

**JEL Classification: Q21**

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**THE ANALYSIS OF EXISTING INCENTIVE SYSTEMS  
FOR THE PERSONNEL IN THE ENTERPRISES**

*Received 18 September 2020; accepted 24 September 2020; published 29 September 2020*

**Abstract.** *It is necessary to develop all three priority factors of production in order to carry out effective activity of enterprises. But it is the personnel, as an important factor of production that is the link between the nominal and current capital in the labor process. The work indicates that effective personnel management requires a radical increase in role of labor incentives. In the practice of personnel management, there are many approaches to building systems of motivational management, incentive mechanisms that are aimed at implementing the goals of the business entity functioning. The work analyzes the justification of theoretical and practical results of researches in the field of incentive, to find the correlation between employee behavior and the results using motivational management instruments.*

**Keywords:** *incentive, personnel management, labor productivity, freelancer, team-building.*

**Reference** to this paper should be made as follows: Nudayat, A. (2020). The analysis of existing incentive systems for the personnel in the enterprises. *Economics and Finance*, Volume 8, Issue 3, 17-22.

### **Introduction**

One of the main sources of increasing the effectiveness of enterprise performance indicators is effective personnel management. The formation of strategically important competitive positions of enterprises in the world market requires the search for new approaches to enterprises management based on the study of the European countries experience, which makes it possible to form the vision of an effective economic mechanism for personnel incentive, which affects the efficiency of the enterprise as a whole and provides an increase in labor productivity level.

Priorities changes in work motivation and sources of income-producing, the loss of connection between motivation and getting eventual outcome occurred due to the lower cost of labor power, availability of differentiations of employee compensation with different qualification.

Thus, the formation of an improved economic incentive mechanism for enterprises personnel to ensure the effectiveness of the work in the long term is particularly relevant, which will create new conditions for development and increase the competitiveness.

### **Literature review**

Theoretical and methodological foundations of personnel incentive started by foreign scientists, classics of market economy: C Li, L. (2017), Tong, L. (2017),

Zhao, C. (2017) who developed general approaches to the motivation theory, mechanism for rewarding employees for achieving the production goals.

Among the studies that highlight certain aspects of the problem, it is necessary to highlight the works of A Chen, A. (2019), Ma, Y. (2019) and so on, who proposed systems of motivational management, aimed at implementing the goals of the business entity functioning in various sectors of the economy.

Methodological issues and analysis practice and labor evaluation occupy one of the most important places in the researches of the motivational mechanism effectiveness, which have been conducted by Jiang, Z., Li, D., & Zhou, Y. (2018), Liu, X. (2018), Gao, Y. (2019).

However, despite a number of existing scientific developments, the problem of forming an effective economic mechanism for personnel incentive of enterprises requires further scientific developments. The relevance of the research topic is also confirmed by the need to substantiate scientific-practical recommendations for improving the economic mechanism and methods for evaluating the personnel incentive effectiveness. All this determined the choice of the work topic, determined the target orientation, outlined the goal and tasks.

### **Methods**

The purpose of the work is to substantiate theoretical-methodological approaches and develop scientific-practical recommendations for the formation of a system for evaluating personnel incentive of enterprises.

### **Results**

Despite the effectiveness and universality of monetary incentive, limiting the motivation system only to material incentive does not give the company desired result. In practice of personnel management, there are cases when employees with the same position in the service hierarchy receive different financial incentive, which is most often calculated based on performance results – data on results are usually available to top management.

This all causes discontent and disturbs the balance of the socio-psychological climate of the labor collective, so it is necessary to use moral compensation and introduce a balancing factor, which is the means of non-material incentive.

Methods of non-material incentive can be: non-targeted – the presence of a social package, holding joint corporate events of the enterprise.

Effective non-material incentive is based on a whole complex: employee self-motivation, opportunities to express themselves in various aspects of the company's life- social, public assignments, creativity, behavior in the workforce, etc.

Non-material incentives can be divided depending on the impact on the specific structure of the person on the socio-psychological and organizational. Social incentives are based on person moral values, understanding the value and usefulness of work.

Consider the list of fixed assets of non-material incentive:

- socio-psychological means: awarding for invention, labor achievements, motivation by goals, representation of the company at exhibitions, fairs, providing cultural and sport events, creating a favorable socio-psychological climate, social contacts, useful, interesting, creative work, self-realization, stability, effective social policy, etc.

- organizational means: possibility of occupational advancement- the formation of a personnel reserve, humanization of labor- work enriched with meaning, establishment of favorable working conditions, rationalization of work and rest regime, improving corporate culture, stimulating free time, convenient work schedule, awareness of the company's activity, delegation of duties, rights and responsibility, organization of feedback between managers and staff.

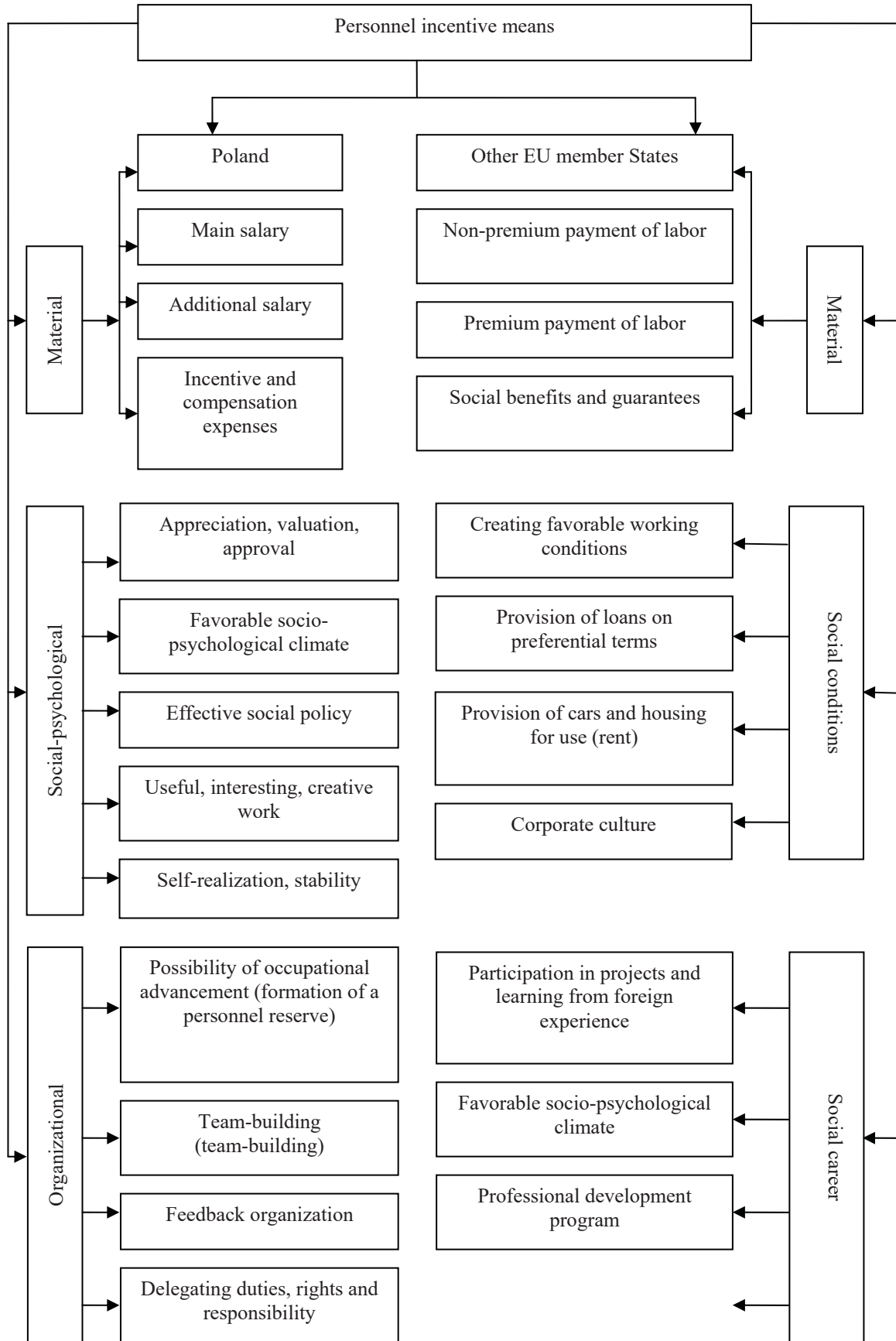
Using effective team-building (team-building): conducting trainings, organizing corporate events with the involvement of employees' families. Team-building as a social-psychological means of stimulation consists of 3 stages:

- formation and development of team skills (team skills) – harmonization of the general goal with the personalization goals;
- taking responsibility for the team's results;
- situational leadership and flexible change of style in accordance with the specifics of performed tasks;
- constructive interaction and self-government;
- making a single team decision and coordinating with team members;
- formation of team spirit (team spirit): strengthening the sense of unity, forming a stable sense of “we”;
- development of trust between employees, understanding and acceptance of each other individual features, creating motivation for joint activity;
- implementation of the experience of highly effective joint actions, increasing the informal authority of managers;
- development of loyalty of program participants towards the organization);
- formation of team –building (team-building): distribution of roles in the team for optimal achievement of results; formation of a new structure during merger, acquisition, and restructuring of enterprise;
- creating the working environment in the formation of project teams;
- establishing horizontal relations within the team, regional divisions.

The company's social policy is also an effective means of socio-psychological staff incentive.

First, benefits and guarantees are being implemented within the framework of the staff social package: social security insurance for old age, temporary disability, unemployment, established at the state or regional level.

Secondly, enterprises provide the employees and the family members with additional benefits related to elements of material incentives at the expense of funds allocated for these purposes from the organization social development funds, namely, providing mortgage, funds for children's education and recreation, improving food conditions, recreation, corporate children institutions).



**Figure 1. Comparative characteristics of enterprises personnel incentive**

Let's take a closer look at some of the organizational means of non-material incentives introduced in enterprises.

Improving occupational hygiene factors – working conditions:

- creation of comfortable working areas taking into account modern methods of labor organization – ergonomics, in particular, air conditioning, heating of premises, rationalization of the workplace, etc;
- providing staff with the latest technologies – program software that simplifies work and reduces physical stress by automating processes;
- reducing the number of employees engaged in works with harmful working conditions (barometric pressure, industrial noise, ultrasound, infrasound, local and general vibration, chemical factors, the severity and intensity of work.

Organization of feedback is also an effective organizational means for incentives –every employee can participate in the management and organization of labor. Creating a personal website with a special category or internal mail will help personnel make suggestions, suggest methods and ways to solve important tasks for the enterprise development.

We will conduct a comparative analysis of personnel incentive means in the EU member States (Figure 1).

The personnel incentive models of EU countries- enterprises do not provide a block of moral incentives, but mainly reflect material, socio-material, natural and social career incentives.

According to the study results, can be drawn the following conclusions: material incentives are radically different, there is no organizational incentive in the EU countries – but presented a wide range of social incentives, aimed at creating social conditions for personnel activity and ensuring the social career of each person.

The means of non-material incentive have a particular importance for service companies in recent years that allow in the modern conditions of the information society to use new forms of staff work, in particular freelancer, which is beneficial for both the employee and employer.

The advantages of being a freelancer for employees are the following: working in a convenient place, a high degree of self-development, saving travel and food costs, and work motivation – the desire to complete work faster.

## **Discussion**

This type of personnel recruitment has the following advantages for an employer: reduced office spaces and utility rooms, reduced costs for utility payments and expenses for personnel social packages, unlimited opportunities to attract personnel on weekends, holidays without additional fees, multi-functionality. However, there are disadvantages for the employer: first, there is no personal contact between the employee and employer, so it is necessary for the freelancer to be organized and disciplined.

Secondly, for companies that use organizational incentive in particular, the formation of corporate culture, team building and client-oriented value system, it is

necessary to develop other measures for freelancers, because when working with freelancers, this becomes impossible.

### **Conclusions**

It is necessary to develop an incentive mechanism in order to increase the competitiveness and labor productivity, that successfully combines and complements the means of material and non-material incentive, which will help the employee to form certain stereotypes about the usefulness of the chosen type of activity, the prospect and the possibility of obtaining advantages for themselves and for society as whole.

It should be noted that the promotion of labor activity is carried out on two levels at the same time: first is the stimulation of each person, second is the stimulation of the entire team of employees as a distribution of synergetic effect. The manager should identify incentive means in order to increase labor productivity at both levels.

The HR manager should create an effective incentive system as a part of the HR management system. Thus, the labor stimulation involves the creation of conditions under which active labor activity becomes a necessary condition for meeting the significant and socially determined needs of the individual, formation of the motives to work.

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