

# Pattern of the rational worker incentive system

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**Abstract.** The article presents a model of rational incentive system with the structure consisting of three blocks. The first block (financial incentives) provides monetary compensation to a worker. The second block (stimulating by comfortable living conditions) is aimed to regulate the quality of a worker's life in and outside the place he works. The third block (non-financial incentives) takes into account cultural and social worker's needs. The proposed structure of incentive system provides the most comprehensive coverage to the employee's needs and organizes them in the way accessible both for specialists of labor economics and human resource management and for ordinary workers.

## 1 Introduction

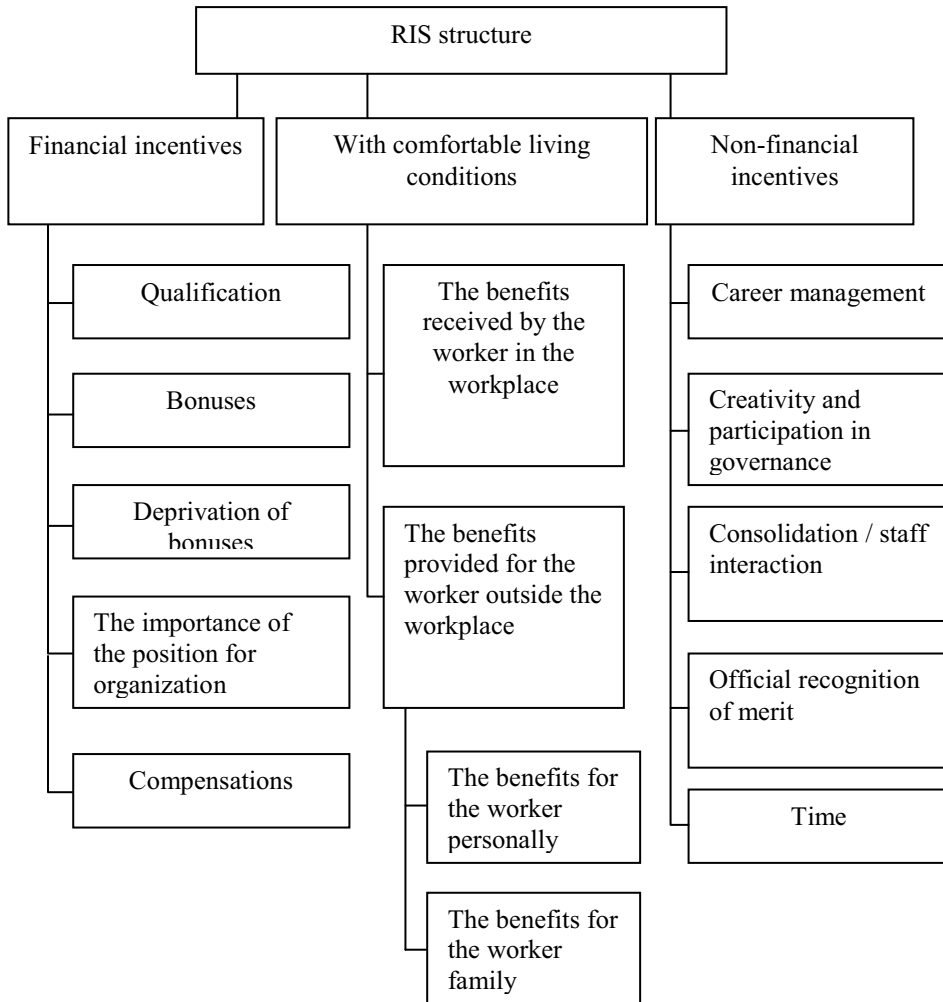
The question about possibility of drafting a universal rational incentive system (RIS) is difficult to answer unequivocally. Incentive system, which works effectively in one organization, may not be so effective for another one [1, 2, 4-15, 19]. And no matter what justifications analysis of the reasons of this situation gives, for the enterprise it is important to obtain significant results for the current / planned time period [3, 12, 17, 22]. It is therefore particularly important that the RIS could be adapted to the maximum number of companies, despite the variety of activities, the difference in the number of personnel, the length of functioning time on the market and other factors.

## 2 Pattern of the rational incentive system, its structure

Proposed by the author RIS structure is shown in Fig. 1. The rationality of the system is determined by the possibility to take into account large number of factors that could influence the worker's labor activity. Most of the proposed RIS cells are generally known, but the originality of the proposed structure lies in the uniqueness of their particular grouping, which will be understood by the worker even without learning the basics of labor remuneration. In formulating the titles and the construction of the proposed incentive system structure author relied on such principles of its construction as transparency, simplicity and capacity. The system takes into account the principle of social importance and economic advantages for the subjects of social and labor relations [8] The simplicity of the language, and a small number of relationships makes it possible to talk about the rationality of the proposed incentive system.

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**Fig. 1.** Model and structure of the RIS.

An important feature of a rational incentive system is that it makes possible self-determination by the organizations (according to the needs of workers as well as their own capabilities, available resources and the existing limitations) of the structure of their incentive system [8]. The proposed model provides a choice (like the menu in the cafeteria) by the organization needed and possible (rational for it) components of the incentive system.

### 3 Content of the rational incentive system

For each element of the proposed RIS may be proposed special target for assessing the degree of practical implementation of each component.

Financial incentives provide five components. The components of the financial incentive structure are shown in Table 1.

The "qualification" component is to measure worker on four elements:

The level of education, taking into account the number of years the person has spent on education. Recommended scale of its assessment may include the following gradation: 1)

There is no general education; 2) general education of 9 classes; 3) general education of 11 classes; 4) initial vocational - vocational school); 5) secondary vocational (technical school, college); 6) Higher professional (university); 7) The number of higher education, the availability of an advanced degree. The author is of the view that education should be assessed. In accordance with today's realities cash costs are added to the years of life spent for the educate (free education in Russia is becoming less accessible to the public), so employee efforts aimed at the acquisition of knowledge should be rewarded.

**Table 1.** Financial incentive structure

F N A N C I A L	Qualification	The level of education
		Compliance of education with the position held by worker
		Experience in the position
		Experience in the organization
	Bonuses	Implementation of targets
		Compliance with regulations
	Deprivation of bonuses	Violation of the production process
		breach of discipline
	The importance of the position for the organization	Assessment of the significance of posts and jobs for the enterprise
	Compensations	By reducing the time for rest (attracting at holidays, weekends)
		In the conditions of the impact on the biological rhythms of sleep and wakefulness of human
		In conditions of high physical and mental stress
		Other conditions

Compliance of education with the position held by worker. The author proceeds from the fact that, in practice, not uncommon is the situation when a person receives a certain qualification, and then actually works in a completely different, and sometimes not even contiguous, sphere of activity. This problem is typical for the Russian labor market on the whole. It is worth noting that employees occupying similar positions, but having different professional training, should not receive the same incentive payments. Thus, it is necessary to provide extra payments to the workers, who works for an in educational institution received specialty.

Experience in the position [8, 18]. The longer a worker performs certain functions, with the more confidence he or she can be called a professional. The organization is required to appreciate and encourage such workers.

Experience in the organization. This element is provided in order to form a stable team. Devotion to the organization is one of the most important qualities of personnel. These people are potentially willing to support the company in its difficult times. And they need to be valued at the usual and financially stable time. These workers should be encouraged in such a way that their number increased. Evaluation criteria for "experience" indicator should be developed, based on the age of the organization and staffing. It is advisable to provide the scale of time of working in the company and the related additional payment for work experience at the company, starting with a five-year. For example, you can use a scale interval from 5 to 10 years, from 11 to 20 years from 21 years.

The second part - "Bonuses" - involves two elements:

Implementation of the targets. Targets are different by different position. It makes sense to bind the targets to the objectives and functions of the office. For some occupations in Table 2 are proposed examples of targets that have been identified by the author based on a survey of people working on these professions at least three years.

**Table 2.** Performance Indicators for a variety of professions

Profession	Indicator
Accountant	The absence of sanctions from the tax authorities
	Compliance of work with set timing (timely submission of reports, payroll, etc.)
	Optimization of taxation
Sales Manager	The number of new customers
	Customer satisfaction (the absence of claims, complaints, litigation, etc.)
	The level of sales (volume, growth)
Call-center operator	Number of calls received during the period
	The cost of exhibition (sales)
	Quality of service (no complaints)
Head of warehouse	Quality of documents (no remarks)
	The percentage of losses in total (one must strive to reduce the breakage, damage to the goods during the picking, storage, handling in the territory of the warehouse)
	The material flow of warehouse (workload, implementation of the plan)
Marketer	Increase of profits by marketing events
	The introduction of innovations (the allocation of additional areas of activity - market filling, partial change of service, etc.)
	Competence (knowledge of competitors, customers, suppliers, market, etc. affects the quality of marketing research)
System Administrator	The number of applications made
	The smooth operation of the equipment (provided timely diagnosis of equipment by worker)
	Quality of service
Electrician	Discipline (workplace preparation, equipment in the prescribed form, etc.)
	Standards (amount of work done)
	Rank confirmation (certification once a year or six months)
Lawyer	Error-free execution of documents
	The amount of work (number of won cases, the number of opened companies, the number of passed inspections, etc.)
	Knowledge of the legislative framework

Compliance with regulations. It is estimated the actual number of days worked. An employee may be absent for valid reasons (illness, studies, etc.), but it is recommended to keep records of presence, because it is the present personnel aim to solve current production issues.

Next component - "Deprivation of bonuses" - involves two elements:

Violation of the production process. Actions of personnel caused material losses (sanctions by the contractors and others.), the change of produced / sold product quality,

inadequate paperwork requirements, worsening opinion of the contact audiences about the brand / brand of the enterprise, the enterprise lawsuits with the various actors, etc.

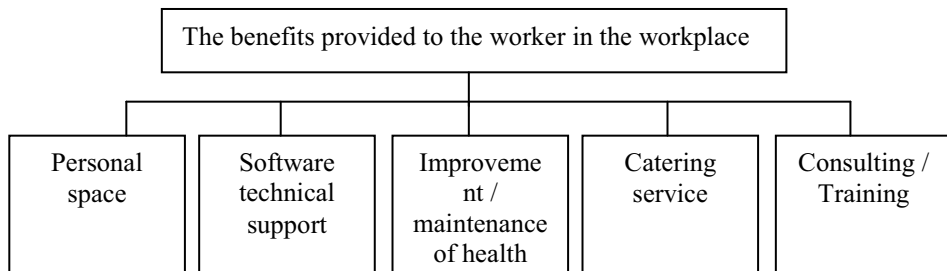
Violation of labor discipline (the presence of delays, the turnout in the workplace in an invalid form, etc.)

Next is the component "The importance of the position for the organization", which means extra payments for workers in occupations that are deemed by expert assessment to be the most important for the organization. Such positions are often checked for competency, here is stronger tracked flow index (organization should strive for the stability of this contingent).

The final component of the financial incentive - "Compensation" is focused on the presence of harmful working conditions: in exposure to biological rhythms of sleep and wakefulness of a person; under high physical and mental stress, etc.

The second element of proposed structure of the RIS is promoting the comfortable living conditions, implying ensuring of workers with benefits in addition to monetary rewards. If the worker is provided with comfortable working conditions, access to the recognized benefits, he or she will strive to work on this enterprise and as a result, try to diligently perform his or her duties.

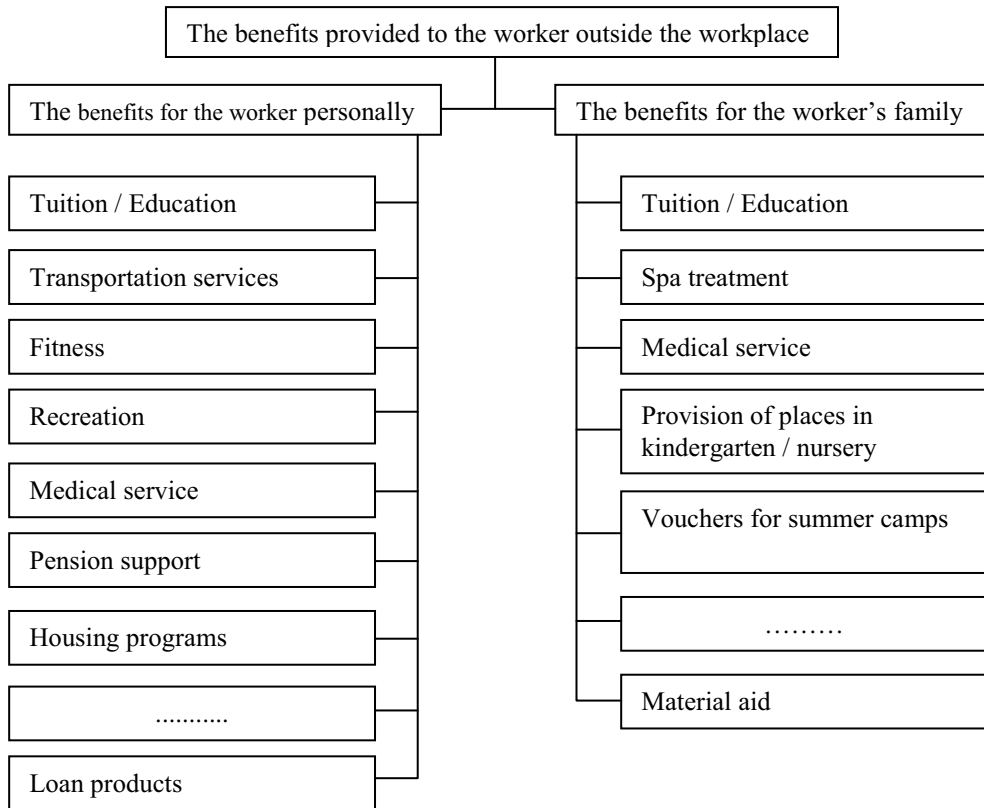
Stimulation with comfortable living conditions includes two components. The first component provides benefits to workers in the workplace. Figure 2 shows the possible direction of the incentives.



**Fig. 2.** The benefits provided to the worker in the workplace

Personal space takes into account the office area, worker's workplace, the number of people in the office, ergonomics and interior design, environmental working conditions. Software and hardware support is focused on the level of use of technology and software, and employee's access to these benefits (provision with PCs, telephone line, internet access), supply the employee with supplies. Improvement / maintenance of health takes into account the possibility of attending directly to the recreation room (relaxation), massage, psychology, etc. Catering service accounts the presence of canteen in the company, cafes, etc. Advising of staff is focused on access to legal and other services for personal purposes.

The benefits provided to the worker outside the workplace, are divided into two categories - "The benefits personally for the worker" and "The benefits for the worker's family." Figure 3 reflects the essence of this kind of benefits.



**Fig.3.** The benefits provided to the worker outside the workplace

The third structural element of the RIS - non-financial incentives - includes five components: career management, creativity and participation in the management, consolidation / team interaction, formal recognition and time.

The components of non-financial incentives are presented in Table 3.

**Table 3.** Structure of non-financial incentives

NON-FINANCIAL	Career management	individual planning of employees professional development
		search and creation of conditions for the development of talent
		organization of events to exchange experiences
		work with the personnel reserve
		and other
	Creativity and participation in governance	organization of expanded meetings
		novelty in the content of labour
		workers access to corporate resources, their possibility of independent disposition
		the possibility of self-realization through performance of job duties
		Workers Initiative support
		staff access to relevant information on issues and areas of activity of the organization
		access of individual workers to management by the implementation of specific projects (the possibility of the employees to demonstrate their

		professional and organizational skills)
		organization of feedback from staff on the ongoing work and introduced / implemented changes
		changes in the scope of work (grinding, extension)
		and other
	The consolidation / staff interaction	corporate events to the all-Russian holidays or significant dates for the organization
		organization of professional competitions
		Work Team (branches, representative offices, departments, divisions, departments, teams, etc.) competitions
		master classes from recognized professionals and experts of various profiles
		formation of departments, taking into account the factor of psychological compatibility, etc.
		and other
	Official recognition of merit	presentation of workers to awards of different levels (professional, community, government, etc.)
		opportunity to get on the board of honor
		interviews and articles in the media, including corporate
		designation of merit at public events
		mentioning at meetings of different levels
		granting of deeds, official messages of thanks
and other		
Stimulation with time	additional days off	
	flexible schedule	
	flexible forms of employment	
	and other	

Non-financial incentives are focused on such workers needs, as recognition, communication, social interaction, justice, creativity, achievement, power, social role, affiliation, meaningfulness of work, respect, joy, pleasure, etc.

## 4 Conclusions

Thus, structure of the rational incentive system consists of three blocks, each of which is aimed at meeting the specific workers' needs. The company independently, proceeding from its existing capabilities and developed workers' needs, chooses the components of three kinds of incentives (financial, with comfortable living conditions, non-financial). Creating RIS structure, the authors sought to make it as clear as possible for practitioners, economists, researchers, personnel management, and for the average enterprise employees.

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