

Definition of labor potential management and its components

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Potential of the enterprise is mainly considered as an aggregate of the company's resources and facilities, which can potentially be used to obtain the targets of the company. It is sometimes defined through the ability of the system of resources and competencies of the company to produce results for stakeholders through the effective use of business processes. Moreover, Romanov V. identifies it as a consequence of economic and production relations between economic entities. Despite minor discrepancies in the meaning, it is undoubtful that the economic potential of the company should include both tangible, and also intangible assets, and market advantages which may bring economic benefits.

Through this definition of economic potential as a set of available resources we come to necessity of dividing economic potential into a set of components: investment potential, production potential, labor potential, natural resource potential.

Labor potential is one of the most important for the company and requires careful consideration. It can either boost the economic productivity and efficiency of all other kinds of potential or lead the company to bankruptcy and devalue all the investments if being ill-treated.

Concept of labor potential is strongly connected with human resource of the company but there are differences regarding the purposefulness of using it for the achievement of the goals of the enterprise, strong connection between the elements and dependence on the other kinds of potential, which includes supplies and working environment

Labor potential can be defined at macro, micro, and unit levels. At the macro level we speak about the aggregate potential of all population of the region with their demographic characteristics, literacy and education level, customs, and traditions strongly connected with desire and attitude to work. It can only be developed through demographic policy, healthcare, improvement in the education system.

The unit level is a labor potential of a person with their particular physical and mental condition, abilities and talents, personal skills and qualifications, acquired through formal and informal training and experiences. It also strongly depends on the motivation and attitude to work.

The labor potential of the enterprise is one of the most important components of its economic potential. In a very materialistic way, labor potential at the enterprise level can be measured as a totality of the company's employees, obliged to work for a legally established period with publicly acceptable intensity. But it definitely goes far beyond this simplified definition as each employee can be characterized by the unique set of features that determine his ability to create value. These features include a combination of objective and subjective factors. Worker productivity over a given period of time is a function of innate ability, the level of effort, and the environment (the weather, general business conditions, or the actions of other employees). Among the main factors which can affect the labor potential of the company are objective and subjective. Objective group includes psychophysiological abilities (health, inherited qualities), number of workers and their demographic profile age, gender, family profile, skills and qualifications. Subjective also include attitude and cooperation. Factors are presented together with the influence of other kinds of potential. As one can see, some components of it can be affected by the management and thus improved while the other could be modified only through the changes in the staff composition. This possibility presents many differences from the macro and unit labor potential as they can only be modified through the development and improvement of present workers and population.

According to our research on the most important characteristics, which are considered by the managers when hiring a worker and taking a layoff decision at 95 SMEs in Ukraine, employers valued most highly professional skills and experience in the company and less highly – personal psychological and physical characteristics. The least important among the others was marital status, moral principles and family connections. Surprisingly the ability to work in the team was more important than all the other psychological traits with an average rank of 4.8 compared to 4.6. Experience in the company, loyalty and dedication was also more important than prior experience in the sphere and even qualifications obtained through formal education.

Labor potential management includes evaluation, optimizing, development of the human resource of the company together with an instant connection with the other kinds of potential. It should also incorporate the stages of determining the need for labor and planning, identifying parameters for the employees, during recruitment, placing worker within the company and possible change of his duties and responsibilities, development and adjustment through corresponding kinds of training, stimulate the development of the professional and personal skills.

Another important aspect is personnel appraisal, measuring the efficiency of human resource utilization in the company, finding ways to improve this indicator and business efficiency. Chasing for the perfect employees one should not forget about the cost of labor. Being underpaid will demotivate workers and reduce their productivity while overpaying will reduce business efficiency and may lead to bankruptcy [9, 10]. If some work might be effectively performed by a lower-paid worker this should remain a priority. Managing labor potential should include measures to secure workers with preferable characteristics while setting clear goals for those, who may improve.