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THE TRANSFORMATION OF THE MATERIAL INCENTIVES SYSTEM: ANALYSIS OF THE INTERNATIONAL EXPERIENCE

Directions of material incentives transformation in developed countries, which are influenced by the transition to a new mode of production, are defined. Causal relationships between changes in the mode of production and the employees needs evolution has been discovered and revealed. Their impact on the material incentives of work activity is revealed. International experience of work activity material incentives is generalized.

Keywords: material incentives, material incentives mechanisms, work activity, labor costs, wages, salary, wage labor.

The statement of the problem. Formation in the developed world the new post-industrial mode of production has changed the content, composition and structure of the needs of employees. On the one hand, there were efficiently new needs appeared; on the other hand, there was a change of comparable importance of existing needs. All this has forced employers look for those mechanisms of material stimulating work which would meet the new economic realities. In this regard, it is necessary, first, to identify trends and reveal the transformation of the financial incentives in developed countries, and to identify the factors that cause them; and secondly, to summarize international experience of financial incentives work and identify opportunities of its adaptation on domestic energy companies.

Analysis of the recent research and publications. The Analysis of the changes that occur in the system of material incentives of work activity under the influence of the transition to post-industrial mode of production, received considerable attention from both domestic and foreign scientists (M. Armstrong, T. Stevens [1, p. 8], A. Buzgalin [3], D. Verba, Y. Zaitsev [9], V. Grinyova [6], A. Grishnova [7], A. Kologanov [4, p. 132], A. Colot [11, 12, p. 276], E. Lawler [21], J. Lions [5, p. 304], A. Marchenko [2, p. 215-225], M. Semykina [14, p. 12], A. Sobolev [15], S. Tymbaliuk [17, p. 3], L. Shevchenko [2, 18-20] and other).

Selection of the unsolved aspects of the problem. However, the causal relationship between changes in industrial relations, the appearance of new needs and the resulting transformation of financial incentives mechanisms remains poorly studied. The directions of transformation require systematization and generalization. There is also a need to identify opportunities to use international experience in domestic enterprises.

The purpose of the article. The aim of the article is to identify areas of the financial incentives transformation in developed countries, which are influenced by the transition to a new mode of production, establishing causal relationships between changes in the mode of production and the evolution of the employees needs, identifying and disclosing their impact on the mechanisms of financial incentives work activity.

Presentation of the main material. Since the mid-twentieth century under the influence of scientific and technological revolution in the world economy there was a gradual change in the mode of production. The main feature of the new, post-industrial mode of production and its difference from previous – industrial – is the focus on the use of intelligent components – knowledge, information, science and technology as independent, sometimes decisive factors in economic development. Inalienabil-

ity of these components from person significantly increases its role in social production, fundamentally changing value orientations and motives of economic behavior. The main criterion of social progress under these conditions no longer stands the accumulation the material wealth, increase production and improve the products, and the development of the man himself and his abilities. The technological and socio-economic transformation, which is accompanied by the formation of post-industrial production mode, determine new needs, changes in the relative importance of individual forms, thus causing a significant change in the motivation of employees and system of material incentives for work. Among the most important factors that determine it, in our opinion, should provide the following:

- *alignment the balance of economic power between wage labor and capital.* The economic basis of a new production mode is the ownership of information with which worker is connected directly, without an intermediary capitalist. Specificity of intellectual work requires that the employee has all the skills to create the finished information product and sometimes opportunities acquisition of the necessary means of production [10, p. 24]. Gradually overcome the alienation of the worker from the means of production and created product, a large proportion of skilled workers become owners, mitigated the contradiction between wage labor and capital: the owner of the workforce is able to not only effectively resist, but also significantly influence the behavior of the employer. The tools of economic power employee under such conditions may include: a high degree of uniqueness and specificity of human resources involved in transactions on the labor market; monopolization of certain types of employment, membership in trade unions and trade union activities, the availability of alternative sources of income (from owning securities, real estate, bank deposits, etc.) to support market asymmetry to their advantage [9, p. 19; 18, p. 9].

Transformation of the ownership changes motivated workers engaged in intellectual production. With inalienable unique abilities, which is the main source of income for the company, they are trying to implement all the rights associated with the use of their own labor, and then

claim not only to pay for the results of work, but also the full reimbursement of the cost of labor and the share additional income. According to many investigators changes in the system of motivation necessitate the introduction of new models of labor, revocation of the final product (A. Colot [12, p. 276], A. Buzgalin, [3] J. Lions [5, p. 304], L. Shevchenko [18, p. 9-10], P. Tsymbaliuk [17, p. 3], M. Semykina [14, p. 12] A. Marchenko [2, p. 31, 36], and others).

For example, M. Semykina notes that “amid signs of a gradual transformation of industrial society in the post-industrial... widely used alternative methods of financial incentives for staff, such as participation in the profits, free transfer of shares, equity, accumulation of funds in special accounts “[14, p. 11-12]. A similar view is expressed in the works of A. Colota [12, p. 276]. D. Lvov emphasizes that workers who have unique knowledge and skills obtained a monopoly on their use in solving specific, non-standard tasks facing the firm, and all rights to quasi-rent through profit sharing [5, p. 304]. A. Buzgalin and A. Kolganov also consider it appropriate to building relationships between staff-bearers of knowledge and the owners of the company’s capital on the basis of the agreements on distribution of profits [4, p. 132].

S. Tsymbaliuk proposed to include fees that are not part of the wage fund (dividends, interest, loans to improve housing) and payment of income (premiums, bonuses, payments under the profit-sharing) of the compensation package that provides employer hired workers [17, p. 3]. It is interesting view of L. Shevchenko, which connects labor remuneration with the features of the utilization of the labor force, whereupon the payment for labor may take the form of rent, investment income, wages, premiums, profits of the business, intangible income and charges planned for the future [19, p. 25-29].

However, not all scientists agree that under the transition to a post-industrial mode of production the balance of economic power aligns between wage labor and capital. So Y. Zaitsev and D. Verba, exploring the features of remuneration in the information society, concluded that in some cases firms tend to compensate the decline in the quality of work of one professional group with an additional loading on others, rather than increasing the cost of training

[9, p. 19]. S. Gafurov, I. Nikolaenko indicate the conversion operation on self-exploitation. On the conquest of the capital not only of labor, but as human beings, emphasize Buzgalin A. and A. Kolganov [4, p. 136-137] A. Zadorozhna [8, p. 31]. On the exploitation insists V. Mandybura: growth beyond retirement age (FRG), the elimination of job security for certain groups of workers (Spain, Italy, France), the extension of working hours to 50 hours despite protests from trade unions (Japan, New Zealand, Australia, USA, UK) [13, p. 28-29]. A. Colot indicates that over the last 20 years was “desocialize relationship between wage labor and capital” [11, p. 3];

- *prevention of traditional forms of forced labor, built on the personal and economic dependence of the worker from the owner of the means of production.* The worker engaged in the information sector of production – is not only co-owner of inseparable from it the means of production. He economically secured by significant social guarantees from both the state and direct clients, institutional consolidation of their rights in the contract of employment, collective agreements, participation in trade unions, the availability of alternative income and so on. Employee’s economic power is significantly enhanced with the appearance of the significant transaction costs to find new employees, severity informal knowledge transfer, dependent of the market value of the current firm’s from the intellectual capital of workers [20, p. 223].

In combination with the growth of labor productivity, the increase in production it leads to the empowerment of satisfaction of material needs, reducing their relative importance. Staying significant, they cease to be dominant, especially for workers in information sector. In the foreground run out the non-material needs in self-realization, expansion of freedom of choice, the implementation of which is impossible in the face of economic coercion. Under such circumstances, the employer is obliged to form attitudes towards employees as partners, to conquer the creative work based on capital than coercion, but through compromise [20, p. 222].

Economic partnership is connected with significant changes in the social status employment: employees acquire features, functions

and powers that in industrial society were considered inherent to owners of means of production. The worker becomes more independent, he goes out of management’s control. Implementation forms of economic or socio-labor partnerships are diverse: government decentralization, replacing rigid hierarchy for flexible forms of business organization, defragmentation of production, distribution, remote employment. Corresponding changes occur in the mechanism of material reward: the role of premiums increases associated with group rewards, variable pay allocated to teams and work groups as well as individual contributions to collective efforts to improve the business [15, p. 96-97];

- *the change of interaction mode in the “individual – group – society”.* Technological change in the productive forces of society, the emergence of factors of production, whose existence makes sense only if their collective use (global Internet network, etc.) became the basis of socio-economic strain of ownership. On the one hand, according to A. V. Buzgalin in the post-industrial economy there is a decrease in comparable importance of private property, as the prominent place occupied resources which lost signs limitations [3, p. 12-14]. Under these conditions physical limitations imposed on human action, gradually removed, yielding social and institutional limitations [2, p. 18-19]. So one of the weight reasons of economic activity is participation in the formation and management of such constraints: the membership in trade unions, employers’ organizations, socio-labor partnerships, the increased importance of the contractual regulation of wages.

On the other hand, the associated ownership become widespread which leads to the change of competitive relations within the organization for partnerships, joint, cooperative attitude. Also forms a new type of corporate culture – the organization, which facilitates transfer of individual and collective knowledge [2, p. 174]. This allows significantly mitigate one of the major contradictions of post-industrial society – a contradiction between information appropriation of some social groups, which leads to an increase in their material well-being and growth of information exclusion of others that in accordance reducing their welfare;

- *the main production factors become knowledge and information, creativity of man and his ability to create and use information products.* Under these conditions, the work becomes intelligent, innovative, creative nature that increases the satisfaction of it. However, the product of such work is difficult to precisely estimate. As noted by A. Marchenko, completely intangible dimension of intellectual work takes the form of employee evaluation, its place and role in the production process, the degree of specificity of knowledge and skill level of the labor potential [2, p. 225]. Under such circumstances, the employer has to establish close partnerships with hired workers not apply the procedural but substantive concepts of motivation, consider a more complex hierarchy of human needs.

An important area of financial incentives employed in the information sector is the production of investment in intellectual resources as a wit-specific capital firm. It should be emphasized that this process is interested not only employee who takes possession of new knowledge, receives the basis for the accumulation of personal intellectual capital and firm. For firms investing in the intellectual capital allows to improve the business climate, improve efficiency and control to create a stable working team. Employees tend rather to learn new activities, increase revenue and become more competitive in the labor market, thus reducing dependence on the employer.

Investing in brand-specific human capital can take different forms, such as: costs of employees of the firm to adapt to proprietary technology, the cost of additional training, training, training of employees, the cost of an internal network of business and project teams, the cost of securing the firm specific intellectual labor [2, p. 218]. But particularly important are the costs of corporate education, because during training, as noted L. Shevchenko, formed specific workforce that can be implemented mainly within a particular company and its technological specialization, or even inter-specific human resource can be used only within the firm [19, p. 180-181].

Investment in human capital has significant risks. On the one hand, the company has a direct threat to the loss of expected income in the event of layoffs, significant transaction costs of finding new employees. On the

other hand, the employee also risks losing the opportunity to find employment in other firms. Function of investment under such conditions do: 1) social security – investments in securing and maintaining staff, such as investment in the creation of social infrastructure which provides a high standard of living (housing, recreation, medical care) [2, p. 223]; 2) shift to support the internal balance of salaries within the organization to support external competitiveness in foreign wages, including international labor market [21, p. 27, 15, p. 96]).

Socio-economic transformation taking place in the transition to a new mode of production, significantly change the balance of economic power between employee and employer. Inalienability of new production factors from employee enables the latter to influence the nature redistribution. Under such circumstances, the employee motivation in knowledge production has expanded: he is interested in not only the size of remuneration, but also the presence of institutionally embodied capabilities of ownership of their labor.

With this in our opinion related changes in the system of material incentives for work:

- In the nature of remuneration: rises the role of measures of compensate the cost of labor (employer expenses for social, medical, pension insurance, housing, transportation, communications, etc.); increases the price of labor;

- In the mechanism of payment of remuneration: the transition from setting salaries for internal proprietary ranking system under evaluation activities and their relationship with the company to establish salaries and rates based on the combination of flexible labor market prices, individual and group performance and the level of competency, the growing role of variable share of wages;

- Dissemination of new forms of financial incentives: profit sharing, purchase options, corporatization, investment in human capital and its further consolidation within the firm as inter-specific resource.

Cumulative result of these changes is the emergence of increasing capacity to meet the material needs that significantly reduces their comparative importance. However, they don't disappear, simply the presence of institutional conditions for their implementation pushes

them into the background in comparison with other types of needs.

On the other hand, changes in the nature of work that gets creative, informative, innovative features change the type of social interaction in the system of “individual – group – society” with a competitive, antagonistic to the partnership, cooperation, solidarity. There is a need to build a corporate culture based on economic partnership. Motivating factor is the presence of institutional conditions for the implementation of partnerships, namely the widespread involvement of workers in management; opportunity to participate in in-house knowledge transfer, corporate education, participation in shaping the social, institutional constraints of the firm.

New requirements for labor cause increasing its value, and thus increasing costs for employers to attract skilled workers. Under these conditions, accelerated implementation of labor-saving technologies, part of the labor force is released. However, skilled labor characterized by high productivity, therefore parallel with a reduction in the number of employees increased Gross added value. This process is especially noticeable in the industrial manufacturing sector. Employers are forced to resort to the creation of a system of material incentives work, which would on the one hand helped to attract qualified personnel and consolidation in the enterprise, on the other – allowed to accumulate income for the purposes of technological modernization and development.

Conclusions and recommendations. The transition to the new post-industrial mode of

production led to significant changes in the system of employees needs. Among the most important changes are the following: increasing the role of non-material needs associated with the accumulation of human capital, reducing the relative importance of material needs, a full degree of satisfaction, increased demand for institutional consolidation possibilities of full property rights for labor, building organizational culture based on economic partnership, industrial democracy.

Under the influence of these changes takes place a substantial transformation of the system of material incentives in the developed world, the main areas are: changes in the nature of remuneration (increase in the price of labor, the role of measures to compensate for the cost of labor); changes in the mechanism of payment of remuneration (transition to establish salaries for in-house system to establish salaries ranging from keyboard price labor market outcomes of work and level of competency, growing role of the variable part of salary); proliferation of new forms of financial incentives (profit sharing, joint-stock company, investment in human capital).

Given that the socio-economic modernization, which is implemented in Ukraine, is impossible without the development of competitive systems of financial incentives, the normalization of the level of pay, the prospects for future research in this area is closely related to the search for new forms and methods of financial incentives, defining the institutional prerequisites for their implementation in practice of domestic enterprises.

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