

*Kalinina, S.P.*

*С.П. Калініна*

## The brain drain: opportunities of leveling at the corporate level

### Відтік мізків: можливості нівелювання на корпоративному рівні

*The article considers the possibilities for counteracting brain drain that are created at the corporate level. On the basis of the Comprehensive Program of Human Resource Management of Private JSC Donetskstal that was designed on the author's ideas and developed under her leadership, the article reveals the meaningful orientation of the mentioned counterweight in the following lines: Personnel Policy, Personnel Development, Motivation of Personnel, Evaluation of Personnel.*

**Keywords:** brain drain, brain drain attenuation, intellectual migration, corporate labor market, human resources management.

*У статті розглянуто можливості протидії відтоку мізків, що створюються на корпоративному рівні. На прикладі Комплексної програми управління людськими ресурсами ПрАТ "Донецьксталь", розробленої за ідеєю та під керівництвом автора, розкрито змістовну спрямованість вказаної протидії за такими напрямками: "Кадрова політика", "Розвиток персоналу", "Мотивація персоналу", "Оцінювання персоналу".*

**Ключові слова:** відтік мізків, нівелювання відтоку мізків, інтелектуальна міграція, корпоративний ринок праці, управління людськими ресурсами.

**Background.** Brain drain as a manifestation of migration of brainpower in the context of globalization makes it necessary to form a powerful counterweight retain the intellectual capital of the donor-country labor. In the face of the inert government mechanisms for regulating migration and inefficient educational market that fails to supply national economies with appropriate professional staff the company-level of human resource management in the labor market governance acquires paramount significance.

At the corporate level there are ways to rapidly attenuate such major reasons for the brain drain as low wages, scant opportunities for self-actualization, slim chances for career development, and others.

**Objective.** The article objective is to consider the good example of the effective regulation of the corporate labor market as leveling opportunity of a brain drain (The company is headquartered in Kyiv, Ukraine).

It should be noted that the issue of corporate labor market regulation is reflected in studies and publications of

both Ukrainian and foreign scientists such as V. Voronkova, V. Spassnikov, O. Yeskov, I. Mazur, V. Shapiro, V. Kulikov, P. Doeringer, D. Massey, R. Lesthaeghe, K. Neels etc.

**Results and Discussion.** The evolution of the economy, global technological and structural changes, and increased level of competition has turned the human resource management (HRM) into a means of countering the negative trends in the modern international division of labor, the highest level whereof is inherent in the international intellectual migration. [2, p. 58]

It is typical for the HRM, as part of corporate governance, to consider the staff as one of the most important company assets, that is necessary to achieve the company goals, including the strategic ones. The staff is the most important asset of the company, that should be maintained, developed and used for succeeding in competition. The economic and other capacity of the company depend on the personnel potential. Integration of management of human resources to the company's strategy is the most important feature of corporate governance at the present stage; it is a means to have the human talent remained in the intra-company labor market.

Based on the mentioned above, the management of the Donetskstal company took a decision to develop a science-based integrated approach to human resource management, considering the company as a system. In cooperation with the scientists of Donetsk National University (Donetsk National University was evacuated to Vinnytsia, Ukraine, the author designed a comprehensive program of Human Resource Management that was based on her ideas and

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Kalinina, Svitlana Petrivna, Dr. S. (Econ.), Professor in the Department of Personnel Management and Labor Economics at Donetsk National University, Ukraine (Vinnitsa).

Калініна Світлана Петрівна, доктор економічних наук, професор, професор кафедри управління персоналом та економіки праці Донецького національного університету МОН України (м. Вінниця).

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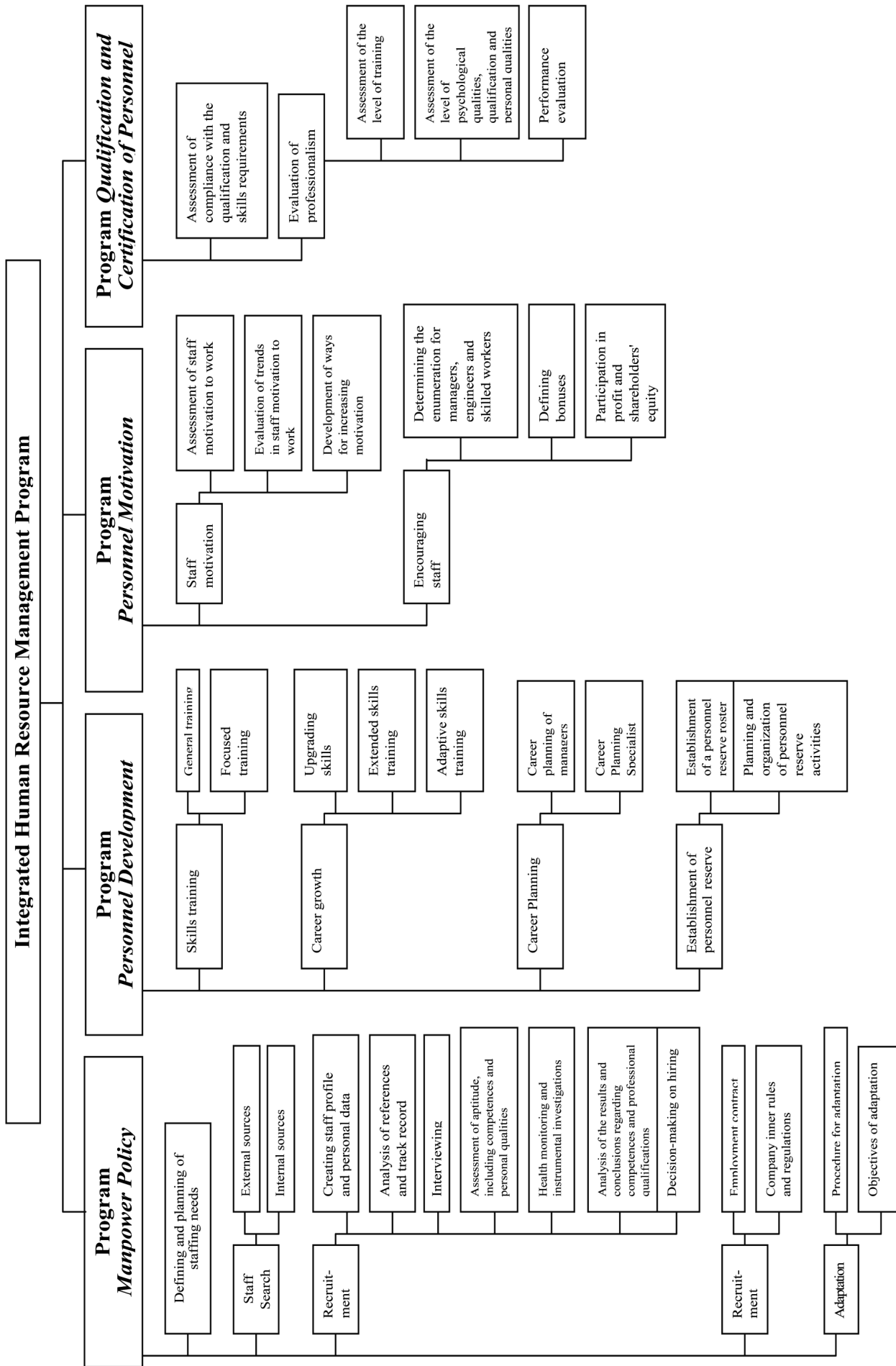


Fig. Comprehensive Program for Human Resource Management [1, p. 439]

developed under her leadership. (Figure) (Copyright certificate №17248 dated 14.07.2006; №17537 of 10.08.2006; №17869 dated 11.09.2006).

The program covers all the procedures for dealing with human resources in the company starting with search and hiring and to motivating. This program includes such major sub-programs as: personnel policy, personnel motivation, personnel development, personnel evaluation and certification.

The process of transformation of HRM functions in the company includes a number of stages:

- 1) Transition from personnel management to human resource management;
- 2) Transformation of HRM from instrumental personnel management to a strategic component in the company;
- 3) Shift from fragmented staffing to the integration of the management and personnel functions;
- 4) Professionalization of HRM functions;
- 5) The enhancement of relevance of change management among other HRM functions;
- 6) Internalization of the HRM function and the improvement of the social responsibility of business;
- 7) Increase in the proportion of functions aimed at deepening social partnership in HRM;
- 8) Changes in the principles and the system of staff motivation;
- 9) Transition from skills training to the development of human resources.

**Manpower Policy Program.** *Tools for planning the staff number, selection and recruitment were developed as part of the Manpower Policy Program.*

Under higher requirements to labor by employers, lack of unified standards of education, competitive selection is a means of ensuring the quality of the staff recruited.

Requirements for personnel selection:

- Publicity of the competition;
- Multistage selection;
- Assessment of professional knowledge;
- Consideration of the candidates' personal characteristics;
- Mechanization and automation of assessment procedures.

Thus, the company is interested not only in the professional knowledge and skills of the candidate but also in his/her competences and personal qualities as a precondition for successful and efficient work. Assessment of the candidate's competence is made in the company on the basis of the candidate's test for professional knowledge required for the vacancy, and also assessment of the candidate's level of personal potential on the basis of a set of psychological tests. Computer programs are used in testing professional knowledge and personal potential candidates to ensure objectivity and efficiency.

A planned and well-organized adaptation process creates the conditions for the new staff member in getting used to his or her new working environment and organizational socialization, quickly and organically. It includes a system of measures for the introduction of the new employee into the organization, the introduction of the new employee into the department and the introduction of the new employee into the new position.

**Personnel Development Program.** *Personnel Development Program is the main core of the personnel management in the company.*

Personnel Development Program consists of the following sub-programs:

- Management Training and Skills Development;
- Career growth;
- Career Planning;
- Development of the reserve roster.

**Management Training and Skills Development Sub-Program.** In addition to the effective system of technical training for workers, the *School of Management* was opened for training professionals and managers of various levels. This facility is furnished with modern computer and office equipment and the library.

Training in the School of Management is based on a modular system and it is conducted for professionals, who are placed on the personnel roster as potential candidates for senior positions. The aim of this training is to acquire the modern methods of managerial decision-making, justifying investment decisions, modern methods and techniques for financial forecasting, personnel management techniques, foreign trade, effective techniques for motivation management, the ethics of business communication. The content of the training courses is not only focused on a practical aspect, but it is also aimed to expand the horizons of the students.

**Career Growth Sub-program.** Career growth – is a lengthy process that may include a number of stages, often recurring. These stages are as follows:

- a) Skills enhancement (training, internships) within the System of Unstoppable Learning;
- b) Placement on reserve roster for promotion to management positions, provided that the employee completed training in the System of Unstoppable Learning (advanced training, retraining, internship) according to individual training programs;
- c) Appointment to a higher position (either on the basis of completed training when being on the personnel reserve, or on a competitive basis, or by the decision of the evaluation committee, or by managers of the company);
- d) Rotation through the employee's current division or within the company aiming to widen the employee's horizons. In doing this, the employee has new job functions with changed responsibilities and tasks though the unchanged salary (without it being reduced).

Activities addressed to career development are specified and implemented in the company within the Career Planning and of the Reserve Roster Development Sub-Programs.

**Career Planning Sub-Program.** Career planning for professionals is an effective way to stabilize the staff and enhance their activity in the workplace and improve their creativeness.

The *Career Planning Sub-Program* provides for drawing an individual career development plan for every specialist on the basis of the estimated value-motivational content of the career revealed during the sociological survey.

**Reserve Roster Development Sub-Program.** The development of the personnel roster meets the following tasks:

- The timely filling of vacancies;
- Consistency and sustainability in managing the business and its subsidiaries;
- Appointment of qualified, capable employees;
- Business training of applicants for the position, the gradual acquisition of the experience necessary for their new positions.

Development of the personnel reserve in the company and working with the people on the roster involves several successive stages:

1. Identification of the numerical composition of the reserve and positions to be considered.

2. Pre-selection of candidates for personnel reserve (based on the results of evaluation, employee files, *outcome of interviewing the candidate*).

3. Study, evaluation and the selection of the candidates for the reserve (based on the developed scorecard of the professionally significant qualities of the candidate to be placed on the reserve roster).

4. Training of personnel on the reserve roster (through courses at the School of Management, traineeship in the company divisions for gaining new experience, serving internship on the position, and others.)

### **Employee Motivation and Incentive Program.**

Motivation to work will be effective only with the use of modern forms and methods of financial incentives for employees. Currently, payment remains the leading motivation to work.

*Employee Motivation and Incentive Program* includes two sub-programs:

- Employee Motivation Sub-Program;
- Employee Incentive Sub-Program.

**Employee Motivation Sub-Program.** A sociological survey *The Issues of Employee Motivation* was conducted in the company as part of the Employee Motivation Sub-Program. It made it possible to make a comprehensive assessment of the company's motivation mechanism and the state of motivation.

A *motivation monitoring method* is applied to establish an information database for making management decisions regarding employee motivation.

The following basic principles configurate the motivation monitoring:

- Consistency;
- Objectivity;
- Complexity;
- Analyticity;
- Regular monitoring.

The employee motivation to work is monitored through the following:

1. Characteristics of work environments.
2. Quality and development of workforce potential.
3. Material and moral incentives.
4. Evaluation of staff.
5. The employees' standard of living and their social protection.
6. Employees' productivity.
7. Innovation and attitude towards innovations.
8. Employees' internal motivation to work.
9. Socio-psychological aspect.

It is expected that annual surveys using detailed questionnaires will research the motivation of managers, professionals, office employees and workers in order to analyze the trends in indicators for evaluating the company employee motivation to work. For the intermediate overview of motivation characteristics, it is recommended that survey research be made periodically, three to four times a year, with light methods applied.

**Encouraging Staff Sub-Program.** The major incentive function of the compensation is fair assessment of employee's

performance that considers the employee's contribution to the achievement of the final goal, experience and expertise, and working environment.

A fair incentive plan for employees was developed to resolve the problems of fair evaluation and compensation. On the basis of factor and criterion approach that comprises five major factors, this plan provides for a model of performance evaluation of workers, professionals and managers, and the unified pay scale, bonuses, profit sharing, including stock options.

### **Evaluation and Certification of Personnel Program.**

Evaluation of staff as a key link in the system of human resource management is designed to improve the use of personnel, stimulate work through further bringing the level of employees' reward in line with their performance.

The *task* of assessment of the employee's competences includes identification of his/her performance potential, the degree of its use, suitability of the employee for the position, or his/her willingness to take a specific position. This will make it possible to assess the employee performance and gauge his or her value to the company.

The *objectives* of personnel evaluation:

- Improve placement of staff through better selection of the most suitable candidates for a particular position;
- Improve use of employees and their promotion and development;
- Identify the specificity for advanced training of employees;
- Stimulate the employees' career through bringing the level of employees' reward in line with their performance;
- Improve the forms and methods of work of the leaders;
- Form a positive attitude to work in the employees and make them feel happy with the job done.

An automated program for the certification of personnel was developed with detailed questionnaires that reflect the theoretical and practical aspects of work for each position. Automation of the certification procedure ensures rapid and objective assessment, administering competency tests for several employees simultaneously.

A specific feature of the implemented employee certification system is the assessment of specialists' competencies and their personal qualities wherefrom recommendations are made for the placement on the personnel reserve, or addressing the reported shortcomings.

The *objective* of employees' competencies and aptitude assessment and personal qualities diagnostics are as follows:

- Selection and recruitment (career promotion, move to another position);
- Support for training, retraining or other educational Options;
- Establishing an information database of employees.

**Conclusions.** Implementation of measures provided by *the Comprehensive Program for Human Resource Management* in the Donetskstal Company makes it possible to administer the staff on a planned basis in accordance with the company development strategy that creates effective preconditions for effective resistance to brain drain not only from the company divisions, but also from the national economy as a whole within the framework of international labor migration.

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*Л.С. Лісогор*  
*Lisohor, L.S.*

## Європейський досвід прогнозування потреби у робочій силі в контексті формування інноваційних перспектив трансформації зайнятості в Україні

### The European experience of workforce demand forecasting in the context of innovative prospects for transformation of employment in Ukraine

*У статті досліджено європейський досвід прогнозування потреби в робочій силі в контексті формування інноваційних перспектив трансформації зайнятості. Проаналізовано європейські підходи до прогнозування навиків та кваліфікацій. Обґрунтовано необхідність удосконалення сучасної практики прогнозування в Україні з урахуванням можливостей формування інноваційних перспектив трансформації зайнятості. Визначено основні напрями запровадження європейського досвіду прогнозування в Україні на основі налагодження інституційної взаємодії основних стейкхолдерів процесу прогнозування.*

**Ключові слова:** ринок праці, прогнозування потреби в робочій силі, інноваційні перспективи, трансформація ринку праці.

*This article studies the European experience of workforce demand forecasting in the context of innovative prospects for transformation of employment. It analyzes the European approaches to forecasting skills and qualifications. The article justifies the need of improving current practices of forecasting in Ukraine taking into consideration the creation of innovative prospects for transformation of employment. It defined the core areas of application of the European experience in forecasting in Ukraine on the basis of establishing institutional interaction between the main stakeholders in the forecasting process.*

**Keywords:** labor market, workforce demand forecasting; innovative prospective transformation of the labor market.

**Постановка проблеми.** Глобалізація світової економіки зумовлює посилення взаємозалежності національних економік у результаті інтенсифікації міжнародних потоків капіталу, активацію застосування передових технологій. Це викликає потребу в ефективному використанні людських ресурсів, поліпшенні якості людського капіталу як життєво важливого компонента підвищення національної конкурентоспроможності, а отже, поступово

актуалізуються питання забезпечення відповідності між пропозицією робочої сили, що формується в системі освіти, та зміною попиту на навички (уміння, кваліфікації) з боку роботодавців. Саме тому головними проблемами на шляху ефективного узгодження пропозиції та попиту на ринку праці в країнах, що розвиваються, є наявність великомасштабної неформальної економіки, слабка кореляція між ринком праці та системою освіти, неефективні реформи системи освіти та професійної освіти і навчання, слабкі стимули роботодавців до участі в розробці навчальних програм і навчальних планів.

Оцінити обсяги та структуру поточних і майбутніх потреб за професіями можна на основі прогнозування як способу мінімізації невідповідності навичок та умінь, викликаной структурними змінами, а також демографічними чинниками. Так, у країнах з високим рівнем народжуваності спостерігається надлишок пропозиції; водночас у

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Лісогор Лариса Сергіївна, доктор економічних наук, професор, Інститут демографії та соціальних досліджень імені М.В. Птухи НАН України (Київ).

Lisohor, Larysa Serhiivna, Dr. S (Econ.), Professor, Ptoukha Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine (Kyiv).

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