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BASIC PRINCIPLES OF BUILDING RELATIONSHIPS WITH FRONTLINE PERSONNEL WITHIN INTERNAL MARKETING SYSTEM

The article offers the analysis of the methodological approach to appraisal of frontline personnel using competency approach and different stages of life cycle, with satisfaction and loyalty as the key performance indicators of the internal marketing system. As a research outcome the basic principles of building the relationships with frontline personnel in the system of internal marketing at an enterprise are determined.

Keywords: internal marketing; frontline personnel; competency; GEDP.

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ОСНОВНІ ПРИНЦИПИ ПОБУДОВИ ВЗАЄМОВІДНОСИН З КОНТАКТНИМ ПЕРСОНАЛОМ В СИСТЕМІ ВНУТРІШНЬОГО МАРКЕТИНГУ

У статті здійснено аналіз методичних засад до оцінювання контактного персоналу з використанням компетентнісного підходу і різних етапів життєвого циклу, а також задоволеності і лояльності як ключових показників ефективності системи внутрішнього маркетингу. За результатами проведеного дослідження визначено основні принципи побудови взаємовідносин з контактним персоналом у системі внутрішнього маркетингу підприємства.

Ключові слова: внутрішній маркетинг; контактний персонал; компетенція; GEDP.

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ОСНОВНЫЕ ПРИНЦИПЫ ПОСТРОЕНИЯ ВЗАИМООТНОШЕНИЙ С КОНТАКТНЫМ ПЕРСОНАЛОМ В СИСТЕМЕ ВНУТРЕННЕГО МАРКЕТИНГА

В статье осуществлен анализ методических принципов оценки контактного персонала с использованием компетентностного подхода и разных этапов жизненного цикла, а также удовлетворенности и лояльности как ключевых показателей эффективности системы внутреннего маркетинга. По результатам проведенного исследования определены основы построения взаимоотношений с контактными персоналом в системе внутреннего маркетинга предприятия.

Ключевые слова: внутренний маркетинг; контактный персонал; компетенция; GEDP.

Problem statement. Under the conditions of advanced globalization and resources limitation the optimal use of resources (including the human ones) becomes a priority task for enterprises taking into account the balance of needs and interests of enterprises, consumers of its goods/services, and employees. In this context the employment of internal marketing tools and other methods of working with existing consumers and personnel gives an enterprise the opportunity to fulfill a range of objectives, namely: to clearly define core audience, to identify the needs of consumers and opportunities of the enterprise to meet these needs; to develop and implement managerial solutions as to creation of demand for goods/services and organization of their effective sale and quality service; to structure and solve problems related to the fulfillment of stated objectives of enterprise operations at the market.

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The foregoing also emphasizes the need to solve the problems related to determining, assessment, development, and modelling of personnel competencies at different hierarchy levels depending on the types of business activity of the enterprise. This will give an opportunity to develop the optimal mode of behavior, to establish and maintain mutually beneficial relationships between management and personnel, particularly frontline personnel, because it is the frontline personnel who directly interacts with consumers of goods/services of the enterprise and other stakeholders. This might also ensure effective enterprise management in its tactical and strategic senses.

Thus, in order to maintain effective operations of an enterprise and synergy it is recommended to use not only traditional techniques, but also newest tools of HR management and internal marketing, as well as to build a system of relationship with personnel on the basis of competency approach from the selection of candidates for a position and their rotation to outplacement.

Recent studies and publications analysis. The following scientists studied the issues of formation of competency system of personnel, assessment of employees expertise, development of model of competencies and techniques of diagnostics of competitive competency of an enterprise: L. Balabanova (2006), I. Chemeris (2006), Y. Golubkova, O. Mykhailov and V. Yurashev (2009), I. Goncharova (2012), N. Gryshakova (no date), L. Koltsova and V. Koltsova (no date), R. Kubanov (2012), D. McClelland (1973), N. Nepryakhin (no date), Y. Rande (2006), Y. Shapran (no date), M. Shostak (1985), R. Vynnychuk and O. Nahirna (no date), G. Zaichuk (2010) etc.

Unresolved issues. At the same time certain issues have not been fully clarified and agreed and they need to be expressed more comprehensively. These issues include the improvement of techniques for the formation of a model for competencies of frontline personnel, assessment of personnel performance, and building a system of relationships, because frontline personnel is a key provider of links with consumers of goods/services of enterprise.

The purpose of the study is the development of methodological support for building mutually beneficial relationships between top management and frontline personnel within internal marketing system of an enterprise.

Key research findings. The use of the competency approach at all stages of formation and development of specialists from training to obtaining a specialty and assessment of professional activity of frontline personnel complements traditional techniques and is focused on the assessment of personnel in real working environment.

Definition "frontline personnel" includes all employees of an enterprise who interact with consumers of goods/services and other stakeholders of the enterprise in one way or another. In order to define professional and personal qualities of an employee who is in direct contact with consumers we need to analyze his/her work by separate components. Using a list of criteria for assessment of professional expertise based on analytical evaluation of actions, decisions, and behavior of an employee in each specific case a "portrait of perfect employee" may be developed. It should be noted that traditional techniques, e.g. IQ tests, are not effective in this case. For example, D. McClelland (1973) drew a conclusion that the level of intelligence cor-

relates with success for example in studies, but it has no direct correlation with effective execution of work and success in professional field and in life. Thus, IQ tests are not a solution for personnel assessment in their professional activity. Driving can be used as an example. On one hand, a driver can be tested to see whether he can drive a car, on the other hand his driving skills may be assessed in practice.

Development of professional, qualification-based, and personal requirements to candidates and criteria of their compliance with corporate standards is a precondition for frontline personnel selection that will meet the needs of the enterprise (employer). Requirements to candidates should be realistic and clear. In the course of requirements development you should be meticulous on the choice of words and avoid generalizations. Individual requirements for each vacant position should be developed taking into account its peculiarities and avoiding copying of general requirements with addition of few specialized ones.

According to L. Balabanova (2006) a set of characteristics used for determination of requirements to frontline personnel should include: qualification, skills, psychophysiological data, intelligence, interests, temperament, motivation, job conditions etc. During the selection of frontline personnel particular attention should be given to psychophysiological characteristics of a candidate. This will involve anthropometric measurements, age, sex, health status, appearance, language characteristics of a candidate, ability to handle stress etc. In order to determine the psychological qualities and characteristics the following tools may be used: Lusher test, Rorschach test (to diagnose psychophysical state of a person, latent attitudes, motives, personality traits), Cattell test (evaluation of 16 personality traits), multiphasic personality inventory (MPI) as a modified variant of MMPI test (assessment of conformity of psychological traits with job descriptions in accordance with the types of activity), tests of temperament, determination of leadership skills etc.

Disregarding the of psychophysiological data on frontline personnel employed in services can cause a range of problems. For example, non-standard height, slatternly appearance, non-standard weight, unusual pitch of voice and other characteristics may hinder establishing verbal contact or effective negotiations regardless skills and competency of employee.

After selection of frontline personnel their engagement in operations for the development of personnel should be ensured within the internal marketing system of an enterprise on the basis of the lifecycle curve.

It is desirable to develop individual lifecycles of the following type (Figure 1) for frontline personnel (middle and top management).

When an employee experiences professional burnout, his/her productivity drops, loyalty deteriorates, work does not bring satisfaction, performance declines, and relationships with colleagues worsen. In order to prevent professional burnout a systematic diagnostics of frontline personnel should be performed. Preventive marketing measures or measures to be used at the first signs of burnout include observation and assessment of behavior, training, rotation for the purpose of job change, delegation of additional powers and responsibilities. Such measures may prevent the burnout of highly-skilled and competent employee, extend the duration of his/her lifecycle. The implementation of the suggested measures may extend the duration of employee's stay in the zone of professional fulfillment, increasing productivity and

performance (dotted line in Figure 1). If an employee is in the zone of professional burnout, in most cases such employee should be laid off. At this stage employee has already lost his/her value for the internal marketing system, but the employee may become a new force at the external labor market.

Period of duration for each stage of the frontline personnel lifecycle should be determined individually, taking into account the specific character of job, responsibilities, competency level etc.

The implementation of the guidance (mentorship) system and coaching will minimize many risks related to undesirable behavior of personnel. It will strengthen the unity of personnel, motivate employees to improve effectiveness of professional activity, and manage changes positively.

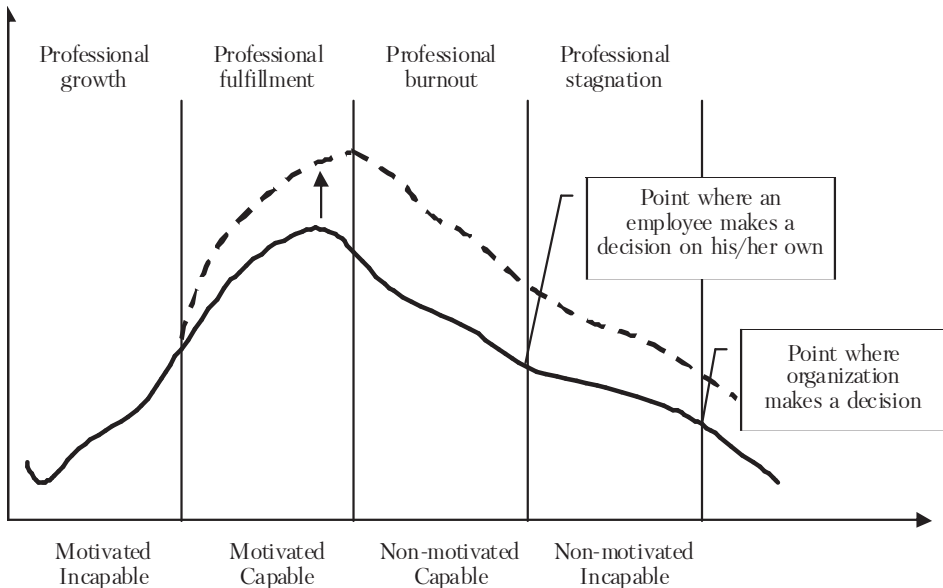


Figure 1. **Lifecycle of frontline personnel within internal marketing system**, compiled on the basis of (Koltsova et al., no date; Nepryakhin, no date)

We suggest adapting for the implementation at services enterprises the "GROW" (Goal, Reality, Options, Way/Will) model of coaching and "TSD" (Tell, Show, Do) mentorship training model.

The first model is a four-level structure consisting of the following elements:

Goal – determination of short-term and long-term targets.

Reality – assessment of the current situation.

Options – drawing a list of opportunities and action plan strategy.

Way/Will – intentions, "what should be done, when, why and by whom".

In practice such model forms with the list of questions should be developed in accordance with a coaching program. Questions themselves form the basis of this model that proves its expediency. To answer these questions an employee will have to use creativity and create his or her own style of decision-making, organization of interaction with colleagues, clients and management, not copying recommendations of mentors (Ceglevskyi, no date).

According to the second model the mentor will clearly formulate the purpose of training and specify a range of issues to be covered by an employee after it.

Tell – stepwise explanation of tasks for a trainee.

Show – demonstration of fulfillment of task with commentaries.

Do – fulfillment of task by an employee.

After training completion the mentor will establish feedback with employee and state criteria for assessment of the obtained skills.

Implementation of the aforementioned models will enable building a model of competencies of frontline personnel. In order to build such a model taking into account the indicators of frontline personnel performance assessment, first of all, the concepts of "competency" and "expertise" should be explained and agreed upon. According to most sources, "competency" is understood as awareness, knowledge, qualification, performance. The concept "expertise" (which sometimes is equaled with competency) involves the combination of such components as education, workmanship, talent etc (Shapran, no date). Thus in our opinion competency is an element of expertise, which is a much larger concept and forms "quality" of personnel (awareness, constant updating of knowledge, skills, abilities, gaining experience).

On the one hand, competency model is a combination of key competencies of frontline personnel (the portrait of "perfect employee") necessary for fulfillment of business tasks, achievement of stated objectives, and enterprise success. On the other hand, it is a tool for effective management of corporate culture.

The following types of competencies that reflect strategy, values, and competitive advantages of the enterprise form the basis of the model: corporate (general requirements for the entire company); managerial (focused on managers); professional (knowledge and skills that characterize person as a specialist) and technical. Main indicators for assessment of frontline personnel performance may be the following: the examples of successful or unsuccessful behavior of personnel which determines certain level of effectiveness; actions and decisions of frontline personnel which have impact on consumer satisfaction; performance indicators; arguments of management and reclamations. This will help evaluate professional actions and behavior, develop corresponding program of professional training etc.

Thus, the use of the aforementioned tools favors both employees and top management. Employees benefit from the prospects of promotion and income increase as well as from broadening their opportunities at the labor market. Top management benefits from the opportunity to upgrade skills of employees that manage physical capital (Tomilov and Semerkova, 2005).

Maintaining high level of potential of frontline personnel and ensuring their constant development can be achieved by systematic work. It is expedient to use the elements of Global Executive Development Program (GEDP) during training and development of personnel. Within GEDP an annual program should be developed. Implementation of the Program ensures a systematic approach to training and improvement of competencies of managers at all levels, their training and development, creation of a reserve.

The main objectives of performance management are the following:

1. Linking of personal goals of an employee with enterprise business strategy by means of setting SMART goals.

2. Strengthening loyalty of employees in the course of goals achievement.
3. Management of performance improvement.
4. Acknowledgement and encouragement of achievements necessary for successful fulfillment of any role.
5. Determination and provision of development opportunities.
6. "Radar for talents" within organization.
7. Strengthening personal responsibility for personal development.
8. Influence on other personnel-related processes.
9. Promotion of changes etc.

Main priorities of GEDP include strengthening the responsibility of frontline personnel, motivation of young specialists for success and self-fulfillment, creation of personnel reserve, identification of talents, leadership skills development, building a successful career. Procedure of annual evaluation allows determining whether an employee has fulfilled objectives and expectations specified in his/her action plan. In the course of assessment of individual performance at the end of a year a manager may evaluate performance in accordance with plans. Besides, they may assess competencies, potential, and determine career aspirations.

Assessment allows determining the contribution of each employee to development of business in the current year as the well as extent of his/her compliance with requirements of a position. In accordance with the Global Executive Development Program annual ranking (from 1 to 5) for employees should be developed and approved. Rank 1 means that performance is lower than expected and needs significant improvement. Rank 5 means that employee makes a significant contribution to enterprise development. Differential payment for labor may be performed on the basis of these ranks. Main areas of work within GEDP are given in Figure 2.

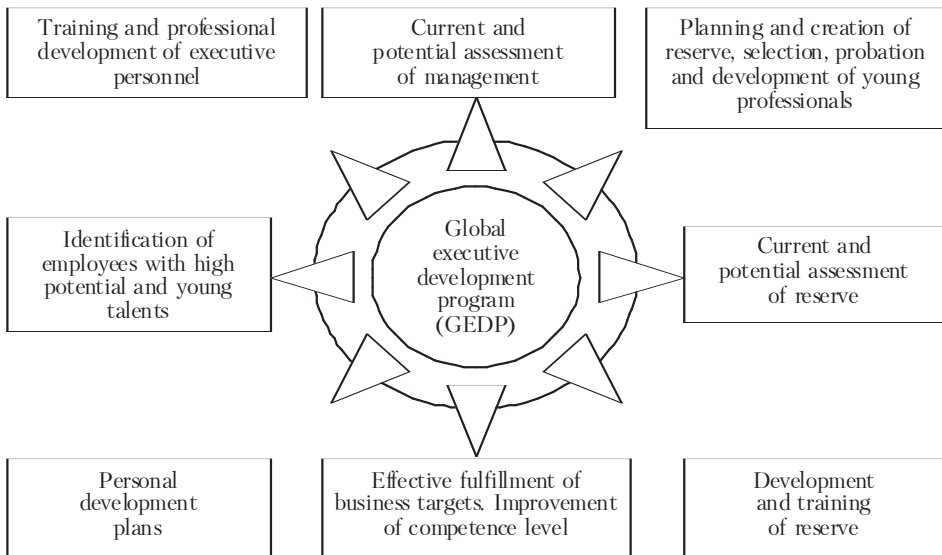


Figure 2. Main areas of work within GEDP, compiled by the author

When performing the assessment it is expedient to determine the ranking of potential of frontline personnel. It is not an assessment of current activity, but the

assessment of future promotion of an employee aimed at personal career plan formation.

The last element in building relationship with frontline personnel the within internal marketing system is the process of personnel optimization or the outplacement system, which involves the analysis of candidates for layoff, their psychological support and promotion of their further employment. Ensuring employment of dismissed personnel prevents migration of specialists to competitors which should not be included in the list of potential employers. Performance of personnel optimization on the principles of marketing will make it possible to create external reserve of personnel and use it during consultations and leasing.

Conclusions and prospects for further research. Implementation of main business strategy of an enterprise by means of building mutually beneficial relationships with frontline personnel means that a combination of knowledge on market environment and requirements to employees qualities is reflected in the areas of work with personnel and in the impact on the overall result. Psychological factors that affect satisfaction are the starting point for internal marketing. Gaining trust of personnel by top management and granting frontline personnel authority and rights to make decisions in the course of work with consumers of services/goods, coordination of actions between different levels of organization, as well as effective mechanisms for motivation of employees will favorably affect the economic performance indicators of any enterprise.

Implementation of internal marketing system should be performed on the basis of detailed planning of this process, which will ensure continuous operation of the enterprise and prevent transfer of skilled personnel to the market. Building of relationships with frontline personnel ensures a number of advantages for the enterprise, i.e.: fulfillment of business targets of the company will favor the incentive system for frontline personnel and vice versa, the effect from implementation of the system can be assessed quantitatively and qualitatively. Loyalty and satisfaction will improve which will have positive effects on productivity and performance.

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КНИЖКОВИЙ СВІТ



СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА
ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД
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У навчальному посібнику викладено теоретичні основи виникнення, становлення та розвитку транснаціональних корпорацій, механізм їхнього функціонування та вплив на світову економіку. Розглянуто систему національного і міжнародного регулювання ТНК.

Посібник містить також ситуаційні вправи, що дозволяє закріпити теоретичні знання шляхом виконання практичних завдань та обговорення ситуаційних вправ.

Призначений для студентів та викладачів вузів. Посібник стане корисним всім, хто цікавиться проблемами транснаціоналізації світової економіки.