

EMPLOYEES MOTIVATION IN BANKING SECTOR

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Abstract. The concept of motivation has been explored, Maslow's hierarchy of needs has been reviewed, the system of motivation in PJSC CB "PrivatBank" has been learnt.

Key words: motivation, Maslow's needs, extrinsic motivation, intrinsic motivation, banking workers

Employee's motivation is more important, because motivated employees are productive and more profitable employees. When employees are not satisfied or motivated, they become less creative, less productive in the organization. It is more important for an organization to achieve their goals for that they have to increase productivity and efficiency in the work place in any organization.

Just like any other word, there are variations of definitions to describe a concept. Motivation has many different definitions, but it is important to focus on those that are related to the workplace. Understanding exactly what motivation is will help managers decide what actions to

take to encourage their employees. The definition of motivation starts with the root word, motive. Webster's Dictionary defines motive as, something that causes a person to act. Therefore, motivation can be defined as, the act of providing motive that causes someone to act. Motivated and unmotivated are not opposites, but instead, there are determining factors that could cause someone to be unmotivated, such as life events and attitudes towards a specific job [1].

Motivation can be divided in two different types, extrinsic and intrinsic motivation. Extrinsic motivation refers to external factors, which can be measured in monetary terms, such as salary and benefits. Intrinsic motivation refers to internal factors such as job satisfaction. The two different factors are connected to each other and cannot be seen in isolation [2].

There are many different theories that try and help explain motivation. Scientists have been studying the topic of motivation for over a century and have made tremendous progress for explaining motivation which can be interpreted into the workplace. One of the most popular is Maslow's hierarchy of needs.

Maslow argues in his need-hierarchy theory that all humans have universal needs that are satisfied in a hierarchical manner (figure 1).

Physiological needs are the most basic needs and they are needed for survival of the human organism. Examples of needs are such things such as food, water, shelter and clothes. A person might think that in our times, these needs are fulfilled and does no longer affect our motivation, but that is not a correct assumption. The need for sex and sleep is also part of physiological needs.

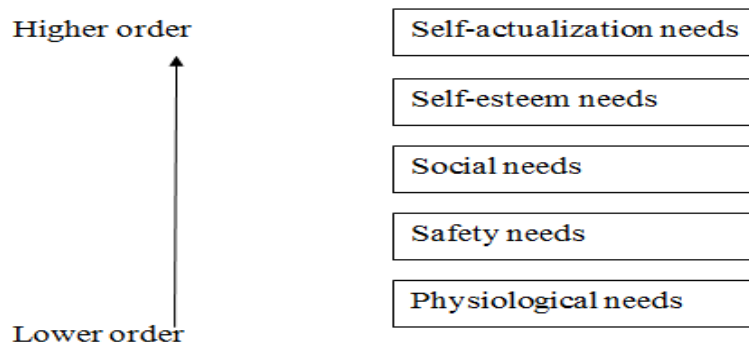


Figure 1. – Maslow's hierarchy of needs

*Resource: [2]

Safety needs will be actual, first when the physiological needs are fulfilled. Safety needs means that the person is free from danger, threats and deprivation. Other safety needs, which are more related to the work environment, are things such as being free from bodily harm, injury and to have a feeling of safety.

Social needs are needs for belonging and association to other people and organizations. This is related to the person's ability to interact with its environment. Meeting of these needs can be seen in a person's family and friends at work. People in general will be motivated to find social relationships and to maintain them.

Self-esteem needs are the need for people in our society to have a desire for a firmly based and stable high evaluation of them self and others. Self-esteem is built up by how a person value one self, ones capacity and also how they are valued by their environment.

Self-actualization needs are about fulfilling all your needs, to reach your full potential. This category is the most diffuse of the groups and the main point is that a person must do what a person is. A musician must play music to reach the stage of self-actualization [2].

Maslow's hierarchy of needs has been criticized as reflecting a particular individualist view of the world with "self-actualization" being at the top of the pyramid. In our opinion, in the Ukrainian situation are possible other versions of positions of needs in this hierarchy.

More appropriate for Ukrainian reality can be Herzberg's theory of hygiene factors where extrinsic factors, such as working conditions and money, when absent may cause demotivation.

For visibility, the strengths and weaknesses of the national system of incentives for bank staff we will review the forming system of remuneration of staff in case PJSC CB "PrivatBank" (a recognized innovator and leader development in small banking market in Ukraine).

Bank employees receive a salary on average 10% more than their colleagues in other banks. The Bank provides a full benefits package to employees, a system of preferential loans, creates opportunities for discounted tours for holidays etc.

Salaries of employees of PJSC CB "PrivatBank" consists of rates and bonuses. The employee over basic earnings (salary) gets premium for performance / over-set of quantitative and qualitative indicators of work. But the main emphasis Bank makes on bonus of salaries. This policy, according to the bank's top management, promotes the interest of workers in achieving high performance of institutions.

The system of stimulation of personnel in PJSC CB "PrivatBank" varies depending on the position. So, salaries of employees of the front office are paid according to State according to which the income of effective bank employees must be 10% higher. If the income of employees of massive bank professions is below the target, centrally is performed the increase of level of income through synchronization of payments. If the employees' income is above target, it is paid in full, lowering rates are not applied.

Regulation of payment of variable remuneration (bonuses, allowances) is set by internal decree. Bonuses for cross-selling are paid for the implementation of product sales every day.

The increase of salary is only possible while moving to another position, which provides a higher salary. To establish salary of employees who are on the same positions, but work in different regions regional factors are applied based on different levels of income of employees on the labor markets in different regions of country. The bonus of employee consists of the basic bonus (in the profession) and bonus for cross-selling. The main bonus of employee is an additional payment for executed transactions in accordance with the approved register of prices of bank. Bonuses for cross-selling are the additional payment for employee for sales of services which are not part of its core activities. All earned bonuses are paid in full.

But along with the bank bonus system is introduced the extensive system of penalties: 1) poor service; 2) minimum standards for non-transactions; 3) fine of the head; 4) for confirmed complaints of customers; 5) for violation of information security; 6) for violations of the standard dress code; 7) for non-educational transactions within the increasing of financial culture; 8) on the fact of installation status of "valid rejected"; 9) for the poor photo at registration of the client application for credit card; 10) involuntary execution of services; 11) for confirmed on appeal "clarify the relationship with the client".

Non-financial motivation of employees is reduced to the formation of a social package (set of benefits, privileges, benefits and incentives). Social package PJSC CB "PrivatBank" includes: benefits for car purchase at a reduced price; provision of corporate services mobile communications; consulting services (legal, psychological, financial, etc.); organizing of corporate events; safety of employees and their families; organization of summer holidays for children of employees; drinking water in the workplace; providing discounted permits in signatories of Ukraine; benefits for the purchase of travel permits for rest abroad for employees and their families; delivery to job / work with corporate transport, Christmas gifts to children of employees, insurance (life, health) of employees, etc [3].

We think we can diversify ways to motivate employees. The banks can make a more fun place to work, for example:

1. A flexible working calendar. Employees can take vacations when they want. The duration of it can be even one day and every week. There can be also the opportunity to work from home if the positions allow it.

2. A Friday afternoon beer. This is a simple and pretty popular way to give back to employees – finish Friday's with a chilled beer and relax. So why not to stop work earlier and get to know your employees a bit better? As well as being a pretty sweet perk, it also works as a small taken of recognition. "You've worked hard all week, now let's chill!" Employees will feel appreciated and therefore work harder during normal working hours.

3. 15 minutes of your time. An important part of a productive and [happy workplace](#) is communication. It is useful to make time for employees in order to hear about their own

experiences. Organizing a daily, weekly or monthly meeting with individuals one on one or team meeting, and asking employees for their honest opinions on what's going well and what's not in the office, what they think should change or what they think is working well. This way, everyone has their say. There's nothing worse than leaving employees feeling powerless at work, so doing this reinstates the importance of communication, and the importance of each employees opinions.

4. A round of applause. This is a simple point that not spending a penny on, but it's very motivating! When an employee has completed something really worthwhile or difficult, then get whole team to applause them (literally) at the next team meeting. It's a great feeling to know that your hard work has been noticed, and therefore will spur employees on to work as hard as they can.

5. A bacon sandwich. Another simple but thoughtful gesture is providing a free breakfast for everyone. Not only is breakfast one of the most important meals of the day, it's also a great time for building relationships with team. Sitting down and eating breakfast together is typically done with family, so eating breakfast with team will instill the team aspect of work. It's also a great way to start off a busy day – positive, full-up, and eager to go.

So, employee motivation is a tricky subject for most managers and organization heads. Yet it is imperative for them to handle employee motivation diligently since it forms the core for organizational success. Employee Motivation essentially means developing effective ways to recognize and applaud the contributions of your employees whereby they are encouraged to perform better and contribute more productively to their organization.

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