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## Modern Concepts of Financial and Non-Financial Motivation of Service Industries Staff

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### Abstract:

In modern conditions the questions of personnel management, including motivation, acquire new meaning. Particularly given the problems relevant to the service sector, where at the beginning of the XXI century employing more than 60% of the workforce in developed countries. These circumstances determine the need for a modern concept of material and immaterial motivation of service industries. Such factors determine the need for the development modern concept of material and immaterial motivation of service industries staff. To obtain indicated objective during research analyzed the existing concepts and paradigm of staff motivation with highlighting their advantages and disadvantages. The results obtained allowed to establish that scientific and expert community does not have the unified approach to the classification and identification of the most effective ones. Special attention is given to modern developments and approaches to the motivation problem. This fact caused the structure of follow studies, including three interlinked vectors: analysis of the essential content of the fundamental concepts in the field of staff motivation; defining features of employee motivation at the enterprises sphere of services; introduction to the key successful international practices which apply by service companies. In general, the results obtained enabled the author's model of the modern concept of material and non-material motivation at the enterprises the service sector and the corresponding mechanism for the implementation.

**Keywords:** material and non-material motivation; service industries staff; service sector; management.

**JEL Classification:** J32; O15; M12.

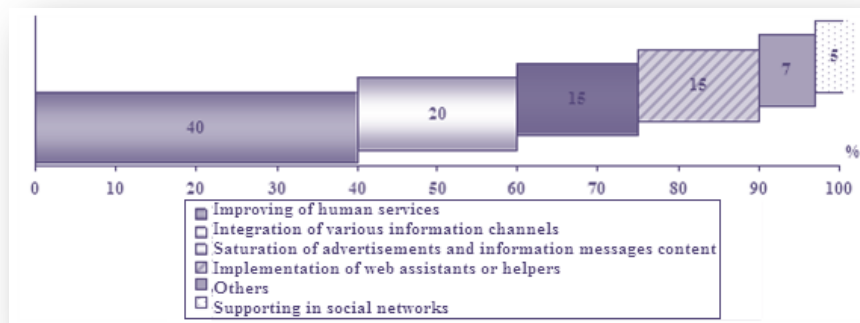
### Introduction

Currently, for most businesses it is essential to develop new management mechanisms, relevant innovative vector of economic development, as well as improvements in the production processes in the rapidly changing conditions of the external and internal environment. Taking into account such circumstances, increasing the importance of the contribution of each employee in the improving the efficiency of operation of the business, which in turn determines the requirements for its leadership continuously and systematically develop effective

methods of personnel management that will ensure the activation of the human factor (Hewage and Ruwanpura 2006, 1075–1089). For this reason in this context formalized an important task of successful operation of the modern enterprise as formation of a quality management system, involving the construction and implementation of an effective motivation system. Since it is economically well-motivated staff is the key to successful work and systematically company development in the direction of the strategy to strengthen its market position (Porotova 2016, 615-617).

However, defining the role of staff and his motivation in certain areas of human activity has some specific features. So, all things being equal, in the service sector companies the service level, its quality both with the efficiency of the enterprise as a whole depending on the staff. According to a global study of the Genesys company, which interviewed customers of 60 thousand service enterprises worldwide, despite the fact that the service sector consumers actively use information technologies, mobile applications, remote communication channels, etc., the most popular wishing to develop companies in the service sector is 'improvement of the human services' (Figure 1).

**Figure 1.** The customers' preferences regarding the development and improvement of service enterprises  
(Genesys Research Institute)



Based on the data of the Genesys, experts claim that the 'human face' of the service sector has the same meaning and plays a similar role in the introduction of the innovative technologies for the development and improvement of the enterprises in this industry. No one technology cannot match the emotional connection between customer and staff in obtain excellent service.

Exactly only staff identifies and assesses requirements of every customer; analyzes the perception of the customer some kind of services; operatively corrects the service process if it appropriate for maximum satisfaction of each customer (Lyppol and Vakchova 2016, 134-137). Therefore, the most leading companies of the service sector throughout the world already guided by the basic principle: in order to ensure their competitiveness in the market, it is necessary to attract professionally trained employees and fundamentally address issues of their motivation.

In order to implement this principle in practice, they are increasingly being used not only to the classical concept of economic incentives in the form of high salaries and bonuses, but also non-financial instruments and methods of motivation.

In our previous articles, we have shown associations organizational culture with methods of decision-making management at enterprises the service sector (Krupskyi 2014, 95-98) and the impact of organizational culture on the strategic viability of the service enterprises (Grynko *et al.* 2016, 78-82; 2015, 145-154). However, the issue of staff motivation as one of the components of companies management system, we have not been reviewed.

Thus, in light of the above, the study of modern concepts of material and non-material motivation of service sector stuff is theoretically and practically significant problem, which causes the relevance of the chosen research topic, predetermines its conceptual basis, and the selection of appropriate tools of scientific knowledge.

## 1. Purpose of the study

The analysis of concepts, approaches and theories that exist in the academic and application environment, relating to the establishment of employee motivation system; the study of foreign experience in the development of systems of material and immaterial labor motivation at the service sector, and the definition of modern

conceptual approaches to their development.

## 2. Theoretical and conceptual aspects

Throughout the history of management development almost every researcher worked with motivation issues. However, the motivation theory has attracted the attention of the scientific community only in the twentieth century, although most of the stimulus, motivations and needs have been known for a long time. The study of the existing heritage in the field of motivation management revealed the presence of a significant number of different approaches to understanding the essence of the process.

The results of scientific research led to the development of different concepts of motivation. However, to date there is no single, universally accepted classification of this concept. For example, some scientists have conventionally divided them into three groups:

- (1) Primary, which based on historical experience of human behavior in the course of its labor activity.
- (2) Meaningful, which reflect the content of the needs of the individuals involved in the production.
- (3) Procedural, which devoted to the study of the remuneration process.

The advantages and disadvantages of the main motivation theories from the above list presented in the Table 1.

**Table 1.** Advantages and disadvantages of motivation theories

Theory	Advantages	Disadvantages
A. Maslow's hierarchy of needs	<ul style="list-style-type: none"> <li>▪ motivation process is infinite;</li> <li>▪ motivation system developed according to the needs changing;</li> <li>▪ creating a situation in which the employee's needs coincide with the interests of the company;</li> </ul>	<ul style="list-style-type: none"> <li>▪ not considered the individual characteristics of people;</li> <li>▪ the transition from one to another level of the hierarchy of needs is not supported by management practices;</li> <li>▪ concept hardly applicable in practice to small and medium enterprises;</li> </ul>
V. Vroom's expectancy theory	<ul style="list-style-type: none"> <li>▪ clear correlation between the results and reward only</li> <li>▪ for effective work;</li> <li>▪ monitor the level of employee self-assessment, their skills and knowledge;</li> <li>▪ formation of high but realistic level of results;</li> </ul>	<ul style="list-style-type: none"> <li>▪ not fully take into account the individual characteristics of employees and the company itself;</li> <li>▪ insufficiently substantiated, methodological and logical aspects both with technical features of the concept using in the management practice</li> </ul>
D. McClelland's Theory of Needs	<ul style="list-style-type: none"> <li>▪ individuals with a significant need for power are suitable</li> <li>▪ to leadership positions, have organizational skills and self-confident;</li> <li>▪ individuals with a significant need for success are prone</li> <li>▪ to moderate risk, not against personal responsibility, and initiative;</li> <li>▪ individuals with a significant need for involvement</li> <li>▪ can quickly establish friendly relations in the team, effectively resolve disputes and conflicts, provide emotional support;</li> </ul>	<ul style="list-style-type: none"> <li>▪ It does not fully take into account the individual characteristics of the individual employee;</li> <li>▪ undeveloped a mechanism of needs satisfaction of lower hierarchy level employees, which often are not less active;</li> <li>▪ implementation this concept into practice often involves some organizational difficulties;</li> </ul>
S. Adams' Theory of Justice	<ul style="list-style-type: none"> <li>▪ explanation prospects of the company development</li> <li>▪ and corresponding growth of remuneration;</li> <li>▪ explanation to employee how remuneration depending</li> <li>▪ on activity results;</li> </ul>	<ul style="list-style-type: none"> <li>▪ concept is based on the needs meeting through material rewards;</li> <li>▪ subjectivity remuneration validity at employee and management side, which is almost impossible to reconcile;</li> </ul>

Theory	Advantages	Disadvantages
F. Herzberg's two factor theory	<ul style="list-style-type: none"> <li>▪ insufficient amount of motivational factors do not</li> <li>▪ cause displeasure;</li> <li>▪ developed criteria for employees allow them</li> <li>▪ to independently demonstrate their preferences;</li> <li>▪ labor progress, recognition of achievements, professional and career growth are increasing the positive behavioral motives;</li> </ul>	<ul style="list-style-type: none"> <li>▪ subjective methods of study;</li> <li>▪ clear criteria cannot always be established and may not always be approached for employees;</li> </ul>
Porter and Lawler's comprehensive theory	<ul style="list-style-type: none"> <li>▪ productive work leads to meet the needs;</li> <li>▪ result depends on the efforts, qualification, character;</li> <li>▪ degree of the spent efforts determined by the</li> <li>▪ compensation value and certainty of its reception.</li> </ul>	<ul style="list-style-type: none"> <li>▪ precise determination of the rewards value is a key issue for all management and collective;</li> <li>▪ assessment of skills and qualification is subjective and may not correspond to the reality.</li> </ul>

Nonetheless, the supporters of the evolution theory believe that the motivation development should be regarded as a sequential process that giving rise to the conceptions, which organically complementing and specifying each other and combine parts of the previous studies and achievements. Based on this, all the motivation theories, since the beginning to the present, evolutionists are divided into three groups:

- theory that focusing on the study of exogenous factors of motivation, *i.e.*, environment and external factors affecting on human behavior;
- theory of endogenous factors, based on the analysis of human needs and his inner world;
- integrated approach that combines both groups of factors (Simchenko *et al.* 2015, 66-70).

Considering the modern theory, it should be noted that in the 90 years of the last century, in the academic and expert circles an interest to the motivation question, not only unabated, but also moved to the strategic management plane.

Lynda Gratton (2007), Professor of London Business School, devoted his scientific and practical work to the study of meaning and significance of work purposes. During the ten-year study of multinational companies Gratton concluded that companies with identical processes and labor organization have radically different levels of employee loyalty and financial results. She claims that a high level of productivity determined by the high degree of integration of company objectives and aspirations of employees (Rock *et al.* 1991, 628).

In the book «The Compensation Handbook: A State-of-The Art-Guide to Compensation Strategy and Design» Lance and Dorothy Berge argue that is impossible to admit contradictions between the philosophy of rewards and compensations on the one hand and strategies, values and company mission, on the other. It should seek to ensure that they organically supplement each other. Furthermore, it is advisable to analyze the necessary changes for the implementation of motivation programs for the company's organizational structure, statutes, principles of operation, etc. (Rock *et al.* 1991, 628). Also, Stephen Baldwin focuses on the fact that necessary to establish whether there is some contradiction in the selected option motivation system with a common corporate culture. In this case, such a system could have the opposite effect become a demotivating factor (Baldwin *et al.* 2014, 827-847).

Among Ukrainian scientists who study motivation problem, should be noted K.B. Kozak (2011, 69–74), M.V. Semykina (2011, 111–117), O.A. Kcharun (2011, 366–371), A.V. Golda (2007, 22), O.L. Eskov (2006, 37), V.G. Voronkova (2006, 283), I.M. Myahkykch (2011, 210-216), T.O. Pogorelova, V.A. Yurchenko (2015, 96-102), et al. These researchers have considered issues of formation and functioning of motivation, its typology, strength and direction, as well as the satisfaction of human labor. However, the proposed approaches to stimulate labor activity of the staff are sufficiently generalized and do not consider the different needs and consequently different impact factors of the staff groups. Meanwhile, no doubt about that development of effective motivation schemes should be based on targeted techniques aimed at particular group of economic functions performers.

So, despite the diversity of approaches, theories and paradigms, currently there is no single universal concept of the staff motivation organization, in general, and regarding material and immaterial labor encourage in the service industries, in particular.

Therefore, an obvious need development of common conceptual approaches to the organization of the

system of material and non-material motivation service industries staff that will meet the requirements of modern management system and flexible enough for a timely response to market dynamics. Undoubtedly that today in the conditions of globalization and the integration of economic and systems relations for the wider application of the motivational mechanism in the service industries, would require a complex methodology and the corresponding mechanism for the concept implementation (Cox *et al.* 2005, 368–376). Altogether, it's capable of creating the necessary conditions to increase the attractiveness and intensity of human labor. In purpose to the development of modern conceptual approaches, according to the author believes, it is mandatory clear understanding of the basic concepts in the field of motivation of staff. Also, it's definition of employee motivation and especially on the service sector, both to familiarize with the basic successful world practices, which are using by service companies.

So, these aspects are determinate the structure of the further investigation.

## 2.1. Result and Discussions

### Determination of the basic concepts and features of employee motivation at the sphere of services industries

In general, members of the public work activity exposed to various factors, both internal and external. Internal driving forces including needs, interests, desires and aspirations, values and values, ideals, motives and incentives. All of them are the structural elements of a complex social process of work motivation. In turn, the formation of internal incentives to labor behavior is the essence of the motivation process of labor activity.

The needs are triggers of discomfort of the personal internal condition, directly affects thinking and behavior. In general, the needs are the same for different people, but at the same time, they have a certain individual manifestation of each individual.

Despite the fact that the most important place in the theory of motivation takes the concept of 'motive' as a form of needs, the object sake of which getting some activities, in the economic literature motif is treated differently. So, Russian scientists understand the motive as a person conscious motivation for action to meet their needs (Makhortova and Zaretskyi 2015, 654-660). In this manner N.L. Pyrogov, A. Ryazanov (2015, 48-51) believes that the motive is an impulse, which cause of human activity. It includes needs, expectations, incentives and evaluation. National researchers explain the motive as a conscious motivation person for action to meet their needs (Bogatska 2015, 210-214.).

According to Bogatska N.M., the motive is mainly perceived inducement of the person to the activities that are associated with the specific needs and cause of human actions and behavior.

In turn, the incentives are means of influence to the person with the aim of inducement a particular work behavior, a set of external actions, which should contribute to a sustainable motivation to work E.D. Staren (2009, 74-77).

Compensation is something that is valuable to person, what is much more than material goods (Korobkina and Boiko 2016, 246-253). Compensation could be external and internal. The internal compensation is giving the work itself and including: self-esteem, a sense of achievement of the results, meaningfulness of work and its importance. The external compensation comes not from the work itself, but is available now through the use of a system of incentives (salary, bonuses and benefits, praise, recognition, etc.).

Value orientation is a sustainable attitude to the totality of material and psychic values, which form the motives for their achievement through the implementation of employment.

Apart it should be noted that similar to the concept of 'motive' the essence of 'motivation' as defined not at the same way, though most interpretations are very similar. According to some authors, motivation is a conscious desire for a certain type of satisfaction and success (Lekch 2016, 108). Other researchers under the motivation mean everything that leads to human activity and stimulates its activity (Obryvko 2016, 131-134; Shin *et al.* 2013, 2599–260). According to the third, motivation is embodies the hope of success and fear of fiasco. In some cases, a motivated understanding as inducement refers to the process itself and to the other activities in order to meet their own needs and ensure the achievement of business objectives. Enough popular is an interpretation of work motivation as the driving force of human behavior, as the human desire for action to meet their needs (Rivas *et al.* 2011, 312–320). Famous American researcher in the management field Richard L. Daft (2008, 815) considers motivation as forces that exist within the person or out of his, and which excite in him the enthusiasm and persistence during performing a specific action. He indicated: 'The motivation of employees affects their productivity, and part of manager's goal is to direct the motivation to implement the tasks of the company'.

This definitions diversity shows that the labor motivation is difficult and multidimensional phenomenon that

requires a comprehensive study.

Author believes that the above definition of Richard L. Daft is the most thorough, flexible, and can equally be used in various fields of industry and business.

Thus, defining the essence of the motivation key concepts, it should be noted that the relations between motivational elements have closed nature and is constantly reproduced, since pleasure cannot be achieved once and forever.

However, for determination the modern conceptual approaches to organization of the material and non-material motivation process at the service sector companies, formalization of its components, determine the flow of logic seems to be that the more useful is the extended model based on the motivation of the features in a particular service sector (Table 2).

**Table 2.** Features of motivation at the enterprises of various industries

Industries	Motivation features
Industrial companies	<ul style="list-style-type: none"> <li>▪ application of the system of target agreements with the definition the enterprise tasks as a whole, units and individual employee in particular;</li> <li>▪ realization of business objectives;</li> <li>▪ selection of the motivation methods are depending on the compliance company's and department's goals;</li> <li>▪ motivational mechanism is based on the principles of evolutionary development: general laws of human behavior, inertia laws of human systems, laws of communication with the environment. The main backbone element of mechanism is the of salaries and performance management system;</li> <li>▪ salary depends on the performance of the enterprise;</li> <li>▪ the main components of motivational mechanisms include: stimulus and motives, material, economic, social, labor, psycho-logical requirements, evaluation and monitoring systems.</li> </ul>
Credit and financial institutions	<ul style="list-style-type: none"> <li>▪ focuses on economic incentives for employees (salary increases, bonuses, provision of social package, a favorable climate in the team, organizational culture) and socio-psychological methods of staff incentives management (support a favorable atmosphere, using of conflict management systems, design and development of organizational culture);</li> <li>▪ need to consider the interests of all subjects of the financial and credit activity, namely: State, owners, employees at all levels, consumers.</li> </ul>
Administrative and public services companies	<ul style="list-style-type: none"> <li>▪ employee motivation is through governance mechanisms;</li> <li>▪ ranking of the staff need: salaries, working conditions; career prospects; professionalism improving;</li> <li>▪ atmosphere in the team;</li> <li>▪ relationship with management direction.</li> </ul>
Service sector companies (non-governmental)	<ul style="list-style-type: none"> <li>▪ consideration the objectives of individual employees in the context of the overall enterprise goals;</li> <li>▪ material (direct – salary and bonuses; indirect – responsibilities and benefits package) and non- material incentives is form labour motivation;</li> <li>▪ daily competitions and contests involving any awarding prizes or recognition as a 'best employee and landmark of the enterprise';</li> <li>▪ monthly goals, allowing, for example, employees expect to encouraging, even in the case of several unsuccessful workdays;</li> <li>▪ encouraging the participation in the development of the company, for example, creation of a new cocktail menu and bonuses after each order of this cocktail;</li> <li>▪ able to get a discount on meals and accommodation or one-time possibility to use enterprise services for free (especially relevant to hotels and restaurants);</li> <li>▪ 'Work at the same level' – at some certain days, all of the company's management joins to field staff and works at the equal basis with all that allows to maintain productivity and avoid distancing and misunderstanding in the team.</li> </ul>

According to Table 2, models and mechanisms of motivation of employees of industrial enterprises, credit and financial institutions and administrative and public services companies involve the use of at the level of a separate branch of complex motivation measures: material, moral and social issues. This distinguishes the

motivational model considered companies.

In the meantime, it should be noted similarities of all branches of service. At the level of the individual companies supposed the same use of the main motivation mechanism as establishing the relationship between companies' objectives, goals, its structural units and objectives of individual employees, with simultaneous close relationship the remuneration of staff of the efficiency and productivity of his work.

So, identification of distinctive and common characteristics in the examined models and mechanisms of motivation at the companies in various industries, as well as clarification of the essence of the key concepts allowed us to propose a general model of motivation at the service sector companies (Figure 2).

Figure 2. General motivation model in the service sector companies

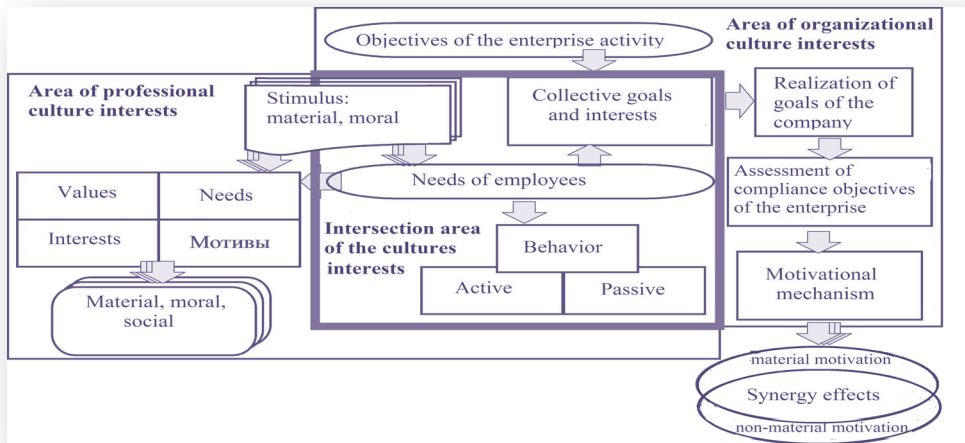


Figure 2 shows that the efficiency of the motivation model in the service sector companies achieved when employees, management direction and the enterprise itself (being conscious streamlining) act as common, complementary forms of coordination of industrial activity, behavior and attitude of the staff. So, that zone formed an effective compromise that optimally provides effective motivation of labor and high levels of the enterprise.

In this context, taking into account the components of staff motivation model (Figure 2), it is obvious that in order to increase the strength of the zone of effective compromise is necessary that the five-factor set of motivational profile (*R*) coincides with the set of companies' multidimensional motivational profile (*P*). If first profile is a combination of needs, interests, motivations, values and behavior, and second – consisting of a motivational package, motivational policies, incentive systems, motivational mechanism, etc.

It is evident that for improve the efficiency of staff motivation and accordingly achieving high operating results companies is required constant expansion of the area of overlap of the two motivational profiles:

$$R = f(d; i; m; v; b)$$

where: *d* – employee needs; *i* – employee interests; *m* – employee motives; *v* – employee values; *b* – employee behavior.

$$P = f(Mpkt; MP; IS; MM; Other)$$

where: *Mpkt* – motivational package; *MP* – motivational policy; *IS* – incentive system; *MM* – motivational mechanism; *Other* – another factors.

In general, the powers of coincidence area increase (area of effective compromise) of five-set motivational profile employee (*R*) and a plurality of multi-dimensional companies motivational profile (*P*) can be written as:

$$R \cap P = Z \rightarrow \max$$

where:  $Z$  – area of effective compromise (the intersection of workers and enterprises interests in terms of their effective mutual agreement).

### Foreign practice of material and non-material motivation at the service industry

The main components of labor motivation for all branches of national economy in **Japan** are: the system of lifetime employment; informal interpersonal relationships of employees; collectivism in the work; corporate philosophy; labor morality. All the constituent elements operate in a complex, which enhances the overall activity of human labor, which is a positive experience in the world (Worthley *et al.* 2009, 1503-1520). Non-material component of motivation is very high weight in the services sector. For example, all the workers, without exception, at the largest Japanese operator NTT docomo always carry with them a small card, where printed facing company every one objectives.

The basis of the motivation system at service industry not only in the **USA** is wages. As noted by Henry Ford 'only two stimulus are forced people to work: salary thirst and fear losing it' (Curcio 2013, 306). Used motivation model based on socio-cultural characteristics of a nation, which is to mass orientation to achieve personal success of each individual, as well as a high level of economic prosperity. The most popular are various modifications of time-based wage system with standardized tasks, which are supplemented by various forms of bonuses. One of the latest achievements of the American system of material labor motivation is a new payment system, in which wage growth depends not only on production, but on the training and increase the number of assimilated professions.

We should also mention one of the most popular tools motivation, which found its application at the cars service centers for servicing in the USA (Chevrolet, Jeep, Lincoln, Dodge) – using of informants to produce an accurate situational assessment companies atmosphere (whistle man). The subjects of these processes are the colleagues and following subordinates. If were found some small flaws, immediately begins the fight with them. The «whistle man» system are implementing many managers, believing that in this way will form 'an atmosphere of sincerity and integrity.' In particular, Cadillac financially rewards those who find any violations. For attentive employees get pay 5% of the value of the identified shortcomings, the known precedents when payment were equal to 50-60 thousand dollars (Forbes 2015, 272).

As a part of non-financial motivation the main expensive for enterprise takes place to provide health insurance to employees. Using of which can workers and their families in a month after the start of work at the company (Renninger and Hidi 2015, 188).

The **French** model of motivation has large set of different economic instruments, which among other include strategic planning, a flexible tax system and promotion of competition.

Characteristic feature of the motivation in the services sector is the connection of the strategic planning to the market mechanism. The basis of market relations in the French model is competition, which directly affects the quality of services and satisfaction of human needs in the services (Pouyaud *et al.* 2012, 692-697). The advantage of labor motivation model in France is significant stimulating effect on the efficiency and quality of work. Also, its serves as a factor of self-regulation labor compensation fund size. It should be noted that in France, as well as in the USA, dominated by the material component of motivation in the service industries. Although as a non-financial motivation of the French model are applied tools such as: the publication of the employees ratings by results of work; recognition of merit (private and public), which lies in the fact that workers positively stand out in the undertakings mentioned in the reports to senior management or personally submitted to it, as well as a personal greeting by the direction during the holidays or family dates.

In contrast to previous countries, in **Sweden**, a model of labor motivation is allocated a strong social policy, which is aimed at reducing a property inequality through redistribution of national income in favor of the poorer segments of the population. This model has the greatest effect for the low-paid service workers. Its implementation will contribute to the equalization of wages, namely pay rises in low-paid categories and highly constrained in high-paid segments of the population. Moreover, in the process of collective agreements renegotiation trade unions insist on the inclusion of specific items on the leading pace of wage growth of low-paid categories of employee. Non-material motivation tools include rehabilitation, reduced-price meals, as well as a modular system of compensation for free time (Mortaheb *et al.* 2007, 1111-1120). Feature of free time motivation, applicable in France, consists in that the differences in the load of staff caused by work at different times of day and days of the week, are compensated by the direct provision of free time, not money allowances, as is common in the traditional system.

Also, social justice and solidarity is at the head of the motivational mechanism in **Germany**. Especially it



concerns the service sector, where high requirements to the level of service and not every employee is able to operate in line with market expectations, especially for technical and automotive service centers. Market system in Germany called social, because the state creates the same conditions for all workers, constrain injustices and provide care for poorly protected professions. Multiple studies conclusively proved by the fact that a harmonious combination of work stimulation and social security, used in Germany, is one of the most optimal and efficient models, which are known in the history of economic theories. This model allows to provide equally economic both social benefits to employees (Chandra *et al.* 2016, 49).

In most post-Soviet countries motivation, not only in the service sector, but also in the industrial sector, are generally reduced to a payment based on a fixed rates and official salaries, and is ineffective. Looking in more detail features of employee motivation at the service sector in **Ukraine**, it should be noted, firstly, practical absence significant distinctive characteristics of the motivational mechanism in the industrial sphere. Second, during choice of motivation methods the domestic enterprises oriented mainly on the impact of labor while ignoring the quality of work, professional skills and qualifications of workers. Almost not used profit-sharing and equity, which is a very popular motivation instrument in developed countries (Lukashev and landola 2015, 496-499).

In summary can be noted that personality and identity of each employee has a key role in the motivation system on the service sector. The purpose of the motivation is to ensure that everyone feels desirable and valuable employee at work, without using a large part of the enterprise resource. Also it should be noted that organization of the motivation is carried out both at the enterprise level and at the particular industry level both with the state as a whole. The most common motivation tools are: a system of rewards and punishment system based on key performance indicators, explanations, education, personal example, participation in the management of the company and etc.

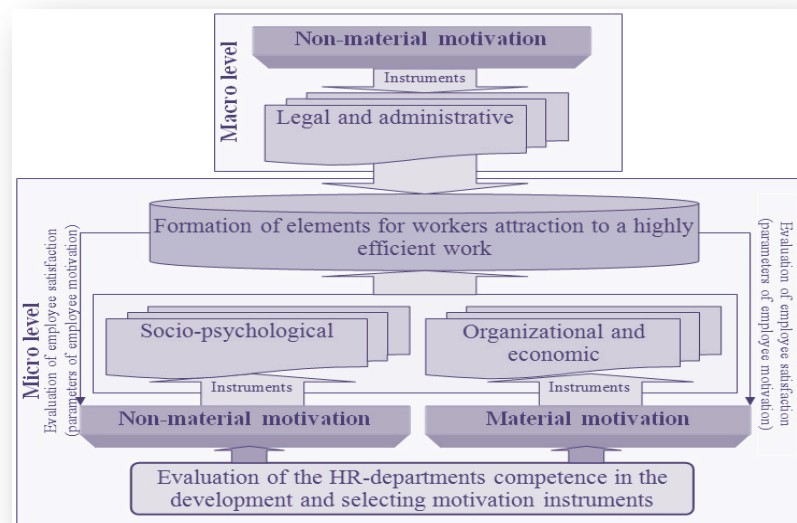
Based on these results is possible to formalize the basic requirement for the modern concept of material and non-material labor motivation at the companies of services industry.

So, the modern concept should be based on two units: the control mechanism of labor motivation at the macro level and management motivation mechanism at the micro level. Considering the organic unity and interconnection of all motivation components, it can be argued that this division is largely conventional, but necessary in terms of the specifics of regulation process as the society as a whole and at the level of companies and their structural units.

Hence, we can conclude that the motivation at the macro level should be purely non-material nature. Successfully market relationships, acting without restrictions of competition are exclude the provision of preferences and any material aid to business entities, with the exception of socially significant projects. Motivation management at the macro level is the formation of public policies to strengthen incentives for highly productive labor, fundamental changes in the economy caused by the transition to market relations, which are designed to create the necessary conditions for effective work in these conditions, as well as the formation of a reliable legislative framework regulating economic activity.

Indicated administrative and legal instruments should be used to improve the financial and credit system, both with tax policy; conduction of pay reform; implementation of state policy in the field of employment and the release of manpower; ensure social protection of workers, social security and human rights in accordance with international standards; monitoring compliance with of national legislation, labor law, existing legal instruments for the social protection of employees and labor protection; reform and democratization of ownership, demonopolization, and creation of conditions to promote entrepreneurship, competition, competitiveness; support of peaceful labor to ensure a stable political situation in the country.

**Figure 3.** Shows a general model of the modern concept of material and non-material motivation at the companies of services industry



Motivation management at the micro level is based on the socio-psychological, organizational and economic instruments. Using the organizational and economic instruments allow:

- improve the organizational structure and the system of internal control;
- develop and implement methods of objective evaluation of work results, as well as flexible and efficient payment systems and stimulation that ensure relationship with the end results of work;
- support the development of labor competition, introduction of progressive forms of work organization;
- create a competitive environment in the workplace and to promote its focus on excellent results;
- stimulate productive employment of workers and the creation of new workplaces;
- arrange the favorable sanitary conditions and safety work;
- ensure the transition to the principles and methods of strategic management etc.

Factors that increase the proportion of material motivation of service industries staff through growth in the variable portion of employee income would depend on:

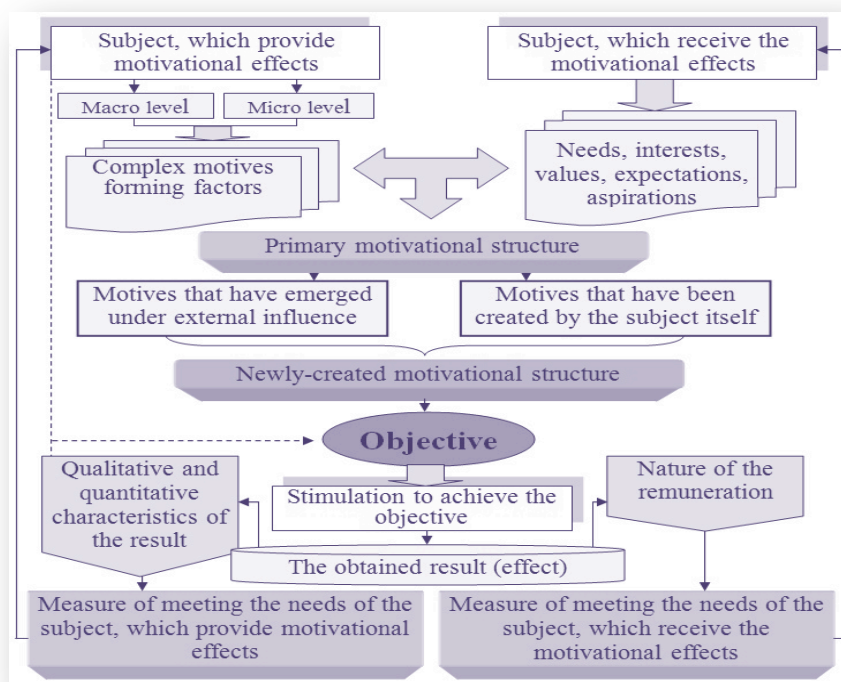
- (1) The level of competency (higher the level of competency has greater impact on the company results).
- (2) The influence degree of the enterprise results (sales has greater impact on the company's results, the amount of profit dependent upon them).
- (3) The proximity to providing promotes and support company's product.

The ratio of fixed and variable parts of salaries at the general motivational mechanism in the service sector depends on the identified significant differences at the activities and assessing of staff influence to the final financial result. The share of the remuneration variable part is increasing proportional to the growth of customer contact and sales activities.

Summarizing the data presented, it should be focused on the fact that the service staff is distinguishes target behavior, which is a key component that links the management system and tools motivation mechanism of company, in turn causing a particular management of the staff behavior.

Socio-psychological tools are aimed at: providing real participation of employees in the management, capital and production; social support of collective, constant research of the needs for social protection; development and implementation of effective systems of recognition of the labor merits; creation of necessary conditions for professional growth; organization of ongoing learning and retraining of employees; creating a favorable moral and psychological climate in a team, which contributing to the harmonization of interpersonal and intergroup relations (Eisele *et al.* 2013, 527 – 543).

**Figure 4.** Realization mechanism of the modern concept of material and non-material motivation at the service industries



Finally, it should be noted that implementation of any concept required a special mechanism, which has a unique structure, list of items and specific algorithm. Figure 4 shows the general scheme of the realization mechanism of the modern concept of material and non-material motivation at the service industries.

The scheme on Figure 4 is rather conditional, since in reality the structure of mechanism for implementing the concept of motivation for each company depends on many factors: level of motivation realization (macro and micro level), especially stimulation of each objects; organizational structure of the subject; nature of business and its regulation; selected development strategy; established traditions, etc.

**Conclusion**

Summarizing obtained results following is noted.

To ensure the efficiency activity, any enterprise, including service sector, need responsible, highly organized and initiative employees with the desire for labor self-realization, professional growth, satisfaction with the results achieved, responsibility and initiative capabilities. In order to encourage people to work qualitatively, not enough to examine and range employees' needs. It is necessary to develop an effective motivation concept, including material and non-material instruments, which together would cause desire to work effectively for the interests of the company, thus satisfying their needs and implementing moral, social and inner interests and motives.

For the purpose of designate and study of modern conceptual approaches to material and non-material motivation in the service industries, during research examined existing motivation theories, which have proven effective and found wide application in various areas of activity. Moreover, carried out a comparative analysis, which allowed establish the advantages and disadvantages of each theory. These results of the study suggest the presence of wide variety of approaches to the classification, interpretations, and content filling of existing motivation theories. Special attention is paid to modern achievements of national and foreign authors in the development and choice of optimal motivation policy.

Introduction to the theoretical aspects provided possibilities to establish that nowadays there is no single, universal conception by organization of personnel motivation at the services sphere, in general, as well as material and non-material motivation labor promoting, in particular. Therefore, with a view to formalizing the modern conceptual approaches to staff motivation at the service industry, in this article was analyzed the content of the basic conceptual apparatus of the motivation theory. In result proposed author's interpretation of 'motive' definitions. Also, highlighted features of motivation at the various branches enterprises, allowed proposing the

general model of staff motivation at the service industries.

The above analysis of the major successful international practices, which are used by service companies, help to providing an opportunity to establish that personality and individuality of each employee played critical role in the motivation system at the service sector companies.

Finally, based on the data obtained this article presents a general model of the modern material and non-material motivation concept at the services industry companies, which includes macro and micro levels with the scheme of its implementation. Moreover, it was formalized implementation mechanism of the modern concept of material and non-material motivation at the services industry companies.

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