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Motivation Theories for Human Resources in the Enterprise

MARIIA TEPLIUİK

*Department of Business Economics and Entrepreneurship
Kyiv National Economic University named after Vadym Hetman*

OKSANA DOMINA

*Department of International Economics and Marketing
Taras Shevchenko National University of Kyiv*

Abstract

The article focuses on research of the interrelation of motives, incentives, and results of the employee's work. The effective use of motivation by the management of an enterprise allows them to create ways to gain the maximum return from employees' work basing on their behaviour, motives that increase productivity, and quality performance of their duties. The article presents the conducted research on personnel management methodology. It is necessary to study the theoretical aspects of personnel management from the historical perspective to determine the directions of their application in the modern enterprise personnel management system. Problems of the theory, methodology, and practice of personnel management are considered in the scientific works of foreign and domestic economists. However, there are a number of issues that require additional

research and refinement. In particular, this concerns the study of theories of personnel management in the present situation and their effective use, which determines the choice of topics and the relevance of the research. The purpose of the article is to deepen the theoretical provisions and methodological principles and develop practical recommendations for increasing the motivation of personnel at the enterprise, taking into account the experience of the countries of the world.

Keywords: personnel, management, human capital, efficiency, motives

JEL Classification: M53

Introduction

Motivation is one of the main functions of management; it is important in modern management. Motivation is focused on the construction of certain situations in which the most important needs of people are met, the public assessment of their labour contribution is carried out. Therefore, motivation must be studied not only as a set of forms and methods that direct their influence on particular awareness of people and the created working conditions, but also as a combination of these components, which are factors that reproduce in the production situation. The term ‘motivation’ in its evolution has gone through certain historical stages, from the concept of ‘whip and gingerbread’ (punishment and reward) to the ‘concept of human resources’ (because the worker perceives certain key figures in production, which depend on the final performance). For a long time, the concept of ‘motivation’ was associated with the concept of stimulation.

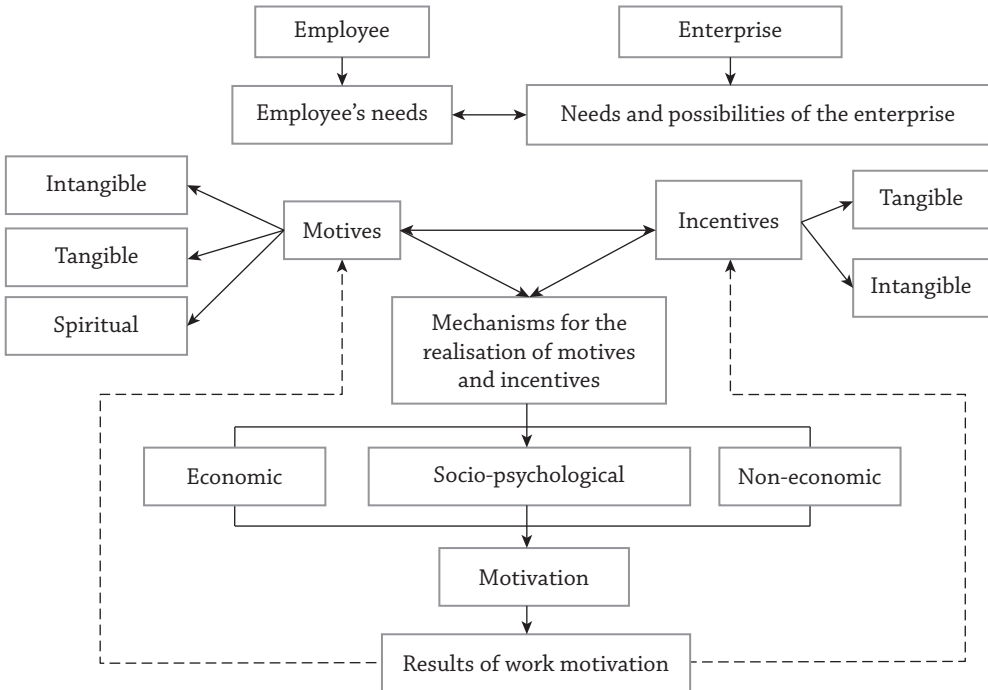
The purpose of the article is to deepen the theoretical provisions and methodological principles and develop practical recommendations for increasing the motivation of personnel at the enterprise, taking into account the experience of the countries of the world.

The concept of motivation

Nowadays, the concept of motivation is interpreted differently. A properly planned and organised motivation system increases the efficiency of staff, sales, improves the production process and customer service. After all, when an employee performs his/her duties with full dedication, and when his/her desire for self-development also combines the development of the enterprise as a whole, then the efficiency increases. As practice shows, a lack of motivation is the first step to the company decline, as

the dissatisfied employee does his/her job poorly, has a negative attitude towards the company and spreads bad information about it. In this regard, the inner needs and motives of the individual come to the fore, the needs which become an important component of the motivation system. The relationship of motives, incentives, and work results of the employee is shown in Figure 1.

Figure 1. Interrelation of motives, incentives, and results of the employee’s work



Source: own work.

As we see in Figure 1, the needs of the employee are transformed into motives. Based on this, the employee evaluates the incentives offered by the company, and if they have the same direction with their needs, he/she accepts them in cooperation with the company. Motives and incentives are combined through certain mechanisms of motivation, which include human needs, incentive systems, responsibilities, in both tangible and intangible forms.

From the above we can conclude that motivation for work is a complex, relatively stable process, due to certain personal characteristics and a certain necessity to meet needs and their compliance with external conditions in the process. Motivation is a set of internal and external forces that motivate a person to work, influence his/her behaviour and the form of activity and provide a vector that is focused on

achieving both personal goals and goals of the enterprise. The mechanism of work motivation is a holistic concept, which includes economic, social, psychological, and moral means, which are stimulus motives for work. This mechanism can be managed to increase its efficiency, as well as lead to new motives that may arise due to changing economic conditions and so on.

Much attention in world practice was paid to solving problems of work motivation. In the domestic theory and practice, work motivation is seen as pay, based on fixed rates and salaries, which are currently ineffective. At enterprises, in the conditions of the present, forming motivation systems of work it is recommended to apply world experience on this question (Shkoler & Takuma, 2020, p. 31).

There are several basic models of personnel management in the world today. The most common model is the American model. On the other hand, the Japanese model of personnel management is increasingly influenced by the success of Japanese manufacturers. However, since the Japanese model is largely related to Japanese culture, which has its own unique and distinctive features, not all of their elements in the field of personnel management can be successfully extended to other countries.

In any case, the American and Japanese models are considered to be at different poles, primarily in terms of focus on individualism (the USA) and collectivism (Japan). In turn, the European model also has its important distinctive features.

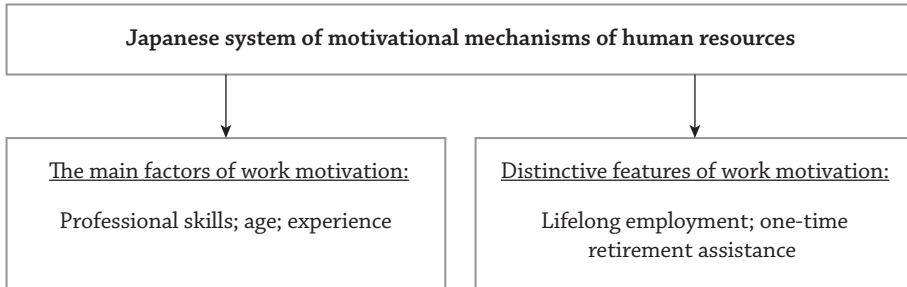
The Japanese model

Characteristic features of this model are the outstripping of labour productivity growth in comparison with the growth of the population's living standard, including the level of wages. Property stratification of society is almost not controlled by the state, which in turn encourages entrepreneurial activity in the country. This model can exist only when citizens have a high national awareness, when the interests of the nation come first before individual interests, when the population is ready to make certain material sacrifices for the welfare of the country (Starostina et al., 2022).

Features of the Japanese system of work motivation are shown in Figure 2.

Analysing Figure 2, we can say that in Japan there is a fairly flexible system of labour incentives compared to other industrialised countries. The main factors of this system are: professional skills, age, and experience. Salaries of workers, engineers, managers of lower and middle levels, depending on these factors are formed by the tariff grid, which helps to determine the conditionally constant part of the employee's salary as the sum of payments in three sections: age, length of service, qualifications and skills; all this is characterised by a certain category.

Figure 2. Features of the Japanese system of work motivation



Source: own work.

Many Japanese companies use synthesised systems in the formation of material incentives. Synthesised systems combine different elements of traditional (age) and new labour tariffs. In the synthesised systems, the size of wages is set by four indicators: age, experience, professional category and productivity.

Age and experience are the basis for the traditional personal rate, professional rank and productivity are the basis for calculating the value of the labour rate, which is called the 'qualification rate'.

Accordingly, if the application of the labour rate cannot increase wages automatically without taking into account training and length of service of the employee, all this increases their motivation, which in turn is directly dependent on the work results.

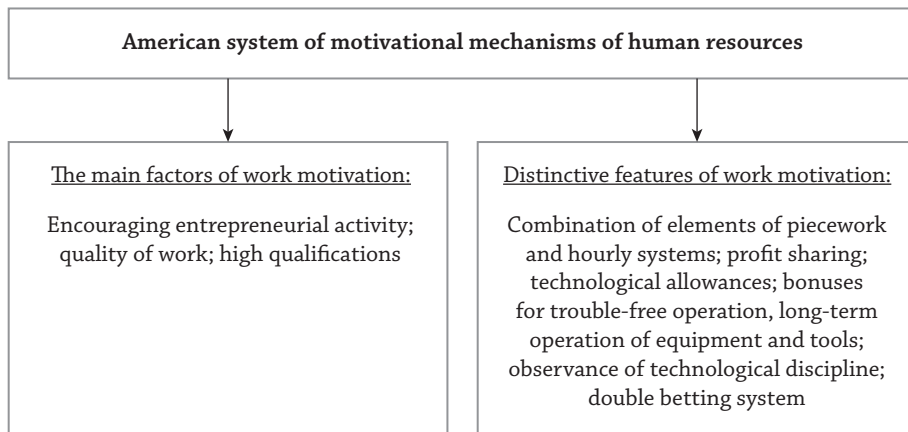
The American model

The formation of this model is based on various incentives for entrepreneurial activity and leads to improved welfare of the most active segments of the population. The main thing in this model is the mass focus on achieving personal success of each citizen, as well as on achieving a high level of economic well-being (Fernet et al., 2015, p. 15). The features of the American system of work motivation are shown in Figure 3.

Analysing Figure 3, we can see that the United States most often use such types of wages for both primary and secondary workers which include certain elements of both piecework and hourly wage systems. Under such conditions, the daily wage is calculated by multiplying the hourly rate by the number of hours worked. If the employee has not reached the daily norm of work, which is measured in kind, he/she must continue to perform it until the norm is fully met. The amount of the premium is set at a high tariff rate, so its separate payment is not provided. This

system is characterised by the simplicity of payroll and cost planning. However, most companies use a combination of wages and bonuses in setting wages.

Figure 3. Features of the American system of work motivation



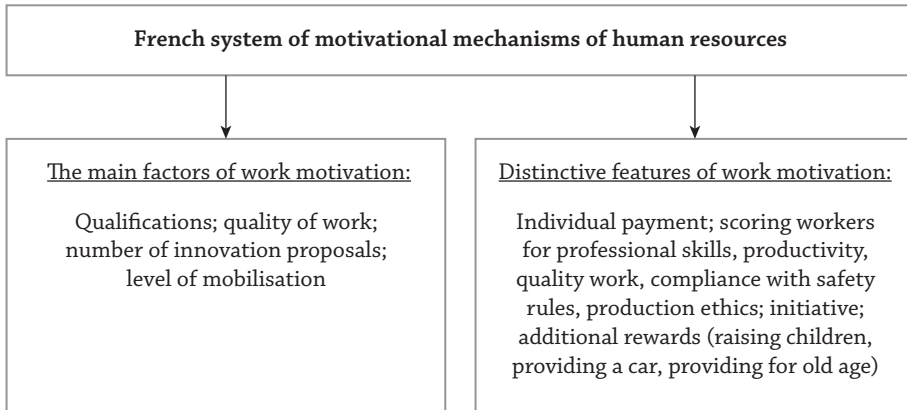
Source: own work.

In the United States, the collective bonus system is often used. It provides for a predetermined standard of the wages share in the total value of relatively net products. If the company operates profitably and there is a saving in wages, then a bonus fund is created. 25% of this fund goes to the reserve fund to cover possible overspending of the salary fund. 25% is aimed at rewarding management, 75% is aimed at rewarding workers. On a monthly basis, according to the results of the previous month, a bonus is paid out in proportion to the employee's labour participation on the basis of the basic salary. At the end of the year, the reserve fund is distributed among the company's employees. This system helps to increase productivity, reduce staff turnover and reduce violations of labour discipline without changing the equipment (Quaderi, 2016, p. 23).

The French model

What is characteristic for this model is the use of a large number of economic instruments, including strategic planning, stimulating competition, or a flexible tax system. In this system, strategic planning is included in the market mechanism. Competition is the main factor, it has an impact on product quality, meeting the needs of the population in goods and services, reducing production costs. The features of the French system of work motivation are shown in Figure 4.

Figure 4. Features of the French system of work motivation



Source: own work.

Analysing this figure, we can say that the French model has two main features. The first one is the indexation of earnings in accordance with the cost of living. The second one is individual earnings. At French enterprises in collective agreements with trade unions the account of price indices for consumer goods in payment of work is registered. Individual remuneration is set taking into account certain criteria, such as the level of professional qualifications, the quality of work performed, the number of innovation proposals, the level of employee mobility.

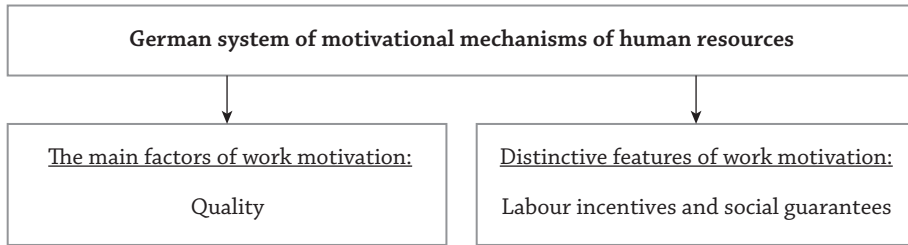
When establishing individual remuneration, certain approaches are used, namely:

1. Based on the assessment of the collective agreement, each workplace is set a minimum wage and a 'fork' of salaries (the salary scale). According to the work performed by the employee, his/her assessment takes place, the indicators of which are: quantity and quality of work, participation in public life of the company.
2. Minimum wages are divided into two parts: the first is a permanent salary, which depends on the position or job; the second is a variable that reflects labour efficiency. Bonuses are additionally paid for high quality of work and a conscientious attitude to work. Special commissions have been set up at enterprises to discuss staff remuneration.
3. Individual salaries are affected by such factors as participation in the profits of the enterprise, as the purchase of employees of the company's securities, as well as the payment of bonuses (Grangé, 2019).

The German model

An employee with his or her interests, who is aware of his/her responsibility to society, is the focus of this German model (Federal Ministry..., 2019). The features of the German system of work motivation are shown in Figure 5.

Figure 5. Features of the German system of work motivation



Source: own work.

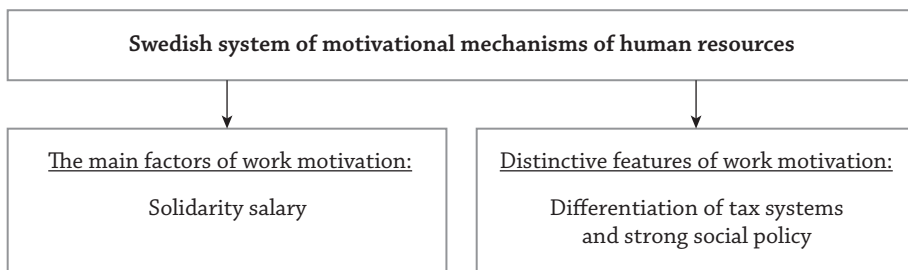
Analysing Figure 5, we can say that the best is the model that combines labour incentives and social guarantees. This model provides both economic well-being and social guarantees.

The Swedish model

A characteristic feature of this model is that the basis of social policy is to redistribute national income, which leads to a decrease in the number of less protected and well-off groups.

The features of the Swedish system of work motivation are shown in Figure 6.

Figure 6. Features of the Swedish system of work motivation



Source: own work.

Analysing Figure 6, we can say that the Swedish trade unions call for the use of solidarity wages. It is based on equal pay for equal work, reducing the gap between the minimum and maximum wages. Solidarity wages are aimed at solving certain objectives, such as: stimulating the constant renewal of production on the basis of the latest advances in science and technology. At the same time, the principle of equal pay for equal work is observed.

Conclusion

When concluding collective bargaining agreements, a certain level of wages is set, below which employers cannot reduce payments to their employees. This in turn leads to the need to modernise production or close the plant. Thus, solidarity wages contribute to the growth of companies' profitability. Reducing the gap between the minimum and maximum wages is another characteristic feature of solidarity wages.

From the above we can say that in countries with developed market economies, work motivation is built on common general principles and has common features, namely:

- the employee is independent, he/she has an unlimited choice within the law; economists and managers, within their duties, also have freedom of action;
- workers for fear of losing a source of income invest in new technologies, training, science;
- employers use incentive systems depending on the complexity of working conditions, the importance of work in its various modifications;
- the most commonly used hourly wage is in accordance with the contractual form of employment;
- employers take labour rationing seriously; different options for hourly wages include the requirement of mandatory performance of a given amount of work, which is calculated on the basis of progressive standards of labour costs;
- as an hourly form of payment and piecework have many different uses (bonuses for quality performance, etc.);
- mental work is a priority and is confirmed by the advantage of payment over physical work;
- individual salary is set taking into account the assessment of certain abilities of the employee;
- non-traditional methods of material stimulation of labour potential are often used.

In Ukraine, wages are aimed at short-term motivation. This situation does not motivate the employee, does not stimulate him/her to pursue professional development.

Employee differentiation policy helps to involve employees in a greater use of their potential, which takes into account individual and collective participation in performance (Olafsen & Halvari, 2017).

It is necessary to evaluate the activities of each employee, encourage his/her professionalism, competence, creativity, initiative, responsibility, desire for self-improvement, development, while taking into account the results of the enterprise and the personal contribution of each employee to productivity.

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Mariia Tepluk

PhD in Economics, Associate Professor of Business Economics and entrepreneurship, Kyiv National Economic University named after Vadym Hetman, Ukraine. Her scientific work focuses on the topics of competences, employees' attitudes, organisational behaviour, human capital management and development, person-organisation fit, leadership and innovative development in the conditions of the DEST World.

e-mail: maria_6.11@kneu.edu.ua

ORCID ID: 0000-0001-6823-336X

Oksana Domina

PhD in Economics, Associate Professor of Taras Shevchenko National University of Kyiv. Her scientific work focuses on the topics of competences, employees' attitudes, organisational behaviour, human capital management and development.

e-mail: diominaom@ukr.net

ORCID ID: 0000-0003-4242-6344