



# Personnel motivation system as a basic element in the management system of human resources

## Sistema de motivación del personal como elemento básico del sistema de gestión de recursos humanos

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#### ABSTRACT:

Nowadays human resource management has become a decisive factor in ensuring the competitiveness of the company. The human factor, corporate spirit have become the cornerstone of welfare of organizations. The concept of human resource management is a system of theoretical views and practical approaches to the different aspects of activities in this sphere. The authors have developed a premium scorecard based on key performance indicators, proposed a management by objectives system, which allows to build a system of personnel motivation.

**Keywords:** motivation, human resources, personnel, key performance indicators

#### RESUMEN:

Hoy en día, la gestión de recursos humanos se ha convertido en un factor decisivo para garantizar la competitividad de la empresa. El factor humano, el espíritu corporativo se convirtió en la piedra angular del bienestar de las organizaciones. El concepto de gestión de personal es un sistema de puntos de vista teóricos y enfoques prácticos sobre diversos aspectos de la actividad en este campo. Los autores han desarrollado una tarjeta de puntuación superior basada en indicadores clave de rendimiento y proponen un sistema de gestión por objetivos, que permite construir un sistema de motivación del personal.

**Palabras clave:** Motivación, recursos humanos, personal, indicadores clave de rendimiento

## 1. Introduction

Nowadays both managers and economists recognize the existence of intellectual capital, which is based on the abilities of the employees of the organization. Indeed, the presence in the staff of certain specialists contributes to an increase in the economic benefits received by the enterprise in general. The departure of such specialist may entail some changes that will dramatically change the vector of development of the enterprise and its material and technical condition. Therefore, the problem of assessing human qualities and developing a

system of employee motivation is very acute at the moment. General management theory has two major ways of handling such management goals.

These are cybernetic and synergetic approaches. They are used to solve tasks of managing the social development of an organization. Proponents of the first approach emphasize the benefits of the rigid management system relying on the managing subject's decisions concerning the activity goals. In other words, this model in terms of the methods and mechanisms of control used is closer to administrative-authoritative methods, often mistakenly identified with "cybernetic".

Adherents of this point of view deny the social nature of management, they usually appeal to the works of N. Wiener, A. Rosenblat, and W. R. Ashby (W. Ashby, 1956).

N. Wiener emphasizes the technical essence of the science he develops, narrowing the subject of the research. "In giving the definition of Cybernetics in the original book, I classed communication and control together.." (N. Wiener, 1983). He believed that control is possible only through communication.

N. Wiener declares the primacy of communicative processes in relation to management processes and considers, therefore, the technical component of management theory as part of information theory and emphasizes that within the framework of cybernetics the concepts of "management" and "communication" are identical. Thus, N. Wiener, argued that only the "control" phenomenon is inherent in both a living organism and a machine, and from this point of view it is legitimate to speak of "human or animal technology". Attempts to identify the authoritarian "toughness" of management with a genuine cybernetic approach are theoretically untenable, practically flawed.

Scientists whose views are based on the first approach (L. Bertalanffy, W. Sellars) created a coherent theory of system management, which includes a number of social objects, interacting with each other and with the environment. However, in cases where such a system functions in the economy, the social sphere, where a great number of elements of different nature interact (separate individuals, social groups, production teams, etc.), the efficiency of management processes is significantly reduced (W. Sellars, 1970).

An alternative to a volitional, purposeful approach to the management of social processes was the attempt to trust the forces of spontaneous self-ordering of such systemic objects. Refusing to rigidly control the system and relying on the forces of its own self-organization, synergetic at the same time does not at all deny the importance of regulatory, directing influences on the system, taking into account the internal logic of the development of the system.

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## 2. Research questions

Nowadays the Human resource management has become a key factor in assuring the enterprise's compatibility; in many ways, this compatibility is due to:

- carrying out an active personnel policy;
- acquisition by HR services of a strategic role and changeover from carrying out fragmented functions to system activity;
- integration of human resources planning into corporate planning
- focus on managing change and investment in human capital.

The concept of human resource management is an outlook system concerning the essence, content goals, and tasks, criteria, principles, and methods of the given activity as well as organizational and practical approaches forming the mechanisms of its implementation.

Practical experience and scientific research allowed to formulate the most important concepts of personnel management. The well-known Russian scientist in the field of management L.I. Evenko believes that in the process of developing managerial thought there was a change of four concepts of personnel management in organizations (Evenko, 2012).

1. Human labor resources use since the end of the XIX century until the 60s of XX century. Instead of a person in the organization, only one of his function was considered - labor, measured by the cost of working time and salary. This concept is reflected in the scientific

school of management.

2. Personnel management as a scientific concept, developed from the 1930s, was customary for the classical school of management. It was the theory of bureaucratic organizations, when a person was considered through his formal role - a position, and management was carried out through administrative mechanisms (principles, methods, powers, functions, etc.)

3. Human resource management. A person began to be viewed not as a position (structure element), but as a non-renewable resource - an element of social organization in the unity of the three main components (labor function, social relations, employee status). In Russia this concept has been used partly for more than 30 years and in recent years has become widespread in the theory of «actualization of the human factor».

4. Human being management. In accordance with this concept, a person is the main subject of the organization and a special object of management, which cannot be considered as a "resource". Organization should build its strategy and structure based on the desires and abilities of the person. The founders of this concept are the leaders of the Japanese management K. Matsushita, (Matsushita, 2002), and A. Morita. However, it is closely connected with the concept of the all-round development of personality created by Russian philosophers (Zelenov, 1991).

Specialists in the field of personnel management identify the following main strategic directions in working with staff:

1. Reducing the proportion of wages in the production cost. Due to the high wages in highly developed countries, the production of firms becomes uncompetitive. However, this model is not suitable for all enterprises.

2. Employees are a resource that needs to be maximized. It is recognized that the only source of long-term enterprise advantage in the market is maximizing the abilities and knowledge of their employees.

3. The inextricable link of the production strategy with the strategy of personnel management.

4. Development of organizational culture: common goals, collective values, charismatic leaders, control of employees with the help of social funds, etc.

5. "Japanization" of personnel management methods. It is achieved by minimizing of management levels, high organizational culture, flexible forms of work organization, high quality products, employee loyalty to the company, etc.

6. Human resource management - a strategic function. Organizations should use model of HR management that maximizes a person's contribution to an organization's success (Ivankina, 2009).

Analysis of the concepts, their reflection in the working process of the organizations, allows us to systematize the approaches to personnel management in different ways. For example, contrasting two views on the role of a person in production:

- a person as a resource of the production system (labor, human) is an important element of the process of production and management;
- a person as an individual with its own needs, motives, values is the main subject of management;
- economic, in which the problems of production, exchange, distribution and consumption, material wealth prevail, and the staff is considered as a labor resource;
- social, in which the issues of relations, social groups, spiritual values, aspects of the all-round development of the personality predominate, and the staff is considered as the main system consisting of unique personalities.

The managerial approach has changed the view of a person, his place in the organization and the optimal levers of influence. So, the organization began to be perceived as a mechanism, a person became a detail, a cog in the mechanism, in relation to which the use of labor resources is possible.

All concepts have a different approach to management. So conditionally, these approaches

can be divided into economic, organic and humanistic. The basic concepts of personnel management are presented below:

1. The economic approach to personnel management: the concept of the use of labor resources. The economic approach to management gave rise to the concept of the use of labor resources. Within this approach, technical, rather than managerial, training of people takes the leading place in an enterprise. In essence, the organization is considered as a mechanism, and the person, the staff acts as a certain cog of this mechanism, which should work properly.

2. Organic approach to personnel management: the concept of personnel management and the concept of human resource management. This approach includes the following concepts - this is the concept of human resource management and the concept of personnel management. The organic approach has led to the formation of a new perspective of personnel management, due to the improvement of the traditionally established functions of the organization of labor and wages. So the essence of the personnel function of the registration and control has gradually evolved into developing. This function involves the search and selection of personnel, planning career growth of the most valuable employees in the organization, conducting an assessment of the performance of the management staff of the organization, staff development organization (Mayo, 2001).

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### **3. Methodology**

The methodological base of the research is a system of comparative and economic analysis, analysis of cause-effect relationships, observation, questioning, comparison and grouping, as well as economic and mathematical methods Information base of the research.

Let us take a closer look at the methods used in acquiring data needed to form the plans of an enterprise's social development. These are:

- Direct supervision over staff and its activity, as well as civic organizations within the enterprise, having conversations with staff and management;
- Paying heed to data and service documentation that gives a clear view of the staff's social structure, level of satisfaction with material and cultural needs;
- Holding surveys and polls to know the staff's opinions and suggestions concerning the social life of the corporate team (note, that choosing survey structure and tabulation procedure should comply with sociologic service recommendations);
- Implementing scientific recommendations to plan the social development of the corporate team, drawing on the experience of other enterprises and organizations in this field;
- Carrying out a social experiment aimed at testing the workers' skills; testing the efficiency of the recommendations based on the previous data analysis;
- Conducting the mass information statistical analysis.

The main problem causing insufficient growth in sales is a low interest of employees in the results of their work. It is necessary to improve the conditions that would encourage sales managers to work with full efficiency. An effective motivation scheme should be very flexible, it should be updating frequently, as the salesman's professionalism, the nature and scope of their work, change over time. But usually this does not happen. And then the sales department is inefficient. Based on the marketing strategy and business model in which the company operates, a premium scorecard based on Key Performance Indicators (KPI) is formed. The main indicators for the sales manager are product sales and margin. A well-formed system of motivation of managers, focused on achieving a balance between sales and margins. Other, more fractional indicators include the absence of receivables, compliance with the sales structure within the customer base, etc.

Target plans are formed within the framework of all the above indicators for sales managers, after that there is an interrelation of the bonus system with the execution of target plans for these indicators. The bonuses provided by the bonus system can be calculated based on the personal result of each sales or on the basis of the team result.

At the same time, the bonus system in which bonuses are based on a group result can be not competitive sometimes.

In any situation, it is important to create transparency and clarity of the motivational scheme.

The sales manager must clearly know what amount of self-interest and participation he will get from each received ruble. Each company in the process of developing and implementing a motivation system seeks to improve its effectiveness. We consider the main criterions in relation to the effectiveness of the motivation system below:

Criterion 1. Influencing the achievement of the goals set for the organization.

Criterion 2. The complexity of the system of motivation.

Criterion 3. Compliance with the proportions between the growth of the wage fund and the growth of the company's turnover.

Criterion 4. The value of the average salary of employees must not be lower than the value of the corresponding salary on the market for a specialist of this qualification.

Criterion 5. The presence of the dynamics of the relative growth of points in the framework of employee ratings.

Criterion 6. The motivational system used in practice must be flexible in relation to the internal area of the company to the changes occurring in the market; it must be possible to promptly make changes, make adjustments to the company's goals without changing the bonus system.

Considering all the above criterions, we note that they correspond to the salary of employees, based on KPI results, that is on key performance indicators of the company's employees. Making changes to the motivational system, it is necessary to change the activity goals, the value of indicators, measurement criteria, the bonus table, but when this leave unchanged in the totality of the whole mechanism.

Considering the statistics of Western countries, it should be noted that the process of introducing this kind of system into a company contributes to an increase in the performance of organizations as a whole by 15-20%. To implement the use of KPI in the framework of the tool of motivation it is necessary to identify its principles and main goals of use.

KPI goals include:

1. To carry out activities related to the motivation of the employees in the framework of achieving the strategic goals of the company and the growth of the effectiveness of its activities;
2. To carry out leadership development - willingness to be responsible for achieving personal and team results;
3. To carry out activities aimed at motivating staff to continuous growth and development;
4. Work with company employees regarding risk sharing along with company (coincidence of personal goals and company goals).

The principles of KPI include:

- personal responsibility for the achieving goals;
- a clear consolidation of specific measurable goals and priorities;
- a clear vision of personal career prospects;
- system flexibility with the possibility of correction of goals and indicators;
- coordination of personal and corporate interests;
- providing a single mechanism for planning, evaluation and development.

The main tool of the management by objectives (MBO) is the matrix of the MBO. It is a list of criteria for evaluating the performance of employees, indicating their units of measurement and planned indicators. It is important not only to clearly define the necessary objectives, but also to make their achievement transparent, that the employee at any time can determine how much he is coping with the task. At the same time, the planned indicators should be adequate to the situation in the company. The implementation of the plan should not be made easy enough and at the same time the achievement of the set goal should be real.

The number of KPI indicators for sales managers include:

1. Sales plan realization;
2. Sales plan realization of the group of the least liquid goods;
3. Fulfillment of cash flow plans;
4. Increasing the number of customers;
5. SMART tasks;
6. The level of profitability;
7. Evaluation of the head.

SMART tasks include:

1. Mastering the specifics of new products;
2. Informing customers about the arrival of a new product;
3. Collect information about competing companies in the region.

Evaluation of the head is aimed at maintaining the correct production. The list of criteria for assessing the quality of work of employees includes: no delays, compliance with standards for working with clients, compliance with accuracy in reporting, fulfillment of official duties.

In order to avoid subjectivity in the assessment of employees by the head, there are behavior indicators for each point:

- 0 points - there was committed a gross violation, which entailed serious consequences, but the employee did not take responsibility for their elimination;
- 1 point - there was committed a gross violation, which entailed serious consequences. The employee took responsibility for this and took steps to eliminate them;
- 2 points - there was committed a minor violation, which did not entail serious consequences and was corrected in time;
- 3 points - no violations, compliance with standards of work with clients and compliance with accuracy and accuracy in maintaining documentation. calculations (Table 1).

## 4. Results

Based on the results of the assessment, a rating of employees by task execution should be compiled. It is necessary to monitor the activities of each employee. Currently, the salary of a sales manager includes two indicators: salary and premium. Salary - monthly guaranteed payments to an employee, taking into account their potential to perform certain work.

**Table 1**  
MBO matrix for sales manager

<b>№</b>	<b>Indicators</b>	<b>Share, %</b>	<b>Units</b>	<b>Plan</b>	<b>Fact</b>	<b>% of plan realization</b>	<b>% of plan realization inclusive of share</b>
1	Sales plan realization	30	mln. RUB	1,84	2,1	114,4	34,32
2	Sales plan realization of the group of goods	15	mln. RUB	1,2	0,52	42,9	6,43
3	Fulfillment of cash flow plans	15	mln. RUB	1,84	1,64	89,2	13,38
4	Number of	10	Person	28	32	114,3	11,43

	customers						
5	SMART-tasks	10	Pcs	3	3	100,	100,0
6	Profitability	15	%	15	16,2	108,0	16,2
7	Evaluation of the head.	5	Point	3	3	100,0	5,0
TOTAL	MBO, %						96,8

If we will consider the statistics, it should be noted that within the framework of the specialty sales manager they prefer to use the salary + interest scheme rather than the wage in the form of interest only. Based on data from a study conducted by Head Hunter, 7% of the surveyed managers are willing to work only for salary. These conditions indicate the stability of the organization, and the guarantee for the employees of confidence in the future.

Most often, this type of payment system scheme is used in organizations whose activities are related to the implementation of more complex products in terms of its technical characteristics, which accordingly indicates high requirements for the qualifications of specialists. Typically, the process of recruiting specialists, their development and the conclusion of employment contracts with them takes several months, and the employees of the company who are not related to sales can take part in this process. This scheme is acceptable for the company in the period of its formation or in the framework of any unstable situation in which the manager cannot influence the sales volume due to objective reasons. The second part of the salary of sales managers - bonus. It directly depends on the percentage of implementation of the plan by the sales manager. So if the plan is exceeded, then the size of the bonus is set as a percentage of the volume over 100%.

However, in our opinion, such a calculation of the premium part is not a profitable tool for motivation of the sales manager, for the following reasons.

Percentage motivation is disadvantageous if there is an unevenly distributed base. One sales manager has several large and solvent customers in his customer base, while the another one works with fairly small customers who cooperate with the company on deferred payment terms and discounts. As a result, it creates an imbalance between wages and the amount of actual work performed because the percentage of the surcharge depends on the solvency of customers and the terms of payment under the contract.

The presence of percentage motivation is also disadvantageous in the framework of work simultaneously with new and old customers. The principle of working only with old customers is detrimental to working with new customers, since the sales manager lacks motivation to work with new customers. Therefore, in our case, in addition to individual achievements, wages of employees should depend on the result of collective efforts. This will contribute to the development of a sense of collectivism and cohesion among employees, which will be the basis for the formation of the team spirit of the company. In accordance with the results obtained after an assessment of activities of the sales managers, the following recommendations can be developed for determining the amount of premiums.

1. At the first stage, it is necessary to evaluate the sales manager in accordance with his personal achievements (according to his personal plan);
2. In the second stage, it is necessary to carry out an assessment of the achievements of the whole unit, according to a collective plan.
3. The bonus part of payments to each employee can be calculated as follows: 20–25% of the bonus is provided by collective achievements, 75–80% by personal indicators.

For example, the rate of the fixed salary of a sales manager of a company averages 20 thousand rubles, plus a premium.

The implementation of these activities in the organization for the next year will increase sales revenue ( $\Delta B$ ) by 14.4%

$\Delta B = 4718$  (revenue of the previous year) \* 14.4% = 639.39 thousand rubles.

There will also be a positive effect of savings on wages due to the introduction of an MBO matrix (on average 2 thousand rubles per sales manager)

Thus, the annual economic effect of the proposed activities is:

$Ef. = \Delta V - \Delta C + \Delta O = 639.39 - 574.13 + 2 * 3 \text{ persons} * 12 \text{ months} = 137$  thousand rubles.

The proposed measures allow to increase sales revenue, however, the increase in the level of profitability will be 1.2%.

With this method of calculating the premium part of the salary, a slight reduction is possible for some employees, however, using the MBO technique will help to more effectively motivate employees to get the maximum result, while taking into account not only the interest of employee, but also the interests of the company, besides this method allows create a team of like-minded people

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## 5. Conclusions

In the course of the study, we can draw the following conclusions. The financial condition and profitability of any organization in most cases depends on the extent to which the analysis of human resource management has been carried out. Current economic conditions allow workers to exercise their initiative and receive appropriate incentives. Good and effective personnel should have an appropriate remuneration, since psychological loyalty is not enough for a long period of time.

Thus, in order to meet higher needs, such as respect and recognition, it is necessary to base on the size of the salary. The success of an enterprise arises from the interaction of all employees who pursue common goals, which must be real, understood by each employee and reflect the basic character of the enterprise. A company that will not differ from many others is immediately programmed to fail and bankrupt. For years we have been told about organized work, identifying it with the work of the organization, but it's not the organization that works, but the people - the personnel of the company. It is the human factor, that is, a well-developed organizational culture and corporate spirit, and not factories, equipment and production stocks are the cornerstone of competitiveness, economic growth and efficiency.

Socio-psychological methods used by companies effectively carry out spiritual stimulation, creating a favorable psychological climate in the team and a sense of belonging to an organization. The system of organization of remuneration is developed on the basis of the tasks set for the production and quality of products, the implementation of programs for finding reserves of production and management. The remuneration of employees is made in accordance with labor contracts, taking into account the conditions and complexity of labor, qualifications and business qualities of the employee.

Improving the system of human resource management in an enterprise can be achieved in the following ways:

- pursuing a unified personnel policy, the basis of which is continuous in-house staff development taking into account its vertical growth, creating a reserve of personnel potential and all-round creative professional development in horizontal directions, mastering new and second professions, expanding the area of activity;
  - the establishment of a close correlation between the process of continuous learning and measures of moral and material remuneration of employees;
  - the use of material incentives for the best use of production assets (as a result, an increase in the level of economic efficiency of production as a whole);
  - improvement of motivation in the implementation of the proposed effective system of motivation of sales staff, which will increase revenue and reduce costs for staff.
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