



“Remuneration is not all that an employee works for” – about gratification and different forms of non-wage motivation in the company

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Abstract

The aim of the paper is theoretical presentation, along with a description of the practical example, the relationship between human capital and the expected basic salary, as well as the presentation of diversified non-wage motivation methods for employees. In today's innovative times, where the world seems to be the most technologically advanced, worker is still the most important component in the establishment of a company. A company that does not possess a creative, highly qualified and properly motivated staff cannot count on achieving competitive advantage, market success, and long-term profitability.

Keywords: *Fair Remuneration; Economic Constant; Measurement of Human Capital; Non-Wage Motivation; Gratification Components.*

1. Introduction

The topic of human capital is an area that is subject to constant research, also among modern economists and scholars. With the turn of the 19th and 20th century, T. Schultz and G.S. Becker introduced the theory of human capital. Already at that time, they began to wonder how the weight of the work done could be valued so that it did not involve a worker's injury. In according to Becker's concept of human capital, it consists of competences, predispositions and the acquired expertise of each person (Rundo 2013). Becker, for reasons of higher efficiency, considered professional experience often acquired through years of hard work, without the need for large amounts of cash. He encouraged to invest the capital in education, because in the future it will result in higher revenues.

One of the foregoing economists, Theodore Schultz, for years has been trying to diagnose the determinants of economic development of countries, finally concluding that one of them is human capital, continually enriched by information, professional experience and knowledge. He was of the opinion that human capital attributes should be recognized as qualities acquired by the population and can be strengthened through appropriate investments (Schultz 1981). It is also worth pointing out that the thesis about acquired abilities differs from person to person and determines the quality of society in a given country. An individual, gaining knowledge of his interests, views, constantly widens it. We can come to the conclusion that skills acquired, as opposed to innate, which may be similar, differ among people. It is practically impossible for skills acquired with the innate, in two people to be identical.

2. Fair remuneration and employees' human capital

Literature can be found in many models describing the measurement of human capital. However, by choosing the M. Dobija formula, which also perceives the effect of time factor, it is "the value of economic resources capitalized in human and material resources" (Dobija, Dobija, 2003). It represents a model of capital growth equal to (Dobija, Kurek 2013, Dobija 2007, 2011, 2014):

$$C_t = C_0 e^{(p-s+m)t} \quad (1)$$

Where:

C_t – Capital value at time t ,

C_0 – Initial capital,

p – Economic constant (approximately 8% on an annual scale),

s – Rate of the natural capital loss,

m – Rate of determining the impact of work and the increase in capital on its effect.

In pursuance of formula (1), we can notice the basic principle that capital does not come from nothing because of the existence of initial capital – C_0 (Renkas 2014, 2016). This capital changes over time and is subject to three environmental impacts (Kozioł 2011):

- Capital diffusion (s).
- Impact of work (m).
- 8 percent economic rate (p).

The basic model of human capital is the formula (Dobija 2002, s.112):

$$H(T) = (K + E) (1 + Q(T)) \quad (2)$$

Where:

$H(T)$ - value of human capital,

E - Capitalized education costs,
K - Capitalized maintenance costs,
Q (T) - factor of experience.

By counting the value of an individual capital we can then calculate the fair value of the annual remuneration, using the formula:

$$W = H(T) u \quad (3)$$

Where: u – the amount of work paid

In case when $u > p$ (8%), the remuneration comprises the components of the bonus remuneration which prevents capital depreciation while allowing for its development (Kozioł 2010, Renkas 2011).

Practical application of above formulas and interesting observations were included in the work of H. Stando-Gorowska (2014), aimed at estimating the future salary of graduates of higher education. The research was conducted in the form of a comparison of earnings based on the human capital model and the student's salary expectations in the first year of their professional work. In Table 1, the authoress has calculated the value of the experience factor and human capital, depending on the length of work.

Table 1: The Value of the Experience Factor and Human Capital over Time

Years of professional work – T	Factor of experience – Q(T)	Human capital of people with a master's degree in zlotys – H(T)
0,5	-0,0753	625676
1	0	676604
5	0,1551	781526

Source: (H. Stando-Gorowska 2014, p. 53).

It can be concluded that the biggest changes in the value of human capital take place in the first months of work and thus the increase in experience grows the fastest. The experience pool accepts negative values all the time, reaching a value equal to zero after the first year of operation. This is the initial implementation of a new employee in the rhythm of work at a given position, resulting in lower efficiency and frequent help and advice from other employees. By calculating the human capital value of an employee, we can proceed to determine his fair remuneration.

Table 2: The Gross Salary of University Graduates Determined on the Basis of the Human Capital Model

Years of professional work – T	Human capital of people with a master's degree in zlotys - H(T)	Gross annuity of human capital in zlotys - W
0,5	625676	50054
1	676604	54128
5	781526	62522

Source: (H. Stando-Gorowska 2014, p. 54).

The following conclusions were made for the first year of work: the remuneration should be reduced by around 30% due to the experience gained by the employer, and in the later years the pay is strongly increasing with the model and the experience gained, which is not appreciated by graduates who expect only a slight increase in their pay. The whole process of acquiring experience in subsequent years can be illustrated by the example of the learning curve concept (Kozioł 2010).

3. The essence of motivation in a company

Motivation can be presented as a goal-oriented activity. People are motivated when they expect behavior to help them achieve goals and rewards that will meet their needs (Armstrong 2005). When we come across the notion of lack of motivation, then we can sense aversion to action, low morale and a sense of hopelessness in what we do. Most people take the job to meet their needs, feel financial independence and realize their dreams. Motivation in the workplace is primarily intended to induce employees to do certain

things, in line with the ideals and goals of the company. According to T. Listwan (2002), we can talk about motivation to work through an attitude of self-belief and past perspectives, based on the past and an incentive to take advantage of current employee benefits. Both types of opportunities influence the employee's behavior in the short and long term (Sekula 2010). The motivational process is complex and difficult to create and requires a broad knowledge and skill set. It is difficult to build a unique system that would meet the needs of all employees at the same time, so it would be best to separately identify the goals of each employee. Motivation to work cannot be treated as a one-time act, but as a bilateral, constant relationship between the manager and his or her charges (Sekula 2010). This relationship will help to gain more and more recent information about the people we want to motivate. Knowing our employees, their attitude to work, habits and aspirations will make it easier for us to find tools and motivational tools that will then be matched individually to each one, resulting in a better effect than we would have done with the same system for all subordinates. The whole process of motivation for work is characterized by the following components:

- Aims, covering two groups of stakeholders - corporate executives as well as employees. Their diagnosis is the starting point for appropriate solutions for motivational issues.
- Strength of motivation depends on the probability of the employee performing the task of the company and receiving the reward needed to meet desires and needs.
- Efficiency at work level in relation to the intensity of motivation. The effectiveness of motivation is further subordinated to the work environment, the type of incentives used, and the degree of their approval by employees.

Motivation is an extremely dynamic cycle, changing with age, luggage experienced and even with the health of employees. It can drastically decrease as a result of fear that the target will not be realized. An insatiable need depending on ailments, such as lack of a car, triggers tension, and this in turn affects the imagination, prompting her to find a way to solve the problem. It may happen that we have many opportunities to cope with the problem, looking for the best exit. When this option is implemented, the tension is relaxed or completely eliminated (Wiktor 1985). By Z. Ciekanowski (2013), we can distinguish negative and positive stimuli, affecting the staff. Positive are intended to induce desirable, specific behaviors from the company's point of view, while negative stimuli are to be cut off from intolerant behaviors in the company while stimulating positive ones. Taking into account the tools used to motivate employees in a company, motivation can be divided into two dimensions (Kawka 2006): - material, which consists of components of final income (bonuses, allowances) - immaterial, influencing human motives using the effect of human psychological properties (praise, prestige).

Each company, while building its own incentive system, should take into account that it cannot consist solely of a remuneration system. If there is a case of not having such a system, then the professional activity of the employees in the company may, however, be limited to the monthly salary only.

4. Intangible means of motivation

When we build a motivation system based solely on financial means, we have to expect that it will be very costly for us in the long run, and motivation based solely on money brings the intended effect only to a certain point, losing later on the intended meaning. It is obvious that for example - a financial reward not for every employee will be a motive for a better job. Patrick Forsyth (2000) states that people in the company have different goals, desires and needs, and that all motivators are short-lived. We can often find a situation where employees are able to change jobs just because another company offers a better business car, pool pass, or unlimited call. In our workplace, we will certainly meet our colleagues, who count not only the amount of remuneration and benefits, but also the praise or recognition of colleagues and supe-

riors. These motivational measures stimulate the desire for action, efficiency and joy of every day spent in the workplace.

Table 3: Means of Non-Material Motivation

Internals	Externals
a prospect of future promotion and development of one's own image	
use of innovative technologies	
stability between work and personal life	
good atmosphere at work	
ambitious tasks	praise
neat and ergonomic workplace	recognition
low stress level	respect
proper monitoring of work	workers rating
clear criteria for further promotions and career levels	feedback (comments, discussions, remarks)
work on new devices	
stabilization of employment	
varied forms of pay	
increased work autonomy	

Presentation of the most important intangible factors in the company:

- 1) Appreciated recognition and respect - to be effective, must appear as soon as possible and not necessarily only used by the boss but also by a colleague in the department. The best option in this case is to individually identify and adjust to each employee the circumstances in which he or she likes to receive compliments, e.g. by email or in front of the entire team. This form can also be expressed by sending an employee for a scientific leave or a trip abroad.
- 2) Clear path of promotion - certainly the promotion can increase effectiveness, value, self-confidence and employee self-esteem. Fairly promoted can also motivate other co-workers; otherwise we are disappointed by their disappointment, morale and the desire to change their work environment (Penc 2000).
- 3) A good atmosphere at work - a positive atmosphere in every work environment is very important. A well-rounded team of employees who share mutual respect and share common passions certainly contributes to the increased efficiency of each and the coordination of the whole company.
- 4) The workplace - the ability to use innovative equipment and work on modern technologies, surrounded by neat and clean office space, give the employee more work and a sense of fitness.
- 5) An effective communication system - is a system of guaranteeing dialogue and common understanding between employees and their supervisors (Forsyth 2001). Good communication means the manager is open to help, listening and supporting his staff - in a way creating one team. The supervisor should be in continuous contact with the staff, assess the successes already achieved, and establish rules for further cooperation.
- 6) Controls at work - means the process that allows you to investigate the feasibility of the actual activities of employees who have been established and planned beforehand. Too much control restricts a worker's freedom of action, causing him at the same time a reluctance to work, but on the other hand, his absence is manifested by the uncertainty and danger to the corporation.
- 7) Non-cash employee benefits

In agreement with B. Kaminska (2011), non-salary compensation helps to emphasize the function of the employee in the organization, facilitating his work. Sometimes they attract new employees and also increase the attractiveness and reputation of the company on the market (Uliasz 1998). J. Sokolowski (1999) suggests the following breakdown of these benefits:

- For the development of human resources. They facilitate the participation in training or cover their costs. They include scholarships, training and covering their costs - social equalization and integration. They occur in nature most often as

co-financing, manifesting themselves as running canteens, sports and cultural facilities, co-financing holidays.

- Non-payroll individual and group income. They allow you to benefit from a variety of benefits and are made up of health services, covering the cost of education for children or the possibility of using life insurance.
- Non-wage compensation. They are in nature and include, for example, clothing, housing, telephone, car, employee laptop.

One more intangible motivation method are incentive travels. Angelika Pańska in her work *The effectiveness of motivating workers in the declarations of people entering the labour market* (2017) states that this is an exclusive form of reward for effective work, manifesting itself in foreign travel. The way to win this benefit is extremely long and it only goes along with achieving the most important goals for the company. The returning employee is motivated to continue working and feel the spirit of competition for the future to re-use the tour. However, such trips may, in the first place, play an integrative role, bringing together most of the organization's staff. Obviously motivational trips from the corporate point of view have their advantages and disadvantages. The first is to improve the relationship on the supervisor line, increase loyalty to the company, or increase identification with it. On the other hand, we can attribute high travel costs to the company, conflicts among envoys and allegations, and the rejection and unfair treatment of employees who did not participate in integration because of their reluctance to attend entertainment.

5. Conclusion

In order for the basic salary to be considered fair, it must be determined by the economic constant of a potential increase of 8% per annum. A separate measurement of the human capital of each employee in the enterprise allows it to be properly appreciated and prevent depreciation (occurring when the remuneration is fixed below the fixed level) of the capital already held. When u exceed 8 percent, we can talk about the situation in which there is, in addition to the basic salary, also the bonus reward, maintaining and developing human capital. It is important to be able to calculate the right wage and the knowledge that allows you to measure your own work in the organization.

The organization's incentive system should be unique, tailor-made, based on its micro and macro environment. Material motivational tools such as a bonus will not increase the efficiency of any employee. The company's motivation system should provide mutual benefit and be consistent, i.e. a satisfied employee would mean a satisfied company. Only in this case can we speak of an effective and efficient motivational system in the company.

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