

THE NECESSITY AND EFFECTIVENESS OF PERSONNEL COSTS

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Abstract. Staff costs play a major role in the cost structure of any enterprise. If this rule is violated systematically by the employer, the company has gradually become unprofitable because of staff turnover and loss of productivity of employees. Costs may generate returns over a long period of time and are considered as an investment in the human capital of the company in terms of the existing human resource management ideas. Systematic work of staff cost management and evaluation of their effectiveness becomes the most important part of the strategy of every modern enterprise. Thus, the financial result of the organizations' activities is put in direct dependence on the effectiveness of personnel costs.

Keywords: personnel costs; management; efficiency; performance indicators.

JEL codes: J30; J32.

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