

THE SYSTEM OF KEY PERFORMANCE INDICATORS AS A TOOL IMPROVEMENTS MANAGEMENT OF THE ORGANIZATION

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Annotation

The article is devoted to the issues of studying the system of key performance indicators - an effective tool for strategic management, quality management, which allows an organization to meet modern trends in economic development and ensure its competitiveness. Key performance indicators are developed, among other things, to evaluate the performance of employees, as a result of which it is possible to determine their strengths and (or) weaknesses (abilities). The formation of a remuneration system based on performance indicators contributes to the motivation of employees to achieve the best results in their work, helps in the implementation of the strategic goals of the organization

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Key performance indicators (hereinafter referred to as KPIs) are one of the most effective tools of strategic management, quality management of an organization, allowing an organization to meet modern trends in economic development and ensure its competitiveness. KPIs are an element of a balanced scorecard (dae - MTSP), the purpose of which is to establish relationships (causal) between the strategy (mission / goals) of an organization and its performance indicators.

KPIs play an important role in fulfilling the mission and achieving the goals of the organization, allow you to assess the various processes taking place in the organization, as well as reflect their results in quantitative terms. At the same time, it should be noted that the result of any process is influenced by the quality of the work of the employee involved in this process. To achieve the best results, the manager needs to motivate the employee to achieve the set goals, while spending the minimum amount of resources with the highest quality result, KPIs can be developed to evaluate the activities of employees.

By evaluating an employee according to certain quantitative indicators, it is possible to determine the strengths and (or) weaknesses (abilities) of this employee. At the same time, additional payments (bonuses / bonuses) should be interconnected with the above KPIs. In turn, an employee, realizing that his activities are being evaluated, will take a more responsible approach to the work he does, receiving additional motivation, since the amount of additional payment will directly depend on the quality of his work. Provided that all employees in the organization strive to work as efficiently as possible, the organization is able to increase its competitiveness, thereby opening up opportunities for further growth

It is possible to strengthen the interest of employees in achieving results and solving tasks only by linking them to the monetary remuneration paid when achieving results

KPIs are a system that is used to achieve an organization's mission and goals. They can be such goals as: increasing the professionalism of employees, retaining and attracting consumers (customers), reducing costs and increasing revenues. It is very important that key performance indicators are correctly identified individually for each organization (process / employee), since incorrect selection of indicators can lead to a false (distorted) assessment. In turn, a false (distorted) assessment will lead to incorrect management decisions. KPIs are inextricably linked to the priority goals of the organization, and are also an element of strategic management and quality management in the organization.

KPIs are measurable and can be presented in the form of various coefficients and percentages to the measured data in certain periods of time. Such indicators include indicators of investment activity, the implementation of strategic plans, the efficiency and effectiveness of financial processes, economic activity, and the competitiveness of products. KPIs are part of the MTSP, which establishes the relationship between goals and indicators in order to identify the dependencies of some indicators (performance results) on others. Goal orientation allows us to talk about the MTSP as a strategic planning system. In fact, it is a system not only for planning, creating a strategy, but also for ensuring the quality and competitiveness of the organization

The main idea of KPIs and SSPs is to translate the company's strategy into a comprehensive set of performance indicators that determine the main parameters of the measurement and management system. The competitiveness indicator of an organization is the result of the realization of competitive advantages reflecting the ability of an organization to adapt to constantly changing conditions of the external and internal environment and to act as a condition for its effective functioning

The formation of a remuneration system based on KPIs helps motivate employees and achieve the highest results in their work, as well as increases the employee's contribution to collective results and helps in the implementation of the organization's strategic goals KPIs should be quite simple and understandable for employees, and the amount of the award should be economically justified. The frequency of employee bonuses can be annual, semi-annual, quarterly and monthly. It depends on the position held, the goals and objectives of the organization, for example, annual bonuses will be effective and timely only for top managers who are bound by contracts and the final results of the organization's work

Work motivation is the most important factor in labor productivity, affecting the degree of disclosure of an employee's labor potential, that is, the entire set of properties affecting production (operational) activities. According to the Porter-Lawler model, the level of effort determines the value of the reward and the confidence that a given level of effort will actually entail a certain level of reward.

KPIs provide managers with the information necessary to evaluate the actions of subordinates, as well as define the goals that an employee should strive for, and provide an opportunity to evaluate the work done. For example, if the goal is to increase customer satisfaction, some performance indicators help to monitor the achievement of this goal. Such indicators may include the number of customer refusals, late delivery, incomplete shipment of the order. If we consider the customer's refusal of the goods, the purpose of this indicator is to monitor the quantity and value of goods that were returned after the sale. Indicators help to track trends and allow managers to draw certain conclusions. There are some factors that need to be considered when setting KPIs.

There are cases when the introduction of KPIs in an organization finds an extremely negative response from employees whose work is going to be evaluated. This happens, as a rule, because the employee is afraid of innovations and does not want changes. Such situations lead to the fact that this system becomes ineffective and does not bring the expected results. In order to avoid such cases, it is necessary to prepare employees for changes through training programs and trainings that reveal the mechanisms of this system and its purpose.

World practice proves that the introduction of KPIs increases the profit of organizations by %,

depending on the achievement of the tasks set by employees, helps to increase motivation and loyalty of staff. The implementation of the management and motivation system takes place primarily through corporate training. A result-oriented system when the divided part of earnings is made dependent on the results of the employee's work, makes it possible to avoid layoffs or wage cuts in the context of the global crisis and increase labor productivity.

It should be noted that in order to change the motivation system in an organization, KPI is the best tool. That is why managers should treat him with full responsibility. As a powerful tool for implementing change, metrics can drive unprecedented improvements or, conversely, plunge an organization into chaos. If an organization formally approaches the development of a KPI system and inaccurately converts them into strategic goals in specific business processes, it will not achieve improvements. Employees will strive for different goals, interfering with each other and efforts will not lead to the desired results.

It can be said that Russian organizations are making progress in developing key performance indicators today, but more time is needed to fully adapt this system. Managers should pay special attention to the issue of employee motivation. KPI is a tool that can facilitate the process of making managerial decisions by providing management with the necessary information, which will ultimately lead to the improvement of the organization and strengthen its competitiveness.

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