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QUALIFYING MASTER'S THESIS

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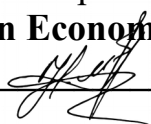
**MANAGEMENT OF HUMAN BEHAVIOR IN THE
ORGANIZATION AS A FACTOR OF INCREASING
COMPETITIVENESS**

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The work is accepted for defence in the EC

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Kharkiv 2024

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Faculty EDUCATION AND RESEARCH INSTITUTE
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Department Management, Business and Professional
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TASK
FOR A QUALIFYING MASTER'S THESIS
Li Tongyu

1. Topic of work: "MANAGEMENT OF HUMAN BEHAVIOR IN THE ORGANIZATION AS A FACTOR OF INCREASING COMPETITIVENESS".

Scientific adviser Tamara Semenchenko, PhD in Education, Associate Professor
(full name, academic degree, academic title)

Approved by order of the university dated September 17, 2024 № 4601-5/1025.

2. The deadline for student submission of work November 18, 2024.

3. List of topics to be developed:

• In Chapter 1: to consider the theory of personnel behavior management in modern conditions: basic concepts, essence; to determine the effectiveness of the personnel management system and its impact on the company's competitiveness; to study personnel motivation as a factor of increasing competitiveness.

• In Chapter 2: to provide a technical and economic description of JSC CB "PrivatBank"; to analyze the human capital of JSC CB "PrivatBank"; to assess the current state of development of staff motivation as a factor of competitiveness of JSC CB "PrivatBank".

• In Chapter 3: to determine the impact of banking sector development trends on the system of human behavior management; to identify ways to improve the system of human behavior management in a banking organization; to provide recommendations for improving the system of motivation development as a factor in increasing the competitiveness of JSC CB “PrivatBank”.

4. Plan of qualifying master's thesis

| No | Names of work sections |
|----|---|
| 1 | THEORETICAL ASPECTS OF STUDYING THE BEHAVIOR OF PEOPLE IN THE COMPANY AS A FACTOR OF INCREASING COMPETITIVENESS |
| 2 | EVALUATION OF PEOPLE'S BEHAVIOR MANAGEMENT PRACTICES AND DETERMINATION OF INTANGIBLE COMPETITIVENESS FACTORS OF THE COMPANY ON THE EXAMPLE OF JSC CB "PRIVATBANK" |
| 3 | IMPROVING THE SYSTEM OF MANAGEMENT OF PEOPLE'S BEHAVIOR IN THE COMPANY AS A FACTOR OF INCREASING COMPETITIVENESS |

5. Date of issue of the task September 25, 2024.

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ABSTRACT

The qualifying master's thesis contains 91 pages, 14 tables, 13 figures, 1 formula, and a list of 80 references.

The object of research is the processes of managing the work behavior of employees in a company.

The subject of research is improving the management of employee behavior in companies and their adaptation during the economic instability caused by war.

The purpose of the master's thesis is to develop methodological approaches and practical recommendations for managing employee behavior in a company to enhance its competitiveness.

Tasks of a qualifying master's thesis include:

- to examine the theory of managing personnel behavior under modern conditions, including the basic concepts and essence of the field;
- to determine the effectiveness of the personnel management system and its impact on a company's competitiveness;
- to investigate staff motivation as a key factor in enhancing competitiveness;
- to provide the technical and economic characteristics of JSC CB "PrivatBank";
- to analyze the human capital of JSC CB "PrivatBank";
- to assess the current state of staff motivation development as a competitiveness factor at JSC CB "PrivatBank";
- to analyze the influence of trends in the banking sector on the system for managing employee behavior;
- to propose ways to improve the system for managing employee behavior in banking organizations;
- to provide recommendations for improving the motivation development system as a means to increase the competitiveness of JSC CB "PrivatBank".

Based on the results of the research, theoretical and practical provisions were formulated. The author developed specific proposals for improving the system for

managing employee behavior in companies, focusing on the influence of banking sector trends on human capital management.

Scientifically based recommendations obtained through this research can be applied to improve business competitiveness by enhancing employee motivation, fostering a robust corporate culture, and optimizing management processes in conditions of economic instability and crisis. This study underscores the critical importance of managing employee behavior effectively, emphasizing that a well-designed motivation system and adaptive management strategies are essential for maintaining a competitive edge and achieving sustainable growth.

Year of completion of the qualifying master's thesis: 2024.

Year of defense of the qualifying master's thesis: 2024.

CONTENT

| | |
|---|----|
| INTRODUCTION..... | 7 |
| CHAPTER 1. THEORETICAL ASPECTS OF STUDYING THE BEHAVIOR OF PEOPLE IN THE COMPANY AS A FACTOR OF INCREASING COMPETITIVENESS..... | 11 |
| 1.1. Management of personnel behavior in modern conditions: basic concepts, essence..... | 11 |
| 1.2. The effectiveness of the personnel management system and its impact on the company's competitiveness..... | 18 |
| 1.3. Personnel motivation as a factor of increasing competitiveness..... | 23 |
| CHAPTER 2. EVALUATION OF PEOPLE'S BEHAVIOR MANAGEMENT PRACTICES AND DETERMINATION OF INTANGIBLE COMPETITIVENESS FACTORS OF THE COMPANY ON THE EXAMPLE OF JSC CB "PRIVATBANK"..... | 32 |
| 2.1. Technical and economic characteristics of JSC CB "PrivatBank"..... | 32 |
| 2.2. Analysis of human capital JSC CB "PrivatBank"..... | 44 |
| 2.3. Analysis of the current state of the development of staff motivation as a factor of competitiveness of JSC CB "PrivatBank"..... | 53 |
| CHAPTER 3. IMPROVING THE SYSTEM OF MANAGEMENT OF PEOPLE'S BEHAVIOR IN THE COMPANY AS A FACTOR OF INCREASING COMPETITIVENESS..... | 63 |
| 3.1. The influence of trends in the development of the banking sector on the system of managing people's behavior..... | 63 |
| 3.2. Ways of improving the system of managing the behavior of people in the banking organization..... | 70 |
| 3.3. Recommendations for improving the motivation development system as a factor in increasing the competitiveness of JSC CB PrivatBank..... | 74 |
| CONCLUSIONS | 81 |
| REFERENCES..... | 85 |

INTRODUCTION

In today's world, in the conditions of uncertainty caused by war, the management of the behavior of the company's employees acquires special importance as one of the key tools for increasing business competitiveness. This issue is especially relevant for the financial sector, where rapid changes in the market, a high level of stress among employees and the need to adapt to new working conditions create additional challenges for the effective and smooth functioning of organizations.

The ability of companies to manage employee behavior is becoming a critical factor in ensuring business sustainability, maintaining customer trust and increasing productivity. In the conditions of war, workers face numerous emotional, psychological and physical challenges, which negatively affects their motivation, involvement and quality of performance. In these conditions, the management's ability to create an environment that promotes adaptation, effective communication and maintaining the psychological stability of the staff is crucial.

In addition, during the full-scale invasion, the financial sector in Ukraine became an important tool for economic stability, supporting payments, lending and maintaining liquidity. Effective management of employee behavior in this context allows companies not only to maintain operational stability, but also to form long-term competitive advantages. The study of this topic is relevant for the development of development strategies that allow companies in the financial sector to remain flexible, efficient and focused on customer needs even in extraordinary conditions.

Studies of intangible aspects of assessing the value and efficiency of human capital are included in the works of classics of economic theory, such as A. Smith, D. Ricardo, K. Marx, as well as V. Petty, who first raised the question of "human value" as an element of the economy. In-depth study of this issue continued in the 20th century in the works of economists, including T. Schultz and G. Becker, who introduced the concept of investment in human capital, and J. Mintzer, known for his models for estimating the gains from education.

Modern researchers such as Ya. Fitzents, M. Armstrong and R. Kaplan, focus on the implementation of metrics and methodologies to quantify the effectiveness of human capital management in business. The works of D. Norton and R. Kaplan, within the framework of the balanced scorecard, showed how intangible resources, in particular the competencies of employees and corporate culture, contribute to the creation of long-term value of companies.

The topics of the impact of innovation, psychological climate and leadership on the effectiveness of human capital are also explored in the works of E. Mayo, one of the founders of the school of human resource management, and M. Friedman, who emphasized the economic behavior of employees in the conditions of market transformations.

A significant number of scientific works by such authors as: K. Alderfer, A. Alabugina, F. Herzberg, D. Galbraith, L. Lawler, W. Kozyreva, D. McClelland, A. Maslow, K. Menard, O. Lukshinova, B. Mosner, E. Mayo, L. Porter, L. Stout, etc.

At the same time, the issue of managing the behavior of people in the company as a factor in increasing competitiveness remains insufficiently researched. In this area, mainly reports of a practical nature are presented, highlighting certain aspects of corporate culture, employee motivation, communication effectiveness, as well as the results of the implementation of leadership and change management tools.

Scientific studies mostly focus on describing general patterns of behavior, without due attention to their integration into specific business processes or strategies to increase competitiveness in the conditions of modern challenges such as digitalization, globalization or economic turbulence. This created the basis for defining the research object, its goals and tasks.

The purpose of the qualifying master's work is to develop methodical approaches and recommendations for managing the behavior of employees in the company to increase its competitiveness.

The tasks of the qualifying master's thesis are:

- consider the theory of management of personnel behavior in modern conditions: basic concepts, essence;

- determine the effectiveness of the personnel management system and its impact on the company's competitiveness;
- to investigate staff motivation as a factor in increasing competitiveness;
- to provide technical and economic characteristics of JSC CB "PrivatBank";
- analyze the human capital of JSC CB "PrivatBank";
- to assess the current state of development of staff motivation as a factor of competitiveness of JSC CB "PrivatBank";
- determine the influence of trends in the development of the banking sector on the human capital management system;
- determine ways to improve the system of managing the behavior of people in the banking organization;
- provide recommendations on improving the motivation development system as a factor in increasing JSC's competitiveness.

The object of the study is the processes of managing the work behavior of the company's employees.

The subject of the research is the methods, tools and mechanisms of managing the behavior of employees in companies, as well as their adaptation to the conditions of the financial sector during the economic instability caused by the war.

The theoretical and methodological basis of the research was the work of Ukrainian and international scientists who analyze the processes of managing the behavior of employees, the development of corporate culture, socio-economic mechanisms of motivation and adaptation to crisis conditions.

Within the framework of the study, various general scientific and specialized methods were used, such as the method of comparative analysis, a systematic approach, questionnaires, expert surveys, as well as modeling methods for the formation of management decisions. The applied methodology provided a comprehensive analysis of behavioral aspects in the corporate environment and increased efficiency of personnel management in the financial sector.

The information base of the research was served by normative legal acts of Ukraine, reporting materials of financial institutions, in particular JSC CB "PrivatBank", data of research agencies and materials of professional periodicals.

Based on the results of the research, theoretical and practical provisions were formulated, which were brought by the author to specific proposals for improving the management system of people's behavior in the company, and the influence of the development trends of the banking sector on the human capital management system was determined.

The practical significance of the obtained results is that the recommendations developed by the author for managing the behavior of employees in the company can be applied to increase business competitiveness by improving the motivation system, implementing corporate culture development programs, as well as optimizing management processes in crisis conditions. These recommendations can be used by businesses to create strategies to improve labor efficiency, adapt to market changes, and ensure long-term growth.

CHAPTER 1

THEORETICAL ASPECTS OF STUDYING THE BEHAVIOR OF PEOPLE IN THE COMPANY AS A FACTOR OF INCREASING COMPETITIVENESS

1.1. Management of personnel behavior in modern conditions: basic concepts, essence

In today's conditions, it is the personnel who become the factor that shapes the development and competitiveness of companies. Modern researchers evaluate professional workers as a leading economic resource, possessing such special properties as the possibility of repeated use and accumulation of individual elements - knowledge and skills. Taking into account these features in the process of managing the company's activities can affect its value, which is important for all participants in economic relations.

For centuries, the nature and essence of managing personnel behavior has attracted the attention of economic science. Four stages of formation of this theory can be distinguished (Table 1.1).

1. Stage of formation of ideas (Ancient world - XVIII century).

This stage is characterized by the initial understanding of issues of work organization and people management. Attention was focused on discipline, efficiency, adherence to hierarchy and rules. The ideas of this period were based on philosophical concepts and religious postulates, where work was seen as a necessity for survival and maintenance of social order. Important contributions were made by such thinkers as Plato, Aristotle and Confucius, who formed the basis of the division of labor and the moral principles of management.

2. Classical stage (End of XVIII - beginning of XX century).

At this stage, management begins to be considered as a scientific discipline, emphasizing the organization and rationalization of work. The main approaches were aimed at improving productivity by standardizing processes and clearly dividing

responsibilities. Theories of centralized management and hierarchical structures were born. Significant contributions were made by Frederick Taylor with his concept of "scientific management" and Max Weber, who developed a model of bureaucracy.

Table 1

Stages of formation of the theory of personnel behavior management

| Stage | Chronological limits | Main characteristics | Famous representatives/achievements |
|-----------------------------|--|--|---|
| 1 | 2 | 3 | 4 |
| Stage of formation of ideas | The ancient world - the 18th century. | The emergence of ideas about the need to organize work and manage people. The focus was on discipline, obedience and efficiency. | The Code of Hammurabi, the ideas of Confucius, the works of Plato and Aristotle on the division of labor. |
| Classic stage | The end of the 18th - the beginning of the 20th century. | Development of theories of organization and labor rationalization. Formation of concepts of centralized management and hierarchical structure. | F. Taylor - "scientific management", M. Weber - the concept of bureaucracy, A. Smith - division of labor. |
| Behavioral stage | 1930s - 1970s | Growing interest in psychological and social aspects of employee behavior. Emergence of theories of motivation and leadership. | Ye. Mayo - experiments in Hawthorne, A. Maslow - "pyramid of needs", D. McGregor - theories X and Y. |
| Modern stage | Since the 1980s - until now | Implementation of an integrated approach to behavior management: taking into account innovations, digital technologies, corporate culture. | P. Drucker - the theory of knowledge management, modern studies of emotional intelligence (D. Goleman). |

Source: compiled by the author based on materials [13, 26, 17]

3. Behaviorist stage (1930s - 1970s).

This period is marked by a growing interest in the psychological and social aspects of employee behavior. It has been proven that productivity depends not only on technical conditions, but also on interpersonal relationships and motivation. Theories have emerged that take into account the needs, aspirations and emotions of the staff. Important works of this phase include research by Elton Mayo, who demonstrated the

importance of the human factor in the Hawthorne factory experiments, and Abraham Maslow's ideas about the hierarchy of needs.

In this period, the theory of human capital was founded, which is based on the ability of the "labor force" to think and produce specific intellectual products with the power of its intellect, and also, increasing the baggage of its own knowledge and skills, competently manage the latest means of production [25, p.154]. Human capital is considered through the employee's ability to use knowledge and skills, competence and skill level. Economists come to the conclusion that intellectual capital reflects the discounted income of investments made, first of all, in human education. At this stage, economists try to determine the value of intangible assets and human capital for the first time.

October 1962 is considered the birth date of human capital, when the journal "Journal of Political Economy" published the issue "Investments in People" [78]. After the publication of the magazine, economists also actively began to study human capital. Next year T. Schultz wrote the first textbook on the theory of human capital, and the term "human capital" instantly became popular. By the end of the 20th century, dozens more books were written on this topic.

4. Modern stage (From the 1980s to the present).

The modern stage is characterized by an integrated approach to the management of personnel behavior, taking into account technological and socio-cultural changes. Businesses are focusing on developing corporate culture, implementing digital tools and taking into account emotional intelligence. Knowledge and innovation have become key resources, and human resource management has become a strategic tool. Prominent authors of this period include Peter Drucker, who introduced the concept of knowledge management, and contemporary emotional intelligence researchers such as Daniel Goleman.

Table 1.2 demonstrates the evolution of approaches to the management of personnel behavior, starting from classical scientific approaches to modern models that take into account the social and emotional aspects of employee behavior.

Table 1.2

Formation of the concept of "personnel behavior management"

| Author | Period | Definition of the concept |
|------------------|---|--|
| 1 | 2 | 3 |
| Frederick Taylor | The end of the XIX - the beginning of the XX century. | Taylor proposed the concept of scientific management, emphasizing the rationalization of work and the maximization of efficiency through a clear division of responsibilities and control. His works reflect the importance of discipline, control and formal procedures [26]. |
| Elton Mayo | 1930s | Mayo, as part of the Hawthorne studies, paid attention to the influence of social factors and interpersonal relations on the productivity of workers. He defined behavior management as active consideration of the social and psychological needs of personnel [37]. |
| Abraham Maslow | 1940-1970s | Maslow formulated a hierarchy of needs in which the motivation of employees depends on the satisfaction of basic physiological, social and psychological needs. In his writings, he emphasized the need for motivation as a key element of behavior management. |
| Peter Drucker | 1950s | Drucker defined personnel management as a strategic resource for an organization where the development of human potential is important [51]. He emphasized the importance of managers' ability to adapt to changes in employee behavior and changing business conditions. |
| Daniel Goleman | 1990s | Goleman popularized the concept of emotional intelligence, which includes the ability to recognize and manage the emotions of oneself and others. Behavior management, in his opinion, should be focused on the development of social and emotional competencies in the staff. |
| Harry Levinson | 1970s | Levinson believed that behavior management should focus on analyzing the needs of employees and using behavioral interventions to stimulate high performance. His concept provided for the interaction between motivation and working conditions [51]. |

Source: compiled by the author based on materials [26, 37, 51]

Approaches to the formation of the concept of "personnel behavior management" by different authors:

1. Classical approach. It arose in the context of early theories of work organization, such as Frederick Taylor's scientific management, which emphasized the standardization of work processes and clear control over the performance of tasks. Taylor believed that maximum productivity can be achieved through orderliness and

discipline, creating effective standards for employees, ensuring control over their activities. Other representatives of this direction, such as Gilbert and Gantt, also emphasized the importance of control and a clear division of responsibilities to achieve efficiency. In this context, management of personnel behavior meant establishing clear norms and standards of work performance to increase efficiency (Taylor, 1911; Gantt, 1919).

2. Socio-psychological approach. With the development of the theory of motivation and social needs, organizational behavior received a new dimension. Elton Mayo, as part of the Hawthorne experiments, discovered that not only material incentives, but also psychological factors (support, interaction) affect the productivity of employees. In particular, he demonstrated that attention to the social aspects of work, communication and interaction in a team can significantly increase motivation and efficiency. Subsequently, the sociological aspects of behavior management were developed in the works of such authors as Abraham Maslow, Douglas McGregor and Frederick Herzberg. Maslow (1943) developed a hierarchy of needs, where he considered the satisfaction of social and psychological needs as an important factor for motivating employees. McGregor, in his theory X and Y (1960), described different management styles depending on which motives prevail in employees, offering a more humanistic approach to motivation.

3. The motivational approach to the management of personnel behavior arose through the study of the internal motives of employees, which determine their attitude to work. Authors such as Abraham Maslow and Victor Vroom emphasized the importance of internal motivation for achieving high results. Maslow, first of all, formulated a hierarchy of needs, where the satisfaction of basic needs is a necessary condition for achieving higher goals, such as self-actualization (Maslow, 1943). An important role is also played by the theories of Herzberg (1966) and Vroom (1964), which indicate the connection between motivation and work efficiency, where motivation is considered a complex process that includes both external and internal factors.

4. Modern approach (management through emotional intelligence). In recent decades, the concept of emotional intelligence, which is based on the ability of people to

realize, control and manage their emotions, has been used in personnel management. Daniel Goleman (1995) in his writings emphasized the importance of emotional intelligence for effective management and interaction in organizations. According to his theory, leaders who possess a high level of emotional intelligence can better motivate their subordinates, manage conflicts and create a healthy corporate culture. This approach promotes the development of more flexible and dynamic organizational behavior, focusing on mutual understanding, cooperation and the development of emotional health of employees (Goleman, 1995).

Thus, the concept of managing personnel behavior has evolved significantly from classical approaches focused on control and discipline to modern approaches that include motivation, social aspects, and emotional intelligence.

Different interpretations of the concept of "personnel behavior management" in scientific literature reflect a wide range of approaches to this process, depending on the emphases that researchers make in their work. Münsterberg emphasized the importance of the influence of psychological factors on the work environment, and Levin proposed the concept of "field theory", which considers people's behavior as the result of the interaction of personal and social factors. The management of personnel behavior in this context is reduced to the creation of conditions that facilitate the change of ineffective habits or patterns of behavior in organizations.

Kettel and Mayo paid attention to the importance of social and economic factors that determine the behavior of people in the working environment. They emphasize the importance of collective culture and effective communication to achieve high results through influencing individual and group actions. Maslow studied people's needs and proposed a hierarchical model where the satisfaction of basic needs has a major impact on behavior. McClelland focused on motivation through achievement, power, and affiliation, which are also important tools for managing behavior.

Kotter considered leadership as one of the main factors that can change the behavior of the organization and create conditions for its transformation through the influence on the behavior of employees. Shane believed that the culture of an organization is formed through shared values and beliefs that have a strong influence on

the behavior of its members. Management of personnel behavior in this context is reduced to changing organizational norms and beliefs, which helps to change individual and collective behavior patterns.

Based on this, it is possible to generalize the concept of "personnel behavior management" - it is a process aimed at regulating, forming and controlling the behavior of the organization's employees in order to ensure its effectiveness, achieve strategic goals and create a favorable working environment. This is an integrated approach that includes both motivational methods and techniques for adapting organizational culture, communication, conflict management, and leadership development.

The essence of this concept is defined through several key aspects:

1) Motivation is the process of activation of internal and external incentives for employees to achieve desired results. Both traditional material and non-material incentives (for example, recognition, emotional support) are important here.

2) Organizational culture is a set of values, beliefs and norms that shape the behavior of employees. Successful culture management affects overall employee satisfaction and loyalty.

3) Leadership is the ability of managers to influence employees to achieve common goals. This includes the development of leadership qualities, emotional intelligence and the ability to manage a team.

4) Recruitment and development – organization of training programs aimed at improving the qualifications of employees, which is also an important factor for the formation of positive behavior in the workplace.

Management of personnel behavior becomes an important tool for organizations, as it allows not only to increase labor productivity, but also to create a favorable atmosphere for personal development of employees, which, in turn, increases their loyalty to the company and ensures its competitiveness.

1.2. The effectiveness of the personnel management system and its impact on the company's competitiveness

Effective personnel management is an important factor that determines the success of the entire organization. The quality of management depends on how efficiently the potential of personnel will be used to achieve the company's strategic goals. A systematic approach to personnel management, including motivation, development and management of employee behavior, allows to ensure their involvement and productivity, which, in turn, contributes to increased competitiveness.

Personnel management at modern enterprises increasingly includes the integration of administrative and motivational methods, focusing on achieving the common goals of the organization and its employees. A person-oriented approach assumes that all management decisions should take into account the interests of both the company and employees, which allows creating a favorable atmosphere for productive work.

Despite the fact that personnel management is key to operational efficiency, achieving a clear definition of performance criteria remains a difficult task. This is due to the fact that the results of labor activity are directly related to the productivity of the enterprise, the social context, as well as economic development. Thus, to determine the effectiveness of personnel management, it is important to take into account not only the internal indicators of the enterprise, but also external factors that can affect the productivity of employees.

General approaches to determining the criteria for the effectiveness of personnel management are a complex process that covers various aspects of the organization's activities. For effective personnel management, it is important to apply various criteria that provide both quantitative and qualitative assessment of the work of employees and managers. This allows organizations to achieve high results with minimal costs, improve the moral climate in the team and contribute to the continuous development and improvement of business processes.

Personnel management effectiveness criteria include:

1. Labor productivity is the main criterion that reflects the ability of employees to achieve high results with minimal expenditure of time and resources. The assessment of this indicator includes the measurement of labor efficiency through production results, the time of completion of tasks, the number of completed tasks in a certain period and the quality of products or services. High labor productivity indicates the effective use of human resources, but it is necessary to take into account the quality of the work performed, which is an equally important indicator.

2. Evaluation of the level of motivation and employee satisfaction includes employee surveys, evaluation of the level of involvement in the company's processes, as well as the study of staff turnover and stress levels. Satisfied employees, as a rule, have a high return to work, which positively affects the effectiveness of the organization.

3. Evaluation of the effectiveness of management decisions is based on the management's ability to make strategically important and well-founded decisions that contribute to the development of personnel and improvement of the company's results. This includes assessing the quality of decisions made regarding the organization's structure, employee motivation, increasing the effectiveness of management teams, and the company's adaptation to changing environmental conditions.

4. Development and training of personnel. The assessment of this aspect includes the number of conducted trainings, training programs and professional development. In addition, it is important to assess the level of qualifications of employees after completing training courses and their ability to apply the acquired knowledge in practice.

5. Financial indicators can be evaluated through economic indicators, such as reduced recruitment costs, optimization of training and development costs, and increased labor productivity, which leads to increased profits. The effectiveness of human resource management also includes an assessment of how proper management can reduce the cost of losses associated with staff turnover.

6. Innovation and adaptation to change includes assessment of staff readiness for change, ability of employees to quickly master new technologies and processes, as well

as initiative in the implementation of innovations. The lack of adaptation or innovation can lead to stagnation and a decrease in the competitiveness of the organization.

7. The social climate in the company includes the level of cooperation between employees, support of corporate culture, conflict management and assessment of communication effectiveness within the organization. Employees who feel comfortable in a team are more productive and loyal to the company.

At the strategic level, the effectiveness of personnel policy is evaluated through success in achieving the main goals of the organization and compliance of the management with the stated personnel principles. The success of personnel work is directly related to the correct use of resources allocated for the implementation of personnel tasks, as well as to the systematic monitoring of the performance of these tasks. In case of detection of inconsistencies or delays in their implementation, prompt adjustment and adaptation of the strategy is necessary. The key performance indicator is the allocation of funds for employee training, development and motivation, which directly affects the overall effectiveness of personnel management.

Information provision of the people management process is also an important criterion for evaluating the management's work in the field of personnel policy. This includes reliable accounting, analysis and processing of information, employee information systems, as well as access to the necessary data for making informed management decisions. It is also important to apply the best practices of other organizations in the field of personnel work, which allows to adapt strategies and approaches to the changing conditions of the internal and external environment.

Table 1.3 illustrates how key aspects of personnel management directly affect the company's competitiveness, allowing it to adapt to the changing business environment and achieve high results.

Table 1.3

Indicators of the impact of personnel management on the company's competitiveness

| Indicator | Impact on the effectiveness of the personnel management system | Impact on the company's competitiveness |
|--|---|---|
| 1 | 2 | 3 |
| Employee motivation | A high level of motivation ensures stable productivity and low staff turnover. | Improving overall work efficiency allows you to achieve better results compared to competitors. |
| Personnel development | The training and development system ensures constant improvement of the skills and qualifications of employees. | Favorable conditions for innovation and adaptation to changes in the market, which increases the ability to respond to changes. |
| Communication and information support | The high efficiency of communication channels increases the level of interaction and cooperation in the team. | Improving the speed of decision-making and internal coordination, which increases responsiveness and adaptability. |
| Talent management strategy | Focus on identifying and retaining key talents ensures stable development of the company. | Attracting and retaining the best specialists increases the company's competitiveness in the market. |
| Culture and values of the organization | The formation of a positive corporate culture supports the loyalty and efficiency of employees. | The company's positive image on the labor market helps attract highly qualified candidates and clients. |
| Use of modern HR technologies | Automation of personnel management processes improves the accuracy and speed of HR decisions. | Optimization of processes and reduction of costs increase the overall efficiency and competitiveness of the company. |
| Employee performance evaluation system | Performance evaluation helps identify weaknesses and opportunities for improvement. | Facilitates accurate allocation of resources, which provides strategic flexibility and competitive advantage. |

Source: compiled by the author based on materials [45]

Managing the behavior of people in the company is a key element that affects the overall efficiency and competitiveness of the organization. The relationship between these two aspects is that properly organized management of employee behavior can significantly increase productivity, reduce the level of conflicts and increase employee loyalty, which, in turn, improves the company's ability to adapt to changes in the market and maintain competitive advantages (Fig. . 1.1).

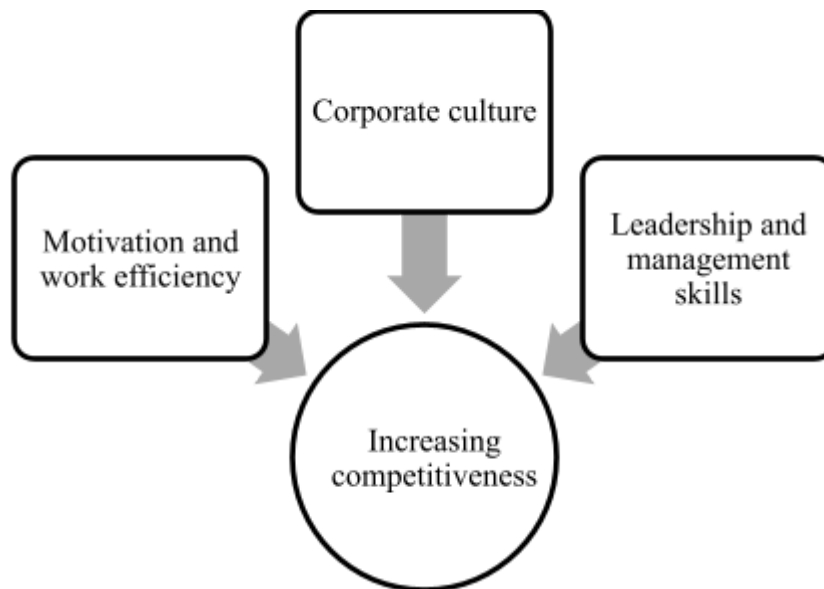


Fig. 1.1. The impact of managing people's behavior on the overall efficiency and competitiveness of the company

Source: compiled by the author based on materials [27]

Managing employee motivation directly affects their productivity. A high level of motivation contributes not only to increasing work efficiency, but also to reducing staff turnover, which is an important factor for the long-term development of the company and its competitiveness.

The formation of the right corporate culture, which involves mutual respect, cooperation and the value of each employee, strengthens the team spirit and increases the cohesion of the team. This positively affects the company's ability to quickly respond to changes in market conditions, which is an important factor in ensuring competitiveness.

Leaders who effectively manage the behavior of their teams are able to create conditions for the development of creative potential and innovation, which allows the company to be a leader in its field. The ability to motivate and direct employees to achieve strategic goals increases competitiveness through innovation and constant optimization of work processes.

Thus, managing people's behavior not only improves the company's internal processes, but also directly affects its ability to compete in the market, adapt to changes and ensure sustainable development.

1.3. Personnel motivation as a factor of increasing competitiveness

Work motivation is one of the most important components that determines the effectiveness of the organization in the conditions of the modern market economy. It has a huge impact on the adaptation of employees to changing conditions, on increasing their productivity, as well as on achieving the company's strategic goals. At a time when many organizations pay little attention to motivation mechanisms, an integral part of effective personnel management is the creation of a motivating environment that will ensure not only the achievement of current tasks, but will also contribute to the long-term development of the company.

Motivation is determined not only through material incentives, but also through recognition of employees' merits, creation of opportunities for their professional growth and self-realization. Successful organizations try to create such a motivation system, where each employee feels his importance and contribution to the achievement of the company's goals. An important aspect is also psychological support, formation of loyalty to the organization and provision of conditions for self-expression of each employee.

The management should take into account that only under the condition of a harmonious combination of external and internal motivational factors, high results can be achieved at work. Therefore, it is important not only to create incentives for the achievement of short-term goals, but also to form a cultural and emotional environment that will support the interest and commitment of employees for the long term.

Table 1.4 demonstrates different approaches to understanding motivation, depending on the theories proposed by scientists, and helps to understand how motivation shapes human behavior in the context of professional activity.

Table 1.4

Definition of the concept of "motivation" by different authors

| Author | Definition of motivation |
|--------------------|--|
| 1 | 2 |
| Abraham Maslow | Motivation is the process of satisfying human needs. It is guided by the hierarchy of needs, starting with the basic (physiological), and reaches self-actualization, where a person strives for self-realization and creativity [15]. |
| Frederick Herzberg | Motivation is a two-factor model that distinguishes between motivational factors (such as achievement, recognition, development) and hygiene factors (salary, working conditions), where motivational factors contribute to deeper employee engagement [31]. |
| Victor Vroom | Motivation is the result of an individual's expectations about how a certain action will lead to desired results (expectancy theory). A person estimates the probability of achieving the desired result depending on effort [24]. |
| Daniel Pink | Motivation is a tool based on three main principles: autonomy (freedom to choose), mastery (the drive to improve), and purpose (working for something more than just money or status) [31]. |
| John R. Scott | Motivation is a complex of internal and external factors that arouse interest, promote participation and condition human behavior in organizations [15]. |

Source: compiled by the author based on materials [15, 24, 31]

Based on these statements, it is possible to generalize the concept of personnel motivation as a set of processes that encourage employees to work effectively, ensuring the harmonization of the interests of employees and the organization. The basis of motivation is internal and external incentives, such as wages, social guarantees, career growth, opportunities for professional development, as well as recognition and self-realization.

Personnel motivation is a fundamental component of increasing the company's competitiveness. Successful implementation of motivational mechanisms contributes not only to the achievement of current goals, but also creates prerequisites for long-term growth of the organization. A comprehensive approach to motivation management allows enterprises to adapt to the challenges of the modern business environment, ensuring their sustainable functioning and development.

According to research by Maslow and Herzberg, human needs are hierarchical in nature, and motivational factors can be divided into material (basic) and non-material (higher) ones (Fig. 1.2). In modern conditions, the priority shifts to intangible

incentives, in particular, the creation of a comfortable working environment, opportunities for creativity and self-development.

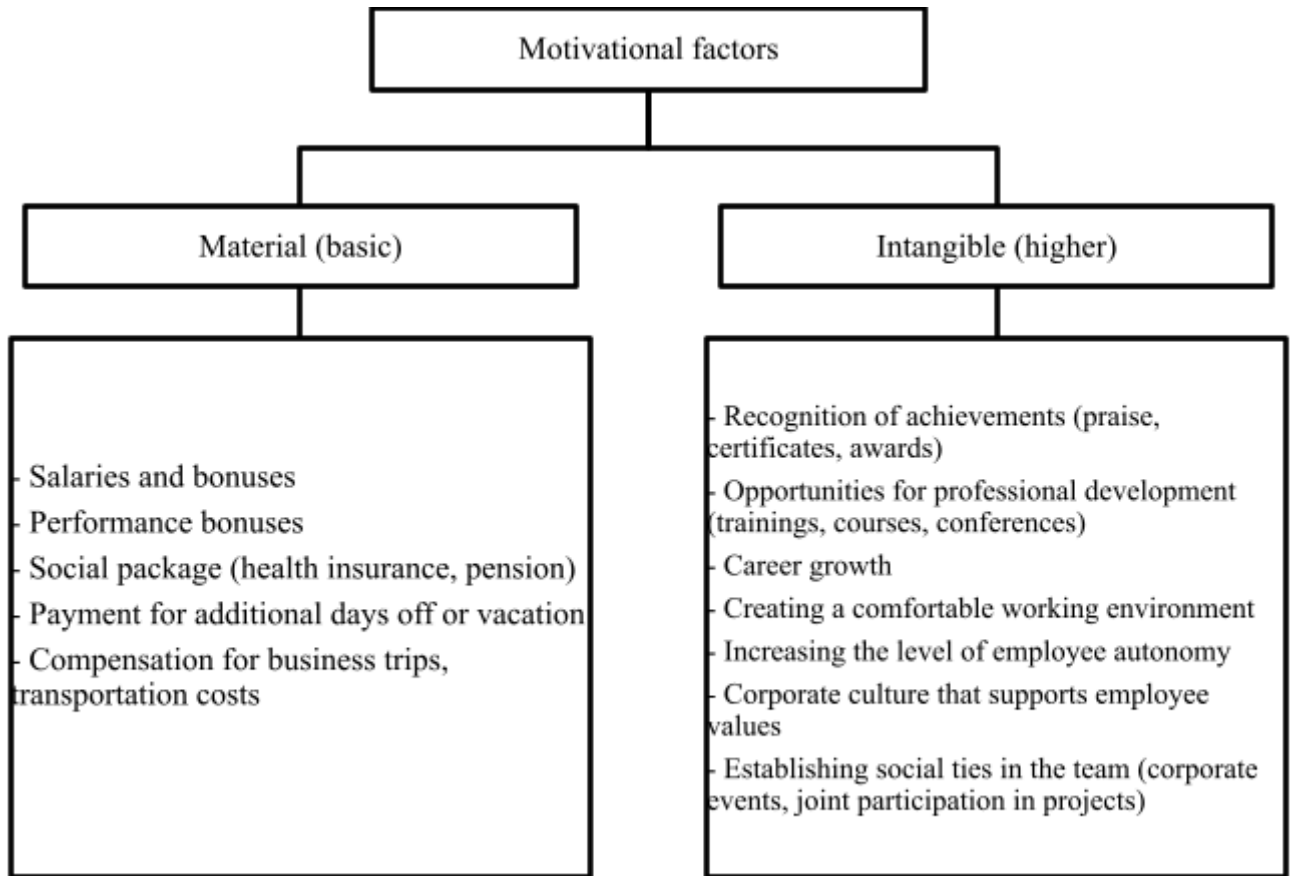


Fig. 1.2. Division of motivational factors into material (basic) and immaterial (higher)

Source: compiled by the author based on materials [24]

This division demonstrates that effective motivation depends on a balance between the satisfaction of basic needs and the provision of opportunities for personal fulfillment and development.

The motivation of personnel is one of the key factors that determines the efficiency of the company's activities and its ability to maintain leadership positions in the conditions of the modern competitive environment. It plays an important role in shaping the productive behavior of employees, ensuring the innovation of business processes and achieving the company's strategic goals.

A company's competitiveness depends not only on external factors, such as market conditions or government policy, but also on internal resources, the main of which is human capital. Employees who are interested in achieving high results contribute to more efficient use of company resources, optimization of processes and improvement of the quality of products or services.

Motivation acts as the main mechanism that transforms the potential of employees into real achievements. Material incentives, such as wages, bonuses or bonuses, create a basis for satisfying primary needs. At the same time, intangible factors, such as opportunities for professional development, recognition of achievements, and participation in decision-making, contribute to increased employee engagement and loyalty. This, in turn, forms a positive image of the company on the labor market, which is important for attracting and retaining talented employees.

Research shows that a high level of motivation correlates with increased productivity, reduced employee turnover, and increased customer satisfaction. Motivational programs aimed at improving staff qualifications contribute to the introduction of innovative approaches in business. In addition, motivated employees are more actively involved in solving complex problems, demonstrate flexibility in changing conditions and generate new ideas, which provides a sustainable competitive advantage.

An effective motivational system should take into account the individual needs of employees, the nature of the industry and the company's strategic priorities. It should combine material and non-material incentives that meet both the basic and higher needs of personnel. It is especially important to implement non-material incentive tools that contribute to the formation of the commitment of employees to the organization and their identification with corporate goals.

The motivation of personnel and their behavior are interrelated components that determine the success of the company. Motivation acts as the main driver for the development of desired behavior that contributes to the achievement of organizational goals. In turn, the behavior of employees is a reflection of the level of their motivation,

which can be both positive and negative, depending on the nature of incentives and working conditions.

Motivation is an internal stimulus that prompts a person to act. It determines exactly how employees will perform their duties and what results they will achieve. Motivation can be external (premiums, bonuses, promotion) or internal (self-realization, achievement of personal goals). Depending on the type of motivation, the employee's behavior in the organization also changes: when motivation is high, the employee shows greater initiative, creativity and desire to achieve results. On the other hand, a low level of motivation can lead to indifference, failure to complete tasks and a decrease in overall work efficiency.

Mechanisms of the relationship between motivation and behavior:

1) Material factors of motivation: bonuses, wages and other monetary rewards act as external motivators that directly affect the behavior of employees. They can motivate employees to work more productively, but their effectiveness is usually temporary.

2) Intangible factors of motivation: recognition, opportunities for development, positive corporate culture — these factors contribute to the formation of sustainable and productive behavior patterns. They are important for creating internal motivation, where employees are motivated not only financially, but also through personal development and recognition of their achievements.

3) Individual adaptation of behavior: the behavior of employees can be adapted depending on their motivational incentives. If the motivation in the organization is focused on the long-term perspective (for example, training, career development), this can lead to a change in the behavior of employees in the direction of greater interest in the results of work, and not only in receiving immediate benefits.

Motivation and behavior of personnel are closely related and mutually complement each other. By motivating employees, the organization can significantly improve their behavior, which, in turn, increases the efficiency and competitiveness of the company. Therefore, it is important to develop complex motivational strategies that take into account both material and non-material aspects of motivation (Fig. 1.3).

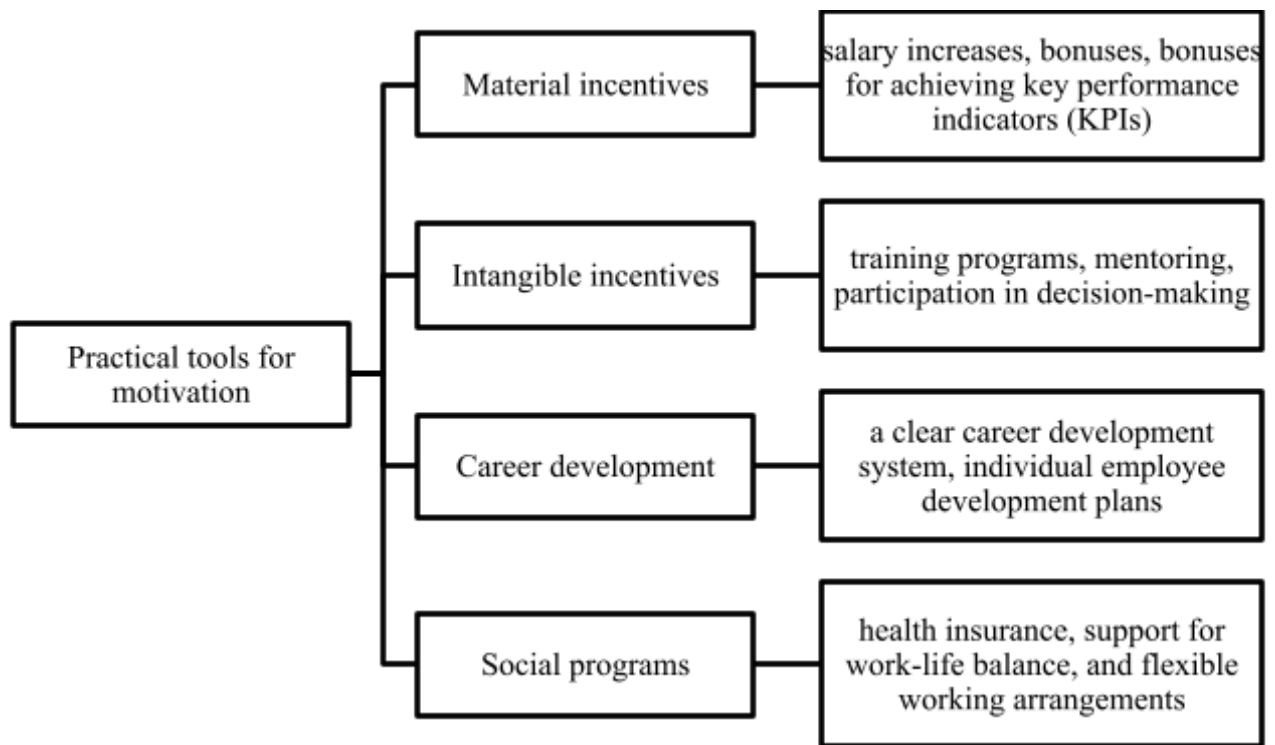


Fig. 1.3. Practical tools of motivation

Source: compiled by the author based on materials [17]

An effective motivation system often faces numerous challenges that require an adaptive and strategic approach, namely:

1) Employees have different motivational needs depending on age, professional experience, social status and individual values. Universal motivation programs are not always effective because they do not take into account the specifics of these needs.

2) The company's financial resources are often limited, which makes it difficult to implement financial incentive programs. This is especially true for small and medium-sized businesses, which cannot always afford significant investments in motivation.

3) Today's workers increasingly value intangible incentives such as career advancement opportunities, flexible work schedules, corporate culture, and work-life balance. This requires companies to rethink traditional approaches to motivation.

4) The use of digital HR management tools opens new opportunities, but at the same time creates challenges in the form of additional training, stress due to adaptation to new platforms and increased level of control over employees.

5) Insufficiently informing employees about the possibilities and mechanisms of stimulation can lead to dissatisfaction and a decrease in the level of motivation. Untimely or incorrect reporting of information often causes conflicts and loss of trust in management.

6) Economic instability, war or crises create additional challenges for motivational systems. In such conditions, companies are forced to review priorities, adapt the system of incentives and implement anti-crisis measures.

7) Employees may have inflated expectations regarding the motivational system, especially if the company actively advertises its social initiatives. The discrepancy between what is promised and what is real causes disappointment and demotivation.

8) Many organizations face difficulties in quantitative and qualitative measurement of the results of motivational activities. This makes it difficult to analyze the effectiveness of programs and adjust the strategy.

One of the key approaches to solving challenges in the motivation system is the implementation of individualized incentive programs (Fig. 1.4). Modern organizations must take into account the diversity of the needs of employees, determined by their age, professional experience, social status and personal values. For example, opportunities for professional development may be particularly important to young professionals, while stability and recognition of their contributions may be important to experienced employees. This approach not only increases the effectiveness of the motivational system, but also contributes to the growth of loyalty to the company.

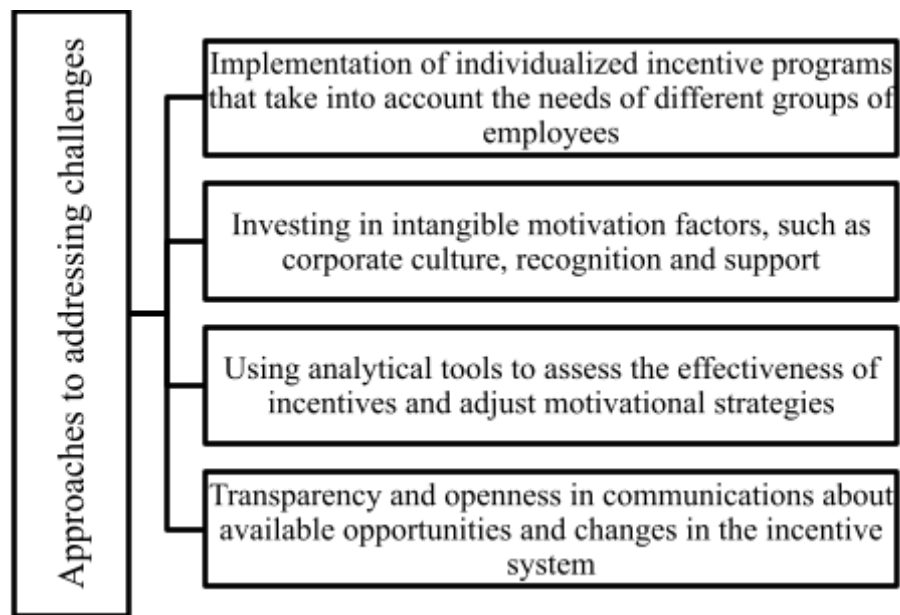


Fig. 1.4. Approaches to solving challenges in the motivation system

Source: compiled by the author based on materials [24]

Investments in intangible motivational factors are no less important. Developing a corporate culture, ensuring a balance between work and personal life, creating an environment where every employee feels important and needed, becomes the foundation of long-term efficiency. Recognition of achievements, the opportunity to participate in making important decisions and the support of management significantly increase motivation, even if the company has limited resources for material incentives.

To increase the effectiveness of motivational programs, organizations increasingly use analytical tools. They make it possible to evaluate the effectiveness of incentives, identify weaknesses and adjust strategies in a timely manner. In particular, analyzing data on employee turnover, employee satisfaction or productivity helps determine which approaches produce the best results. Using these tools makes the motivation system more flexible and able to adapt to changes.

Transparency and openness in communications deserve special attention. Employees must clearly understand what opportunities are available to them and how they can be implemented. Regular informing about changes in the motivation system, as well as explaining management decisions, help avoid misunderstandings and increase trust in the organization. When employees see transparency and fairness in the

approaches to their motivation, they are more likely to show initiative and interest in achieving common goals.

Thus, effective solutions to challenges in the motivation system require a comprehensive approach that combines individualization, intangible incentives, modern analytical methods, and open communication. Only the integration of these elements makes it possible to create a motivational system that not only meets current challenges, but also contributes to the stable development of the organization.

Personnel motivation is a strategic tool that directly affects the level of the company's competitiveness. An effective motivation system allows to increase labor productivity, employee involvement and innovative potential of the organization. Investments in staff motivation not only pay for themselves, but also create additional value, contributing to the long-term development of the company.

Companies should implement comprehensive motivation programs, focusing on the individual needs of employees and strategic business goals. Regular monitoring of the effectiveness of such programs will allow them to be quickly adapted to changes in the internal and external environment.

CHAPTER 2

EVALUATION OF PEOPLE'S BEHAVIOR MANAGEMENT PRACTICES AND DETERMINATION OF INTANGIBLE COMPETITIVENESS FACTORS OF THE COMPANY ON THE EXAMPLE OF JSC CB "PRIVATBANK"

2.1. Technical and economic characteristics of JSC CB "PrivatBank"

JSC CB "PrivatBank" is the largest commercial bank of Ukraine, which is a key player in the country's financial sector. Founded in 1992, PrivatBank received a banking license from the National Bank of Ukraine (NBU) in the same year. During all these years, the bank developed, becoming a leading institution in terms of the scale of assets, client base and volume of services provided.

PrivatBank offers a wide range of financial products and services for individuals, small and medium-sized businesses, as well as corporate clients. Its activities include lending, deposit programs, payment services, issuing and servicing payment cards, as well as providing innovative digital banking solutions. Thanks to technological implementations, such as the Privat24 mobile application, the bank has become a leader in the digitalization of banking services in Ukraine.

PrivatBank has one of the widest networks of branches and ATMs throughout Ukraine. As of the end of 2022, the bank had about 1,200 branches. In addition, the institution has an international representative office, in particular, an office in Cyprus.

The bank's structure is built according to the linear-functional principle, which allows effective management of both regional divisions and the main functions of the central office.

With the beginning of the full-scale invasion, a large part of Ukrainian enterprises found themselves in a critical situation, and about a third of them were forced to temporarily or completely stop their activities. The main reasons for this were the destruction of physical infrastructure, the temporary occupation of territories, the growth of uncertainty and risks, the disruption of logistics chains and production

processes, as well as large-scale population migration. These factors significantly undermined the economic stability and operational capacity of the business.

During the second half of the year, economic activity began to gradually recover. Both the population and businesses have adapted to new conditions, finding alternative ways of working and interacting. A significant incentive for this was the liberation of the northern regions of Ukraine from occupation and the reduction of zones of active hostilities, which allowed some enterprises to resume their activities, in particular in the production and agricultural sectors.

However, the last quarter of 2023 became a new challenge for the Ukrainian economy due to intense missile attacks aimed at critical infrastructure. These strikes led to interruptions in the supply of electricity, heat and water, which particularly adversely affected businesses dependent on uninterrupted power supply. The shortage of electricity forced many entrepreneurs to stop production, reduce the scope of their activities or reformat their work.

Despite these challenges, some enterprises were able to adapt to the circumstances by implementing effective anti-crisis measures. Among them, it is worth highlighting the use of alternative energy sources, such as generators and solar batteries, as well as the optimization of work schedules. Such solutions helped minimize losses and ensure stability in production and trade processes.

Thus, the situation in the Ukrainian economy demonstrates both its vulnerability to external challenges and its ability to adapt and recover. Enterprises that implement innovative solutions and flexible approaches to management become the basis for gradual economic recovery of the country even in extremely difficult conditions.

The economic development of Ukraine is currently slowing down significantly due to the large-scale destruction of infrastructure caused by hostilities. The country's involvement in the military conflict leads to a significant decrease in demand and the purchasing power of the population, which affects all key sectors of the economy. The situation is particularly difficult in households, the energy sector and logistics, where steel producers are facing serious problems, and the agricultural sector is suffering significant losses due to reduced acreage and lower yields.

In 2023, a significant drop in real GDP is expected, which, according to forecasts, may reach 31.4%. Despite this, the situation looks somewhat better than previous forecasts due to the gradual adaptation of the economy to the conditions of martial law. At the same time, the projected growth of GDP in 2024 remains minimal - only 0.3%, due to the persistence of significant risks related to security, infrastructure problems and a decrease in incomes of the population.

To overcome challenges and stabilize the economy, the National Bank of Ukraine (NBU) introduced a number of measures aimed at maintaining macro-financial stability. A fixed official hryvnia exchange rate was established, and the discount rate was kept at 10%. However, in June 2023, in view of the adaptation of the economy and the gradual recovery of population and business activity, the NBU decided to strengthen monetary policy. The discount rate was raised to 25%, which had several key goals: to protect hryvnia income and savings, stimulate investments in the national currency, reduce pressure on the foreign exchange market, and ensure exchange rate stability.

The increase in the key rate also contributed to a more effective control of inflation, which increased significantly due to hostilities, logistical complications and fluctuations in world markets. The adjustment of the official exchange rate of the hryvnia had a temporary effect on prices, but thanks to the actions of the NBU, it was possible to stabilize the situation and establish a new level of the official exchange rate.

Despite serious challenges, the efforts of the government, the National Bank and business demonstrate the economy's ability to adapt and recover, laying the foundations for further gradual growth.

During 2022, a significant increase in inflationary expectations was observed in Ukraine both among businesses and the population. The main reasons for this were disruptions in supply chains and production processes, which led to limited availability of goods and services and a significant increase in costs for businesses. An important role in price growth was also played by the adjustment of the official exchange rate of the hryvnia against the US dollar, as well as the influence of global inflationary trends. In particular, the increase in the cost of energy resources and logistics costs on international markets additionally strengthened the inflationary pressure.

Despite this, certain factors made it possible to partially curb inflation. In particular, fixed tariffs for utility services, stability of domestic fuel supply and tax policies aimed at reducing fuel taxes helped to slow down price growth. Nevertheless, at the end of the year, the annual inflation rate reached 26.6%, which indicates significant economic pressure on businesses and households.

In these difficult conditions, the banking system has demonstrated resilience. Despite the military operations, the number of client accounts in banks has increased, which indicates the public's trust in the financial sector. Ensuring a stable level of liquidity has become a key element for effective risk management in the banking system.

In early 2022, households faced increasing financial burdens caused by economic uncertainty and information pressure. However, in March 2023, there was a sharp increase in deposits, which reached a record level. This shows the efforts of citizens and businesses to save savings in the face of inflation and risks.

At the same time, household consumption spending fell markedly as resources were redirected to basic needs. Despite this, the demand for business loans remained relatively stable, albeit insignificant. To support the economy, the government introduced targeted lending initiatives to key sectors, particularly agriculture, channeling resources to meet the country's vital wartime needs. These measures became an important tool for supporting the economy in a period of unprecedented challenges.

During the war, Ukrainian banks played an important role in supporting customers, implementing a number of initiatives. Among them are credit holidays, preferential interest rates and reduced tariffs for banking products. Following the completion of these programs, banks began debt restructuring for both individuals and corporate clients to help them cope with financial difficulties.

The banking system faces an increase in credit risk caused by the deterioration of the financial condition of customers and their limited ability to repay obligations. This forces banks to form additional reserves to cover possible losses. The high discount rate, which was established for the purpose of macroeconomic stability, contributed to a

gradual increase in the value of hryvnia resources. However, a significant excess of liquidity in the banking system slowed down the transmission mechanism.

Rating agencies closely monitor the situation in Ukraine, regularly assessing the economic stability of the country and the banking sector. In March 2022, Fitch Ratings and Moody's downgraded Ukraine's ratings due to the high risks caused by the war. For example, the issuer's long-term foreign currency default rating was downgraded to "CCC-" and deposit ratings were downgraded to "Caa2." This decision was based on an assessment of external, fiscal and macro-financial stability risks.

Despite the overall ratings downgrade, Fitch Ratings noted that JSC CB PrivatBank demonstrates a higher ability to withstand economic challenges compared to other banks. Although its sustainability rating has been adjusted to "ccc", the institution is characterized by better protection against losses, which provides a slightly higher credit quality.

In February 2023, Moody's revised the credit ratings of several Ukrainian banks, including PrivatBank, downgrading them to Ca. This reflects the long-term effects of the war on financial stability and risks to banks' creditworthiness. Despite these challenges, the banking system of Ukraine demonstrates considerable flexibility and adaptability in extraordinary conditions.

The situation in Ukraine remains complex and tense, although the state leadership continues to take measures to maintain control over economic and social processes. Constant military actions along the borders, large-scale destruction of critical infrastructure, industrial facilities and residential buildings, as well as uncertainty about the duration of the conflict significantly complicate the processes of economic recovery. The war not only slows down progress, but also shifts the emphasis to the prompt solution of urgent problems.

State authorities are closely monitoring the situation and adapting policies to mitigate the negative impact of the war on macroeconomic stability and socio-economic status. However, the further deterioration of the economic situation may significantly affect the financial stability of the banking system, in particular, the results of JSC CB

"PrivatBank". The duration of hostilities and their consequences remain important risk factors for the entire financial sector.

For further analysis of the bank's performance, you should refer to objective and reliable sources of analytical information. Particular attention should be paid to the evaluation of the key financial indicators of JSC CB "PrivatBank" for the period 2018–2023. Table 2.1 offers a detailed overview of changes in the dynamics of income, expenses, profitability and other financial metrics, which will allow us to assess the impact of both macroeconomic and internal factors on the bank's work in conditions of an unstable external environment.

Table 2.1

Analysis of the main financial indicators of JSC CB "PrivatBank"
for the period 2018-2023, billion UAH

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Deviation 23/18 |
|-------------|--------|--------|--------|--------|--------|--------|--------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Own capital | 54.63 | 53.93 | 66.72 | 52.82 | 57.89 | 83.21 | 28.68 |
| Assets | 314.20 | 386.84 | 407.35 | 491.49 | 559.34 | 605.36 | 291.26 |
| Obligation | 259.68 | 333.21 | 382.75 | 340.72 | 438.57 | 491.98 | 232.4 |

Source: compiled by the author based on data from the official website of JSC CB "PrivatBank".

Based on the analysis, it can be concluded that in the period from 2018 to 2023, PrivatBank's equity increased from UAH 54.63 billion to UAH 83.21 billion, which demonstrates positive dynamics. The growth rate was UAH 28.68 billion (52.5%). A significant increase in equity capital in 2023 may indicate a strengthening of the bank's financial stability, despite economic challenges.

The bank's assets increased from UAH 314.20 billion in 2018 to UAH 605.36 billion in 2023, that is, almost twice (+ UAH 291.26 billion, 92.7%). Such rapid growth reflects the bank's effective management of financial resources, including the growth of lending volumes and the expansion of operations.

The bank's liabilities also experienced a significant increase - from UAH 259.68 billion in 2018 to UAH 491.98 billion in 2023 (+ UAH 232.4 billion, 89.5%). This may indicate an increase in customer deposits or other liabilities to finance assets.

These indicators demonstrate the stable development of JSC CB "PrivatBank", despite the difficult macroeconomic situation and challenges caused by the war. The growth of assets and equity indicates the effectiveness of the resource management strategy. The increase in liabilities is expected due to the growth of client deposits, which confirms the trust of individuals and legal entities in the bank. The positive dynamics of the main indicators shows that the bank was able to adapt to new economic conditions and ensure sustainable development even in the conditions of military operations.

Next, we will analyze the main financial and economic indicators of JSC CB "PrivatBank" for the period 2018–2023, based on data from annual financial reports (Table 2.2).

Table 2.2

Key economic indicators of economic activity

| Indicator | Years | | | | | | Deviation 23/18 | |
|---|---------|-------|--------|--------|--------|--------|-----------------|--------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | +/- | % |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| The average registered number of employees, persons | 21600 | 22800 | 22300 | 22200 | 20700 | 18200 | -3600 | -16.99 |
| Net interest income, million UAH | 6312 | 16958 | 19879 | 21820 | 29524 | 40118 | 33806 | 555.11 |
| Net percent income after reserves, UAH million | (12434) | 10869 | 19875 | 19811 | 28668 | 24722 | 36956 | - |
| Net profit, million hryvnias | (24190) | 12855 | 32870 | 24761 | 35442 | 32700 | 56690 | - |
| Interest income, million hryvnias | 24685 | 30954 | 33841 | 33763 | 35857 | 43886 | 19401 | 79.52 |
| Interest expenses, million hryvnias | 18573 | 14196 | 14362 | 12143 | 6733 | 3968 | -14805 | -80.59 |
| Volume of economic activity, million hryvnias | 24685 | 30954 | 33841 | 33763 | 35857 | 43886 | 19401 | 79.52 |
| Average annual cost, UAH million: | | | | | | | | |
| - non-current assets | 173359 | 19910 | 172818 | 242725 | 241438 | 259320 | 86161 | 49.84 |
| - current assets | 81911 | 80610 | 137241 | 140318 | 160147 | 228729 | 146818 | 179.88 |
| - fixed assets | 3576 | 3843 | 4850 | 6182 | 6359 | 5282 | 1906 | 50.73 |

| | | | | | | | | |
|---|-------|-------|--------|-------|--------|-------|-------|--------|
| Bank's net profit (net spread), % | 4.19 | 5.83 | 7.16 | 7.16 | 7.83 | 8.23 | 4.24 | 101.45 |
| Turnover ratio of current assets | 0.28 | 0.35 | 0.34 | 0.34 | 0.38 | 0.37 | 0.30 | 131.86 |
| Fund return (capital return) | 7.45 | 8.20 | 7.18 | 5.61 | 5.82 | 8.80 | 1.54 | 18.72 |
| Labor productivity, million hryvnias | 1.42 | 1.68 | 1.83 | 1.82 | 1.88 | 2.12 | 0.90 | 57,58 |
| Average return on assets in the industry, % | -2.14 | 1.85 | 4.55 | 2.74 | 4.29 | 1.38 | 6.23 | - |
| Equity capitalization, % | 9.50 | 11.55 | 17.84 | 13.87 | 16.59 | 12.67 | 3.37 | 34,29 |
| Return on assets, % | -6.86 | 4.35 | 11.52 | 7.36 | 8.98 | 6.49 | 15.84 | - |
| Short-term liquidity ratio, % | 99.96 | 97.94 | 100.61 | 93.12 | 93,896 | 93.92 | -6.24 | -6.25 |

Source: compiled by the author based on data from the official website of JSC CB "PrivatBank".

Analyzing the table. 2.2. it can be concluded that for the period from 2018 to 2023, the number of personnel decreased by 16.99% (by 3,600 people), which indicates the optimization of the number due to work efficiency and automation of processes, as well as a possible decrease in business volumes or the reduction of some non-core divisions.

Net interest income increased by 555.11% during the period, indicating significant growth in interest income, likely due to higher interest rates or asset portfolio optimization.

Net profit showed a significant increase, from a negative value in 2018 to a positive result in 2023. This means the recovery of the bank's financial results after significant losses in previous years.

Interest income increased by 79.52%, which indicates an increase in income from credit operations. At the same time, interest expenses decreased by 80.59%, which also indicates significant cost savings due to a reduction in the cost of the resources involved or optimization of the structure of liabilities.

The current assets of the bank increased by almost 180%, which is the result of the expansion of the loan portfolio, the increase of liquid assets and the growth of capital.

The 18.72% decrease in return on investment indicates that the growth of fixed assets was not effective enough to provide additional income, which may indicate the need for more efficient use of capital.

Labor productivity increased by 57.58%, which indicates an increase in the efficiency of the bank's employees.

The capitalization of own capital increased by 34.29%, and the profitability of assets improved by 15.84%, which indicates an increase in the efficiency of the use of the bank's capital and assets.

A decrease in the ratio by 6.25% indicates a certain decrease in liquidity, however, the level remains high, which ensures the bank's ability to fulfill its obligations in the short term.

During 2018-2023, the bank showed significant growth in net profit and interest income, which indicates the restoration of stability of financial results. A significant decrease in interest expenses, as well as an increase in income from interest operations, indicates an effective policy of the bank in the use of resources. Despite the decrease in liquidity, the level remains at a sufficiently high level, which allows the bank to cope with current financial obligations. An increase in labor productivity and an improvement in return on capital indicate an increase in the efficiency of the use of human and capital resources of the bank.

When analyzing the financial and economic condition of the bank, the peculiarities of the industry were taken into account, as well as specific indicators, such as interest income and expenses, net income and profits of the bank, as well as general financial indicators, including return on capital, labor productivity and turnover of current assets, were evaluated. The general dynamics of interest income and expenses is presented in fig. 2.1.

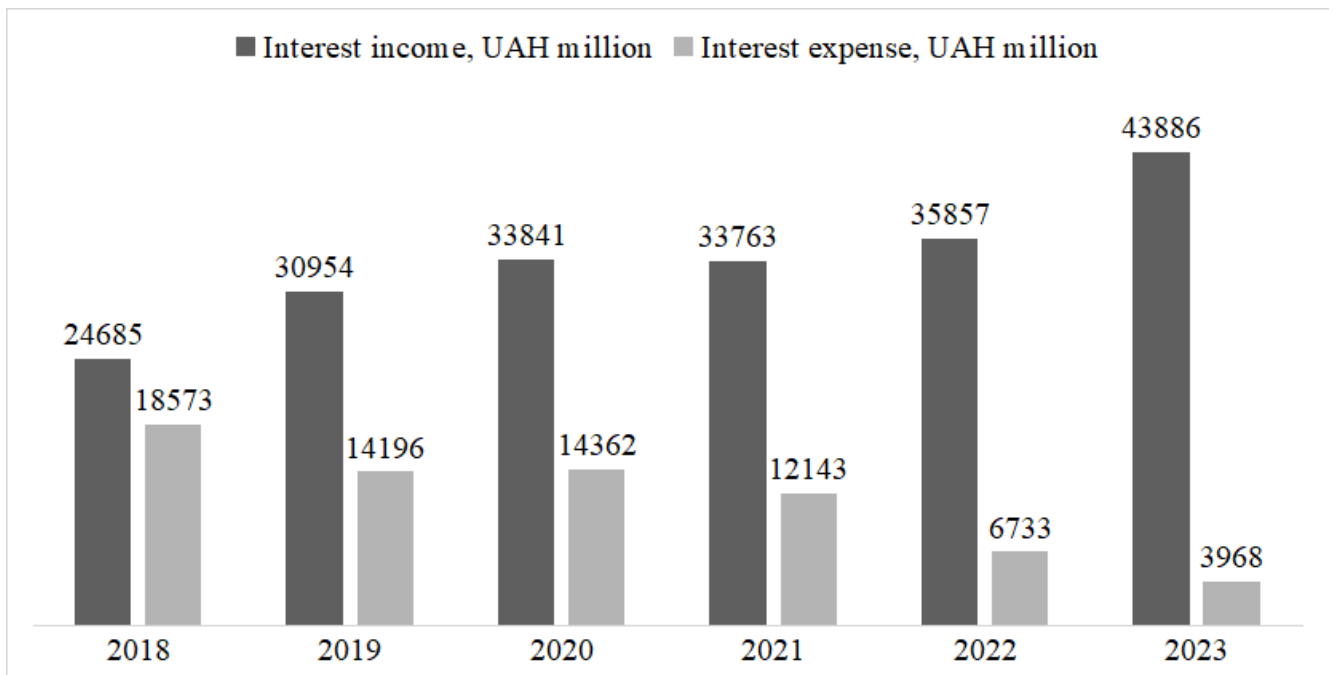


Fig. 2.1. Dynamics of interest income and expenses of JSC CB "PrivatBank" for 2018-2023, mln. UAH

Source: compiled by the author based on data from the official website of JSC CB "PrivatBank".

As can be seen from fig. 2.1, in the period from 2018 to 2023, there is a trend of increasing interest income and decreasing interest expenses. In 2023, the absolute deviation of interest income indicators compared to 2018 amounted to UAH 19,401 million (+78.52%), which indicates an expansion of the loan portfolio and/or an increase in interest rates on loans, as well as an increase in the number of customer deposits. With a simultaneous decrease in interest expenses by UAH 14,805 million (-79.59%), which indicates a decrease in the cost of attracting funds through deposits and other sources of financing, we can conclude that the bank's financial condition has improved.

Next, consider the indicators of liquidity and capitalization of the bank, presented in fig. 2.2.

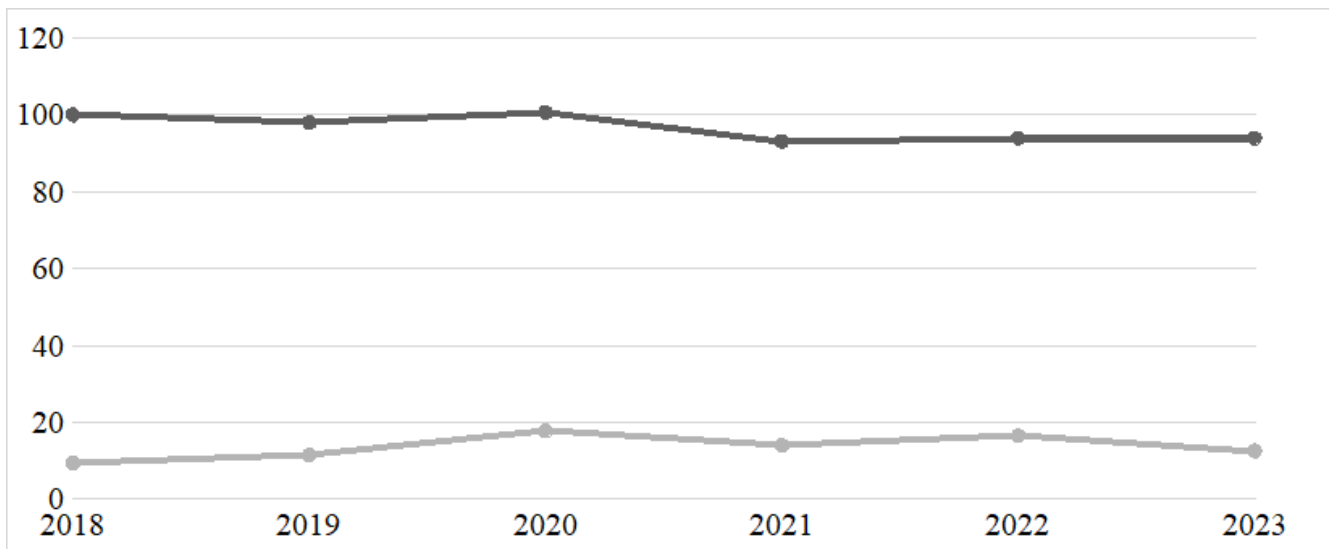


Fig. 2.2. Dynamics of liquidity and capitalization of JSC CB "PrivatBank" for 2018-2023.

Source: compiled by the author based on data from the official website of JSC CB "PrivatBank".

As shown in fig. 2.2, short-term liquidity decreased slightly, which indicates a decrease in the bank's ability to fulfill its obligations to clients if necessary. The sharp drop in liquidity in 2021 was likely due to higher non-performing loans or lower liquid assets due to quarantine restrictions during the COVID-19 pandemic. Until 2022, there was a stabilization of this indicator, but from 2022 to 2023 its decrease can be explained by the impact of a full-scale invasion. At the same time, the increase in the level of capitalization in the analyzed period indicates an increase in the bank's resistance to various risks, which is a positive factor for its long-term stability.

Next, consider the indicators of the bank's net profit and return on capital, shown in fig. 2.3.

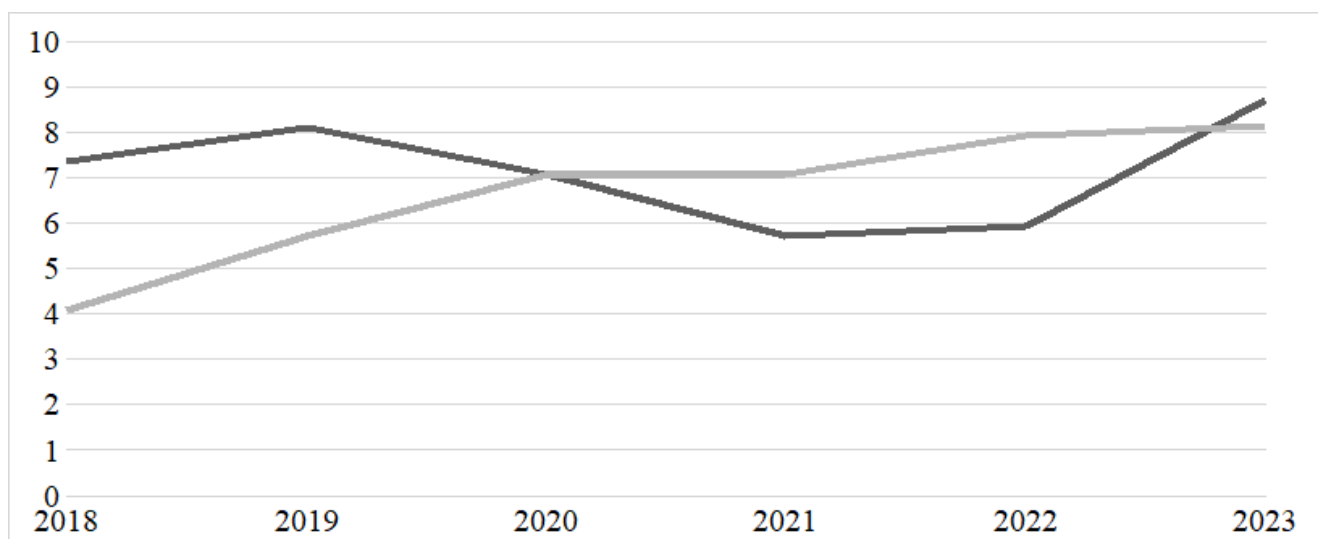


Fig. 2.3. Dynamics of net profit and return on capital of JSC CB "PrivatBank" for 2018-2023.

Source: compiled by the author based on data from the official website of JSC CB "PrivatBank".

The analysis of the financial and economic condition of the organization showed that in 2018-2019 the bank successfully overcame the crisis after 2016 and demonstrated positive dynamics of net profit growth in the period 2018-2023. This growth was the result of an increase in the number of active users and reorganization of the bank's structure. By the end of 2022, the net profit reached UAH 35,342 million, most of which (60-90%) is annually directed to the payment of dividends to the state, the main shareholder. The absolute increase in indicators for the period 2018-2023 amounted to UAH 59,332 million. However, in 2023, the net income amounted to UAH 32,600 million, which is 7.88% less compared to the previous year. This suggests that the bank is focusing on maintaining profitability and stabilizing its performance after a full-scale incursion, focusing on reducing costs and maximizing efficiency.

The similarity of changes in the indicators of net profit and capitalization may indicate the presence of interdependence between these two factors. This trend indicates that the bank is successfully increasing earnings and capitalization, which is a positive signal for its future stability and development.

Analysis of the fund return indicators shown in Fig. 2.4, showed an increase of this indicator by 18.72% for the period from 2018 to 2023. This indicates that the bank needs less capital to generate more profit from its investments. The decrease in return on investment in this period is natural and reflects the bank's strategy, which includes expanding the volume of lending and other operations.

2.2. Analysis of human capital JSC CB "PrivatBank"

In order to assess the efficiency of individual subsystems in the personnel management system of JSC CB "PrivatBank", it is necessary to carry out an analysis of labor productivity and personnel movement. As part of the financial and economic analysis of the bank's main indicators, key trends related to employee productivity in the period from 2018 to 2023 were identified (Fig. 2.4).

This analysis makes it possible to assess the influence of various internal and external factors on the effectiveness of personnel and to understand how changes in the number of employees, organizational structure and other aspects of personnel management are reflected in the overall results of the bank's activities.

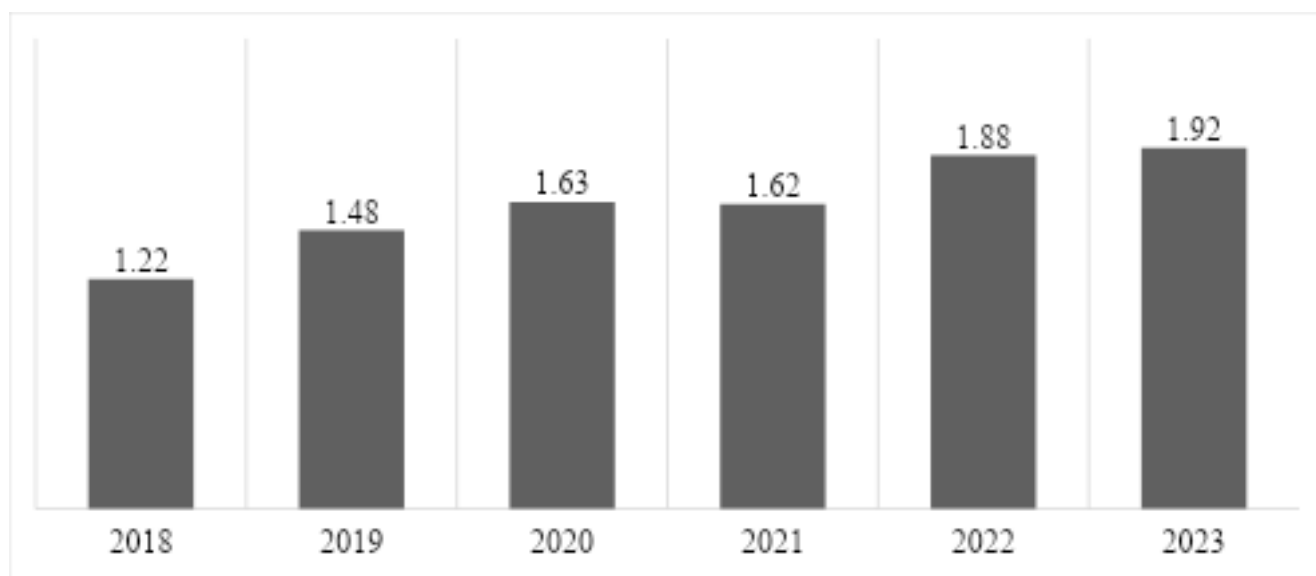


Fig. 2.4. Dynamics of labor productivity in JSC CB "PrivatBank" for 2028-2023.

Source: compiled by the author based on company data.

From 2018 to 2023, the number of employees of JSC CB "PrivatBank" decreased by 5,900 people, which was the result of a combination of both internal and external factors. In particular, this reduction was part of the Bank's Development Strategy for 2024, which was implemented in the period from 2018 to 2021 and included a reduction in the number of staff and the number of branches, as well as the reorganization of customer service processes. Starting in 2022, the main reason for the further reduction was the loss of access to branches in the temporarily occupied territories, as well as physical damage or destruction of bank buildings. In addition, the impossibility of transferring 30% of employees from closed branches within the framework of the "Relocation" program also affected personnel changes.

With the beginning of the war on the territory of Ukraine, JSC CB "PrivatBank" was forced to adapt its activities, reaching the planned indicators of the number of personnel (15,500 people) and the number of branches (1,250). These changes became unpredictable, so the bank implemented an unplanned reorganization, including training and development of personnel to ensure uninterrupted customer service and support its own needs in difficult conditions.

Against the background of the general increase in the number of active users of banking services, employees were forced to increase the efficiency of their work, which explains the increase in labor productivity in the period from 2018 to 2023. As can be seen from fig. 2.5, this trend is not sustainable: in 2020-2021, there was a decrease in commercial and economic activity, in particular due to restrictions on international trade and the devaluation of the national currency, which was caused by the measures introduced to fight the pandemic. This indicates the negative influence of external factors during this period.

Despite the temporary decrease in labor productivity, the general trend of its growth, which led to an absolute increase in the indicator by 700,000 hryvnia compared to 2018, demonstrates the successful operation of the bank after the reorganization and improvement of staff qualifications. Productivity growth is due to the continuous improvement of the labor resource management subsystem, which has been adapted to changes in the political, economic and technological environment. This allowed the

bank to effectively use the skills of employees in their respective workplaces, which contributed to increased efficiency in all divisions of the organization.

The improvement of the labor resources management system of JSC CB "PrivatBank" was influenced by numerous factors during 2018-2023, including changes in the labor market, technological innovations, and socio-economic challenges. Thanks to these efforts, the bank was able to maintain stability and adaptability to new conditions, which in turn ensured the formation of an effective personnel reserve. The assessment of personnel movement indicators, such as personnel turnover, is an important component for determining the effectiveness of the bank's management subsystems, as it allows to identify the influence of various factors on the stability of the organization's personnel (Fig. 2.5).

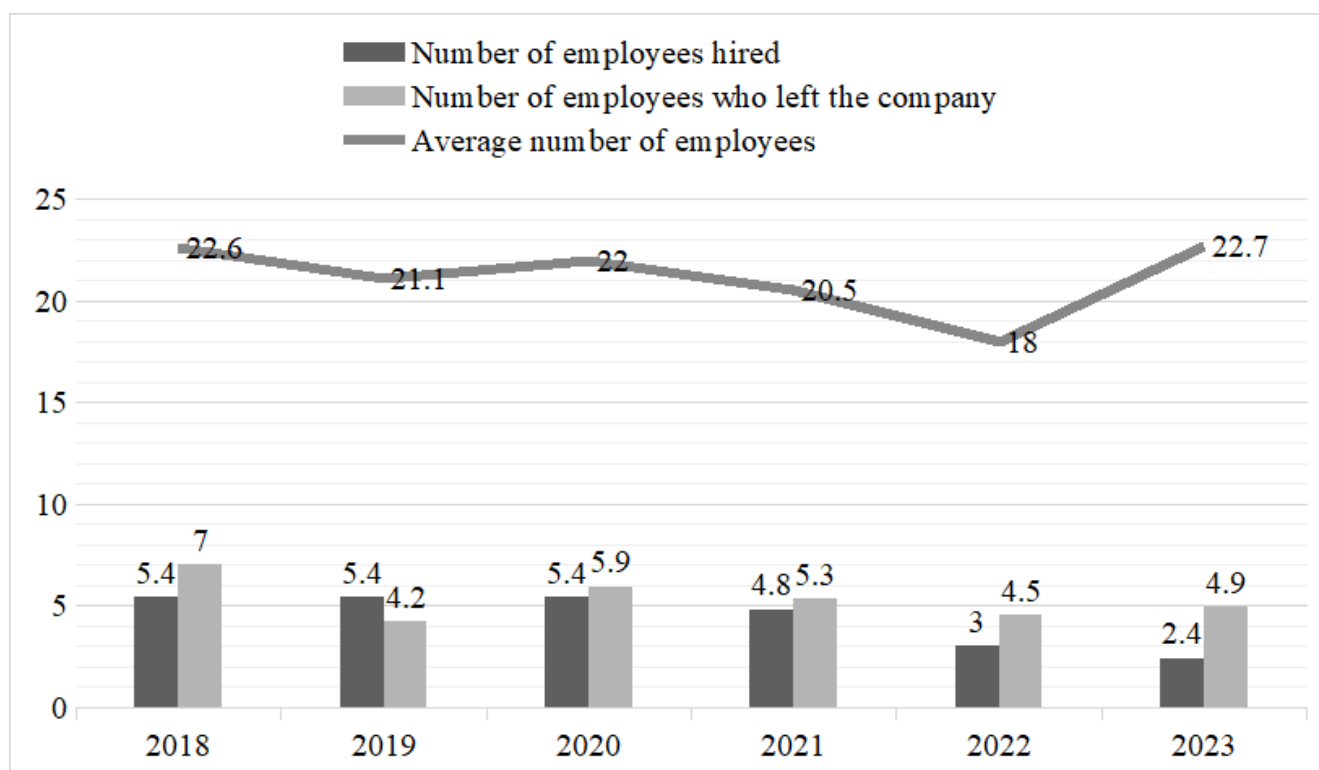


Fig. 2.5. Dynamics of personnel movement of JSC CB "PrivatBank" employees for the period from 2018 to 2023.

Source: compiled by the author based on company data.

As shown in fig. 2.5, during the period 2018-2023, there was a decrease in the number of bank employees by 3,400 people. This trend is downward and due to various internal and external factors. In particular, in 2018-2019, an increase in the average

number of employees was observed, which was due to the transition of the bank to state ownership, restructuring of management structures and an increase in the number of clients. However, in the period from 2019 to 2022, a gradual reduction in the number of employees began, which was a consequence of the implementation of the Bank's Development Strategy until 2024. Within this strategy, a decision was made to gradually reduce the number of personnel to 15,500 and reduce the number of branches to 1,250, which was connected with the digitalization of banking operations and the introduction of customer self-service mechanisms (electronic banking).

In 2022-2023, the pace of staff reduction increased significantly due to active hostilities on the territory of Ukraine, which led to the destruction or loss of access to some of the bank's branches. This was also reflected in the bank's personnel policy, in particular, in the dynamics of hiring new employees.

Analysis of the movement of PrivatBank personnel for 2018-2023 (Fig. 2.6) showed that the pace of hiring new employees is closely related to the implementation of the Development Strategy until 2024 and the processes of digitalization of banking services. In particular, in 2021-2022, a decrease in hiring rates was observed, which can be explained by the change in the format of the bank's work, in particular, the transition of some employees to a remote form of work. In 2022, the hiring rate decreased even more due to the need to reorganize personnel management to adapt to wartime conditions, which emphasizes the effectiveness of the development subsystem of the bank's organizational structure.

For further analysis of the dynamics of personnel movement of "PrivatBank", it is also important to consider the main reasons for the dismissal of employees, which are presented in the table. 2.3.

Table 2.3

Personnel movement of JSC CB "PrivatBank"
in the period from 2018 to 2023, thousand persons

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Deviation 2018-2023, persons | Growth rate 2018- 2023, % |
|---|------|------|------|------|------|-------|------------------------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Average annual number of employees | 23.6 | 22.2 | 22.1 | 20.6 | 18.1 | 22.8 | -3.5 | -15.88 |
| Employed | 5.5 | 5.4 | 5.5 | 4.9 | 3.1 | 2.5 | -3.1 | -55.57 |
| Workers were fired, in particular: | 7.1 | 4.3 | 5.8 | 5.4 | 4.6 | 4.8 | -2.11 | 31.00 |
| - at your own will | 2.3 | 1.3 | 1.3 | 0.96 | 0.88 | 0.497 | -1.8 | -177.46 |
| - due to violation of labor discipline | 1.6 | 0.46 | 0.87 | 0.76 | 0.5 | 0.386 | -1.3 | -175.64 |
| - due to downsizing | 1.16 | 0.96 | 1.3 | 1.7 | 0.86 | 1.44 | 0.28 | -76.10 |
| - for other reasons | 2.08 | 1.7 | 2.8 | 2.1 | 2.5 | 2.7 | 0.53 | -74.74 |

Source: compiled by the author based on company data.

According to the data for the period 2018-2023, there is a significant decrease in the number of employees of JSC CB "PrivatBank". The average annual number of employees decreased by 3.5 people, which corresponds to a decrease of 15.88%. This decrease occurred against the background of the implementation of the bank's development strategy, which involves optimizing the number of personnel and implementing digital solutions.

As for employment indicators, the total number of employees engaged in work has significantly decreased - by 3.1 people or by 55.57%, compared to the data of 2018. This is explained both by the reduction in the total number of branches and by the transition to a remote form of work, which became popular after the COVID-19 pandemic.

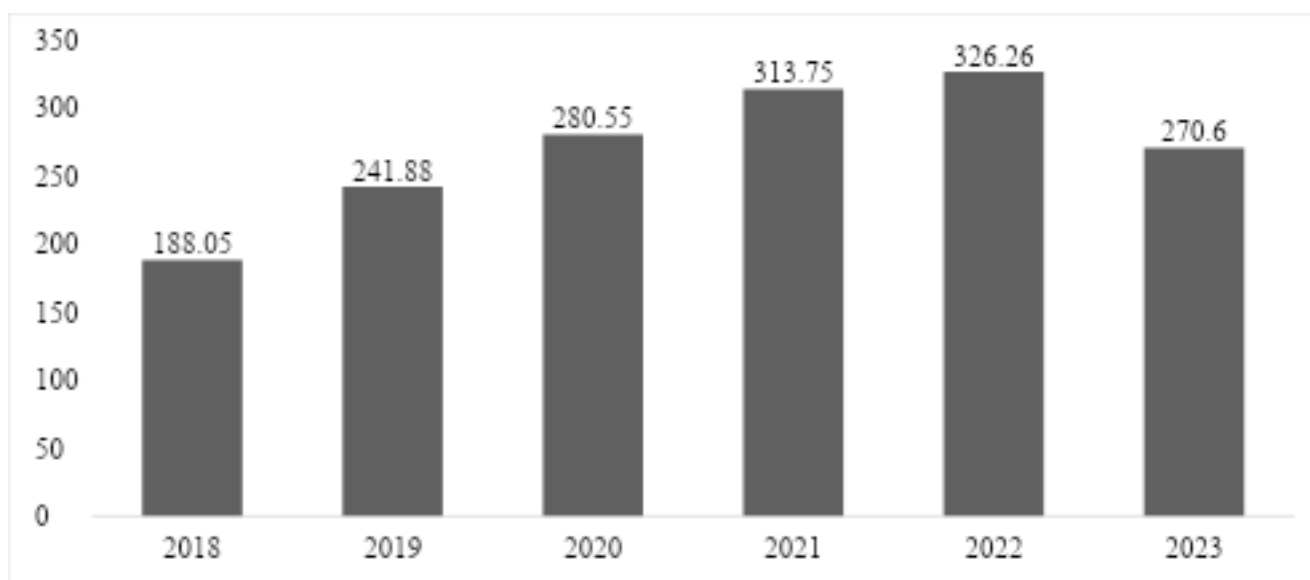
The dismissal of employees has also undergone significant changes. The total number of layoffs increased by 2.11 people (31.00%) compared to 2018. In particular, voluntary dismissals decreased by 1.8 people (177.46%), while dismissals due to disciplinary violations also decreased significantly — by 1.3 people (175.64%). This can be explained by increasing the efficiency of internal processes, as well as changing

working conditions in connection with new technologies and customer service processes.

In 2022-2023, the pace of staff reduction accelerated somewhat due to active hostilities and loss of access to branches. At the same time, the increase in the number of layoffs for other reasons by 0.53 people (74.74%) indicates the bank's adaptation to new working conditions.

These data highlight that the bank continues to optimize its resources, increasing efficiency and adapting its structure to new challenges, such as digitalization and the impact of external factors, including war and economic restrictions.

The size of the average salary for the year of employees of JSC CB "PrivatBank" is shown in fig. 2.6.



Rice. 2.6. The average annual salary of employees of JSC CB "PrivatBank" for 2018-2023, thousands UAH

Source: compiled by the author based on company data.

According to the data in the table. 2.3 and the results of the preliminary analysis of labor productivity, it can be concluded that the implementation of the Bank's Development Strategy, which included the optimization of the number of personnel, was successful. This confirms the effectiveness of the organizational structure development subsystem aimed at adapting to new conditions.

In particular, attention is drawn to the dynamics of dismissals for other reasons, where there is a significant increase in this indicator from 30% in 2018 to 53% in 2023. This can be the result of a number of internal and external factors, such as changes in the organizational structure, the introduction of new technologies and strategies, as well as adaptation to unstable economic conditions. For a more detailed understanding of this trend, it is advisable to conduct an analysis of the gender structure of "PrivatBank" personnel, which will reveal possible relationships between changes in the structure of employees and the dynamics of layoffs.

The gender structure of "PrivatBank" personnel is shown in fig. 2.7.

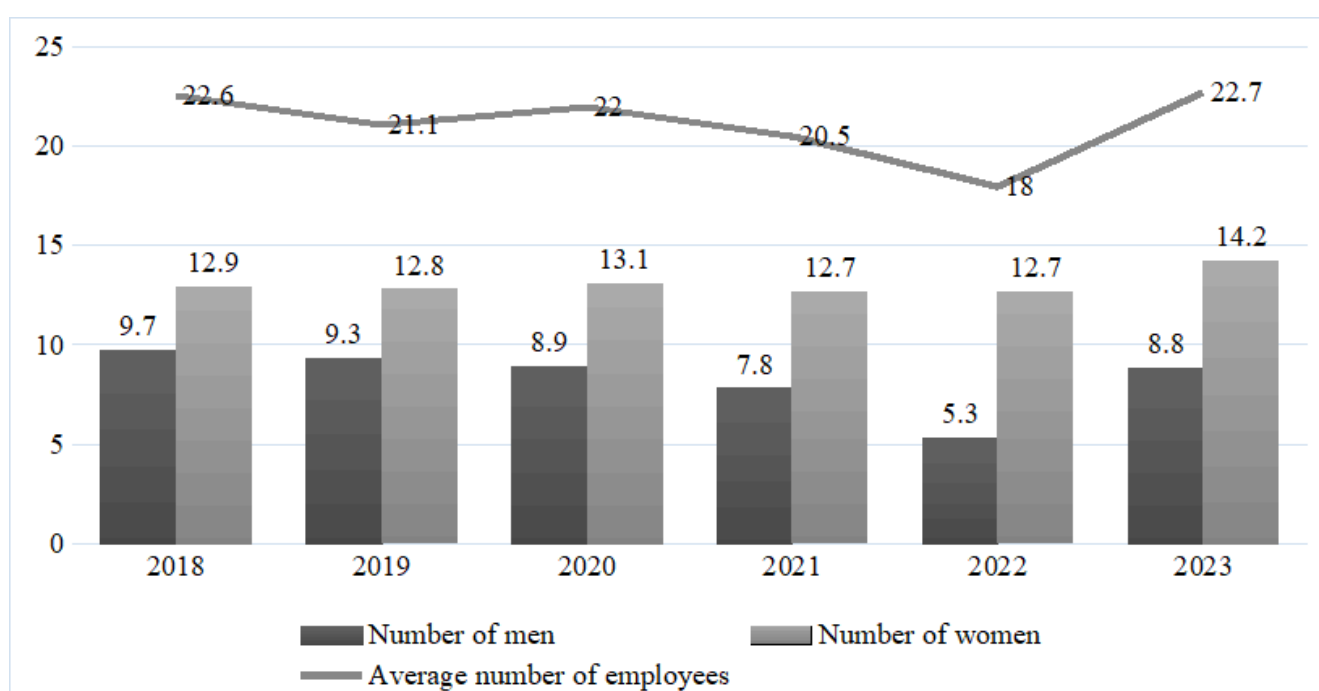


Fig. 2.7. The gender structure of personnel of JSC CB "Privatbank" for 2018-2023, thousands persons

Source: compiled by the author based on company data.

In fig. 2.7 clearly presents the gender structure of the bank's employees, which demonstrates a gradual decrease in the share of men in the period from 2018 to 2022. If in 2018, women made up 55% of the total number of employees, then by the end of 2022, their share will increase to 62%. This growth can be explained by several factors, including changes in the bank's personnel policy, as well as trends in the labor market, which contribute to the increase in the number of women in the financial sector.

A further decrease in the share of men to 30% in 2022 is mainly due to the mobilization of a large part of the male workforce to participate in military operations, which was caused by the war in Ukraine. This change became noticeable also in the context of indicators of dropouts for other reasons in 2023, as can be seen in Fig. 2.8. Such demographic changes reflect not only the specifics of mobilization, but also the general economic and social processes affecting the personnel during martial law.

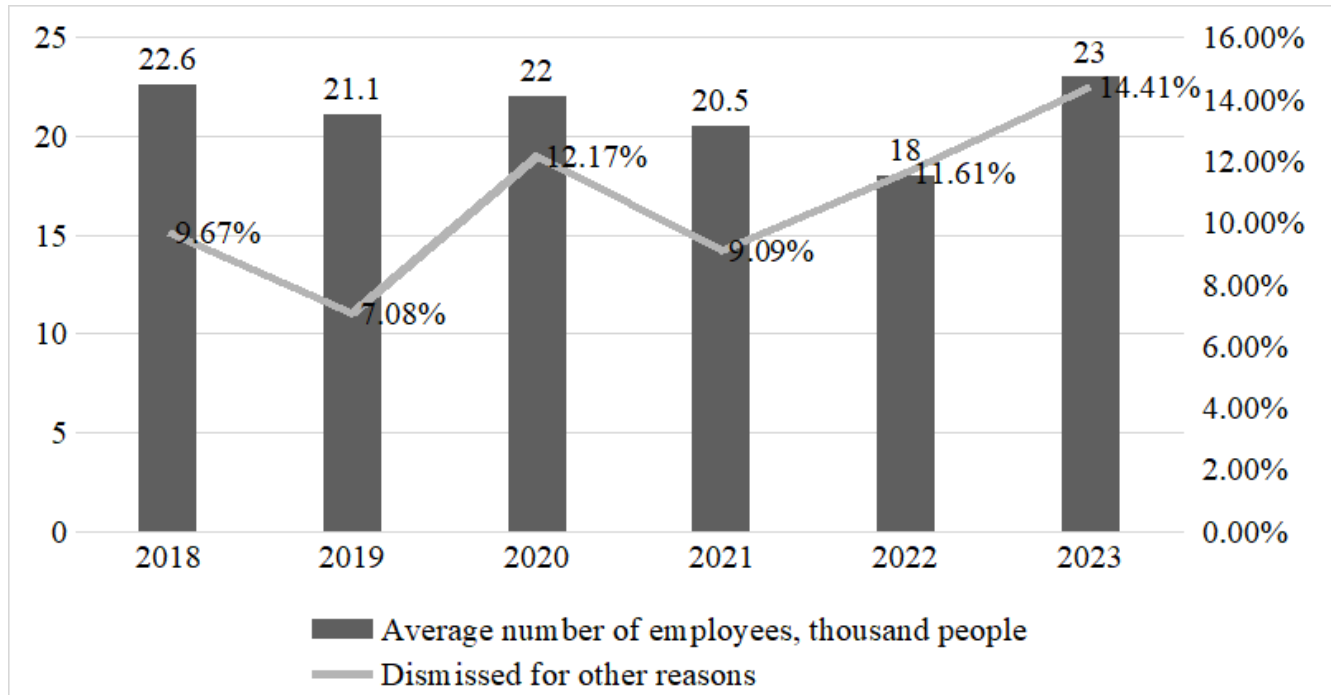


Fig. 2.8. The dynamics of those dismissed for other reasons relative to the average number of employees of JSC CB "PrivatBank" for 2018-2023.

Source: compiled by the author based on company data.

Based on the analysis of the share of dismissed employees for other reasons in relation to the total number of employees (Fig. 2.8), it can be concluded that during the years 2018-2023, on average, about 10% of employees are dismissed due to the results of their work. This shows that the bank actively monitors the performance of its employees, which is an important element of the personnel management system.

In accordance with the strategy of PrivatBank, which is aimed at constantly improving the efficiency and qualification of personnel, a rating system for evaluating employees was introduced. This system makes it possible to assess the suitability of the qualifications of employees to the requirements of their positions, taking into account

the constantly growing requirements for their professionalism. The ranking system ensures the identification and retention of the best personnel, as after the quarterly performance evaluation, the 10% of employees who occupy the lowest positions in the ranking receive a warning. If an employee receives three warnings, he is subject to dismissal after the fourth warning.

At the same time, the top 10% of employees who occupy the first places in the rating receive various types of incentives. These can be material incentives, such as salary increases, bonuses, as well as non-material ones, such as recognition of achievements, awards for the best results and opportunities for career growth. Such a system of incentives and punishments not only motivates employees to improve results, but also allows effective work with the personnel reserve, which is an important element in the bank's personnel management system.

It should be noted that, in addition to the implementation of a rating system for employees, an important motivation factor in PrivatBank is providing employees with the opportunity to learn and develop their own professional skills.

For students who are just starting their careers, employment opportunities without previous work experience, the availability of internship programs, and a competitive salary level are important. In the banking sector, which is constantly evolving under the influence of the latest technologies, changes in regulatory requirements and market trends, the training and development management subsystem at PrivatBank is a key element of the personnel management system, in accordance with the HRM concept. This subsystem contributes to updating the knowledge and skills of employees, ensuring their compliance with new requirements and maintaining competitiveness in the labor market.

Given the high standards of customer service in the banking sector, improving the training management subsystem allows improving the communication skills of employees, sales and customer service skills, as well as other critical aspects for the provision of quality financial services. In today's banking environment, technology plays an important role, and a strategy of continuous development enables employees to

master the latest technologies, software and automated systems that increase work efficiency.

"PrivatBank" is not only one of the largest banks of Ukraine, offering a wide range of financial services throughout the country, but also one of the leading employers for young people and students. The bank provides its employees with competitive salaries and benefits and creates conditions for career growth and professional development. PrivatBank is particularly active in attracting young people, offering employment without previous experience and creating opportunities for internships, which is a significant advantage in attracting young professionals.

Analysis of personnel changes and employee turnover rate shows that the existing personnel management system is effective. The bank has well-developed management subsystems for organizational structure, labor resources, selection, motivation, evaluation and other key aspects. However, in view of the continuous development of the banking sector, PrivatBank should pay even more attention to the improvement of the management subsystem of training and development of personnel in order to maintain a high level of competence of employees and compliance with the new requirements of the industry.

2.3. Analysis of the current state of the development of staff motivation as a factor of competitiveness of JSC CB "PrivatBank"

The assessment of the effectiveness of the development of staff motivation plays a decisive role in the bank's competitiveness system, because it allows identifying the strengths of employees and involving them in solving strategic tasks, increasing labor productivity, and also creating conditions for the effective use of human potential. Thanks to this, the bank is able not only to adapt to changes in the market, but also to actively influence them, forming unique competitive advantages.

A key aspect is the implementation of flexible evaluation systems that take into account both quantitative and qualitative indicators of employee performance. This

allows not only to measure the achievements of employees within the framework of their job duties, but also to evaluate their contribution to teamwork, innovativeness, loyalty to the organization and readiness for change. Such complex approaches contribute to the formation of a fair and transparent system of motivation, which stimulates employees to continuous professional improvement.

An important component is the regular analysis of assessment results and their use to improve corporate culture. For example, the results of the assessment can become the basis for creating mentoring programs, sharing experiences between employees or developing initiatives aimed at improving working conditions. This helps not only to retain qualified specialists, but also to attract new talents.

In addition, an effective system of personnel evaluation and motivation contributes to the improvement of the bank's reputation as an employer. In today's competitive environment, the company's image is a critically important factor that affects the ability to attract qualified personnel. Employees who feel supported by management and understand their development prospects are more loyal to the company and actively contribute to its success.

Evaluation of the effectiveness of staff motivation also plays a significant role in the implementation of innovations. In banking, where technological progress is the driving force of change, the ability of employees to adapt to new conditions and implement innovative solutions becomes a key success factor. Evaluation systems that focus on innovative activity contribute to the stimulation of a creative approach and the generation of new ideas.

Table 2.4 shows the plan for evaluating the effectiveness of personnel motivation management in JSC CB "PrivatBank".

Table 2.4

The plan for evaluating the effectiveness of personnel motivation management as a factor of the bank's competitiveness

| Stage | Target | Evaluation methods | Performance indicators | Deadline |
|---|--|---|--|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| 1. Analysis of the current state | Assess the level of staff motivation and its impact on the bank's competitiveness. | Questionnaires, surveys, analysis of personnel turnover. | Level of employee satisfaction, turnover rate. | October 2024 |
| 2. Determination of the goals of motivation | Set clear goals to improve the effectiveness of the motivation system. | SWOT analysis of the motivation system, strategic sessions. | Goals related to productivity, staff loyalty. | October 2024 |
| 3. Development of the evaluation system | Determine tools and criteria for evaluating staff motivation. | Development of KPIs, rating systems. | List of key performance indicators (KPIs). | October 2024 |
| 4. Data collection | Get information about the effectiveness of applied motivational measures. | Observations, surveys, reports of department heads. | Number of trained employees, reviews. | October-November 2024 |
| 5. Data analysis | Identify trends and problems in motivation management. | Statistical analysis, comparative analysis by periods. | Dynamics of changes in motivational indicators. | Quarterly |
| 6. Policy Adjustments | Develop recommendations for improving motivational policy. | Brainstorming, consultations with HR experts. | New motivation tools (bonuses, development programs). | Annually |
| 7. Control and monitoring | To ensure a systematic review of the effectiveness of the motivational policy. | Regular audits, analysis of the effectiveness of motivation programs. | Frequency of assessments, stability of key indicators. | Constantly, quarterly |

Note: The deadlines may be adjusted depending on the availability of the necessary resources for the implementation of each stage.

During the study of the labor motivation system, the following methods were used: analysis of documentation; survey; comparison.

The analysis of the organization's documentation made it possible to identify the main methods of stimulation used in JSC CB "PrivatBank", namely:

- material and monetary stimulation;
- non-material stimulation.

Material incentives for personnel is a multi-level incentive mechanism that includes a permanent part (salary), a variable part (bonuses, bonuses) and a social

package. This is an important tool for increasing the interest of employees in achieving high results and maintaining the bank's competitiveness.

Salary in the bank consists of a fixed rate and a variable bonus part. A unit-bonus pay system is used, which provides bonuses for the fulfillment or over-fulfillment of key performance indicators (KPI). For example, cashiers receive a base rate and additional remuneration depending on the number of customers served and products sold.

Contact center operators have an hourly rate and a bonus for the number of successful calls. For employees of collection departments, the amount of the bonus depends on the amount of the returned debt.

Such an incentive system promotes the interest of employees in achieving ambitious goals, because their financial reward directly depends on their contribution to the bank's success.

Bonuses are also an important motivational tool aimed at increasing the efficiency of both employees and the bank as a whole. Bonuses can be regular (monthly, quarterly) or one-time (for achieving exceptional results).

The main principle of bonuses is the connection of rewards with the achievement of the bank's goals. For example, an employee can receive a bonus for:

- exceeding the planned indicators for the sale of banking products,
- increasing the level of customer satisfaction,
- successful implementation of special projects.

In addition, bonuses are paid only to those employees whose work has a tangible impact on the achievement of the bank's strategic goals, which allows to ensure the objectivity and fairness of the process.

Social benefits are an integral part of financial incentives. This includes: health insurance, paid vacation, participation in retirement programs, access to training and development programs.

In the bonus system of bank employees, the remuneration is divided into "main" and "additional bonuses". The main bonus is calculated for the achievement of key results in the framework of the main activity of the employees. The additional bonus is

aimed at stimulating the efforts of employees in promoting specific products or services of the bank.

Payments of the basic bonus are coordinated with the terms of achievement of the results of the employees' activities and are divided by bonus groups:

1. The first group - once a year.
2. II group - once every six months.
3. III group - once a quarter.
4. IV-XIV groups - monthly.

For employees of III and IV bonus groups, the amount of the basic bonus depends on the following factors:

- Achieving the employee's individual goals set by the manager for the reporting period.
- The results of the unit to which the employee belongs.

The level of achievements of employees of the III and IV bonus groups is evaluated according to three categories (Table 2.5):

1. Norm – the employee performs tasks in accordance with established requirements.
2. Above the norm - the results exceed the defined goals.
3. Outstanding contribution - the employee demonstrates outstanding achievements, influences the improvement of the overall efficiency of the unit and serves as an example for others.

This approach to bonuses not only increases the motivation of the staff, but also ensures the transparency of the process, stimulates healthy competition between employees and contributes to the achievement of the bank's strategic goals.

Table 2.5

The main award for employees of III and IV groups

| Group | Amount of the premium, % | | |
|---------------------------------|--------------------------|----------------|--------------------------|
| | Norm | Above the norm | Outstanding contribution |
| III group of awards (quarterly) | 10-18% | 19 - 23% | 24 - 26% |
| IV group (monthly) | 7-9% | 10 - 12% | |

The distribution of employees of the unit according to the level of performance of the established efficiency indicators must follow the logic given in the table. 2.6. This approach allows you to clearly define the place of each employee in the overall performance system, contributing to the transparency of evaluation and stimulating the achievement of higher results.

Table 2.6

Distribution of employees depending on the level of achievement of performance indicators

| Group | Below the norm | Norm | Above the norm | Outstanding contribution |
|---------------------------------|----------------|------|----------------|--------------------------|
| III group of awards (quarterly) | 10% | 55% | 30% | 5% |
| IV group (monthly) | 20% | 60% | 20% | |

Bonuses are not awarded to bank employees who, according to the results of the reporting period, have demonstrated results that do not meet the established standards, are on a probationary period or are in the process of being dismissed. However, if the employee left the bank due to a transfer to another position or for valid reasons, without having worked the full reporting period, he may be paid a bonus in proportion to the time worked.

Before drawing up bonus lists, the manager is obliged to inform each employee about the results of his work evaluation and the amount of the accrued bonus. In addition, in the format of a dialogue between a manager and a subordinate, the steps for the further professional development of the employee in order to increase his efficiency should be defined. This approach ensures transparency of the incentive system and motivates employees to achieve higher results.

Allowances are granted to individual employees of the bank for various achievements and working conditions, such as: outstanding results in professional activities, performance of special duties, possession of key skills and competencies, long-term work experience, as well as performance of tasks with increased financial responsibility.

Supplements are established for employees for the fulfillment of specific working conditions. In particular, it can be replacing absent colleagues, working overtime, combining several positions, performing the functions of a mentor for new employees, or performing complex tasks that require special attention and responsibility.

One-time payments are provided as an incentive for employees who have made a significant contribution to the development of the bank. For example, it can be the submission of rational proposals that contribute to the optimization of processes, the achievement of significant savings in the bank's resources, or the successful implementation of important projects.

A key part of the financial incentive system is also the social package, which is provided to all employees of the bank. It includes benefits, bonuses and incentives aimed at creating comfortable working conditions, motivating staff, as well as attracting and retaining talented specialists. Special attention is paid to employees who demonstrate consistently high results, possess unique competencies or have high potential for professional development. These employees set work standards and are the basis for ensuring the efficiency of banking units.

An analysis of the material motivation of the staff at JSC CB "PrivatBank" shows the effectiveness of the system, which is based on a combination of the rate and bonuses. This approach makes it possible to fairly assess the contribution of each employee to the achievement of the bank's goals. Employees, in turn, strive to achieve high results in order to receive greater rewards. This system ensures a certain balance between the interests of the bank and employees, stimulating the productivity of the staff.

However, this system also has its drawbacks. The main one is the low basic salary, which is supplemented by a small percentage of the bonus part, which depends

on the performance of the work. This approach does not always motivate staff sufficiently. In addition, during the formation of the social package, there is no adaptation of its components to the needs of different categories of employees, which reduces the overall effectiveness of the motivation system. For example, giving cashiers compensation for mobile communication can be seen as a positive motivational factor, but in reality it either does not affect their productivity, or even distracts from the performance of their main duties, which reduces work efficiency.

Thus, the material motivation system needs to be improved, taking into account the individual needs and work characteristics of different categories of personnel, in order to ensure an optimal balance between remuneration and work performance.

Intangible motivation in PrivatBank CB JSC is an important element of the general strategy of personnel management, which contributes to the creation of a favorable working climate and a high corporate culture. A key role in this process is played by managers who are able to provide the right conditions for the professional development of employees and maintain motivation at a high level.

One of the main aspects of non-material incentives is the provision of opportunities for career growth and personnel rotation, which allows employees not only to develop, but also maintains their interest in work. It is also important to regularly inform the staff about the strategic goals of the bank, to evaluate the results of work, both positive and negative. This disclosure of information promotes trust and transparency in the organization.

Another important area is creating conditions for employee initiative, in particular by delegating responsibility and the opportunity to participate in decision-making. This gives everyone the opportunity to feel their importance and influence on the development of the company. Equally important is the provision of a comfortable psychological climate where everyone can implement their ideas and be supported by colleagues and management.

To form corporate loyalty and increase motivation, various forms of incentives are used, including the title of "Best Employee", public thanks, commemorative gifts, honorary certificates and diplomas. Such methods allow not only to increase the

efficiency of work, but also to strengthen the morale of the team, creating in it a sense of unity and belonging to a large team.

The management's open communication style, regular consultations with staff, as well as advice and recommendations help create an atmosphere of mutual support. This is characteristic of the democratic style of management, which is actively used in the bank, where control over the work of employees is detailed and strict, but at the same time respect for each employee is maintained.

PrivatBank also uses disciplinary methods to motivate employees, such as orders, reprimands, remarks, and deprivation of privileges. However, the analysis of existing non-material approaches to motivation revealed several shortcomings. In particular, management does not always take into account that employees may have different goals and needs, which requires an individual approach to each. This means that in order to increase the effectiveness of motivation, it is necessary to offer personalized opportunities for professional growth, rather than applying general programs.

Social and psychological aspects of motivation also play an important role. For example, prolonged use of a computer can cause physical and psychological discomfort in employees, which requires attention from the management.

PrivatBank has certain problems in the personnel motivation system that affect the efficiency of its operation. In particular, low pay, limited creative tasks, uneven workload during the day or month, frequent overtime hours, and lack of self-realization are noted. In addition, growing protectionism in appointments and promotions may lead to the recruitment of unqualified personnel. This creates risks for the bank, in particular, it contributes to high staff turnover among employees of low positions and reduces the interest of ordinary employees in the development of the bank, which can negatively affect its reputation among customers.

At the same time, material motivation remains the main success factor in the banking sector, as it significantly affects the competitiveness of banks and their efficiency. Given the specificity of banking activity, which is characterized by high responsibility, risks in decision-making, intellectual requirements and a high level of specialization, management must consider the needs of employees to ensure success. To

achieve the main goals, it is important to carefully study your employees and create conditions that allow you to optimally use their potential.

CHAPTER 3

IMPROVING THE SYSTEM OF MANAGEMENT OF PEOPLE'S BEHAVIOR IN THE COMPANY AS A FACTOR OF INCREASING COMPETITIVENESS

3.1. The influence of trends in the development of the banking sector on the system of managing people's behavior

The development of the banking sector in the 21st century is accompanied by significant changes due to digital transformation, process automation and growing customer expectations. These factors significantly affect the behavior of employees and customers, which requires the adaptation of management systems to ensure the stable development and competitiveness of banks.

Analysis of the main trends in the development of the banking sector in 2024 indicates significant changes in strategies and approaches to conducting banking activities. The vector of development is aimed at innovation, technological modernization and customer orientation. The main drivers of change are the introduction of digital technologies such as artificial intelligence, blockchain and Open Banking, which contribute to the automation of processes, transparency and speed of operations.

The role of intangible aspects, in particular, sustainable development and ESG principles, which influence the reputation of banks and attract environmentally conscious customers, is growing. The development of FinTech and digital ecosystems opens up new sources of income and creates additional conveniences for customers. Particular attention is paid to cyber security, as data protection is a key factor in trusting financial institutions.

The changes also affect the management of human resources: banks implement training programs to develop the digital competencies of staff, increase the flexibility of working conditions and create a favorable working environment. Table 3.1 shows the main trends in the development of the banking sector in 2024.

Table 3.1

The main trends in the development of the banking sector

| Trend | Description | Expected impact |
|---|--|--|
| 1 | 2 | 3 |
| Digitization of banking services | Increasing the use of digital channels (mobile applications, online banking) for customer service. | Increasing convenience for customers, reducing costs for physical infrastructure, expanding the customer base. |
| Implementation of artificial intelligence (AI) | Using AI to automate processes, personalize service and improve data analysis efficiency. | Reduction of operational costs, improvement of the accuracy of risk forecasting, individual approach to clients. |
| Development of financial technologies (FinTech) | Cooperation of banks with FinTech companies to introduce innovative products and services, such as mobile payments and cryptocurrencies. | Strengthening competitive advantages, improving the speed and convenience of financial transactions. |
| Cyber security | Investing in modern technologies to protect customer data from cyber attacks and fraud. | Increasing customer confidence, preventing financial losses due to cyber attacks. |
| Sustainable development and ESG principles | Focus on environmental, social and corporate responsibility in banking. | Improving the reputation of banks, attracting customers who appreciate sustainable financial solutions. |
| Use of blockchain technologies | Implementation of blockchain to ensure transparency of transactions, reduce costs for intermediaries and increase the speed of transaction processing. | Reduction of operating costs, improvement of customer confidence in financial transactions. |
| Focus on customer orientation | Using customer data to create personalized products and services. | Strengthening customer loyalty, increasing income due to the satisfaction of individual needs. |
| Changing approaches to work with personnel | Investing in the development of digital skills of employees, flexibility of work schedules, introduction of career development programs. | Increasing staff efficiency, reducing staff turnover, creating a positive image of the bank as an employer. |
| Banks as digital ecosystems | Creation of complex platforms that include banking, insurance, investment services and other services within one ecosystem. | Expanding sources of income, increasing the customer base, increasing customer loyalty. |
| Development of Open Banking | Opening banking APIs for cooperation with other companies and providing customers with access to their data through third-party services. | Increasing transparency, simplifying access to financial services, strengthening competition. |

Source: compiled by the author.

The competitiveness of banks depends on the ability to adapt to new conditions, use innovative technologies and find an individual approach to both customers and employees.

The system of managing people's behavior in the banking sector is undergoing significant changes under the influence of modern trends. These changes cover both technological and socio-psychological aspects. For example, the use of artificial intelligence and data analytics becomes the basis for creating personalized customer and motivational programs. Banks are implementing behavioral analytics tools that allow for a deeper understanding of the needs of customers and staff. For example, through the analysis of transactions and customer habits, banks can offer optimized credit products or individual financial plans. Similarly, digital platforms such as gamified learning programs are used to increase employee engagement.

Special attention is paid to creating a favorable psychological climate. Large banks, such as PrivatBank, organize corporate events and flexible work schedules to reduce stress levels. In addition, thanks to the remote working mode, employees get more opportunities for work-life balance, which positively affects their productivity.

Individualization of motivational programs is another important aspect. Banks offer various incentive programs, in particular for key employees or newcomers, which helps to maintain interest in work. For example, instead of standard bonuses, some organizations introduce welfare programs that cover the payment of training courses or mental health support.

The approach to personnel training is also changing. Banks invest in the development of employees' competencies through programs of reskilling (retraining) and upskilling (improvement of qualifications), which is especially relevant in the conditions of rapid introduction of new technologies. For example, today's financial institutions use virtual reality to simulate complex situations in which employees can learn to respond to risks without real threat.

Social responsibility and ethics also form a new management paradigm. Banks encourage their customers and employees to participate in sustainable and social projects, which contributes to the formation of a positive image of the company. For

example, green banking programs can encourage customers to invest responsibly, while employees receive additional incentives for participating in social initiatives.

Thus, changes in the management system of people's behavior in the banking sector are aimed at personalization, adaptation to rapid technological changes and ensuring harmony between the individual needs of employees and the strategic goals of banks. These innovations contribute not only to increased efficiency, but also form a new corporate culture focused on long-term development and sustainable success.

Based on this, it is possible to draw up a plan for changes in the system of managing people's behavior in the banking sector (Table 3.2). Changes in the system of managing people's behavior in the banking sector for 2025 are focused on increasing flexibility, innovation and focus on human capital. Banks are implementing modern technologies, such as artificial intelligence and automated feedback management platforms, to improve efficiency and individualize approaches to employees. The use of gamification helps to increase the involvement of personnel in the performance of tasks, making work processes more interesting and motivating.

Personnel development becomes a priority, with a focus on reskilling and upskilling employees to adapt to the new challenges of the banking environment. Self-realization support programs promote a creative approach and the development of initiative, which has a positive effect on productivity. At the same time, flexible work schedules and individualized motivational programs help employees better balance professional and personal needs, increasing their satisfaction.

Table 3.2

The plan for changes in the management system of people's behavior for 2025

| Direction of change | Planned actions | Expected results |
|--|---|---|
| 1 | 2 | 3 |
| Technological integration | Implementation of artificial intelligence platforms for analyzing customer and staff behavior. | Optimizing customer services, personalizing employee motivation, reducing costs. |
| Improvement of staff qualifications | Launch of reskilling and upskilling programs using digital simulators and online learning platforms. | Development of critical skills to adapt to technological changes and reduce staff turnover. |
| Individualization of motivational programs | Creation of differentiated motivational packages that take into account the needs of different categories of employees. | Increasing employee engagement, loyalty and productivity. |

| | | |
|-------------------------------------|--|---|
| Gamification of processes | Implementation of gamified platforms for managing the behavior of employees and customers. | Increasing motivation, competitive spirit in the team, improving the customer experience. |
| Improving the psychological climate | Organization of emotional intelligence trainings, support of employees' mental health. | Reducing the level of stress, improving the working atmosphere, increasing productivity. |
| Flexibility of work schedule | Introduction of flexible work schedule and remote options for employees. | Improving the balance between work and personal life, reducing the level of burnout. |
| Strengthening social responsibility | Involvement of employees in corporate social and environmental initiatives. | Forming a positive image of the bank, increasing satisfaction and pride in the workplace. |
| Support of self-realization | Creating platforms for career development, mentoring and supporting initiatives. | Expanding opportunities for self-realization, reducing staff turnover. |
| Digitization of feedback | Implementation of automated work evaluation systems and regular feedback. | Increasing transparency in management, accurate performance assessment, effective development planning. |

Source: compiled by the author.

Social responsibility also plays an important role, involving employees to participate in charitable actions and corporate social initiatives, which strengthens their loyalty and forms a positive image of the bank. Improvement of corporate culture takes place through the creation of a favorable psychological climate, support of team spirit and involvement of employees in decision-making.

If we talk about the modern development of HRM in the banking sector, there are several trends that should be noted:

a) competition for personnel in this market is very high, there is a small number of professionals who usually work in large state banks, in connection with which other organizations consider personnel from non-specialized fields, with non-specialized education (for example, from the field of sales, insurance, accounting, etc.), that leads to operational risks;

b) it is important to establish and develop the organization as a Human resources-brand (hereinafter - HR) in the territory of presence, therefore it is necessary to position oneself at public events to attract employees/students, to create an adequate adaptation system with the support of employees at all stages;

c) automation of personnel selection, training, adaptation and evaluation processes is inevitable, because banks are usually enterprises with a large staff, in which the emphasis shifts from the personality of the employee to the creation of typical HR processes;

d) there is a division of employees depending on the position, IT specialists (information technologies), support workers + traditional bankers and sales departments are separated into a separate block. From the point of view of HR, work with these categories of staff is completely different, starting from the selection process and ending with different social policies.

In order to understand the influence of external independent factors on JSC CB "PrivatBank", a SLEPT analysis (Social Political, Legal, Economic, Technological) was conducted. Each factor was evaluated:

- a) by the significance of the impact on the organization (from 1 to 5),
- b) by the probability of a factor change (from 0 to 2),
- c) by direction of influence.

The data are presented in the table. 3.3.

Table 3.3

SLEPT factors - analysis

| Factor | Significance of impact (1–5) | Probability of change (0–2) | Directionality of influence |
|------------------------------------|------------------------------|-----------------------------|-----------------------------------|
| 1 | 2 | 3 | 4 |
| Social factors | | | |
| Demographic changes | 4 | 1 | Mostly positive |
| Changes in consumer preferences | 5 | 2 | Positive |
| Educational level of consumers | 3 | 1 | Neutral |
| Total points | 12 | 4 | |
| Political factors | | | |
| Regulation of the financial sector | 5 | 2 | Negative in case of amplification |
| Geopolitical stability | 4 | 1 | Mostly positive |
| Tax legislation | 3 | 1 | Depends on the changes |
| Total points | 12 | 3 | |
| Economic factors | | | |
| Inflation | 4 | 2 | Negative |
| Employment level | 3 | 1 | Neutral |

| | | | |
|----------------------------------|----|---|------------------------------------|
| The cost of credit resources | 5 | 2 | Positive for investment attraction |
| Total points | 12 | 5 | |
| Technological factors | | | |
| Digitization of banking services | 5 | 2 | Highly positive |
| Implementation of AI | 4 | 2 | Positive |
| Cyber security | 4 | 1 | Depends on the investment |
| Total points | 13 | 5 | |
| Environmental factors | | | |
| Environmental responsibility | 3 | 1 | Positive |
| Climate change | 2 | 1 | Negative |
| Energy efficiency | 3 | 1 | Positive |
| Total points | 10 | 3 | |

Changes in the demographic situation and consumer preferences have the greatest significance. These factors affect the banking sector due to the need to adapt products and services to changes in the population structure and customer tastes. The probability of their changes is average, so banks need to actively respond to these changes.

The high importance of such factors as financial sector regulation and geopolitical stability confirms that banks need to consider external political risks. Changes in these areas do not happen often, but can have a serious impact on the banks' activities, which requires close monitoring.

The high significance of such aspects as inflation and the cost of credit resources indicates their impact on banks' competitiveness and adaptation to economic conditions. Changes in the economic situation and changes in lending rates are likely to have the greatest impact on the banking sector.

Digitization of banking services and introduction of the latest technologies are of the highest importance for banks. Technological changes are taking place actively and are able to significantly change banking activity, contributing to the development of new services and increasing work efficiency.

Although environmental factors are of moderate importance for banks, it is important to consider the need for environmental compliance and sustainable development, which can also have a positive impact on the bank's image.

SLEPT-analysis factors provide a complete picture of the interrelationship of external factors that can affect the banking sector. Social and economic factors are the most significant because they directly relate to customer needs and the changing financial climate. Technological factors also have a significant impact, as the development of digital services is necessary to maintain banks' competitiveness. Political and environmental factors change less often, but can have a strong effect on an organization, especially in the case of political or environmental crises.

The development of the banking sector determines the need to transform the systems of managing people's behavior. Combining digital innovation with effective motivation, leadership and corporate culture practices enables banks to remain competitive in a rapidly changing environment. Investing in staff development and implementing customer-oriented strategies is the key to sustainable success.

3.2. Ways of improving the system of managing the behavior of people in the banking organization

The modern banking sector is characterized by a high level of dynamism, technological innovation and increasing customer requirements. In such conditions, the importance of managing personnel behavior increases, since it is people who are a strategic resource for achieving competitive advantages. The introduction of new approaches to personnel management allows you to optimize work processes, improve productivity and create a comfortable working atmosphere.

Banking organizations face a number of problems in human behavior management systems (Fig. 3.1):

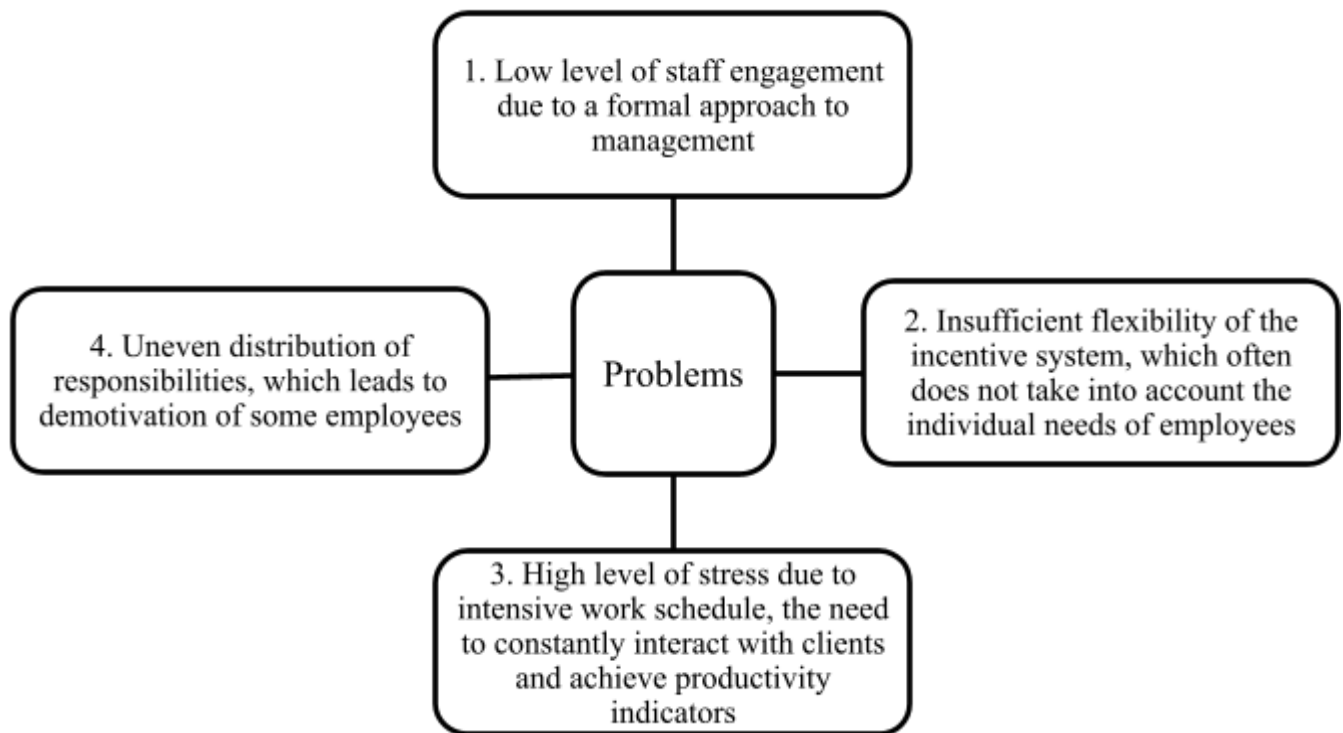


Fig. 3.1. Problems in the management system of people's behavior in the banking organization

Source: compiled by the author.

Personnel motivation system is critical for any organization, especially in the banking sector, where human resources play a key role in providing high quality customer service. In the conditions of the rapid development of technologies, growing competition and changes in the demands of employees, there is a need to update approaches to motivation. This requires the integration of traditional and modern methods of managing people's behavior.

Modern challenges in the field of motivation in banks:

- 1) High level of emotional burnout among employees due to intense work pace and constant stress.
- 2) Homogeneity of motivational programs that do not take into account the individual needs of employees.
- 3) Insufficient level of development of corporate culture and feedback.
- 4) Minimal integration of digital solutions into motivation management systems.

Banking organizations should develop personalized incentive programs that take into account the needs and values of employees of different generations. For example, you can offer opportunities for career growth and additional training for young employees, while for experienced specialists - flexible schedule and social guarantees.

The use of HR platforms and mobile applications allows you to automate the processes of managing the behavior of employees. For example, internal applications, as in PrivatBank, can include modules for monitoring work results, defining KPIs and receiving feedback.

Regularly conducting surveys, questionnaires and individual meetings with employees helps identify their needs and level of job satisfaction. Feedback is an important tool for building trust between management and employees.

Creating a favorable working environment, which is based on trust, openness and support, allows you to increase staff loyalty.

Intangible incentives, such as public recognition of achievements, flexible working hours, participation in decision-making, can be a powerful tool for staff engagement. The development of mentoring and training programs plays an important role.

Analyzing the long-term experience of JSC CB "PrivatBank" in the implementation of effective personnel stimulation tools, it is worth emphasizing that the success of these mechanisms is largely due to the creation of favorable conditions for productive work. This is achieved through the use of innovative approaches to management, ensuring transparency in communication, as well as the formation of a corporate environment that motivates employees to actively participate in achieving the bank's strategic goals. Providing access to clear and consistent information allows employees to better understand the processes taking place and to realize their own contribution to the effectiveness of the institution.

An effective strategy for stimulating work in modern conditions can be an adaptive model that takes into account dynamic changes in the external environment. In particular, the implementation of the "flexible reward" system is able to integrate financial and non-material incentives, focusing on the achievement of key performance

indicators, individual results of employees and their involvement in innovative projects. This model provides for flexible adjustment of incentive mechanisms in accordance with changes in market conditions and personnel needs, which is especially relevant in times of crisis.

The principle implementation of such a system is based on a combination of quantitative and qualitative evaluations of work results, which allows to ensure fairness and transparency in rewards, at the same time motivating employees to long-term cooperation and achievement of common goals of the organization.

The schematic diagram of the bank's personnel incentive system can be presented in the form of formula (1):

$$S = S1 + S2 + S3 + S4 + S5 - S6 + Sp, (1)$$

where:

- S – general incentive and compensation fund;
- S1 – the main part, which takes into account the basic salary according to the position and qualification;
- S2 – additional payments for achieving key performance indicators;
- S3 – awards for innovative activity, development of new projects or initiatives;
- S4 – compensation for participation in the bank's strategic projects;
- S5 – bonuses for long work experience and professional development;
- S6 – fines or detentions related to non-compliance with standards or disciplinary violations;
- Sp – compensation payments in accordance with labor legislation and bank policy.

This formula not only determines the structure of the remuneration fund, but also forms the basis of a comprehensive system of compensation policy aimed at creating conditions for maximum productivity and motivation of personnel.

Improving the strategy of managing the behavior of employees should be based on a deep understanding of their needs, professional ambitions and market conditions. This involves:

- harmonization of the interests of the bank and employees, forming a mutually beneficial environment;
- systematic evaluation of the professional capabilities of personnel with the aim of their optimal use and development;
- the connection between the complexity of the work and the amount of the reward, which enhances the sense of justice.

The implementation of an effective incentive mechanism requires constant analysis of the impact of existing forms of incentives on the productivity and engagement of employees. This includes regular diagnosis of the complexity of duties, monitoring of work results and compliance of incentives with employee expectations. Thus, an effective reward system not only increases motivation, but also strengthens the corporate culture, contributing to the achievement of the bank's long-term goals.

Motivation is a key factor for improving the effectiveness of the human behavior management system in banking organizations. Improvement of motivational programs through individualization of approaches, digitization of processes and strengthening of corporate culture will contribute to improving labor productivity, reducing staff turnover and strengthening the bank's competitive position. Effective motivation not only increases the level of employee satisfaction, but also ensures the long-term development of the organization.

3.3. Recommendations for improving the motivation development system as a factor in increasing the competitiveness of JSC CB PrivatBank

The formation of an effective banking system that meets international standards and ensures Ukraine's integration into the world economy requires a comprehensive approach to personnel management. Growing competition, rapid technological changes and innovative development of the financial sector place new demands on employees' competencies, while making their motivation a determining factor for success.

Staff motivation should take into account both material and non-material aspects, creating conditions for professional and personal growth. For example, modern banks are increasingly introducing personalized incentive programs that take into account the individual achievements of employees, their contribution to the development of innovation and improving the quality of customer service. One of the key elements of such programs are gamification systems that make work more interesting and motivate employees to achieve higher results.

In addition, in the context of the integration of modern technologies, such as artificial intelligence, automation and data analytics, there is a growing need to adapt employees to digital transformation. This requires regular training, retraining and creating conditions for the development of creative thinking. For example, many banks are creating internal educational platforms that offer training programs in financial technology, risk management and analytics.

The corporate culture, which is based on the values of openness, cooperation and customer orientation, is of particular importance. Creating an atmosphere of trust and support increases employee engagement, reduces stress, and boosts productivity. For example, psychological support programs and flexible work schedules become important motivational tools, especially in times of uncertainty or crisis.

After all, the success of a banking organization largely depends on the ability to combine the interests of employees with the overall strategic goals of the bank. Labor motivation tools should ensure not only the fulfillment of current tasks, but also contribute to the formation of long-term personnel potential. This approach allows banks to remain flexible and adaptable to changes in the market, ensuring their competitiveness and reliability in the long term.

In the course of the conducted research, the level of involvement of JSC CB PrivatBank employees was assessed, in particular, employees of the individual service department. For this, a special questionnaire was developed, aimed at identifying the level of staff motivation and the main reasons for its decline.

The analysis of the answers revealed the key factors influencing the decrease in employee motivation. Among them:

- lack of clear career growth and recognition of achievements – 80% of respondents indicated a lack of opportunities for development and encouragement of their efforts;
- monotony of work – for 57% of employees, the lack of new tasks and challenges reduces interest in performing professional duties;
- insufficient involvement in decision-making - 35% of employees noted that their opinions and suggestions are ignored, and participation in strategic planning is minimal;
- neglecting the ideas of employees - 22% of respondents pointed to the systematic ignoring of their suggestions for improving processes;
- constant criticism without positive reinforcement - 20% of respondents said that management rarely approves of their actions, which creates demotivation;
- excessive work load and psychological pressure - 17% of employees noted that they feel professional burnout due to workload and pressure.

These results clearly demonstrate the need for prompt implementation of measures to increase staff motivation. It is important for managers of banking institutions to develop programs that would promote the development of professional competencies, create comfortable working conditions and encourage initiative. Particular attention should be paid to material and non-material incentive systems that would take into account the needs of each employee.

The mechanism of labor motivation in the banking sector is of great importance, but constant wage growth is far from always the optimal tool for maintaining labor activity at an appropriate level. Constant salary increases can provide a short-term increase in labor productivity, but in the long run it leads to addiction. The achieved level of payment is gradually perceived as the norm, and the stimulating effect disappears. At the same time, the needs for material goods grow up to a certain limit, which depends on the standard of living, after which their influence becomes limited.

One of the main reasons for refusing frequent use of financial incentives is the reluctance of management of organizations to bear additional financial costs associated with salary increases. In such conditions, non-material incentive mechanisms become

especially relevant, one of the key ones being the recognition of the employee's merits. Public recognition brings employees a sense of satisfaction and increases their self-esteem. Most people want their achievements to be recognized in front of the team, which contributes to the formation of an atmosphere of trust and support in the team.

The importance of promoting an employee in a position or presenting an award as a confirmation of his significance for the organization should be noted separately. This approach not only motivates the employee, but also serves as an example for others, stimulating them to achieve high results. Thus, a successful motivation system in a banking organization should provide for the balanced use of tangible and intangible incentives to achieve a long-term effect.

Another important mechanism of motivation in the banking sector is the provision of freedom. For some employees, constant monitoring and excessive supervisory intervention can only be a hindrance, reducing their productivity and job satisfaction. If the employee effectively copes with the assigned tasks, he can be given more freedom, allowing him to work in comfortable conditions, for example, at home or to ensure a flexible work schedule. This not only increases motivation, but also promotes the development of more trusting and productive relationships in the team.

Another important aspect of motivation is the perspective of career and professional growth. The opportunity to take a more responsible position or get a higher paying job stimulates employees to constantly improve and achieve high results. This perspective is especially important for active and energetic employees who are ready for new challenges and opportunities.

It is also necessary to take into account the social needs of employees, which include creating an atmosphere of unity and support in the team. Building team spirit, supporting informal groups, and providing opportunities for social activity outside the workplace can significantly increase employee satisfaction and motivation. In addition, it is important to promote self-expression of employees, support them in the development of creative abilities, which allows employees to feel more involved in the process and significant for the organization.

Improving working conditions is another powerful incentive for workers. Better lighting, comfortable workplaces and improved office infrastructure can not only increase efficiency, but also improve the general well-being of employees, which in turn has a positive effect on their productivity.

The head of JSC CB "PrivatBank" has the task of creating a working environment that stimulates employees and gives them a sense of the importance and significance of their work. The main goal is to ensure high motivation of employees, where positive emotions become a key factor that increases productivity. For this, the manager must be honest and sincere in his relations with subordinates, because without this it is impossible to expect effective work from employees.

Material incentives are important motivational tools, especially when it comes to innovative projects and the development of new technologies. Employees who participate in such projects often face risks for their careers, so it is necessary to reward them for their courage and initiative. In PJSC CB "PrivatBank" it is important to create an incentive system for those who propose new ideas and actively participate in the implementation of innovations, because it is these ideas that can become the basis for increasing profitability.

Innovative development of the banking system involves the introduction of new technologies and knowledge that allow to improve the quality of banking services, information protection, as well as the bank's competitiveness on the market. A clearly formulated strategy of innovative development should include activation of funding sources, which will contribute to continuous improvements in the banking system. The motivation system must be adapted to the requirements of the modern market and promote the involvement of employees in innovative activities, which in turn will increase the efficiency of banking processes.

Thus, in order to ensure the competitiveness of the bank and the development of the economic system, it is important to pay attention not only to material incentives, but also to the creation of a favorable psychological climate that allows employees to feel important participants in the process of change.

In order to improve the motivation development system of JSC CB "PrivatBank" employees as a factor of increasing competitiveness, we will draw up a program for improving the motivation development system (Table 3.4).

Table 3.4

Plan-programme for improvement of the motivation development system of JSC CB "PrivatBank" as a factor of increasing competitiveness

| Stages of the program | Task | Terms of execution | Responsible persons |
|---|--|--------------------|--|
| 1 | 2 | 3 | 4 |
| 1. Introduction | <ul style="list-style-type: none"> · Overview of the current situation in the banking system, the competitive environment and challenges for JSC CB "PrivatBank". · Determination of the role of staff motivation in increasing the bank's competitiveness. · Outline of the main goals of the program. | 1 week | Head of the strategic development department |
| 2. Analysis of the current motivation system | <ul style="list-style-type: none"> · Evaluation of existing methods of motivation in the bank. · Conducting surveys among employees to identify factors affecting their motivation. · Analysis of the effectiveness of material and non-material incentives currently used. | 2 weeks | HR manager, analytical department |
| 3. Development of improved approaches to motivation | <ul style="list-style-type: none"> · Increasing the system of bonuses and bonuses for employees who have achieved high results in innovative projects. · Introduction of additional financial incentives for achievements in the field of sales, customer service and improvement of business processes. · Revision of salaries taking into account market trends and individual achievements. · Recognition and public approval of employee achievements at corporate events. · Creating a career growth and internal promotion program. · Providing opportunities for professional development through education and training. | 3 weeks | HR director, financial director |
| 4. Psychological and social stimulation | <ul style="list-style-type: none"> · Formation of a team and corporate culture that supports creativity and initiative. · Introducing flexible work schedules and options for working from home to increase the level of autonomy of employees. · Creation of work-life balance support programs. | 4 weeks | HR manager, department heads |

Continuation of table 3.4

| 1 | 2 | 3 | 4 |
|---|---|-----------|---|
| 5. Implementation of innovative activities | <ul style="list-style-type: none"> · Creating conditions for generating ideas and introducing new technologies into banking practice. · Motivating employees to participate in innovative projects through a system of rewards and recognition. · Inclusion in the process of innovative changes of all levels of personnel, which will increase interest in work and competitiveness of the bank. | 4-6 weeks | Innovation department, project managers |
| 6. Development of communication and leadership skills | <ul style="list-style-type: none"> · Updating the feedback system between managers and subordinates. · Conducting trainings for managers on the development of motivational skills and effective team management. · Encouraging managers to support open and honest dialogue in the team. | 2 weeks | Heads of units, training center |
| 7. Evaluation of the effectiveness of the program | <ul style="list-style-type: none"> · Establishing performance indicators of the motivation system (performance indicators, employee satisfaction level, quality of customer service). · Conducting regular surveys and questionnaires among employees to assess changes in motivation and satisfaction. · Analysis of the bank's financial results to determine the impact on competitiveness. | 6 weeks | Analytical department, HR manager |
| 8. Conclusions and recommendations | <ul style="list-style-type: none"> · Results of the implementation of the program and its impact on the bank's competitiveness. · Recommendations for further improvement of the motivation system. | 1 week | Project manager, analytical department |
| 9. Implementation and adaptation of the program | <ul style="list-style-type: none"> · Step-by-step implementation of changes in the organizational structure of the bank. · Determination of persons responsible for the implementation of the program and control over its implementation. · Application of the results of the program to expand competitive advantages in the market. | 6-8 weeks | Heads of units, HR manager |

Source: compiled by the author.

This plan envisages the phased implementation of motivational programs aimed at improving the bank's competitiveness by increasing the level of employee satisfaction and work efficiency.

CONCLUSIONS

On the basis of the conducted research on the topic, the following conclusions can be drawn.

In today's conditions of uncertainty caused by war, management of employee behavior becomes an important tool for increasing the company's competitiveness. This issue is especially relevant for the financial sector, where rapid changes in the market, a high level of stress among employees and the need to adapt to new working conditions pose additional challenges to organizations in ensuring their efficient and uninterrupted operations.

The concept of personnel behavior management has evolved significantly from classical approaches focused on control and discipline to modern approaches that include motivation, social aspects and emotional intelligence. In a generalized form, the concept of "personnel behavior management" is a process aimed at regulating, shaping and controlling the behavior of the organization's employees in order to ensure its effectiveness, achieve strategic goals and create a favorable working environment.

Personnel management at modern enterprises increasingly includes the integration of administrative and motivational methods, focusing on achieving the common goals of the organization and its employees. A person-oriented approach assumes that all management decisions should take into account the interests of both the company and employees, which allows creating a favorable atmosphere for productive work.

Work motivation is one of the most important components that determines the effectiveness of the organization in the conditions of the modern market economy. It has a huge impact on the adaptation of employees to changing conditions, on increasing their productivity, as well as on achieving the company's strategic goals. Personnel motivation as a set of processes that encourage employees to work effectively, ensuring the harmonization of the interests of employees and the organization. The basis of motivation is internal and external incentives, such as wages, social guarantees, career

growth, opportunities for professional development, as well as recognition and self-realization.

In the second part of the study, the activities of JSC CB "Privatbank" were considered.

In the fourth quarter of 2023, Ukraine faced serious economic difficulties that dealt a significant blow to its economy. Currently, the country's economic development is largely hampered by large-scale destruction of infrastructure. The continuation of military operations caused a significant decrease in demand and purchasing power of the population. At the same time, the stability of the banking system remained at a high level. Despite the difficult conditions, there is a noticeable increase in the number of client accounts in banks. For effective risk management, it was important to ensure a stable level of liquidity.

It should be noted that the financial indicators of JSC CB "PrivatBank" have their own characteristics in comparison with other industries. In the banking sector, revenues from the sale of goods and services do not play an important role, since banks are not engaged in the production of goods. That is why bank statements focus on indicators such as interest income, interest expense and net interest income.

In the period from 2018 to 2023, there is a significant improvement in the profitability of the bank's assets. According to the NBU, the average indicators of the banking sector in this period were 2.1 to 5 times lower than the similar indicators of JSC CB "PrivatBank". The absolute growth of these indicators for this period is 13.25% and 3.22%, respectively. The growth of the profitability of the bank's assets, which is ahead of the industry pace, indicates positive changes in the financial situation, improvement of asset management and increase in the volume of profitable operations.

In the second section, an analysis of the human capital of JSC CB "PrivatBank" was also conducted. Taking into account personnel changes and the level of employee turnover, it can be argued that the existing personnel management system is effective. The bank has a developed system of management of the organizational structure, labor resources, selection, motivation and evaluation of personnel. However, given the

constant evolution of the banking sector, PrivatBank should pay more attention to improving the training and development subsystem of its employees.

Also, in the second section, an assessment of the current state of development of staff motivation as a factor in the competitiveness of JSC CB "PrivatBank" was carried out. An analysis of the material motivation of the staff at JSC CB "PrivatBank" shows the effectiveness of the system, which is based on a combination of the rate and bonuses. This approach makes it possible to fairly assess the contribution of each employee to the achievement of the bank's goals. Employees, in turn, strive to achieve high results in order to receive greater rewards. This system ensures a certain balance between the interests of the bank and employees, stimulating the productivity of the staff.

In the third section, proposals were made for improving the management system of people's behavior in the company as a factor of increasing competitiveness. The development of the banking sector in the 21st century is accompanied by significant changes due to digital transformation, process automation and growing customer expectations. These factors significantly affect the behavior of employees and customers, which requires the adaptation of management systems to ensure the stable development and competitiveness of banks. The development of the banking sector determines the need to transform the systems of managing people's behavior. Combining digital innovation with effective motivation, leadership and corporate culture practices enables banks to remain competitive in a rapidly changing environment. Investing in staff development and implementing customer-oriented strategies is the key to sustainable success.

Ways of improving the system of managing the behavior of people in the banking organization are determined. Motivation is a key factor for improving the effectiveness of the human behavior management system in banking organizations. Improvement of motivational programs through individualization of approaches, digitization of processes and strengthening of corporate culture will contribute to improving labor productivity, reducing staff turnover and strengthening the bank's competitive position.

Effective motivation not only increases the level of employee satisfaction, but also ensures the long-term development of the organization.

In the third section, it was proposed to create a plan-program for improving the motivation development system of JSC CB "PrivatBank" as a factor of increasing competitiveness. This plan envisages the phased implementation of motivational programs aimed at improving the bank's competitiveness by increasing the level of employee satisfaction and work efficiency. Recommendations were also made regarding the improvement of the motivation development system as a factor in increasing the competitiveness of JSC CB "PrivatBank"

Thus, the set tasks have been solved, and the goal of the research has been achieved.

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