

APPLYING BEHAVIOURAL ECONOMICS TO MANAGE ENTERPRISE GROWTH

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In today's hyper-competitive global business environment, the secret to achieve higher levels of growth and profitability lies in understanding the powerful role human nature plays in the marketplace and in the workplace. So significant attention of executives is paid to an emerging management trend based on principles of behavioural economics that can help them make sense of the people economic behaviour and serve as a framework for effective management solutions. This is because behavioural economics complements traditional economic theory by filling in the gaps left by the realities of human nature. As a result, it can provide business leaders with insights they otherwise would not have and solutions they never would have considered. So the business leader of agricultural enterprises should emphasis on the behavioural economics impact on their enterprises development.

Perhaps, one of the hardest things for many enterprises to do is to recognize human behaviours that are holding the business back. This may be a greater challenge for private agricultural enterprises that have fewer external stakeholders critiquing business leaders' decisions and generally pushing them to be better. But private enterprises also have an advantage: since their employees believe that their contributions have a direct impact on the company's results, they tend to be more receptive to change. This advantage is as much about the ease with which private enterprises can change their policies as it is about how they are perceived by employees. Employees at private enterprises often feel that their contributions have a direct impact on their enterprises' results and attainment of strategic objectives, and this makes them more receptive to changes in their routines.

Smart enterprises are using behavioural economics and data as an incentive for employees, customers, and other stakeholders to achieve their desired outcomes.

How enterprises incentivize their employees to innovate is one telling example of how behavioural economics can inspire change. Really innovative enterprises don't typically order their employees to innovate more. Even when enterprises pay workers more to innovate beyond their everyday jobs, such efforts may in fact be counterproductive as they crowd out those naturally interested in innovating. Behavioural economics reveals that non-monetary awards, such as simple recognition, can be far more influential for spurring innovation. Some of the most innovative companies in the world today have offered inducements such as innovation contests, achievement awards, and even failure awards that encourage employees to take risks.

Thus, the essence of the behavioural approach to enterprises management is considering personnel as an investment object; to create conditions for staff awareness of their full participation in the management of production and social processes; to encourage initiative and creativity of the staff in order to enhance his creative activity; to provide staff greater independence, autonomy and freedom of action.

The behavioural approach is aimed at obtaining a positive economic result of the enterprises in the form of increased sales, increased market share, return on capital increase through the creation of self-organizing in the enterprise management system, the effectiveness of which depends on the performance of staff.

Applied behavioural economics approach starts by accepting human nature and capitalizing on it to select and position employees, manage and motivate them, accelerate their development, and unleash innovation and productivity, all to ultimately engage the emotions of the most valuable asset — the customers. So I strongly believe that applied behavioural economics approach is the long-ignored aspect of employee-customer relations that holds the key to long-term enterprise growth.