



INCENTIVE SYSTEMS

designed for young people just entering the changing labor market

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Introduction

The topic of this guide are **incentive systems designed for young people just entering the changing labor market**. It has been created as a result of many years of experience and observation gained while working with young jobseekers. They are a generation who grew up in the world of new technologies. They have spent their entire lives being virtually logged in via multiple devices and are often referred to as multitaskers. They value group work, and appreciate the opportunity to fulfill and express themselves at work. Employers can see their potential as young employees and want to effectively motivate them to fulfill their work duties to the fullest of the abilities.

Work motivation is a set of tools that contribute towards one's involvement in activities leading to the achievement of a specific goal. Motivation is the result of interplay between internal and external factors. Influences operating within an individual, e.g. his way of thinking, emotions, goals, needs and values, and above all the sense of self-realization in the workplace.

Motivation systems are put in place to serve the internal needs of an organization via a sophisticatedly designed set of specific motivational tools. Creating an effective motivation system, requires the use of various motivators. For example, we can motivate by a well-designed compensation system or by employee participation in the management of the company. However, when it comes to young employees the most important aspect of effective motivation is an appropriate selection of motivation measures tailored to the unique needs and expectations of an individual. This is exactly what we are going to discuss in this guide.

Authors



I. Motivation, its definition and characteristics

Motivation is a set of tools that contribute towards one's involvement in activities leading to the achievement of a specific goal. Motivation is influenced by internal and external factors, by the way of thinking, emotions and needs of a person. Some people may have a strong intrinsic motivation. They can independently set goals, plan their careers and rigorously stick to their pre-set path. However, most people need some external reinforcement to keep them motivated. Any action that increases our motivation is called motivating. It is a process of exercising conscious and deliberate influence on people's actions using appropriate means to direct them towards a specific action.

The main factor stimulating everyone to act is motivation. Motivation is also extremely important for proper functioning of any organization¹. It is the driving force behind its employees. Motivation helps them to fulfill their basic needs, it gives them an impulse to act, it directly translates into the results of their work and consequently into the results of the entire company.

The theory that allows to evaluate the level and quality of motivation of an individual is known as the theory of self-determination². It can be helpful in understanding the mechanisms that make a person more or less involved in their work duties³. Motivating is often considered one of the fundamental goals of management but keeping the entire organization well motivated needs to start with awakening and focusing of individual motivation⁴. Therefore, motivation should be a permanent element in team management. Motivation is a complex process which combines the ability to communicate, challenge, give / obtain feedback, set a good example, engage employees, delegate responsibilities, develop and train, encourage, appreciate and reward fairly. Various factors, stimuli and conditions are used to motivate people and engage them in work by contributing to their personal satisfaction⁵.

By differentiating between intrinsic and external motivation the theory of self-determination offers a multidimensional view of motivation. In addition, autonomous and controlled motivation can be also distinguished. Autonomous motivation is acting in accordance with one's own will and having a sense of choice. An example of such motivation is intrinsic motivation, which allows us to engage in activities merely because they are satisfying and interesting. A contrary example would be acting under external pressure when you only get involved because various external mechanisms are being applied. This kind of engagement, either with a desire for rewards or fear for punishment is called controlled motivation⁶.

There are three levels of motivation: subordination, goal identification and commitment. Subordination is when an employee is merely carrying out orders of his superior, in a way as if he himself could not think or has not got any talents. Goal identification requires a desire to achieve a given goal. Reaching this level is only possible if we properly communicate to the employee what benefits come with a given result. Commitment is only possible when the employee understands that he is the right person for the job, he has been entrusted the task for a reason and he feels that carrying out the task to the best of his abilities is in his best interest. This level can only be reached when the employee considers the goal to be his own.

Intrinsic (internal) motivation

When we talk about intrinsic motivation, we mean activities that have value in themselves for employee, make him happy and stimulate his interests. Such actions are an end in themselves, no benefits or rewards are expected, motivation arises from within an individual because the performed action is naturally satisfying for him. Employees guided by intrinsic motivation tend to perceive the effort they put into work as small, despite the fact that it can really be considerable. Benefits of intrinsic motivation:

- Results in a more efficient performance of entrusted tasks,
- Gives joy and satisfaction,
- Triggers more interest in performed activities, and
- Makes the task seems to require less effort to complete it.

¹ Dejnaka A., 2003, Human resources. Planning and management, Helion Publishing House, Gliwice.
² Deci E.L., Ryan R.M., 1985, Intrinsic motivation and self-determination in human behaviour, Plenum, New York.
³ Chirkowska-Smolak T., 2012, Psychological model of commitment to work, Wydawnictwo Naukowe UAM, Poznań.
⁴ Piotrkowski K., 2006, Organization and management, Almamer, Warsaw.
⁵ Penc J., 2000, Motivation in Management, Professional School Publishing House Business Cracow.

⁶ Deci E.L., Ryan R.M., 1985, Intrinsic motivation and self-determination in human behaviour, Plenum, New York.

Extrinsic (external) motivation

Extrinsic motivation refers to behavior that is driven by external pressure. Such motivation can have an overwhelming effect on the performance of an employee, both on its quality and its effectiveness. While discussing external motivation, we should also consider the effects of using its two distinctive operational styles: controlling versus informational style. The controlling style stresses the fact that all control comes from outside and an employee performs his daily duties at work only because he was told to or paid for. While the informational style focuses on the fact that certain privileges, awards or bonuses are awarded in recognition of the employee's performance and effort at work and serve to inform the employee about his results and achievements.



Characterizing motivation, it is also necessary to mention its qualitative and quantitative aspects. Speaking about qualitative aspects, we pay attention to the direction of aspirations. Specific needs of an individual and the way of carrying out tasks assigned to him are a complex problem here. We are concerned with the quality of motivation an employee is guided by and question his individual choice of methods to achieve the goal he has set for himself.

The way to utilize the qualitative aspects of employee's motivation is to get to know his personal capabilities, such as: efficiency, skills or perceptual abilities responsible for his performance, etc. In addition, it is also important to know his structure of expectations and the needs because it directly affects his decision on committing to an assigned action.

The process of shaping motivation in the qualitative aspect requires the ability to define and plan subsequent tasks, at the same time adapting them to the appropriate training level and personal capabilities of an employee. Looking from the qualitative perspective, the ability to adequately defined tasks is of crucial importance.

The quantitative aspects of motivation are related to achievement goal striving. Factors such as; what lead an employee to adopt a particular goal, how important the goal is to him, how much effort he puts into achieving it and how much he cares about its positive outcome are all very much related to motivation. The most important ones are prioritized over others, the highest effort is put into them, and they have the highest motivational intensity. Proportionately less motivational intensity is required for less important goals. Thus, the level of motivational intensity varies depending on the degree of commitment. The quantitative aspect of motivation is therefore an indicator of how much an individual cares about something and how much effort he puts into achieving it.

Positive and negative motivation

Motivation can also be divided into positive and negative. Positive motivation occurs when an employee is being awarded for achieving the goal. His attitude is optimistic, he has great confidence in himself and in his ability to success. Negative motivation, on the other hand, is punishment for poor performance. It is characterized by the employee's avoidance of failures, unpleasantness, or negative consequences of his behavior. The feelings that accompany this type of motivation are pessimistic and fearful.

II. Characteristics of employees by age groups

Situation of each individual age group on the labor market is a result of several elements: their own capital – cultural and social, character traits and external situation. Even though, much depends on an individual characteristic of a particular person, including the environment and conditions he lives in, there are some common tendencies in the way employees from a given age group are perceived in the labor market.

Generation Z (between 18-24 years old), including people born in the 21st century, is currently entering universities and labor market. According to various forecasts, Generation Y (between 25-39 years old) will soon account for half of the active workforce. Generation X (between 40-55 years old) developed their careers shortly after the breakthrough of '89. And finally, baby boomers (over 56 years old) are a generation of people already approaching their retirement age⁷.



Generacja Z
18-24 lat

Wchodzą na rynek pracy



Generacja Y
25-39 lat

Młodzi, ale z doświadczeniem



Generacja X
40-55 lat

Pokolenie przełomu '89 r.



Baby boomers
>55 lat

Najbardziej doświadczeni

	Characteristics	Strength on the labor market	Weaknesses on the labor market
Up to 24yo	Searching for their own place, Starting their professional careers, No commitments, sometimes not yet independent.	Better ability to learn, concentrate, Speed of work, High flexibility and mobility, Most current knowledge and skills, Better efficiency at operating electronic devices.	Lack of responsibility, Lack of experience, Lack practical skills, Lack of work culture, Lack of motivation and willingness to work, Not yet independent employees, Demanding attitude, Lack of stability, High risk of quitting the job and/or moving abroad.
Between 25-34yo	Higher financial expectations due to experience and qualifications, Already have some commitments, e.g. children, mortgages, etc. Women discriminated against when it comes to work demanding flexibility.	Age group preferred by employers, The best chances to find a good employment, Higher qualifications and already some experience, More reliable and dependable, good work culture, Still up-to-date knowledge, Attributes of young people (ability to learn and adopt), Independent employees.	Prone to relocate abroad in search for better employment, Relatively high financial expectations.
Between 35-44yo	Higher financial expectations due to experience and qualifications, Family commitments, e.g. family, mortgages, etc. Good time for career change.	Age group preferred employers, The best chances to find a good employment, Higher qualifications and more experience, More flexibility, if children are already older, Independent employees, More reliable and dependable, good work culture.	Prone to relocate abroad in search for better employment,
Between 45-54yo	Need for stabilization, Encountering first difficulties in finding a job, Experiencing first health problems, Higher financial expectations due to experience and qualifications, Last moment for a career change before the difficult pre-retirement period.	Expensive experience and qualifications, More flexibility, if children are already older, More reliable and dependable, good work ethics.	Potential health problems.
Between 55-59yo	Major difficulties in finding a new job due to the proximity of the pre-retirement protection period, Health problems, Necessity to accept least favorable remuneration and work conditions.	Expensive experience and qualifications, More flexibility, less family obligations, Loyal and strong motivation to keep the job, More reliable and dependable, good work culture.	Health problems, Fatigue and limited physical fitness, Difficulties in adapting to new positions, Problems in using newer technologies, e.g. computers and other electronic devices, Outdated qualifications and skills.
Over 60yo	Work as a pension supplement, Health problems, Necessity to accept least favorable remuneration, part-time work.	Expensive experience and qualifications, More flexibility, less family obligations, Strong motivation to keep the job, More reliable and dependable, good work culture.	Health problems, Fatigue and limited physical fitness, Difficulties in adapting to new positions, Problems in using newer technologies, e.g. computers and other electronic devices, Outdated qualifications and skills.

⁷ <https://media.pracuj.pl/74299-pokolenia-o-pracy-w-polsce-raport-pracujpl>

Source: Age as a determinant of labor demand in the conditions of economic recovery and the „employee market”, Own research 2018.

Employees up to 24 years of age

The youngest group of employees, Generation Z and Millennials, raised in the era of the Internet and mobile phones. They are just entering the labor market and looking for their place in it. Most of them are still very young, without any family obligations, often still living with parents. For these reasons, this group of employees shows greater boldness and courage, as they are not afraid to take risks. They are characterized by their lack of family commitments, ability to learn quickly and concentrate, by high mobility and flexibility. Their weakness, however, is lack of responsibility and predictability. The safety they still enjoy at their parents' houses make these youngest employees more likely to quit and change their jobs, they are not looking for a permanent employment, not yet. Provided they exhibit the right attitude, Gen Zers are rather valuable assets for employers. They learn quickly, absorb new skills more easily and with a little effort, have a chance to become good permanent, independent employees. Many older employees notice that young people coming out schools and universities only have some general and theoretical knowledge, but they lack practical skills. It is believed that Generation Z presents a rather demanding attitude towards employers, and way too high expectations regarding remuneration and working conditions. This particular attitude is often the reason for their frequent neglect of duties, quitting or changing their jobs. The youngest employees among the current workforce are not aware of the consequences their behavior may have on the overall performance of an organization^{8,9}.



Employees aged 25-34

These are the younger representatives of Generation Y. They are in the best situation on the labor market, along with the 35-44 age group. They have the best chance of finding a satisfactory job and getting good working conditions. Generation Y is very well educated and have diversified interests. Growing up in an era of dynamic change, they are often more innovative than older generations. Their core values include: optimism, idealization, diversity, ambition, creativity, initiative, innovation, and education. They already possess a certain level of work culture; they are reliable and competently perform duties assigned to them. Employees in this age group are busy setting up families and often take out loans to afford their own housing, therefore they treat work in a responsible manner, look for permanent and stable employment but one that will be financially satisfying too. Their family obligations put pressure on them but also motivate them to keep their jobs, because losing the job and consequently income is inevitably connected with problems in maintaining a family or repaying a loan. Employers may try to abuse their particular life situation and family responsibilities by pressing for even stronger commitment to work, which may easily lead to pathologies and shake the healthy balance between family and work. On the other hand, fulfilling personal life combined with professional achievements make people in this group more confident and courageous, which consequently leads to increasing their financial expectations. Employees from Gen Y may be willing to work abroad^{2,3}.

⁸ Sochańska-Kawiecka Anonymous: Age as a determinant of demand for labour in conditions economic recovery and „market employee” Analysis for Łódzkie Voivodship, 2018

⁹ Witkiewicz Justyna and co., Generations – what is changing Compendium of multigenerational management, Wolter Kluwer, Warsaw 2016

¹ Dejnaka A., 2003, Human resources. Planning and management, Helion Publishing House, Gliwice.

² Deci E.L., Ryan R.M., 1985, Intrinsic motivation and self-determination in human behaviour, Plenum, New York.

Employees aged 35-44

People in his group belong to Generation Y, they were brought up in a relatively wealthy society of the free market economy. Their entry into the labor market was easier than that of the older generations, because of the significant changes brought up by transformation. Most of Gen Yers have a university degree and know foreign languages. They have perfectly founded themselves in remote work and are willingly to start their own businesses. Changing jobs is not a problem for them, as they want their work duties to be associated with passion. People from Gen Y, along with the 25-34-year-olds, are the second-best perceived age group on the labor market. As employees they have well-established qualifications and relatively extensive experience. They are solid and reliable, well performing in independent positions. It is of particular importance for them to have a stable employment, due to their family obligations which are not likely to decrease in the nearest foreseeable future. This leads to a struggle to maintain a good, stable position and creates a kind of dependence on work. Gen Y employees are aware that after the age of 45 it will be more difficult for them to find and maintain good employment, so now it is the time for them to achieve the best position on the labor market. They are aware of their qualifications and experience, and still have a lot of strength to perform to the best of their capabilities. This is often combined with high but reasonable financial expectations, adequate to their competences^{2,3}.



¹ Dejnaka A., 2003, Human resources. Planning and management, Helion Publishing House, Gliwice.

² Deci E.L., Ryan R.M., 1985, Intrinsic motivation and self-determination in human behaviour, Plenum, New York.

Employees aged 45-54

Generation X employees are people who grew up during the economic crisis of the 1970s. People aged 45-54 are loyal, trustworthy, and hardworking, they value personal development and independence. Professional success for them means hard work oriented towards achieving the goal, which is why they are able to devote themselves to work. They are highly adaptable and learn new technologies quickly. However, they often prefer to rely on direct contacts and „paper” which may delay their actions and increase the level of stress. Safety and stability of work are more important for them than for the younger generations. To work effectively, they need team support and a sense of usefulness. They value both positive and negative feedback. One of the major weaknesses of Gen X is skepticism. They present less dedication to work than the older generation, but greater loyalty than the younger employees. Gen X employees are not multitaskers, they prefer to finish one job before they start the next one. They are also less mobile and are afraid of losing their jobs. Unquestionably, the greatest assets of employees in this age group are; knowledge, as well as competence and experience, especially in case of high-level specialists. Low-skilled workers may face some difficulties in the labor market and experience less interest from employers in hiring them. People who are open, are constantly learning and who like change are better off at the labor market. Gen X employees are generally more available because they already have grown-up and independent children. Physical workers or those working in hazardous conditions may develop some health problems, which may lead to decrease in their efficiency. People around this age often feel unappreciated: they have many years of experience and a lot of knowledge but do not feel they are adequately compensated. Young people just starting their work careers often receive similar salaries. It leads to a situation where the Gen Xers no longer feel confident in their jobs and despite not being satisfied with their current employment, they do not even try to look for new opportunities and another employer. Competences, qualifications, mature age do not guarantee success in finding a good position. In the 45-54 age group, a well-developed network of professional contacts and acquaintances is considered a pre-requisite for finding employment^{2, 3}.

¹ Dejnaka A., 2003, Human resources. Planning and management, Helion Publishing House, Gliwice.

² Deci E.L., Ryan R.M., 1985, Intrinsic motivation and self-determination in human behaviour, Plenum, New York.

Employees aged 55-60

People in this group belong to the post-war generation of Baby Boomers. They are distinguished by their loyalty since the sense of stability plays an important role in their lives. They usually do not change job very often and do not look around for other opportunities. Baby Boomers are extremely committed to their work, which is why they are a group prone to suffer from workaholicism and lack the ability to separate private and professional life. If an employee aged 55-60 is looking for a new job, he is very likely to find himself in the most difficult situation on the labor market. There is a severe lack of good jobs for people over the age of 50 and if they discontinue their previous employment, finding a new satisfying job can pose a serious problem. There is a belief that employees in this age group find it difficult to adapt to new conditions, have a problem with using new technologies and operating electronic devices.



Employees from this age group have to compete with much young candidates and are more often predestined to failure. There are multiply occasions of dismissing older skilled employees and replacing them with young, inexperienced ones who can be offered a significantly lower remuneration. People aged 55-60 are about to reach the age of pre-retirement protection, which seems rather illusory as employers often try to dismiss them before they enter this period. The aversion to employ people aged 55-60 is related to their possibly higher financial expectations and potentially deteriorating health and physical fitness. This group has very few strengths allowing them fair competition with other age groups on the labor market, and very often their only option is to compete in terms of remuneration. Therefore, people over 50s often agree to low salaries just to find a job, which only aggravates their unfavorable situation^{2,3,4}.

Employees aged 60+

Employees from this age group also belong to the generation of Baby Boomers. They have valuable qualifications combined with an abundance of life and work experience which they have gained over many years of employment. Baby Boomers are regarded as the least tech savvy of all generations, prohibiting their ability to keep up with developments in terms of using new technologies, e.g. computers, and other electronic / digital devices. Their qualifications and skills may already be outdated given the fast pace of change in technology. Another problem for these older employees is reporting to their younger superiors. They may disregard orders from their young superiors because they believe that the young ones naturally lack in knowledge and experience. This age group comprises both of people who have already reached their retirement age and enjoy a satisfactory pension, and of some less well-off people still in the pre-retirement age. People in the pre-retirement age have problems similar to the 55-60 age group. Employers are reluctant to hire people entering the age of pre-retirement protection, because they cannot be easily dismissed. Thus employers usually offer them work based on civil law contracts. Workers over the age of 60 are often desperate to keep any kind of employment, especially if they have not yet gained the right to receive a pension. Therefore, they agree to worse working conditions and are often abused by employers, also in terms of remuneration. Employees who are already retired are in a better position. Employers are happy to employ pensioners because they do not have to pay social security contributions for them. It can be however assumed that in general people over 60 and those already retired are offered low-paid, often part-time jobs^{2,3,10}.

Even though the retirement age is important, it does not determine the employee's condition, his abilities and motivation to work. It definitely does not directly affect the employee's ability to work effectively. Nevertheless, for employers age is still one of the important factors while assessing employee and his evaluating whether his profile fits the requirements for a given job¹¹.

¹⁰ Zięba Krzysztof and others Age management in enterprises of the SME sector – selected issues, Academy 2014

¹¹ Turek Konrad: The importance of age on the labour market – a model of relations between an employee and an employer, Studia Socjologiczne 2015 2(217):167-194

III. Motivation at work

Proper motivation has an impact on how employee performs his work duties. It contributes to the fact that the employee works both faster and more effectively. Given proper motivation the professional duties cease to be an unpleasant necessity and become a satisfactory challenge.

Motivation encompasses all processes that affect an employee during the performance of work. It is the motivation that is responsible for the fact that an employee in a given position tries to perform as well as possible. Motivation gives meaning to his effort; hence it is up to employer to ensure that proper motivation schemes are in place in an organization.



Factors influencing the employee's motivation to work:

The first thing that comes to mind while discussing motivation is the amount of remuneration. Money is an important factor, and it cannot be overlooked. After all it is what allows us to maintain a certain standard of living. Choosing one employment over another is primarily guided by financial considerations, which is why all additional benefits such as monetary bonuses or incentives are fundamental parts of any motivation scheme.

For many people, stability of employment is also an extremely important factor. Working in a constant sense of uncertainty whether or not the contract will be extended does not allow the employee to feel confident and consequently may adversely affect his performance of work. Work performed in stable conditions is much more efficient than that performed constantly in a sense of uncertainty. Sense of stabilization results in greater identification with the company and positively affecting motivation.

Another great motivating factor for primarily young people who are not financially independent when starting their professional career is the opportunity for gaining such independence. Having your own money that you can spend on whatever you want is extremely desirable.

Another great way to motivate employees is to provide them with opportunities for training to develop and improve their skills. Investing in the development of employees has a positive effect on all parties involved; employee, employer and the company.

Motivation is also very much related to a good atmosphere at the workplace. It is much easier to perform one's duties in a positive working environment and among people who encourage each other to perform to their highest abilities thus making the workplace nurturing and desirable place to be. For many people, a good atmosphere at work is a priority when choosing their job.

Motivation to work can also be increased by securing good working conditions. Factors that may seem obvious, such as a comfortable chair, a large desk, right temperature or availability of all the necessary equipment can and will significantly boost the employees' commitment. While poor working conditions do affect employee productivity in a negative way, they want to finish what they have been assigned as quickly as possible and don't even try using their skills to the fullest if it means spending more time in an environment they do not find comfortable.

Another factor greatly influencing motivation is low stress level. It has been scientifically proved that high level of stress has a negative impact on creativity, accuracy and focus. Feeling tension, anxiety or nervousness, prevents an employee from using his full capabilities. If someone does not like his work, he will quickly feel burned out. So assigning responsibilities that are consistent with the abilities of each individual will give him joy and satisfaction so much needed to keep him well-motivated.

For people who want to grow professionally by doing their job to the best of their abilities, praise is a very powerful motivating factor. Praising however should be done in a mindful and sensible way. Applauding effort alone can create an environment where the basics are viewed as big accomplishments and eventually employees will lose motivation to achieve more. Nevertheless, employers should not give it up, appreciating an employee if he performs something well incredibly motivates to further intensified work.

It is very important that the duties we perform give us joy and satisfaction. Awareness of professional self-realization in doing something that gives us pleasure makes us willing to get out of bed and go to work. There is often a great potential for creativity among employees. Employers must use this creativity need to motive them and do not allow it to be inhibited.

The scope and structure of incentive systems in place at any given organization depends on a number of factors related to the external environment and internal policies. The main factors shaping incentive systems in an organization include:

- specific type of its activities,
- economic situation of the company,
- organizational culture,
- development stage / maturity of the company,
- human resources potential,
- organization structure,
- competitive environment,
- organization strategy, and
- size of the company.

The above factors all affect the manner of selection and scope of the of motivational tools. Pursuant to the theory of expectations (Juchnowicz 2013), it is necessary to list activities that should be performed so that employee is aware that his satisfactory performance will be rewarded and is persuaded that such an award is a valuable one.

The above include:

- making work to be perceived as valuable,
- defining mutual expectations,
- making work feasible,
- immediate rewarding those systematically meet the expectations, and
- ongoing provision of feedback.

The above activities performed by the supervisor will make him to be perceived by employees as an impartial, honest and trustworthy person. On the other hand, the supervisor will be able to learn about traits and needs of individual employees, which consequently will enable him to select appropriate motivational factors.

Eleven principles of motivation have been formulated, they are both a guide and a warning for employers and supervisors¹²:

1. Start motivating with yourself.
2. Don't motivate without giving a goal.
3. Unattainable goals demotivate.
4. Common definition of the goal motivates.
5. Don't motivate others until you know their needs.
6. Motivate by enabling growth.
7. Don't expect motivation to last forever.
8. Motivate by recognizing successes.
9. Ethical competition motivates.
10. Being an elite motivates.
11. Belonging to a group motivates.

When implementing the above principles, it is important to remember that most employees are willing and able to grow and develop professionally. It is a natural process that an employee acquires competence through experience.

A significant role in the motivation process is played by supervisors. Thus they must have knowledge of the principles of effective motivation in order to react to a dynamically changing situation at an organization and to make long-term plans¹³.



¹² Niemczyk A., Grzesik W., Niemczyk A. (2008), Book for effective bosses, Helion, Gliwice.

¹³ Koźmiński A.K., Jemielniak D. (2008), Management from scratch. Academic textbook, WAiP, Warsaw.

IV. Standard incentive systems



1. Introduction

Human resources are a strategic success factor and one of the most important intangible assets of any organization. Implementation of company's goals and its level of effectiveness depend on the competence, knowledge and motivation of its employees. The value of an employee depends on many factors, e.g. level of motivation and willingness to use his potential, knowledge and skills while performing tasks assigned to him, etc. Employees' commitment in their work has always been an area of particular interest for researchers in the field of work psychology or management. The vast majority of scholars and practitioners confirm that the most desirable employee is a person who is highly committed in the performance of his duties. It was even proven that the above factor significantly strengthens his relationship with the company and directly translates into a lower percentage of dismissals from work. A committed person is much less likely to leave an organization because he identifies with it¹⁴.

¹⁴Nail A., Klineciewicz K., 2008, New directions in people management – organizational involvement, [in:] Kostera M. (ed.), New directions in management, Professional and Scientific Publishing, Warsaw.

Standard incentive systems are a basic and traditional way of motivating employees. These systems are based on benefits that can attract the interests of employees and encourage them to work more effectively. They are designed to achieve some specific and preconceived change in behavior by improving the overall efficiency and productivity of employees, which will consequently translate into the financial standing of the organization, and by connecting their interests with the interests of the organization.

They are created in order to increase the efficiency of employees in the environment in which the organization operates. They have been developed around and based on various ways to provide additional remuneration in the form of additional benefits, which are awarded in a fair manner and depend on the efficiency of employees' actions.

To sum up, additionally to their main goal, which is to increase the effectiveness of employees' activities in an organization, traditional incentive systems are also meant to:

- a) create a positive working environment,
- b) motivate to achieve better results,
- c) reinforce desired behaviors,
- d) create a culture of appreciation,
- e) boost morale of employees,
- f) support mission and values of an organization, and
- g) increase staff retention rate, encourage loyalty and identification with an organization¹⁵



¹⁵Marjański A., Beetle A., Ciekanski With. (2018), The use of motivating employees in the process of human resources management, [in:] Kostera M. (ed.), Dilemmas of the modern enterprise, Publishing House of the Social Academy of Sciences Warsaw.

2. Description of standard motivational systems (material and non-material).

The first appearance of standard motivational systems dates back to the creation of the traditional model of motivation. They were based on an assumption that a job performed by a human is no different from a machine work – a worker was supposed to do his job in a fast, effective and durable way. Tedious work was to be done, and no attention was paid to all kinds of divagations related to motivation as a higher goal, binding the employee to the organization. Only the so-called economic motivation was used, because it was believed that the best motivation was money. The cascade model was particularly popular at that time. It regulated wages in a fairly simple way; the more you produce, the higher your salary will be¹⁶.

a) **Base salary** – is still one of the main motivational factors despite the passage of time and successive economic and social changes. The principles of remuneration should be clearly defined in the remuneration policy of an organization, which should be freely accessible for all employees. The employee's remuneration should be a fair benefit, i.e. it should correspond to at least the amount of the minimum wage for a similar work and it should be paid regularly in accordance with employment contract concluded between employer and employee. However, many researchers have pointed out that over time the impact of the base salary on employee motivation had decreased. According to the theory of F. Herzberg, maintaining the salary at an adequate level does not motivate an employee, but its inadequate amount significantly reduces motivation¹⁷. To avoid this, it has been suggested to develop remuneration systems using the following principles¹⁸

- **principle of fairness:** If applied by a company in its remuneration policy, it means that all decisions related to salaries and differences in the treatment of individual employees always have to have rational and explainable justification. Fair remuneration is associated, for example, with the fact that employees in the same workplace may be paid differently if criteria such as competence and efficiency, age, experience, etc. are taken into account. They can also be completely overlooked if the company focuses only on competence and efficiency.

- **principle of flexibility:** Introducing this principle may help the company to achieve more flexibility in operation. In practice it may mean, for example, setting the number of working hours on an annual, monthly or weekly basis. It may also allow better earning opportunities for employees, depending on their performance and productivity, or further development of their qualifications and competences. It can be also used in setting up flexible conditions for terminating the employment contract. In a remuneration system that is based on the principle of flexibility the base salary is related to the employee's contribution, i.e. number of working hours and performance indicators.

- **principle of promoting the development of employees:** Application of this principle means that at least a part of the salary depends on the level of the employee's qualifications and competence. Acquisition of new competences or improvement of qualifications related to the requirements of a given workplace should be rewarded either with an increase in the base salary or payment of a sufficiently high bonus.

- **principle of rewarding achievements:** This principle is very widely used by companies focused on rapid development. It promotes the belief that every success of an employee directly translates to the results of the company and thus must be adequately compensated. This principle can be implemented by setting up specific tasks for all workstations and monitoring their progress at specified intervals. Payment of predetermined remuneration takes place as soon as possible after the completion of a given task in order to further enforce the employee's commitment. Usually, employees take part in determining and setting up individual tasks to be carried out. The principle of rewarding achievements is only effective if the tasks are set up considering all existing factors and condition of feasibility.



¹⁶ Ibid.

¹⁷ Strużycki M. (2008), Management basics, Warsaw School of Economics in Warsaw Warsaw.

¹⁸ Went A., Tarczyńska M. (1999), Motivating employees, PWE, Warsaw.

b) Incentive bonuses – Next to the base salary, this is the second most important element of remuneration and a major portion of the variable pay. It is of crucial importance when we talk about motivating employees. Their importance comes from the fact that incentive bonuses have the most direct and strong connection between the actual pay and effectiveness of the employee's performance at his workplace. As far as motivation is concerned, performance-based bonuses have a huge advantage over the base salary, which is paid regardless of the employee's effort. Just like the terms of fixed remuneration, the bonus scheme used by company should be precisely defined in relevant internal regulations. One-off bonuses granted to an employee for his specific achievements are known as discretionary bonuses and are perceived by employees as a very powerful motivator. While the statutory bonus is to some extent guaranteed, decisions regarding its granting and amount cannot solely depend on the employer's discretion and should be supported by clear justification known to employee. Employee should be fully aware that he can get a bonus if he demonstrates appropriate effects of his work, and the amount of such bonus is proportional to measurable value brought into the organization by such effects¹⁹. Relating the bonus to achieved results creates an attitude of strong identification of the employee with the success of the organization. The employee gains confidence that it „pays off” to work effectively, because the effects of his work have a direct impact on his salary.



However, lack of clear guidelines and requirements for awarding bonuses can diminish their value and a flawed bonus system adopted by a company will not boost the motivation of employees. To avoid this risk, Zdzisław Jasiński points out a few factors that make the bonus system a highly motivating tool²⁰:

- bonuses should be regarded as a purely positive reinforcement,
- bonuses should not be granted for everything, because it reduces their value, and
- bonuses should be granted as soon as possible after the completion of a given task in order to clearly indicate the reasons for awarding them.

c) Promotions – The necessary condition for making this means of motivation effective is the employee's consent to take up a new function in the organization. A fulfilling and awaited promotion satisfies the need for recognition and boosts favorable self-esteem of an employee. This is directly related to the fact that an employee motivated in such a way gains greater confidence in his own strength, becomes more convinced of his own value, his sense of personal dignity is strengthened and desire to achieve even better results gets reinforced. Promotion also provides an opportunity for increased compensation and contribute towards a more comfortable lifestyle. If promotion is to fulfill its effective motivational role in an organization, it is necessary to set up clear promotion policy. This may include opportunities for advancement during employee performance evaluations or allowing all workers with a given set of professional traits, e.g. creativity, achievement-oriented aptitude, ambition, leadership skills to apply for senior position. Mr. Kabaj suggests promotion policies to be formulated in the following way²¹:

- strict criteria for promotion should be laid down,
- promotion criteria should be included in the Work Regulations and communicated to all employees,
- promotion criteria must be applied consistently and openly,
- application of promotion criteria must be subject to public control, and
- promotion criteria should be stable over long periods of time and cannot be changed ad hoc with any change of the management.

¹⁹Billy goat L. (1997), Improvement of the remuneration system in the company, Cracow University of Economics, Scientific Society of Organization and Management Branch in Krakow, Krakow.

²⁰ Jasiński Z. (2007), Motivation in the enterprise. Unleashing Human Productivity. Material organizational and psychological motivators, Placet Publishing Agency, Warsaw.

²¹ Kabaj M. (1977): Hr policy system, collective work edited by A. Sajakiewicz, Warsaw.

d) Salary increases – Raising the base salary is yet another motivating tool of a paramount importance. However, such a pay raise only serves to motivate for a certain period of time, as sooner or later the new, higher level of remuneration becomes obvious and tends to get overlooked. This is related to the natural desire of a man to constantly improve the quality of life and upgrade one's lifestyle. After a while the employee gets used to the new pay, adjusts his spending accordingly and perceives it as a condition necessary to maintain satisfaction with the work he performs.

e) Health insurance - It is one of the non-wage benefits, which gives an employee's additional insurance coverage. Providing such additional insurance cover is a visible sign that the company cares for the health and wellbeing of their employees. It creates a sense of connection between employer and employee and thus increases motivation and efficiency.

f) Private health care - The standards of private health care are often better than the public medical services. This benefit is designed to guarantee free and easy access to specialist doctors and thus it is highly valued by employees. It not only shows that the employer cares for them, which gives them a sense of community and identification with the company, but also has a significant monetary value. Consequently, employees are motivated in the long run as they want to maintain this useful and valuable benefit.



g) Additional efficiency-based benefits-in- These can include a computer or a mobile phone, which have already become slightly devalued as in many companies they are part of a starter package for any new employee, co-financing holidays, or employee loan. The above goods and services are classified as bonuses and serve to appreciate the employees' efforts, they can be related both to work and private life.

h) Christmas / occasional gifts - Gifts of various kinds are a much-appreciated addition to the above-mentioned motivational stimuli. They are more symbolic gestures because almost everyone likes to receive gifts, especially in holiday period or on special occasions like birthdays/name days, etc.

The traditional motivation methods presented above have been used with considerable success for many years. Many researchers, psychologists and practitioners, however, point out to the ongoing changes in the way employees are motivated and suggest supplementing the traditional incentive systems with more innovative ones. The alternative incentive systems are the subject of consideration in the next chapter.



V. Alternative incentive systems.



The dynamically changing labor market and new generations of young people brought up in the era of digitization entering the workforce have forced employers to search for innovative solutions, aimed not only at attracting young people but also at retaining them.

Young people very often do not have clearly specified career goals, but they usually do not want to stay with one single employer for many years like their parents or grandparents, who were often able to keep one job until retirement. Labor market today is quite different. Young people move around a lot, following trends, fashion, or comfort.

In addition to a good salary, what counts for them are non-wage benefits. One can ever risk a statement that they are of primarily concern for younger employees. Such alternative motivational methods are becoming now widely used by employers, so it is worth mentioning a few here, starting from most often used and including some which are still consider rather innovative.

MultiSport Card

It is a sport and leisure activity employee benefit that grants free or discounted entry to a number of sport facilities and allows employees to enjoy physical activity after work. Increasingly popular among employers, not only to attract young job seekers but also to motivate them to stay with the company. It is a major lure, especially for young people, often looking for their first employment. MultiSport card is widely used in various sectors of the economy, even in public administration offices e.g. units dealing with innovative services such as Polish Agency for Enterprise Development or Małopolska Centre for Entrepreneurship. In addition to its motivational function, the card promotes physical activity and contributes to propagation of various sport facilities, such as gyms, swimming pools, jacuzzis, saunas, as well as many other industries related to health and a healthy lifestyle.



Card visualization
Source: <https://www.kartamultisport.pl/>

Cafeteria System

There are many so-called cafeteria systems available on the market, but most of them operate on the principle of an online platform, under which each employee has its own individual account to collect points. It is a good example of a loyalty program. Its mode of operation is fairly simple, employee collects points and, depending on the employer's regulations, either earns these points with increasing seniority or via a system of rewards. For example, good results at work can earn him some extra points, while poor results or failure to achieve plans gives him none or even decreases his point balance.

Depending on the system used by a particular employer, points can be exchanged for cinema tickets, trips offered by travel agencies, and even household appliances or electronics. Employer decides which benefits will be available, as well as whether and what resources employees will have at their disposal to purchase these benefits. Employees, especially young people, are eager to use this type of solutions, contributing to the growing interest in this type of non-wage benefits.

Another, increasingly popular way to motivate employees are the so-called **fruit days**, when the management is distributing fruit to employees. This form of motivation also has many variations. Fruits can be given away on specific days of the week or every day. Employees can receive one type of fruit on a specific day or have whole fruit baskets available on a daily basis. This activity is becoming more and more popular due to its low cost and the fact that it is promoting healthy eating habits among employees.



Banner encouraging to apply for a job offer
Source: www.parp.gov.pl

Advertising their vacant positions employers, including those from the public administration sector, more and more often try to attract candidates by including information on various "after-work" activities offered to its employees in their free life. A good example of such activities is joint participation in some annual events, such as a Szlachetna Paczka or Wielka Orkiestra Świątecznej Pomocy or blood drives among employees.

An interesting solution is to organize such events during working hours. Contrary to the popular belief, this may actually increase work efficiency. Employees willingly take part in such actions, feel needed by others, and their charitable attitudes are promoted.

Nowadays, social programs traditionally available only to employees of large and state-owned employers are becoming increasingly popular even in smaller organizations. The following programs are becoming more and more popular, to list only a few: subsidies for holidays lasting at least 14 days, Christmas gifts, subsidies for children's camps, jubilee awards and seniority-based allowances. Employees who enjoy such a rich and versatile offer of benefits in workplaces are less likely to part with their employers because they simply feel well-cared for by their current employer.

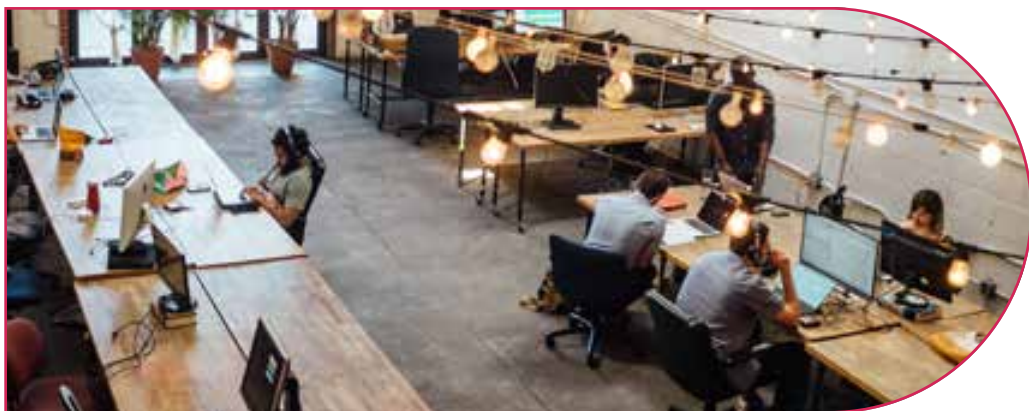
Often used, although less innovative solutions include incentive trips taking place annually or more often. New employees, especially young people, may greatly benefit from programs focused on team building and integration. Travel incentive programs offer enormous impact to the whole organization, they enable employees to develop a sense of belonging, allow them to get to know each other better and lead to closer cooperation between organizational units at the workplace.

Another rather non-obvious method of recruiting new employees, especially young people, may be the location of the employer. For many, especially those from big cities, the convenience of an easy commuting to work is often a deal breaker or at least greatly influences their choice of a particular employer. A prime location with a well-developed network of public transportation or fast vehicle route may be a huge motivator.

Going further, employees also pay attention to the standard and comfort of workplace. The design of the office, its furnishing and equipment, even the colors of the walls have a powerful motivating effect, not only on customers, but above all on the people working there. Everyone likes to feel at ease in well designed and tastefully decorated spaces and it has been proved beyond mistake that such pleasant work environment does affect motivation and increases effectiveness.

Investing in employees through education and tuition assistance programs have always been and still is one of the most popular and desirable benefits. Many companies are helping their employees get college degrees, obtain professional certifications, or simply close gaps in their skill sets. Moreover, employers consistently find this to be beneficial to both the employee and the company. In addition to the obvious benefit for the employee, it also contributes to the employer by providing him with a well-educated and highly qualified staff. Here we are talking not only about in-service training and job-related qualifications, e.g. SEP qualifications for electricians, or altitude licenses for people working on highs. If successful, these programs can and should go wider and encompass trainings in the fields of employee's interests.

It is worth mentioning that each organization is governed by its own policies and has its own unique incentive programs in place. Sometimes even small organization can provide their employees with a great selection of incentives and motivators by offering its own useful products or services as part of the scheme. A common example are a free hairdresser/beautician packages offered by beauty salons or free meals offered by restaurants to its employees.



It is worth emphasizing that the list of incentive benefits is virtually endless, and it all depends on the creativity of the employer and its employees. There are many employers who actually ask their employees for ideas and try to implement them in practice, depending on their feasibility and the financial capabilities of the company. Sometimes there are very easy solutions, such as a longer lunch break, flexible hours of work or remote work are enough.

In 2020, during the COVID-19 pandemic, many employers began to use the remote work option. This idea, supported by governments all over the world, despite the initial difficulties, has proved to be working well for all parties concerned. Employers noticed that productivity did not decrease at all, and in many cases even increased, in comparison to the work in the office from before the pandemic. They have also noted that performing a task while working remotely is self-motivating for employees to a much greater extent than „sitting” in the office for 8 hours. Working remotely from their homes employees very often did not stick to the standard working hours but worked to finish a given task. Despite this, they did not feel that they were working more because during the day, they often had some extra time to take care of the children or cook dinner. No need to commute has become a great convenience for many employees and the lack of interaction with other employees was less important than this convenience of flexibility.

Employers have also noticed the great benefits of working remotely from home when they calculated the savings made in daily operation of their companies. The system of remote work allows the employer to save on renting office space, utilities, and any other fixed costs. In return, employers are willing to otherwise compensate their employees for their commitment to work and any inconveniences caused by working from home. Many employers are increasingly considering including remote work in their policy and continuing this system in the future. In sectors in which it is impossible to completely cut off the office-based work, the so-called hybrid approach is implemented, with on-call time done in the home offices on specific days of the week, e.g. remote work for 3 days and 2 days in the office. The new work arrangement, which at first created huge problems have eventually started to bring measurable benefits. Due to the fact that this system of work was first implement as an emergency measure during the pandemic and the resulting restrictions, employers have also offered their employees psychological support to help them deal with stress caused by isolation. This type of assistance has greatly contributed to improving the well-being and the attitude of employees, caused not only by the wide-spread use of remote work, but above all by the need for isolation resulting from national and international restrictions on the movement of people.

The most innovative incentive systems and benefits are used in the so-called creative industries, where attracting and maintaining a talented employee is often to be or not to be on the market. Employers outdo each other in offering employees good working conditions combined with interesting incentive packages. At their workplaces, there are often playrooms or game rooms, where employees can take their time out playing team games such as billiards, table soccer or tennis in order to relax and stimulate their creativity.



Recreation room for employees in the Skype office in Palo Alto.

Source: <https://forsal.pl/artykuly/507694,scianka-pilkarzyki-pokoj-zen-tak-wygladaja-najlepsze-biura-swiate.html>

Nap rooms, with sleeping pods where employees can pop and rest to revive their energy, and many other relaxation forms are used to encourage a potential employee to join the company and stay with such a caring employer for longer. The possibilities in this respect are huge, in fact unlimited.

An increasingly common way to attract and later on motivate employees is a company car. Of course, the mere fact that employees use company cars for professional purposes is not motivational and is a definite necessity for many employers, but more and more often companies offer the possibility of using company cars for private purposes. This type of employee benefits is especially popular for the executive level employees. Very often it also serves representative purpose since the managerial staff is seen as “the face of the company” towards its potential customers. Therefore, it is possible to meet two needs at a relatively low cost, which is motivation for employee and marketing for employer. While a business phone or a computer (laptop) are definitely obvious tools and rather do not have a motivational function anymore, the possibility of using company cars for private purposes is still considered as a motivator.

In addition to the incentives listed above, which often entail some additional costs, creative employers can use a plethora of low-budget or even cost-free options.

Examples of low-budget employee benefits:

- flexible working hours,
- additional holidays,
- possibility of coming to work with a dog or other pet animal,
- company breakfasts,
- casual days without a dress code,
- possibility of bringing a child to work in some unexpected circumstances,
- rewarding long service with an additional day of paid leave,
- day off on birthday,
- additional days off for parents of young children,
- company equipment for private use, e.g. a printer,
- higher funding for corrective glasses,
- day of work in another department,
- training conducted by in-house specialists during working hours, or
- company library for book lovers²²

²² <https://jobsplus.pl/>, (access dn. 08.09.2021 r.)

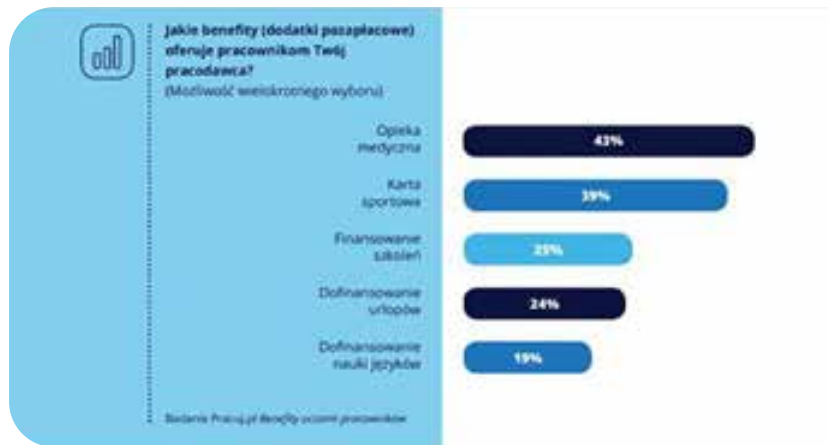
For many years already, employers have been using a system of vouchers that employees can get instead of / additionally to bonuses. The most popular example is the Sodexo voucher systems (Source: <https://www.sodexo.pl/>). Such vouchers were distributed to employees on various occasions, most often as a gift for holidays, an annual bonus, a periodic bonus or on other important occasions in their private lives, e.g. a wedding. Originally vouchers were distributed in a paper form, i.e. employees received paper vouchers to use in establishments participating in the voucher program, but now it is possible to receive virtual vouchers, downloaded from a mobile application. The vouchers are uploaded onto the platform in the same virtual way by employers. This system is very often confused with the cafeteria system, because of some obvious similarities. However, its principle of operation differs from the classic cafeteria system, mainly due to the greater number of participating outlets and greater flexibility in using the vouchers.

VI. Effectiveness of incentive systems



The concept of motivation plays a very big role nowadays. Although the problem of motivation has been and still is at the center of interest for many psychologists and management scholars, no one has managed to formulate one single consistent rule of effective motivation. The process of motivation is a very interesting and complex phenomenon. It is one of the fundamental elements of the management process. Thanks to its effective use, it is possible to achieve the established goals more easily. However, in order to develop an efficient incentive system, employers need to adapt it to the individual needs of employees. This task requires a lot of work and commitment from the superiors, because each person is different, has unique expectations and his own hierarchy of values . This creates the constant need to develop and expand knowledge on this subject. Different type and strength of every individual's motivation is a very important factor because it affect his ability to overcome the difficulties that appear along the way to achieving the ultimate goal.

²³Penc J. (1998). Motivation in management, Publishing House of a professional business school, Krakow, Billy goat L. (2002). Motivating employees in theory and practice, Employee Library, Warsaw.



Najpopularniejsze benefity pracownicze w Polsce
Źródło: <https://jobsplus.pl/>

All the incentives systems used by employers have one basic goal, which is to encourage valuable employees to stay with an organization for longer and to stimulate their creativity, commitment and energy put into their performance of work duties. Although some were forced by a situation beyond the control of either employer or employee, such as those related to the restrictions caused by COVID-19, eventually each one of them contributes towards the desirable goal. It is the increase in work efficiency and productivity growth, which employers are primarily concerned with, and the improvement of well-being and comfort of work, which are especially important for employees.

Objectives of the incentive system:

- Improve individual motivation of employees,
- Improve group motivation,
- Increasing employees' efficiency,
- Optimal use of employees' potential, and
- Success of organization and employees.

Four main groups of motivational factors:

- Non-economic coercion - includes all orders, instructions, recommendations and advice of the superior, as well as one's own obligations assumed voluntarily, which enforce a certain behavior within an organization,
- Material compensation,
- Identification - recognition of the superiority of the organization's goals over one's individual goals,
- Adaptation - waiting for the implementation of the organization goals according to one's own preferences.

Components of incentive system²⁴:

Wage incentives - salaries, bonuses, allowances, cash prizes, trips abroad, social welfare, company cars, etc.

Non-wage incentives - promotions, social recognition, opportunities for development, decision-making responsibilities, etc.



²⁴ Jamielniak D., Latusek-Jurczak D., Prystupa K. (2015). Classics of Management Theory, Poltext Publishing House, Warsaw. Grabowska B., Hysa B. (2014). System of motivation of public administration employees on the basis of a selected ZUS unit, „Scientific notebooks of the Silesian University of Technology”, No. 1921.

Sources of employee motivation

Identifying with the goals of the company - Many young people, but also a significant number of those much more experienced professionals, dream of a job in which they can do what they like, earn some good money, and not get too tired. On the other hand, the employer would like to have a loyal, committed to his duties employee, who will be a good investment, in terms of time and money. Impossible to match expectations but here comes a moment when both sides must find a golden mean to it.



In order for a company or any organization to function well, everyone must play one the same team. If all elements inside an organization work smoothly, a company has a fair chance to be successful, but if there is a rebellion on board things start to get difficult. Problems start with things as simple as efficient communication and end up preventing the organization from achieving pre-set goals. No employer would like to find his organization dealing with the above scenarios. However, it takes a lot of effort to create a „dream” team, employer must put in a lot of work so that his employee feels at home in the company and is willing to become part of something big and important. It is a rather tiresome process requiring constant evaluation and numerous revisions.

Internal satisfaction - This concept is closely related with the attitude an employee has towards an organization, more precisely speaking to the very place, work atmosphere, his supervisor, colleagues, and tasks that he performs. It is influenced by the financial aspect, but also by higher-order needs, such as a sense of success, prestige, respect, belonging and self-realization.

²⁵ In. Kopertyńska, Motivating employees – theoretical aspects and research experience, [in:] S. Lachiewicz, A. Walecka (eds.) Contemporary problems of human resources management, Monograph of the Lodz University of Technology No.1925, Łódź 2010, 159-33 J. Porębska, Nagroda motywująca, „Gazeta Prawna”, 2002, no. 151, p. 20-34 Z. Jasiński (ed.), Fundamentals of operational management, Oficyna Ekonomiczna, Kraków 2005, pp. 275-276. 35 K. Stolarczyk, The concept of a comprehensive incentive system in responsible company socially [in:] S. Lachiewicz, A. Walecka (eds.), Współczesne ..., dz. cyt. p. 187

Individual awards – Here we need to consider employee's needs and preferences, what kind of reward would make him happy. Would it be an introductory course in accounting, language lessons, or maybe a weekend with his family by the sea?

Then we need to remember that money is not the best motivator for most employees. In the employee's mind, it is synonymous with remuneration for work which is simply a must. Rewarding with money is enjoyable for a while but after a few months employee treats such additional amounts as regular part of his monthly budget. The reward becomes invisible, it dissolves in the sea of needs. If we want the reward to have long-term effects in terms of motivation, we should use material rewards that bring positive associations. **Example:** I received a parachute jump pass for excellent sales results in the previous period. The jump was a great attraction for me. Every time I remember it, I remember what I got it for. I want to repeat the result. The result: **localization** – the effect of long-term attachment to the company, motivation to work.

Therefore, it is very important for employees to be aware that their potential, as well as their commitment and perseverance will be appreciated and awarded. It is worth using modern methods of motivation and development and become a modern, forward-looking employer.

Compliance with the rules – Clear and transparent internal system and compliance with applicable law prompts the employee to do the right thing. It also gives him peace of mind and no worries about participating in unclear dealings. It teaches him to act in accordance with the provisions of applicable law in relation to the company and its clients / contractors.



Stages of building and implementing an incentive system

- Determining the most important goals for implementing the incentive system (the company's strategy, mission, organizational culture should be considered),
- Consulting with management and setting expectations for the system,
- Possible training for executives,
- Analysis of employees' needs,
- Developing appropriate instructions and guidebooks,
- Training on motivation for executives,
- Use of appropriate motivational tools,
- Observation and feedback,
- Drawing conclusions, and
- Introduction of possible changes

Effective incentive system ²⁶

Organizations that want to succeed on the market should consider designing and implementing effective incentive systems. Although this is not always an easy task, it is necessary in order to exert a proper influence on employees, who by their actions affect the degree of achievement of the company's goals. For many people, economic factors will be of the greatest importance. This does not mean, however, that the intangible elements of the incentive system are meaningless. Their provision will also have a significant impact on employees' engagement. The goal of this publication has been achieved thanks to the use of the results of research carried out by the authors. The research was carried out using the diagnostic survey method, the survey technique and the survey questionnaire tool. In order to accomplish the purpose of this study, the authors have identified the following research problems: What factors from the material and non-material elements of the motivation system used by sport organizations are of significant importance in the process of performing work in the opinion of respondents (team sport players)? Which of the mentioned methods of motivation is more effective and brings more benefits in the opinion of respondents? The conclusions of the study can be a starting point while making decisions on implementing individual motivation systems in sport organizations and developing their principles.

²⁶ The term potentiality has already appeared in the works of ancient philosophers, e.g. Aristotle (IX Book of Metaphysics) and initially had theoretical roots, mainly philosophical and metaphysical, only with time it gained the colloquial and technical meaning that dominates today.

New employees

When a newly hired person appears in a company, it is worth ensuring that he feels welcome and comfortable. Starting work is associated with a considerable stress, so it is advisable to think about motivating new employees from the very beginning. A good introduction will be a proper greeting. An official e-mail to employees providing information about the new employee is rather a standard, so it is worth going a step further. Maybe instead of an email, prepare a personalized welcome card? Attach a few nice words and a package of useful information, e.g. a list of the best pubs in the vicinity. A new employee also means that the company is growing. This calls for a celebration – a welcome cake will be totally in place; it will introduce a friendly atmosphere and improve the mood of everyone in the company. You can also involve other employees in welcoming the new crew member – colorful post-it notes on the computer monitor from the rest of the team will definitely bring a smile to the face of the new employee.

Employees after the probation period

Induction period is a process when new employees learn and adapt to the norms and expectations of the organization to quickly reach maximum productivity. He also gains new skills and learns how to use new tools, which means it is a very intense time for him. It is rare for an employee to lose enthusiasm for work at this stage, due to the fact that it is a temporary state. After it, however, there may already be a decrease in motivation. Then it is important not to let him get discouraged. The team leader should focus on conversations with the employee. In addition to the evaluation conversation, it is worth asking how the employee feels in the company, whether the duties assigned to him caused him any difficulties, or maybe on the contrary he wants to get more difficult tasks²⁷.

When an employee is in general satisfied with the job but finds it difficult to cope with all assigned duties, you can offer a further training, workshops or guidance. Investing in an employee is a very good way to increase his motivation to work. If we are positively surprised by how well he coped in this initial time, it is worth giving him praise personally. If you know he is an extrovert who is not likely to be embarrassed, consider passing it on to other employees.

²⁷ M. Adamiec, Human Potential ..., op. cit. Cit. p. 29.

On Counterproductive Behavior in the Context of Theory of Justice Cf. M. Macko, Sense of Organizational Justice, Adam Mickiewicz University Publishing House, Poznań 2009; M. Macko, „We” and „them” in organizations. Feeling of organizational injustice and counterproductivity

Senior employees

It is this group of employees who most often get burnout, and experience decrease in motivation and willingness to work. But at the same time, it is among this group where there are the most opportunities to raise the level of motivation. It is worth emphasizing that burnout can occur very quickly, after half a year or a year of work. In addition to a possible promotion that we can offer to a well-performing employee, we should also implement a some of non-wage incentive tools. To start with, a good solution may be to increase the employee's independence. Increasing the freedom of action will give him the feeling that supervisors have confidence in him and know that he will do his job very well, which will translate into greater enthusiasm for work and better efficiency.

The essence of intellectual capital and motivational potential

In the era of knowledge-based economy, the so-called Conceptual Age, when economists see a permanent source of competitive advantage in some key competences related to innovation, the weight and importance of intellectual capital is increasingly emphasized. Quoting after the creators of the concept of intellectual capital L. Edvinsson and M.S. Malone, we can say that intellectual capital requires the study of the roots of company's values and the measurement of its hidden, dynamic and non-specific factors that form the structural representation of a company, its assets and products. Intellectual capital defined in this way consists of human capital, including employee's collective knowledge, skills, competence, abilities and the power of brain, and structural capital.



Human capital is a system of interdependent and interrelated personal characteristics, routines of action, abilities, predispositions, attitudes and behaviors, motivation, powers to act, skills and talents, experience, knowledge and education of employees of the organization at the individual, team and organizational level. Such an approach therefore includes not only personal and cognitive competences, social and functional competences, but also some level of meta-competence. Human capital and structural capital form intellectual capital in the process of continuous transformation into innovation, transformation of knowledge and individual competences into knowledge and organizational competences. Obviously, not all knowledge can be considered intellectual capital. The basis of intellectual capital is therefore knowledge useful to the company. It acquires the characteristics of intellectual capital only when it can be processed and used for the good of the company. Due to the fact that all the constituent elements of intellectual capital can become realized only in a specific act of an individual, the phrase emphasizing agency, i.e. „motivation and ability to efficiently perform tasks” deserves a distinction in this definition²⁸.

It seems that the potentiality inscribed in the individual elements of human capital is definitely not enough and only potentiality realized in the form of specific effects of tasks, work is a functional phenomenon and can be analyzed within the framework of intellectual capital. In this approach, it is also worth tracing the potentiality of human resources.

Advantages and benefits of motivation systems

The existence of motivation systems brings many benefits both for employees and for employer. Employees derive greater satisfaction from work by increasing their commitment to the tasks assigned to them. By increasing their contribution to the development of the company, which is currently so important, they are obtaining additional financial or non-financial benefits. By granting certain bonuses employer can increase staff retention rate and secure stability of the company. Such action also warms up the image of the company as friendly and caring for its employees. The proper operation of incentive systems assures employer that employees will not leave the company for competition, tempted only by higher remuneration²⁹.

²⁸EVLN – an attempt at a comprehensive way of thinking about employee reactions, in: Man at work and in the organization. Psychological Perspective, ed.B. Rożnowski, M. Łaguna, Wydawnictwo KUL, Lublin, 2011, s. 169–181. Scientific Notebooks of the Humanitas University, Management 68

²⁹Jamielniak D., Latusek-Jurczak D., Prystupa K. (2015). Classics of Management Theory, Poltext Publishing House, Warsaw

(Almost) ideal incentive system

Creating an incentive system will not take us much time. It may be more time-consuming to prepare its input data, i.e. identifying the needs of an employee so that the incentive system is as effective as possible. We need to get to know his values, beliefs and attitudes. Based on this, we will learn more about his goals and what his life plans are. Then we will be able to choose such tools that will be ideal stimuli to boost motivations of this particular employee. Such individual approach will make the employee notice our active commitment and make him feel appreciated. In fact, it does not require a lot of commitment but can translate into huge benefits, both for the employee and the entire organization.

Motivating an employee is long-term process which, above all, should be consistent. Creating a coherent, effective incentive system for an organization will require from us good operational skills and in-depth knowledge of the employees’ needs. It also involves a significant expenditure of time. However, as a result, we will be able to come up with a highly personalized incentive system that benefits both employees and the entire organization.



Summary

The description presented above leads to the formulation of some important conclusions. Employees are not familiar with the principles of a functioning motivation system. According to them, motivating factors are as simple as higher salaries, good atmosphere and communication in the workplace. The most desirable motivation tools in the surveyed company were; social benefits, bonuses and a friendly atmosphere. It was also crucial for the respondents to emphasize the weight and importance of the principles set up for rewarding employees. It can also be concluded that their immediate supervisor does not take up too many actions towards motivating his employees.

Demotivating factors also play a huge role, they find their realization in remuneration inadequate to the tasks performed, job insecurity, excessive competitiveness among colleagues, and in conflict resolution. The remuneration system does not currently fulfill its motivational role. Salaries are too low. Therefore, a system of remuneration and bonuses should be designed and implemented, one with clear and comprehensible criteria. An additional aspect that should be considered is the link between rewards and commitment, quality and performance. In her research, similar conclusions are drawn by M. Smolarek, whose subject of research was incentive systems in public administration and the SME sector³⁰.



An effective system for motivating employees is one of the most important elements determining the effectiveness of work in any given organization. Modern organizations very often use outdated motivation tools and recklessly try to apply them in order to achieve certain results of work. This entails dissatisfaction of employees, which adversely affects the atmosphere and relationships at work and, consequently, decreases work effectiveness. Therefore, in every organization, special attention should be paid to an appropriately formulated and implemented incentive system, which would result in better motivation and work results. The right choice of motivation tools, tailored to the type of tasks performed and employee value systems, can determine the success of an organization. However, the importance of salaries should not be underestimated, as non-material incentives are not enough to achieve a goal. It is necessary to effectively construct such a motivation strategy that will include material and non-material factors. This is an extremely difficult task, because every person is unique and has different needs.

In conclusion, it should be noted that motivation in the work process is extremely important. Proper motivation of employees allows to achieve the intended goals more effectively, which, combined with the satisfaction of employees, promotes the creation of a favorable working atmosphere and greater involvement of employees at all levels of the organization.

The introduction of an efficient incentive system forces employers to adapt it to the individual needs of the employees. This task requires a lot of effort from them, because every person is unique and has different expectations.



³⁰ M. Adamiec, Human Potential ..., op. cit. Cit. p. 29. On Counterproductive Behavior in the Context of Theory of Justice Cf. M. Macko, Sense of Organizational Justice, Adam Mickiewicz University Publishing House, Poznań 2009; M. Macko, „We” and „them” in organizations. Feeling of organizational injustice and counterproductivity

VII. Motivation to work in Greece

I. Motivation - definition and characteristics.

Motivation is an important topic in social sciences and the one of the most studied topics in organizational behavior.

The interest towards motivation begins at the early stages of industrialization, as organizations in order to increase their production rates, focused in discovering what drives individuals-employees towards a goal and makes them to be more productive.

Motivation is what drives all humans to make efforts in order to accomplish achievements.

The term “motivation” derives from the Latin word motus which is a form of the verb movere meaning to move.

II. Characteristics of employees by age group.

The table below presents the categorization of employees into economic categories based on the age group they belong to. The data come from the Hellenic Statistical Authority and relate to the last quarter of 2020.



Total (*In thousands)	Age groups						Categories of Economic Activities
	15 –19 years	20-24 years	25-29 years	30-34 years	45-64 years	65 years and over	
3.926,8	16,0	136,9	136,9	1.536,7	1.805,1	100,1	Male and Female
402,9	1,1	7,8	16,8	109,7	232,5	34,9	Agriculture, forestry and fishing
11,3	0,0	0,0	1,0	5,0	5,2	0,0	Mining and quarrying
373,1	1,6	11,0	30,2	147,1	176,4	6,8	Manufacturing
32,6	0,0	0,6	1,8	12,7	17,3	0,2	Electricity, gas, steam and air conditioning supply
26,0	0,0	0,6	0,5	5,5	19,0	0,3	Water supply; sewerage, waste management and remediation activities
141,5	0,3	1,0	9,2	63,0	66,0	2,0	Construction
206,0	2,4	4,4	21,0	72,6	101,6	3,9	Transportation and storage
396,0	6,3	44,4	61,3	139,8	136,9	7,2	Accommodation and food service activities
96,7	0,3	2,3	11,8	47,1	34,0	1,2	Information and Communication
87,8	0,0	1,3	4,8	43,0	37,8	0,8	Financial and insurance activities
5,1	0,0	0,3	0,0	3,4	1,5	0,0	Real estate activities
231,5	0,0	5,9	27,8	93,3	94,5	10,0	Professional, scientific and technical activities
86,0	0,2	4,0	10,3	36,4	33,4	1,7	Administrative and support service activities
358,0	0,2	6,6	13,5	152,7	179,6	5,4	Public administration and defence; Compulsory social security
304,3	0,0	2,6	14,8	101,0	181,2	4,7	Education
278,0	0,2	6,1	26,8	109,4	128,2	7,2	Human health and social work activities
53,9	0,8	2,9	7,3	25,6	16,7	0,6	Arts, entertainment and recreation
88,2	0,5	9,0	7,3	38,7	30,5	2,2	Other service activities
23,2	0,0	0,5	0,9	7,6	13,0	1,3	Activities of households as employers
3,6	0,0	0,0	0,0	1,4	2,1	0,0	Activities of extraterritorial organisations and bodies

III. Motivation at work.

There are several reasons why employee motivation is important. Mainly because it allows management to meet the company's goals. Without a motivated workplace, companies could be placed in a very risky position.

Motivated employees can lead to increased productivity and allow an organization to achieve higher levels of output. Imagine having an employee who is not motivated at work. This is a waste of your time and resources.

Based on these and in combination with research that have been done in this field in recent years, more and more companies in Greece are adopting incentive practices for their employees.

In addition to the traditional methods, several start-ups, mainly but also older companies, are looking for innovative practices to motivate their employees in order to achieve the goals.



IV. Standard incentive systems.

The following are individual performance incentives used primarily in Greek companies:

- Productivity or goal incentives (financial incentive)

The purpose of these incentives (bonus) is to reward highly productive employees. As a result, employees who make greater efforts are paid more and as a result, in addition to increasing the productivity of the company, they also function positively in the employee job satisfaction.

- Quality incentives (financial incentive)

They are mainly applied to companies where quality is of great importance and aim to increase the employee's willingness for more quality work and attention.

- Presence Incentives (financial incentive)

Another incentive practice mainly in companies with more flexible working hours of employees. This form of incentive aims to address the problem of absences and the flow of business staff. Essentially the employee receives a sum of money when he does not make more absences in a specified period.

- Profit distribution (financial incentive)

Profit distribution applied to many Greek companies is an incentive system in which employees share the company's profits. The business aims to make a profit. Once the goal is achieved, a percentage of the extra profits is distributed to the employees.

- Fair treatment (non-financial incentive)

The company tries to create a sense of justice in the employees both with a fair wage policy between them and with equal treatment in terms of values. The injustice perceived by the employee is the main reason for not motivating him to work.

- Feeling of success (non-financial incentive)

People feel high satisfaction when they succeed, which pushes them to pursue greater success. The challenge of success must be a key element of a business environment.

Practices and methods used to challenge success:

- Targeting
- Positive feedback
- Reward – Recognition
- Initiatives (non-financial incentive)

The freedom of initiative, the participation and the feeling of the employee that he is responsible for the results of his work, is a factor of pleasure and motivation.

- The motivation of education (non-financial incentive)

Continuous education and training of staff creates a sense of security in the employee. He is more attached to the business, he feels that the leadership counts on him.

- The working environment (non-financial incentive)

Another motivation that in the last decade has been given a great basis by many companies in Greece is the creation of a pleasant working environment.

- The Commitment (non-financial incentive)

Commitment of the employee to the organization
 Commitment on the subject of the work
 Career and employment commitment



Innovative incentive systems.

- Benefit sharing system (gain sharing) (financial incentive)

Gain sharing is a type of group incentive in which a portion of the profits of a business made by team effort is shared among the team. It differs from profit sharing incentives because gain sharing is implemented at a specific level (group) while profit sharing plans throughout the business. They contribute not only to increasing productivity but also to reducing labor costs and improving labor relations.

They apply more effectively to smaller businesses, where there is a link between team performance and business improvement and employees can see the difference in their efforts.

- Stock placement plans (ESOP - Employee Stock Ownership) (financial incentive)

This incentive practice has appeared in recent years in our country. It is a practice in which employees also hold a stake in the company which is either given to them in the form of a bonus or bought by the employees.

- Corporate Social Responsibility Policy (CSR) (non-financial incentive)

Corporate Social Responsibility (CSR) is a relatively new and innovative source of non-monetary incentives. Individual employees (employees) as members of the organization are interested in contributing to the evolving social consciousness of an organization.

In Greece, more and more companies have understood the contribution of corporate political responsibility in motivating their employees. Large companies such as the OTE group and Wind design and implement Corporate Social Responsibility programs, involving their employees in this process, while creating a sense of justice and social conscience.



VI. Effectiveness of incentive systems.

The meta-analysis of research and subsequent surveys yielded surprising evidence about the effectiveness of incentive programs and the elements behind success. Here are some of the key findings that also applied in Greece:

- Incentive programs improve performance. If selected, implemented, and monitored correctly, incentive programs— with awards in the form of money or tangible awards— increase performance by an average of 22 percent. Team incentives can increase performance by as much as 44 percent.
- Incentive programs engage participants. The research found that incentive programs can increase interest in work. When programs are first offered for completing a task, a 15 percent increase in performance occurs. Asked to persist toward a goal, people increase their performance by 27 percent when motivated by incentive programs. When incentive programs are used to encourage “thinking smarter,” performance increases by 26 percent.
- Incentive programs attract quality employees. Organizations that offer properly structured incentive programs can attract and retain higher quality workers than other organizations.
- Longer-term programs outperform short-term programs. The study found that incentive programs that run for a year or more produced an average 44 percent performance increase, while programs running six months or less showed a 30 percent increase. Programs of a week or less yielded a 20 percent boost.
- Executives and employees value incentive programs. All things considered, both employees and managers say they highly value incentive programs. Nonetheless, 98 percent of survey participants complained about their implementation. A program’s success and return on investment, obviously, depends on how well it’s operated.
- Quota-based incentive measures work best. Programs that reward performance based on meeting or exceeding goals generate the most positive results. Piece-rate programs, for doing more of something, also provide positive results, according to the research. Least effective (yet commonly used) are tournament-based programs; i.e., closed-ended programs that reward a pre-selected number of winners, as opposed to open-ended, quota-based, or piece-rate programs that give everybody a chance at success.

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