

# Target organizational structure and human potential

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**Abstract** The article examines the success of companies depending on the quality of human resources and the organizational structure of their management. Based on the structure of human potential, the work highlights the processes that reduce it; the values of work of employees of the studied companies are ranked: work as a means of subsistence, communication with colleagues, confidence in the future, the installation "work as the main value in life", the possibility of creative growth. Problems in the field of personnel management are identified in two areas: composition of employees; performance management of staff. To improve the work of managers in the studied companies, it is proposed to implement a comprehensive program. It should include the following areas: changing the management structure, where job responsibilities are clearly reallocated; reviewing job descriptions in order to regulate employee responsibilities, support the most effective technology; and building organizational commitment of staff. The organizational structure of the studied trading firms should be made problem-oriented. Changing the structure will allow to: create additional links that deal with strategic planning; organize production and sales, improve quality, and develop production; the line manager will be able to delegate authority on certain issues and tasks. The proposed problem-oriented management structure, which has the advantages of all organizational structures, has no obvious disadvantages. It provides a high level of specialization of employees, performing a specific function; it is combined with the structure of the management system, is easy to form and operate, and is adaptive to changes. We suggest evaluating the effectiveness of human resource management when changing the organizational structure of management by the level of management decisions of organizations.

## 1 Introduction

The success of companies depends largely on the human resources and organizational structure of their management. There is nothing more important for a company than the ability of a manager to attract the right, competent employees who are able to competently

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and creatively perform their work and build a management system in such a way as to develop the company's competitive advantages.

The company's employees are the main source of its competitive advantage, as the results of work directly depend on them, and human resource managers play a key role in replenishing and developing this source. Companies that succeed are those that are adept at finding, attracting, hiring, promoting and retaining people who can do a particular job better than others. Therefore, it has become especially important to use in practice such methods of human resources management that help to improve the efficiency of the company as a whole.

In the modern economy of the country, more attention should be paid to small businesses. This is an important area. Small businesses are at the center of nascent entrepreneurship. The largest percentage of the population works here. "According to statistics, from 50 to 60% of the gross domestic product in the economy of industrially developed countries belongs to small and medium-sized companies. In our country, this figure is from 9 to 12.5%."

It is impossible to imagine the company's activity in the market without participating in the competition. An important factor in increasing its competitiveness is the targeted development of human potential, since it is the company's labor resources that serve as its main competitive advantage.

## **2 Materials and methods**

The research of a number of domestic and foreign authors was used in the work. The works of N.A. Volgin (Volgin., 2017), N. Cornelius (Cornelius, 2015), M. S. Santalova (Santalova et al., 2014, 2015, 2017, 2020), N.F. Chebotarev (Chebotarev, 2005), E.N. Strizhakova (Strizhakova, 2013) are devoted to improving the processes of personnel selection and evaluation, planning work with personnel, and managing personnel behavior in the organization. E. A. Questions of personnel training were covered in the works of R.D. Gutgarts (Gutgarts, 2017), G. Korchagina (Korchagina, 2013), V.S. Laptev (Laptev, 2016), A.N. Dobrynin (Dobrynin, 2019) etc.

Among foreign authors, the topic of human resource management was developed by R. Daft, E. Michaels, and M. Armstrong (Draft, 2009).

The methods of the research should include dialectical approach, analysis, synthesis, mathematical modeling, calculation method, etc.

## **3 Results and Discussion**

In order to set up the workforce for effective and successful operation of the company, it is necessary for the company's management to study the structure of human potential and build the company's management in such a way as to maximize profit [1,4].

The currently popular typology of human potential can be represented as follows: health capital; cultural and ethical; working capital; intellectual capital; organizational and entrepreneurial capital; creative and innovative capital. Having studied in the presented structure, the potential of the company's employees, you can organize the work so that the company has successfully fulfilled its mission and objectives, while providing employees with a healthy lifestyle, culture, social interaction, working conditions, entrepreneurial and intellectual activity, creative innovation, commitment, "team" desire to achieve results.

It is necessary to notice and eliminate processes that reduce the level of the company's potential. These are: if there is no investment in education, the employee does not develop as a specialist; insufficient investment in health care contributes to negative changes in the human condition, it reduces its capabilities; the lack of additional material rewards leads to a deterioration of the internal state of a person [2,13].

If we rely on the theory of the question, the theory of "post-bureaucratic" organizations (C. Barnard, G. Simon, W. Bennis, K. Argyris) focuses on the social and psychological components of human management. Its main distinguishing feature is that a person is considered as a "non-renewable" resource, a strategic factor in achieving the competitiveness of the organization.

The elementary and capacious formula "productivity - from the person" very clearly states the main condition for the productive work of thriving companies. Multiple studies show that companies that manage human resources productively usually achieve a higher level of profitability and financial growth [3,14].

The person is the unifying link that provides the most productive use of the company's resources, which can be used to increase competitiveness. Since the grouping of new knowledge and the formation of management decisions focused on it is the prerogative of a person. More recently, organizations have been purchasing the same equipment from common suppliers, and the technologies that can give the organization a competitive edge are in the minds of employees who have the knowledge and experience to use this equipment in a special or more productive way. When an employee is fired, unusual ideas and technological solutions can go with him.

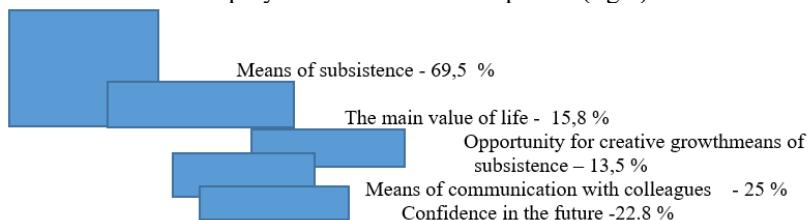
Various scientists have attempted to quantify the impact of human potential on the organization's performance. Based on the results of research of this kind, it can be concluded that the share price of companies with a large human capital index is growing at a more significant rate than the shares of companies with an average or lower level. Research suggests that " when the incentive and bonus system improves, the share price increases by 16.5%, and the comfort of the working environment and working conditions increases by 9%. Well-conducted hiring and proper actions to retain staff increase the share price by 7.9%, and establishing communication within the company contributes to the growth of the share price by 7.1%. "[12,15]

Other studies also point to the relationship between investment in human potential and company performance [4]. Research by the Institute of work psychology at the University of Sheffield (Patterson, West, Lowthom, and others) indicates a link between certain factors related to human management, on the one hand, and productivity and profit, on the other. Investments in employees lead to an increase in productivity, which in turn leads to an increase in profits.

A positive relationship is also observed between the job security provided to the employee and the performance of the enterprise itself (according to Dalery and Doty), between the culture of the organization and the effectiveness of the enterprise (V. A. Stoyanova's work).

Thus, research conducted in different countries using mathematical statistics methods shows that there is a relationship between employee investment and company performance indicators. In other words, "the competitiveness of a firm depends on how competitive its employees are." [5]

Consider the value of employee labor in small companies (fig.1).



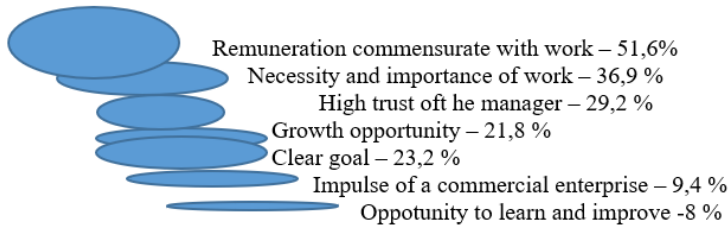
**Fig. 1.** The value of work of employees

As you can see from the picture, opinions about values are divided. The first priority of employees is to treat work as a means of subsistence. This motive is present in 69.5% of the

survey participants.

The second priority motive for 25% of respondents was communication with colleagues, which indicates the importance of social and psychological components of work. Confidence in the future was chosen as the third most important motive by 22.8% of respondents. This indicator is very important because it determines the internal motivation of work. This type of motivation is very strong and effective. A low indicator demonstrates the inertia and alienation of labor. The fourth most important motivation for employees was the installation "work as the main value in life". This motive was noted in 15.3% of employees who took part in the survey.

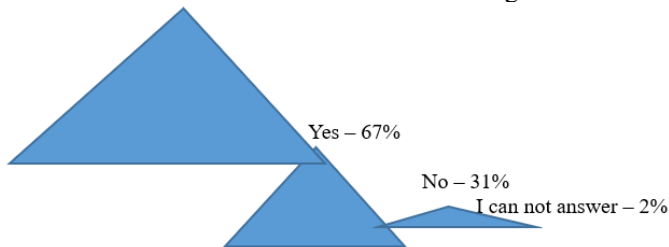
The last priority was the possibility of creative growth, which was chosen as a motive by 13.5% of employees. The distribution of priorities in employee motivation is shown in figure 2.



**Fig. 2.** Distribution of employee motivation

As can be seen from the figure, the values of labor correspond to the motives. For example, the value of labor as a means of existence is inextricably linked to the motive of remuneration for labor. This is the main motivation of employees. Material interest is significant among incentives, but it doesn't always work. The possibility of professional growth is also important.

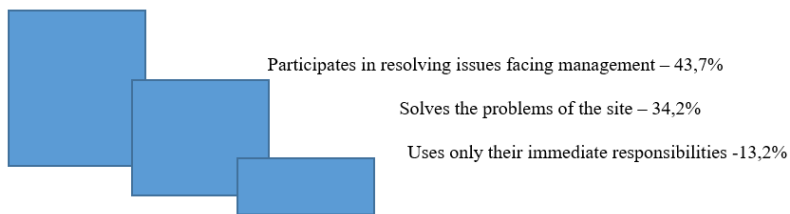
Social justice is very important when calculating salaries [6,11]. In this regard, some employees have questions to the management. The results of the distribution of respondents ' responses to questions related to remuneration are shown in figure 3.



**Fig. 3.** Answers to the question "do you think the wage system is fair?"

As can be seen from the figure, 31% of respondents do not believe that the wage system that exists is fair. However, most of the employees are satisfied with their pay. 2% of employees who took part in the survey found it difficult to answer the question.

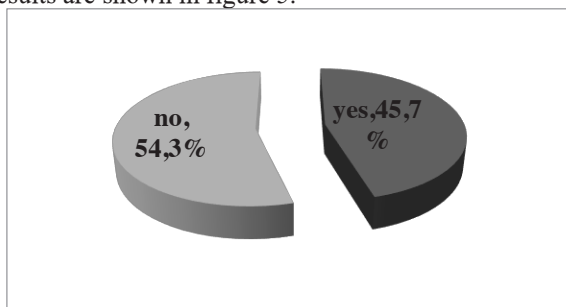
The overall results demonstrating the level of participation in solving the company's tasks are shown in figure 4.



**Fig. 4.** Participation in solving the company's tasks

Some employees perform only direct duties. The average number of such employees is 13.2%.

The significance of the work is also characterized by a sense of pride in their work (on average, 45.7%). The results are shown in figure 5.



**Fig. 5.** Significance of work for employees

Questions were asked about the motives of work: high trust of the manager (29.2%); clear goals (23.2%); growth opportunities (21.8%); opportunities to learn and develop (11.6%).

The analysis of work with personnel showed that the problems in the field of personnel management are identified in two areas: composition of employees; performance management of staff.

Employees: age and qualifications. Mentoring is poorly developed in the organization. Few employees are willing to take over the patronage of new arrivals, as they believe that this will increase the load. The training of new staff is not well developed. Training often consists of familiarization with the job description and familiarity with the workplace.

In addition, training sessions on staff adaptation in a new team are very rarely organized. New employees feel a lot of pressure, both from their superiors and from their colleagues. All this encourages high turnover of staff.

From the point of view of personnel management as a system, the following problems are: identified techniques and methods of working at a low level (usually only personnel work, self-management of personnel, as such, is absent); no measures for the development, implementation and internal PR of the HR policy; there is a need to improve the incentive system for staff, especially with regard to the stable part of remuneration; only a separate part of the personnel work is performed. This applies to recruitment, certification, professional training, and office management; work to improve important professional qualities of employees, first and foremost, this applies to managers; the lack of adaptation of the personnel.

The concept of "formation of organizational culture" includes the following aspects: maintaining the socio-psychological climate; establishing norms of behavior. In the companies studied, there is no prevention of labor conflicts, there is no team cohesion and there is no maintenance of the main elements of organizational culture: there is no model of interpersonal and business interaction [7,8].

To improve the work of managers in the studied companies, it is necessary to implement a comprehensive program. It should include the following areas: change in the management structure, where job responsibilities are clearly reallocated; revision of job descriptions, in order to regulate the duties of employees, to support the most effective technology; formation of organizational commitment of the staff.

The organizational structure of the studied trading firms should be made problem-oriented. Changing the structure will allow: create additional links that deal with strategic planning; organization of production and sales, quality improvement, and production development; the line manager will be able to delegate authority for certain issues and tasks; will have a special service dealing with planning issues.

The proposed problem-target management structure, while having the advantages of all organizational structures, does not have obvious disadvantages. It provides a high level of specialization for employees who perform a specific function [9]. It is combined with the structure of the management system, easy to form and operate, and adaptable to changes [10]. And the assessment of management effectiveness can be carried out by the level of management decisions of the organization's management (using coefficients).

Link ratio:

Stargate Command=  $ELVs. f. / ELVs. o$ , Where ELFs.  $f$  is the number of links in the existing organizational structure; ELV.  $o$  - the optimal number of links in the organizational structure; Using our data, where ELV.  $f= 6$ , ELV.  $o = 10$ , we get  $6/10=0.6$

We evaluated the organizational structure of one of the companies studied and obtained a value of this coefficient less than one. This means that the number of links is not sufficient for effective operation.

Calculate the coefficient of territorial concentration:

$$Kt. K = PPR. f. / P. (1)$$

Where PPR - the number of organizations of this type operating in the region of our organization; P. - the area of the region where all organizations of this type operate.

Four organizations of this type operate on the territory of the region with an area of 240,863 hectares. We get:

$$4 / 240\ 863 = 1,66 (2)$$

Thus, we see that the concentration of firms engaged in such activities in the territory of this area is small, which means that this company can successfully develop.

We calculate the integrated index of the CE .f. from :

$$Ke .f. y = 1 - (Qu / L h. p.) / (Ft / GF) (3)$$

Where Ke .f.  $u$  - management effectiveness; Qu - administration costs per one employee of the department; L h. p. – the percentage of managerial workers in total employment; Ft – the capitallabor ratio, the value of fixed and working capital per worker; GF – capital productivity.

Let's make a forecast for a new, problem-oriented organizational structure.

Based on our data, where Qu= 1,260; Lh. p.= 0.24; Ft = 95.7; GF= 11.8, we get the management efficiency coefficient for the existing organizational structure.

$$1 - (1,260 / 0,24) / (95,7 / 11,8) = 0,352 \text{ или } 35,2 \% (4)$$

Now calculate this coefficient for a new, problem-oriented organizational structure, where: Qu = 1.490 (increased management costs due to the emergence of new positions); L h. p.= 0.31 (this indicator is related to the previous one); Ft = 95.7; GF= 11.8

$$1 - (1,490 / 0,31) / (95,7 / 11,8) = 0,407 \text{ или } 40,7 \% (5)$$

## 4 Conclusion

The positive direction of the calculated indicators is growth. Thus, we see that after the introduction of a problem-oriented organizational structure, the effectiveness of human resource management and the company as a whole increases.

## Acknowledgments

The problems of research on effective labor management were discussed at the Department of economics and management of the Academy of management and production, the Department of management, Plekhanov Russian University of Economics, Moscow, Russia.

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