

Design of the Reward Packages to Motivate Employees in the Organization

Temenuzhka Halacheva

Abstract—Employee motivation is one of the key responsibilities of the human resources management. This article will present and analyze the basic concepts, related to staff motivation - motif, motivational process, needs, and reward packages to motivate employees. The basic needs of the personnel and the incentives in the compilation of motivational package in the organization are defined and classified. In order to motivate the staff and reduce the turnover in the organization it differentiates the costs for hiring a new employees and the cost of retaining existing employees. The ratio is compared in order to justify the cost of investing to stimulate and motivate experienced and loyal to the company's staff.

Index Terms— motivation, needs, incentives, reward systems, motivational packages, turnover.

I. INTRODUCTION

The employee motivation is important and relevant task in the human resource management. Motivation is the process of implementation of adequate motivational techniques and methods that exclude the need for an authoritarian style of personnel management. In parallel, the motivation is accepted as a way to of achieving the objectives of the individual employee, the workforce, the organization and the society [1].

In the modern theories and practical activities, there are many approaches to motivate the staff, that affect various aspects of the relations between the employee and the manager in the organization. In these theories motivation is regarded as an incentive for the execution of specific work tasks and as a tool for loyalty and for highly qualified staff retention. Many modern concepts of human resources management are based on motivational theories. The study and application of appropriate motivational theories contribute to the choice of efficient models for motivational process management. In the current situation, achieving high efficiency, productivity and competitiveness of organizations is only possible with the implementation of terms and conditions for purposeful and continuous motivation and stimulation of employees.

Manuscript received May 02,2016

Temenuzhka Halacheva, Department of Economics and Management, University of Chemical technology and Metallurgy, Sofia, Bulgaria, +359888799000

II. MOTIVES, MOTIVATIONAL PROCESS AND NEEDS

The term "motivation" comes from the word "motive". In determining the motivation we must answer the following questions [2]:

- What prompts human behavior?
- What controls this behavior?
- How can this behavior be maintained?

The employee behavior and motivation in the work process depends on all these factors [3].

"Motivation is a process involving activities that initiate behavior of the individual and determine its forms, guidelines, intensity and duration" [4], [5], i.e. motivation is a tool that makes people behave in a certain way.

According to Silage [6] in a motivational process, the individual is presented with his/her needs, attempts to satisfy them and achieve the goals. While looking for ways to meet their needs, people make attempts and accordingly achieve or do not achieve their goals. When the attempts are successful, the needs of the people and the power of the motivation decreases.

The theory and practice of the human resource management, has many different theories about motivating, as people's needs are complex and diverse. People's needs are associated with the motivational process. They are characterized by the following features [7], [8].

- Human needs are dynamic and constantly evolving, along with the development of the social production, and the development and improvement of the individual;
- The needs of the people have a relative character and depend on the economic opportunities of the society at the present stage of development. In general, human need are ahead of the production capabilities;
- The satisfaction of some needs (physiological - hunger, thirst, etc.) leads to their complete elimination and other needs (needs for growth and self-improvement) can never be completely satisfied;
- The needs rarely exist independently, they are diverse variety of different physiological needs, needs for development and improvement, etc.;
- Some needs are mutually exclusive (for example: the unwillingness to work contradicts with the desire for higher incomes);
- Different people react differently in regards to the same needs or in the same situation.

The needs create a motive for work and focused behavior that is followed by a concrete action, achievement of the goals and meeting the needs. The needs' satisfaction can be complete, incomplete or absence of satisfaction.

Primary and secondary needs can be distinguished. The primary needs are physiological (food, water, sleep, etc.). Secondary are: the need of success, of respect, of power and others. The primary needs are genetically set and the secondary - are realized with the gain of experience. For different people usually the primary needs are the same, however the secondary needs vary greatly for different individuals.

III. DESIGN OF THE MOTIVATIONAL PACKAGE

The design and application of reward motivational package aims to increase staff loyalty, to attract highly qualified staff and as a result to increase the competitiveness and efficiency of the work in the organization. It is appropriate motivational package to be considered by the manager not only as a one-time incentive for staff (bonuses, awards, etc.), but as a long term investment [9].

Motivation package includes the following benefits, received by the employees: salary, social security, insurance and supplementary incentives, moral benefits and social services from the company [10].

When creating the motivational package in the organization the basic staff needs and the appropriate incentives in the motivation process need to be defined and classified:

- Need for higher wages and other tangible benefits. The appropriate incentives are: increasing the average salary in the organization; additional incentives (bonuses, food, purchases of goods and services by the organization at lower prices, etc.).
- Need for clear and precise work structure. These needs are satisfied by placing specific tasks, objectives and regulations at work.
- Need for a feedback with the manager - praise and encouragement, formal and informal feedback with the supervisor and the manager of the organization.
- Setting up goals that are difficult to achieve – involving the employees in the strategic planning of the organization's objectives; participation in complex and important projects.
- Need for power and leadership to other employees - opportunities for career development; mentoring;
- The need to diversify the workflow - work rotation tasks by switching employees to different jobs positions and departments; flexible work schedules; participation in training; changing the types of activity.
- Need for self-improvement and development - training; mentoring; independent tasks; participation in projects.
- Need for social networking - participation in conferences; meetings with colleagues from other organizations; work in joint projects; participation in corporate events; opportunity for the employee to represent the organization at various events.

- Need for recognition - Certificates, badges, corporate gifts; marking the merits at the company's corporate events.
- Need for better work conditions - good workplace organization; getting new equipment, new technology and tools, improving the work environment.
- Personal amenities – parking spaces, business phone, company car, housing and etc.

The design of the motivational package is affected by a number of factors, which depend and are formed in the organization and the specific characteristics of the staff working in it, as well as the socio-economic situation in the country.

Main factors influencing the motivational processes are:

- Type of the organization and the scope of its activities;
- Short and long term goals;
- Financial stability of the company
- Specifics of the jobs and the positions
- Specifics of the staff
- Motivational incentives in similar organizations
- The socio-economic situation in the country.

When drafting the motivational package it is necessary to answer the following questions:

1. What are the management's goals and what results in the implementation of the current tasks and strategic objectives of the organization should be achieved through motivational package?

2. What groups of employees is the motivational package designed for and what are their individual needs (employees or contractors, newly hired or long term employees, different age groups, qualification by gender structure)?

The motivation package has many important functions, in regards to the efficient operation of the organization and for the material and emotional satisfaction of employees, who can be classified as:

- Attracting highly qualified workers. The achievement of strategic objectives of the organization and its competitiveness depends on the qualifications, professional experience and the quality of the human resources in it.
- Retention of experienced employees. The salary range in the organization should match that of the labor market in order to prevent the leave of experienced and qualified staff. Proper selection of competitive motivational incentives, contributes to the retention of already trained, experienced and loyal employees in the organization.

In terms of reducing turnover in the organization and retention of personnel, the costs can be classified as:

- Costs of new employees (*CNE*)
$$CNE = CR + CS + CA + CI + CW + CC + CT$$

Where:

CR - Cost for recruitment;

CS – Cost for selecting the staff;

CA - Costs of hiring, introduction and adaptation of new employees;

CI– costs of initial training and instruction;

CW – cost of wages

CC - cost of creating the motivational package

CT - costs of termination of employment (in case the employee cannot adapt to the organization or cannot meet the requirements).

- Cost of employee retention (*CER*)

$$CER = CW + CC + \Delta CC$$

ΔCC - the cost of employee retention (the difference in the motivational package value before and after the introduction of measures to increase motivation).

In most cases, the management of the organization economically justifies the value of incentives to increase motivation of employees as equal to or lower than the cost of newly hired employees, i.e. the cost for incentives may rise up to the level of expenditure on newly hired employees. Thus, the management could retain their experienced and skilled employees with already established corporate culture and loyalty to the organization.

- Ensures equality. According to D. Caruth [11] motivational package ensures equality among staff from three perspectives:
 - In the organization - to take into account the differences in the work organization and to structure the wages to accurately reflect those differences;
 - Equality in terms of salary in other organizations;
 - The salary should be fair according to the staff members and the employees
- Creating opportunities for stimulating the professional achievements of the staff. The salary should direct the staff to actions that are necessary for efficient operation of the organization. High productivity and quality in work experience and loyalty to the organization should be encouraged through appropriate material and moral incentives.
- Developing a salary pay scale - the complexity and responsibility of the job and to receive an adequate pay salary. When the work of an employee depends on the performance of other employees, to encourage collective results (to stimulate individual and collective work differently).
- Control and optimization of the cost of human resource management in the organization. When creating a motivational package, the cost for the organization should balance, in order to be able to control and manage them. The system for administration of the motivational package does not require high costs for its management.
- Administrative impact on the staff. The motivation package should be to be well understood by every employee.
- Feedback with the management. Keep the possibilities for adjustments not only in the motivational package, but also in the job performance of the staff.
- To raise the morale and the human qualities of the employees, by educating hard work, loyalty, honesty and fairness.
- Stay in compliance with the laws in the country.

IV. CONCLUSION

In the modern society, competitiveness and effective operation of the organizations are defined by the implementation of conditions for maximum satisfaction of the needs of the employees working in it. The motivating effects are different for the different employees and what is motivating for one employee, may not be important for other. On the one hand the implementation of complex tasks and high responsibility at work increases motivation. In parallel, however, the frequent changes in the job duties and responsibilities, interdependence at work and insufficient information on the performance of other units of the organization, complicate the motivational process in the organization. Therefore, when creating a motivational package, the organization must take into account all external and internal to the organization factors, influencing the motivational processes and the needs of the staff members.

REFERENCES

- [1] Halacheva T., I. Stoyanov, Leadership and motivation in management, Avangard Prima, S., 2013, ISBN 978-619-160-112-7, p. 75.
- [2] Harizanova M., R. D Boyadzhiev, S. Lilovska, Human Resource Management, Economy Publ., Sofia, 1997, p. 83.
- [3] Steers R., L. Porter, Motivation and Work Behavior, New York, 1983, pp. 3-4.
- [4] Smith P., Results and Organizational effectiveness in Handbook industrial psychology, Rand.McNally, 1976, p. 8.
- [5] R. Steers, L. Porter. The role of task-goal attributes in employee performance. Psychological bulletin, 1984.
- [6] Silage, E., Motivation, Publishing Information Bureau of the Economic University, V., 1992, p. 14.
- [7] Shopov D., M. Atanasova, Personnel Management, University Press of University of National and World Economy, S., 2000, p. 96-97.
- [8] Boyadzhiev D., Human Resource Management, Diagnosis Press, S., 1994, p. 138.
- [9] Forsyth P., How to Motivate People, Kogan Page, 2007, ISBN-13 9780749445515, p. 85.
- [10] Supervisor's Guide to Motivating Employees, hr.colorado.edu/es/recognition/Documents/Motivation%20Guide
- [11] Caruth D., G. Handlogten, Managing Compensation (And Understanding It Too): Handbook for the Perplexed, 2001, ISBN 1-56720-380-9, p. 3-4