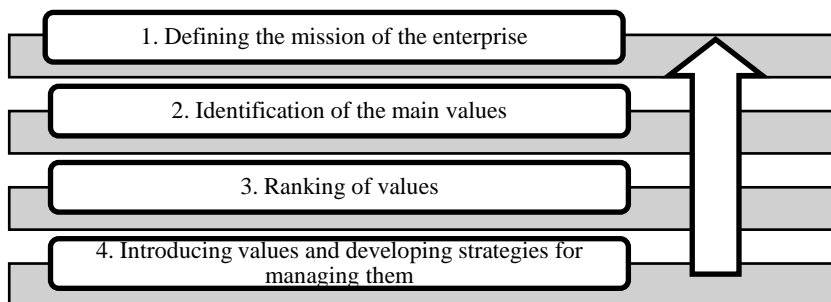


Fig. 1. Stages of practical implementation of value-oriented enterprise model.

Source: compiled by authors

Thus, managing corporate culture and values is an ongoing process. The organization functions and develops as a complex organism, its life potential, efficiency of functioning and survival in competition depend not only on strategies, clear organizational construction, appropriate management systems and highly qualified employees. The success of the company is also determined by its strong culture, special style, which, based on values, contribute to the achievement and preservation of leading competitive positions¹²⁵.

It should be noted that the use of a built-in scheme of functions and business processes of management, formation and use of staff will identify a number of interconnected business processes that have the lowest efficiency of personnel management. The defragmentation of these processes gives rise to measures to improve the level of productivity of staff. Accordingly, this will determine the priorities for the choice of directions for optimizing the functioning of the HRM mechanism, which should be applied in order to increase the competitiveness based on the implementation of the HRM components.

¹²⁵ Sahaidak, MP; Smirnov, EV; Teplyuk, MA Value-oriented management of transnational corporations. Bulletin, 2019, 464. Access mode: <http://journals.khnu.km.ua/vestnik/pdf/ekon/pdfbase/2019/VKNU-ES-2019-N4.pdf#page=64>

The formation of a mechanism for substantiating the strategy of improving the value system for enterprises is based on a functional approach, according to which the main functions of personnel management and business processes that ensure the implementation of these functions (Table 1).

Table 1 - Functions of personnel management on the example of a consulting organization

№	Function	№	Business process
1	2	3	4
1	Personnel analysis and planning function	1	The process of analysing the personnel policy of personnel management under the existing strategy
		2	The process of developing and adjusting personnel management policies
		3	The process of selecting a personnel management strategy
2	Recruitment function	4	Identify staffing needs from internal sources
		5	Identify staffing needs from external sources
		6	A comprehensive approach to identifying staffing needs
		7	Identification of the target needs for staff after the organization of jobs
3	Function of selection and placement of personnel	8	Selection of staff from internal sources and placement
		9	by workplace
		10	External staff selection and placement
4	Function of appraisal and evaluation of frames	11	by workplace
		12	Selection and placement of staff periodically,
5	Function of organization of labor relations	13	according to the functioning of the jobs
6	Staff motivation function	14	The process of evaluating staff performance
		15	The process of staff appraisal

Continuation of Table 1

1	2	3	4
7	The function of creating working conditions	16	The process of reducing conflict and ensuring a comfortable socio-psychological climate
		17	The process of influence of material factors of staff motivation
8	Information support function	18	The process of influence of intangible factors of staff motivation
		19	The process of managing the current safety of personnel
9	Function of staff development and training	20	The process of creating working conditions and monitoring the safety of staff activities
		21	The process of ongoing staffing and workplace monitoring
		22	The process of general staff accounting and workplace monitoring

Source: compiled by authors

It is also worth noting that organizational and economic factors of productivity growth include improvement of forms of organization of labor and production, improvement of the structure of the management apparatus, improvement of planning quality, improvement of the operational process management system, introduction of automated travel management systems, etc.

The decrease in the growth rate of labor productivity has a negative impact on virtually all aspects of production and economic activity, which clearly shows the "productivity trap" (Fig. 2).

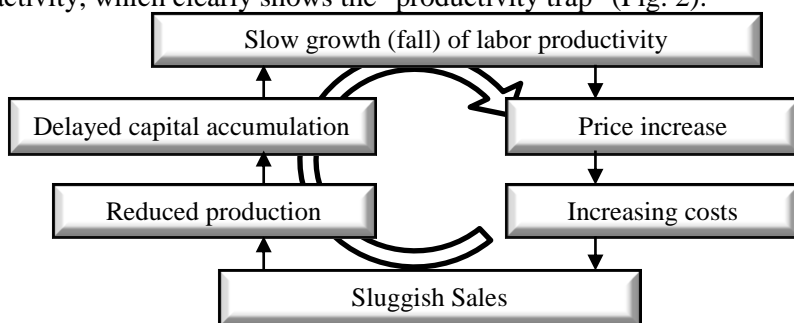


Fig. 2. Productivity Trap for Enterprise

Source: compiled by authors

Based on the above factors of influence, we can substantiate the directions of personnel productivity in the form of a cause and effect model, the model of which was created by Professor Isikawa Kaoru (Fig. 3).

The implementation of the principles and provisions of a value-oriented approach to the company's activities requires appropriate organizational support: carrying out training and explanatory work among staff, the distribution of powers and tasks among employees, the formation of implementation procedures and the evaluation of the results of value improvements with the appropriate information document.

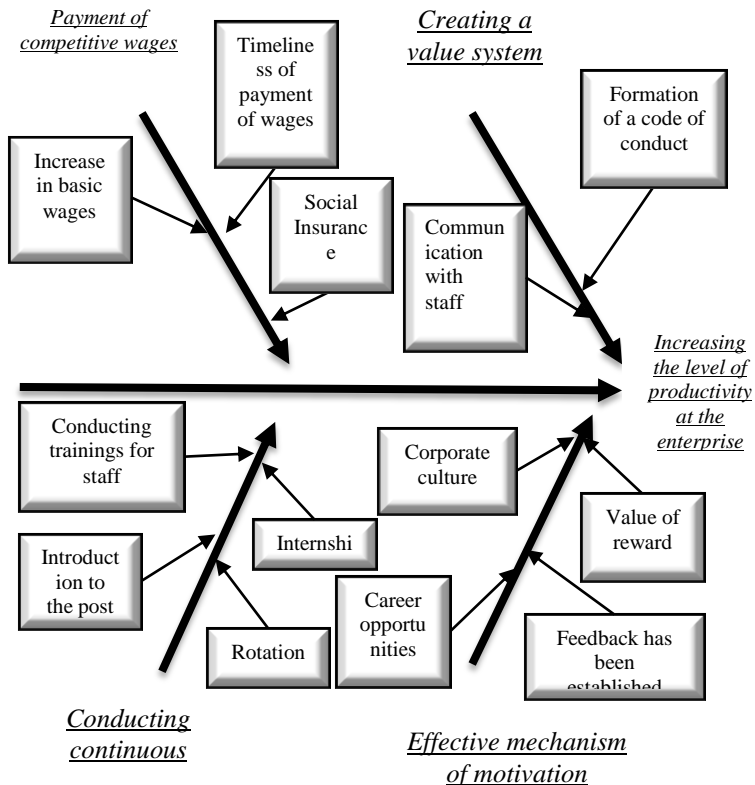


Fig. 3. Cause-and-effect diagram for improving productivity

Source: compiled by authors

At the same time, organizational support for the functioning and development of a value-oriented operating system requires compliance with the following principles: harmonization of interests of all subjects of relationships; systematic improvement; through partnership; social orientation of business. This will ensure continuous development of value creation, which will allow continuous improvement of the operating system parameters and development of the enterprise as a whole.

Business management is an integral part of its operation. Analysing recent publications and current trends, we have come to the conclusion that value orientation and flexibility have become the main components of modern project and program management. Therefore, the value category is one of the most important indicators that can objectively determine the feasibility of the management of the enterprise strategic decisions and to harmonize the interests of all participants in economic relations.

Values are an integral part of the power of management and knowledge, as they define everyday behaviour, ensure coherent interaction and give meaning to collective will when serving to resolve conflicts and make decisions about change, when stimulating development and making it much easier to cope with complex processes more creative than manuals. In conclusion, it cannot be denied that the existence and success of the organization depend largely on values such as creativity, initiative, energy, confidence, courage, willingness to take risks, flexibility and autonomy (psychological and financial), but we must not forget about other values, such as caring for the environment, sustainable consumption and use of natural resources, social, economic and environmental balance and development, rational use of resources.

It is for this reason that MBV declares the need to manage values and regard them as the most important resources that they undoubtedly are. Thus, value-based management means managing the culture of the company, strengthening it on a daily basis, and updating it, which prepares it for the unpredictable future. Both concepts are complex and multifaceted, but, nevertheless, their implementation at enterprises can solve current problems, ensure continuous improvement of operating system parameters, ensure

enterprise development as a whole, and promote reform concepts.

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**GLOBAL CHALLENGES IN THE HUMAN CAPITAL
FORMATION PROCESS (THE CASE OF GEORGIA)**

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For Georgia, like for any other country, reproduction of human capital, which responds to the modern challenges of the innovative economy is the main condition for economic growth. High unemployment, which causes quite negative economic and social consequences in the daily life of any country, represents the most important barrier to full utilization of human capital. Therefore, the study of the state regulation of unemployment and the theoretical-methodological and practical issues of developing a system of measures for reducing unemployment and increasing employment in