

TOOLS OF MATERIAL INCENTIVES ASSOCIATED WITH REMUNERATION OF EMPLOYEES FOR WORK

Adetunji A.M.

*Adetunji Adenike Mary – PhD in Economics,
ECONOMICS DEPARTMENT, KUBAN STATE UNIVERSITY, KRASNODAR*

Abstract: *this article explains the approaches to material incentives and the methods that are used to achieve good outcome from the employees and also work peculiarities. It also exposes us to the material instruments of incentives that are related to remuneration of personnel in the enterprise, the purpose of bonuses and allowances, and a detailed list of work conditions for employees; the characteristics of salary were also stated. The different forms of which remuneration for work can be paid to employees.*

Keywords: *salary, material incentives, remuneration, bonuses, employees, stimulation.*

This approach to material incentives combines the methods of material incentives associated exclusively with the results of work achieved by employees, as well as the peculiarities of the work.

The instruments of material incentives related to the remuneration of personnel of the enterprise are:

1. Salary (or wage rate);
2. Bonuses and allowances for work in the conditions deviating the normal;
3. Bonuses and allowances stimulating character (including bonuses, stock options, bonuses, etc.).

One of the most common methods of material incentives is a salary (or wage rate). On the basis of the terms covered in the Labor code of the Russian Federation and in accordance with the concepts set out by the economic science [1], we can give the following definitions.

Salary (salary) is a fixed wage of the worker for execution of labor (official) duties of certain complexity for calendar month without regard to compensation, stimulation and social benefits [3].

The tariff rate is a fixed wage of the employee for performance of labor standards of a certain complexity (qualification) per unit time, excluding compensatory, stimulating and social payments. Labor standards (standards, time standards number, etc.) are set in accordance with the achieved level of engineering, technology, organization of production and labor [1].

The output rate is the number of operations, products that should be manufactured or performed in the unit of time (hour, shift, etc.) in certain organizational and technological conditions of one worker or group of workers of corresponding qualification [4].

Therefore, the salary (or wage rate) is a fixed part of the employee's salary for producing a certain quantity of products [3], or perform certain operations or functions per time unit (in the case of the application of tariff rate) or per calendar month (in the case of salary) [2].

Salary has the following characteristics:

- Salary (in relation to the unit of time) does not change; it is constant, fixed;
- Salary paid for achievement of set targets (standards) under normal working conditions;
- Salary is the remuneration paid for the "work", but not "the result of labor."

From the viewpoint of improving productivity of employees, the salary as a stimulation method cannot be called a highly effective management tool, as between the change in the results of work and amount of salary there is no direct relationship. According to statistical studies, the increase of labor productivity of employees by increasing the fixed part of wages, there is an average of about three months (one to five), after which the orientation on increase of productivity of labor decreases again [4].

In accordance with the two-factor theory of motivation F. Herzberg [6] the salary relates to the "hygiene factors", i.e. does not encourage staff to improve efficiency, and not only creates a sense of dissatisfaction from work. Thus, according to the theory of F. Herzberg, the absence of dissatisfaction is not conducive to satisfaction and motivation; it is affected by quite different factors.

An important method of material incentives from the point of view of reducing dissatisfaction of employees, if we apply the theory of motivation F. Herzberg ("hygiene factors") [6] and S. Adams ("theory of justice") [5], are bonuses and allowances for work in the conditions deviating from normal.

The most detailed list of conditions different from normal is contained in the Labor code of the Russian Federation, including [1]:

- works with harmful and (or) dangerous working conditions;
- Work in areas with specific climatic conditions;
- Work with different qualifications;

- work requiring a combination of professions (positions);
- Night work;
- Work on weekends and public holidays;
- Work with the expansion of service areas;
- increased workload;
- Increase of obligations of a temporarily absent employee without release from work defined by a labor agreement;
- Overtime;
- Work in the period of development of new production (products).

The main purpose of bonuses and allowances for work in the conditions deviating from normal is the adjustment of salaries (or wage rates) so that the work, which differs in terms of their implementation, would be assessed in terms of a reward for them. Bonuses and allowances for work in the conditions deviating from normal increase the satisfaction of employees and create a sense of justice. Very deep this need was studied by S. Adams [5] in his work on human motivation. However, as noted earlier, modern theories of motivation of staff at the company say that the satisfaction of employees directly affects their productivity [6].

The method of stimulation focuses not on the result of work of the employee, not on its relevance to the goals of the company, and additionally spent by employee efforts. Thus, this method of stimulation, as well as the salary (or wage rate) is focused not on the result (effect) of the work performed and the resources expended (costs) in process of performance of official duties.

Bonuses and allowances stimulating character (including bonuses, stock options, bonuses, etc.) can be divided into two types:

- Remuneration paid for the professional development of staff;
- The remuneration payable for the work results of employees.

To remuneration for professional level include the following allowances:

- For the qualification;
- receive/protect the professional category, academic degree, etc.

Remuneration for work results of employees can be paid in the following forms:

- Prizes, gifts, bonuses paid for achieving goals and objectives (for example, to conserve resources, the volume of production or sales, quality of products, etc.);
- Different types of employee participation in the profits of the enterprise, including the receipt of the shares or the shares of the company, options program.

Dignity of remuneration paid for the professional development of staff, from the point of view of performance of enterprises is a long-term nature of these stimulation methods. To obtain high strategic results, especially when considered over the long term, it is mandatory to improve the professional level of employees. Thus, promotion of staff training, it development, is promoting the achievement of high results of work of the employees and the enterprise as a whole.

Lack of payments to employees for improving professional level is a lack of direct stimulus specifically required of employee work results. A cash reward does not encourage specifically increasing productivity or sales growth; it stimulates personal development of the employee. At the same time that the company will be required over a given period of time is the growth of sales of highly educated, highly qualified employee may not understand. In any case, the existing system of incentives will not be on this target.

The peculiarity of the use of the system incentive payments for work results is the complexity of the reward system development, which should take into account the assigned employees of the enterprise goals and objectives (both in the short and in the long term), as well as to reflect the correct relationship between goals, objectives and obtained for their implementation reward. However, it is stimulation methods, including remuneration for the work results are the most effective in terms of increasing the efficiency of the enterprise.

Payments for work results, allow you to combine personal and business goals that directly target the employee is on the achievement of objectives, to encourage workers themselves to seek and apply the most efficient ways and means to implement the work.

Thus, compensation for the results of the employees are the most effective method of material incentives in terms of improving the efficiency of enterprises and personnel management.

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