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## FORMATION OF A COMPREHENSIVE APPROACH TO ASSESSING THE EFFECTIVENESS OF STAFF INCENTIVES AT THE ENTERPRISE

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### Key words:

personnel, staff motivation, productivity, enterprise, personnel evaluation, personnel management, system

The article examines the theoretical aspects of staff work stimulation, presents a thorough analysis of approaches to determining the content of work stimulation, and offers its own vision of this concept. The main stages of the process of forming a labor incentive system at the enterprise are grouped, it is established that the lack of an appropriate level of development and functioning of the labor incentive system can be considered as one of the consequences of insufficiently developed and formed business processes, accordingly, it is proposed to improve the assessment of the effectiveness of personnel incentives at the enterprise, and a scheme is formed a comprehensive approach to assessing the effectiveness of staff stimulation at the enterprise.

## ФОРМУВАННЯ КОМПЛЕКСНОГО ПІДХОДУ ДО ОЦІНКИ ЕФЕКТИВНОСТІ СТИМУЛЮВАННЯ ПЕРСОНАЛУ НА ПІДПРИЄМСТВІ

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### Ключові слова:

персонал, мотивація персоналу, продуктивність праці, підприємство, оцінка персоналу, управління персоналом, система

У статті досліджено теоретичні аспекти стимулювання праці персоналу, представлено ґрунтовний аналіз підходів до визначення змісту стимулювання праці та запропоновано власне бачення цього поняття. Згруповано основні етапи процесу формування системи стимулювання праці на підприємстві, встановлено, що відсутність належного рівня розвитку та функціонування системи стимулювання праці можна розглядати в якості одного з наслідків недостатньо розвинених і сформованих бізнес-процесів, відповідно запропоновано удосконалити оцінку ефективності стимулювання персоналу на підприємстві та сформовано схему комплексного підходу до оцінки ефективності стимулювання персоналу на підприємстві.

### Problem statement

Analysis of the labor incentive system at the enterprise is one of the key factors in the exit of many enterprises of the real sector of the economy from the crisis situation and ensuring their stable economic growth. This, in turn, has a positive effect on the level of economic security and increasing the risk tolerance of business entities in modern conditions of economic turbulence and uncertainty. Increasing the productivity of business processes means expanding the boundaries of the business entity's activities under the conditions of achieving relative savings in the use of resources. This is especially important for the process of using labor resources, as one of the most important factors in the development of the enterprise. Achieving high rates of personnel return is impossible without the formation of

an effective labor incentive system. In view of the above, the investigated issue is quite relevant, as it forms the prerequisites for ensuring the effective work of individual enterprises, as well as industries and the economy as a whole.

### Analysis of recent research and publications

Having studied the latest research on staff incentives, we analysed the authors' publications: A.A. Zakharova, L.M. Shulgina, A.O. Klymchuk, A.M. Mykhailov, P.A. Strelbitsky, T.I. Lysenko, I.V. Usichenko, G.V. Volkivska, S.I. Derevyanko, T.I. Batrakova, V.M. Gelman and others. Having thoroughly studied the approaches to the concept of staff incentives, it should be noted that a significant number of works on the topic are theoretical in nature and do not take into account the turbulent environment and the current

state, and the authors' works do not contain a comprehensive approach to assessing the effectiveness of staff incentives at the enterprise, so the topic requires further research and improvement.

### Formulation of the goals of the article

The article is aimed at studying the existing approaches to defining the concept of staff incentives, improving it, and proposals for forming a comprehensive approach to assessing the effectiveness of staff incentives at an enterprise.

### Presentation of the main research material

In the current conditions of certain problems and crisis phenomena in the economy, ensuring the efficiency of enterprises, including in the area of employee incentives, is a rather urgent issue. An important prerequisite for achieving the efficiency of economic activity is the establishment of an optimal system of staff incentives and the formation of appropriate motivational mechanisms.

The labour incentive system is a rather multifaceted and complex concept. In order to study its essential aspects, it is necessary to first define the content of the concept of labour incentives. Modern scientific literature includes many approaches to its interpretation, taking into account different points of view of different authors, the main ones of which are shown in Table 1.1.

Analysing the various definitions of labour incentives given in Table 1, we can note the lack of consensus among scientists on the essential form. When describing the concept, such defining terms are used as a way of managing an employee's labour behaviour, influence on the motivational structure of a personality, influence on an employee, economic incentives, a way of remunerating employees, a system of material and moral incentives, application of incentives to a person, etc.

Some scholars equate the system of labour incentives with the effectiveness (efficiency) of the enterprise.

However, in our opinion, such a statement cannot be reasonable. Agreeing with this opinion, on the one hand, it is possible to assert a direct link between the efficiency of activity and the optimality of labour incentives. However, on the other hand, the system of labour incentives is only a part of the economic system within a particular enterprise. After all, the motivational mechanism alone is not able to ensure the appropriate level of efficiency of activity. This requires an effective organisation of sales, financial policy, marketing management, etc. Therefore, the existence of a labour incentive system is mandatory for effective operation, provided that it is linked to other management subsystems and contributes to their development.

Based on a synthesis of the above interpretations, we will provide our own definition of the concept of "staff incentives" as a combination of economic forms and methods of encouraging employees to increase their interest and economic responsibility for the results of activities that contribute to the dynamic development of a business entity and increase the efficiency of its activities.

In today's turbulent economic environment, an important role is given to the identification of individual components of the labour incentive system in various aspects of management. According to the authors of the researched work, the process of forming a labour incentive system at an enterprise should be considered as a complex of a number of complementary stages, which are shown in Fig. 1.

The lack of an adequate level of development and functioning of the labour incentive system can be seen as one of the consequences of insufficiently developed and established business processes [2].

The working conditions at an enterprise are of great importance in the process of forming a labour incentive system and its impact on various aspects of labour organisation. The presence of conflicting relations at the enterprise may have a negative impact on the formation of the labour incentive system, as well as on the existing

Table 1.1 – Scientific approaches to determining the content of labour incentives

Author / Source	Definition
Tax Code of Ukraine	basic and additional wages, other incentive and compensation payments paid (provided) to the taxpayer in connection with the employment relationship in accordance with the law
International Accounting Standard	all forms of compensation provided by the business entity in exchange for services rendered by employees.
Accounting Regulation (standard)	current and future income of an individual and/or members of his/her family, which are related to the current and past work of an individual at a particular enterprise (institution, organisation) and are paid directly by the enterprise or through a third party
Zakharova A.A., Dolgaleva O.V., Shulgina L.M.	all forms of current and future compensation and additional benefits provided by the state economic entity of the donation independently or through a third party to the employee and his or her family members
Klymchuk A.O., Mykhaylov A.M.	an element of production costs and, at the same time, the main factor in ensuring the material interest of employees in achieving high end results of work
Strembitsky P.A., Strelbitska O.P.	the aggregate of payments and compensations in money (currency) and (or) in kind held by an employee (currently accrued by him/her) for a certain period of time (day, month, year)
Lysenko T.I., Usichenko I.V., Volkivska G.V., Derevyanko S.I.	a system of tangible and intangible incentives for staff to motivate them to increase the results of economic activity both in terms of individual business processes and in the form of the final result, which is monetised in the form of profit
Batrakova T. I., Chernyshova A. V.	the aggregate of all compensation provided by an entity in exchange for services rendered by employees. The definition refers to services rendered in the past (past work)

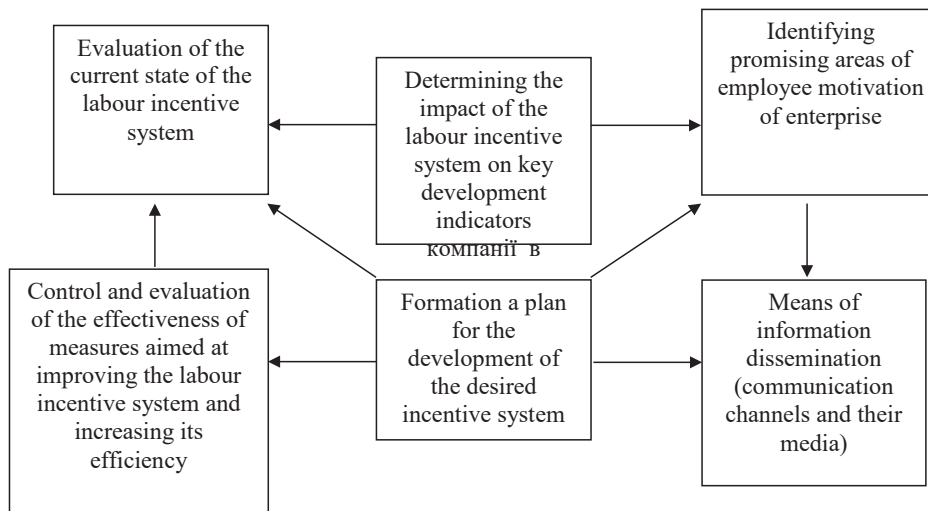


Figure 1 – The main stages of the process of forming a labour incentive system at an enterprise [formed by the authors]

norms and values of the team. Consideration of the interests and values of employees is of great importance in the targeted development of an incentive system. On the one hand, management can rely on them when implementing the norms of the labour incentive system. On the other hand, they can be used as a motivation for employees to master the norms of the labour incentive system. Thus, wages can be used as an incentive to apply the principles of reforming the labour incentive system in practice [3].

In addition, analysing the views of scholars and practicing managers, it can be noted that a significant number of researchers believe that if a company is able to pay competitive (high) wages, this is the highest incentive for employees in today's environment, but in our opinion, the essence of staff incentives is, first of all, non-financial motivation and satisfaction of primary needs at the moral level, which is more significant for most employees than monetary remuneration, especially given the current environment.

Our own research confirms that trust in and relationships with management are the most influential factors in employee engagement, along with involvement in company changes, interesting work, autonomy and trust, which is realised through giving staff the right to make certain decisions within their competence. At the same time, openness and accessibility to management are of great importance, as employees can ask for more information at any time (good communication) and make sure they are making the right choice. It is also important for employees to be confident in their decision-making so that in case of wrong actions, they do not receive social sanctions that will lead to stress in the workplace, burnout, and today an important aspect is to avoid professional burnout and stress in the workplace (especially in martial law). It should also be borne in mind that we are now living in a time of lifelong learning - in the process of continuous learning to master new things, so this has also become one of the basic needs of modern staff, the

desire to learn, improve, and acquire new competencies is a need, and accordingly, providing such opportunities from the employer will also be an effective incentive. All of the above results in overall labour productivity and efficiency, which are the main indicators of an effective staff incentive system.

The process of economic evaluation of the labour incentive system is often identified with the analysis of the efficiency of labour costs and the return on labour resources. Indeed, the economic criteria for the return on labour costs characterise the extent to which the company's labour resources (personnel) are used optimally. However, in addition to personnel, other types of resources are also involved in production processes, such as financial, material, land, energy, information, etc.

After analysing the material and conducting a study of the theoretical aspects of staff incentives, we have developed a comprehensive approach to assessing the effectiveness of labour incentives. Let's consider the main indicators for assessing the effectiveness of labour incentives at an enterprise (Fig. 2).

### Conclusion

Thus, labour incentives can be viewed as a set of tangible and intangible means of motivating labour, expressed in monetary and non-monetary forms, which are designed to ensure a long-term effect of increasing staff productivity. The purpose of the labour incentive system of an enterprise and its top managers is to ensure efficient work. This is achieved through the competent design and proper implementation of the production (service) process. The working conditions at the enterprise are of great importance in the process of forming a labour incentive system and its impact on various aspects of labour organisation. The presence of conflicting relations at an enterprise can negatively affect both the formation of a labour incentive system and the existing norms and values of the team. A special feature of the formation of an optimal labour incentive system in modern conditions

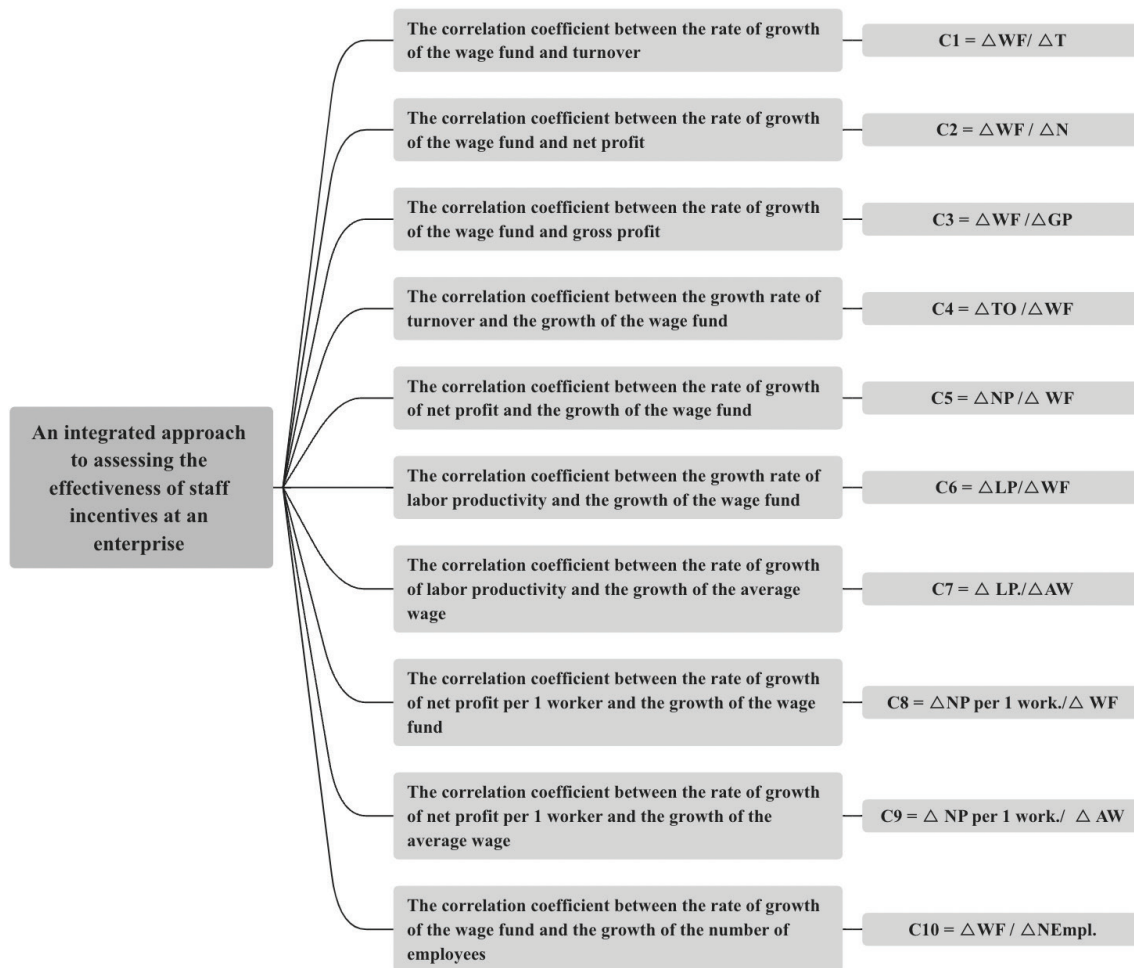


Figure 2 – An integrated approach to assessing the effectiveness of staff incentives at an enterprise [formed by the authors]

is the use of a logistics approach to the movement and use of labour resources. The production system is inherently a complex set of individual production factors and their

management tools, which are interconnected by logistics channels. Labour resources are considered as an integral element of this system.

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