

**Foreign Models of Personnel Motivation and Stimulation  
and Their Use in Russia**



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Abstract

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Employee motivation might happen to be one of the most important aspects of a company's daily working processes as it directly affects employees' effectiveness. If employees are motivated, their effectiveness level tends to remain high, therefore allowing them to proceed with their working operations at the highest speed and precision, creating the kind of volume of value the company anticipated during recruitment. Therefore, paying close attention to employees' motivation level and inspiring them as it is required, is not only a humane company policy, but also extremely valuable and profitable for business.

The purpose of this thesis is to identify currently utilized Russian motivational models, identify the impact that foreign motivational models created towards the Russian examples, and analyze the effectiveness of existing Russian motivational models. As the research question implies, this study also aims towards pointing out flaws of the currently utilized Russian motivational models, identifying the origins of those imperfections, and proposing ways of eliminating those flaws.

The study had been conducted through utilizing a qualitative research method, by interviewing a professional in the business sphere. The theoretical framework is the secondary data, and it included such sources as scientific articles, books, and literature. The theoretical framework includes motivational theories, motivational models, and motivational models used in Russia.

Russian managers turned out to be not concerned with the theoretical part of business, especially in the motivation sphere. They tend to create motivational systems that are based on their intuition and their own perception of motivating factors. In other cases, they are using the same motivational systems, a part of which they used years prior to becoming managers.

Keywords Motivation, stimulation, HRD

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## **1 Introduction**

This thesis aimed towards defining currently existing models of personnel motivation and stimulation utilized in Russia and abroad, to comparing them, and to concluding on the most and the least effective aspects of them. An employee's motivation directly affects their productivity, therefore to effectively carry-on a company's activities employee must be well-motivated, stimulated and avoid frustrations. To achieve it, a company's day-to-day work must be built according to a certain structure, ethics, and logic. This thesis aimed towards covering these aspects, although, any outcomes provided by this work shall not be treated as an absolute, similarly to any other psychological treatises. It is not possible to research motivation without referring to personal need, therefore the thesis shortly mentioned such concepts as Maslow's hierarchy of needs and Alderfer's ERG theory. The scope of the thesis is more general, without focusing on companies of the same size or of a same sphere, because human motivation and stimulation is similar in most of the possible situations, and if there were an important difference, it had been mentioned.

### **1.1 Research question**

The research question for this thesis is "How can the models of personnel motivation and stimulation currently utilized in Russia be further developed", therefore the focus of this thesis would be on outlining the "pros and cons" of both foreign and Russian existing models and suggesting what can be done to improve these models.

### **1.2 Research structure**

To ensure the thoroughness and consistency of the research, the author has organized the research to review the subject in a cohesive manner. Theoretical framework has been developed by the author with an attempt to clarify the topic and major ideas driving the research question, as well as significant data gathered by studying reliable sources. Additionally, the author performed a thorough interview with a senior executive.

### **1.3 Commissioning company**

Lenta operates in the retail sector, providing customers with common goods: food, clothing, houseware and other. Lenta has 50509 employees and operates 380 stores around Russia. Lenta has been in the industry since 1993 and is one of the pioneer companies in the Russian market and in the sphere of Russian employee motivation as well. Lenta has agreed to provide the author with an opportunity to have an interview with the project director, throughout which the author has collected valuable and relevant information.

## **2 Theoretical framework**

### **2.1 Definition**

#### **2.1.1 Motivation**

Before going further, let us identify what motivation is, what stimulation is, and how they are different. "Motivation is a reason or reasons for acting or behaving in a particular way." (Hawthorne, 2021). Here is an example for better understanding: Karl is motivated to put extra efforts into completing the project a week before the deadline as he has been promised a monetary bonus for that. In this example Karl is the subject of motivational action, which is represented by a monetary bonus, that is promised to him under certain circumstances. As we refer to the definition of motivation, we can see that "reason" stands for monetary bonus and "acting and behaving in a particular way" stands for Karl's future extra efforts in completing a project ahead. (Oxford University Press, n.d.)

#### **2.1.2 Stimulation**

Stimulation is the action of arousing interest, enthusiasm, or excitement. Coming back to the example of Karl, one can see that stimulation lies in a mind of Karl and is represented as his feeling towards the work that he is about to do. Karl might be motivated to work on a project, even though he is not interested in it, and makes it just to get over with it. On the other side, Karl might be both motivated and stimulated towards working on a project,

therefore he would be personally interested in project's output and will put efforts in it from his very heart. (Oxford University Press, n.d.)

## **2.2 Motivational theories**

Every conscious act of a human being can be reasoned by two main motivational concepts – Sigmund Freud's eros and Alfred Adler's will to power. Each of these two concepts were accepted by their creators as being the only forces that supply human's acts and behavior, until Karl Gustav Jung accepted them both to be actively present in a person's life. It is worth mentioning that human's act or behavior can be motivated not only by one of them, but also by both: simultaneously and in variable proportion. Also, most of the time a person would not be aware of being led by either of these forces, they would explain their motive as "getting promotion and a pay raise", leaving behind the fact that promotion is a tool for increasing their social status, becoming more valuable partner, or satisfying their ambitions. (Norina, 2021)

### **2.2.1 Eros**

In Ancient Greek mythology Eros (Erotes) is a god of love, personification of romantic and sexual attraction. Plato has created extremely strong image of Eros's position among mortals and gods. Through the lips of Socrates, he explained that Eros is the creator of every existing substance, as the gods could not exist or act without such emotion as love, and therefore any material substance or divine being would not have been created without Eros. Plato has interpreted Eros as a tyrant, who rules over human's desires. Besides, it is very poetical that Eros's wife is Psyche, whose name has been taken to create the name of such science as psychology. (Norina, 2021)

According to Sigmund Freud's research, eros, an instinct of preserving and reproducing life, is being antagonistic towards thanatos, an instinct of death. Both powered by the forces of libido, an unleashed sexual energy, eros is responsible for such actions as creation, building positive relationships and many more ethically accepted actions, while thanatos is responsible for such actions as destruction, sadism, vandalism, masochism, suicide, and other unethical actions. Both instincts come into life through the process of sublimation – a



person's libido is not being sufficiently satisfied through sexual actions; therefore, its energy is being sourced towards eros or thanatos, as according to Freud's theory of preserving energy, human's capacity of accumulation sexual energy is limited at some point. (Norina, 2021)

Although thanatos theory has been mostly rejected by psychologists, eros has been accepted with mild alterations – it's been simplified to the point of being only representative of love motivated actions. (Norina, 2021)

### **2.2.2 Will to power**

According to Sigmund Freud's student Alfred Adler, domination over other human beings is compensation for a person's inferiority. By having power over others, a person is trying to numb its own feelings of being flawed, existing weaknesses and defects. Being better than others and winning makes them satisfy their will to power. Moreover, A. Adler assumes that in mentally healthy people will to power collaborates with noble intentions, whereas weaker individuals are absorbed by their personal matters, problems, and thirst of domination. Alfred Adler said: "The pursuit of personal power is a form of concretization of the pursuit of excellence!". Although this saying might sound positive, Adler considered his timeline's perception of excellence to be corrupted. From the moment they are conscious, kids are inhabiting domination-based environment: father is dominating over mother, mother and father are dominating over child, maids are dominated by the whole family. Therefore, the sense of need to dominate is raised in a child long before the sense of need in comradeship naturally appears. With saying: "He who cherishes human society must give up the desire to overpower others." Alfred Adler insisted that society needs different structural and behavioral model, and that domination-based model is not viable and will lead to downfall. (Adler, n.d.)

Although Adler's intentions on rebuilding society did not become more than intentions, psychologists have accepted his "Will to power" motivational theory, even though, similarly to Freud's eros, it has faced simplification – theory of domination-based model of societal structure being corrupted has been scrapped, no essential alterations have been made in

theory on why people have a will to power and in theory of will to power being represented through different ethical sides. (Adler, n.d.)

### **2.2.3 Hierarchy of needs**

Maslow's hierarchy of needs has been created as a tool that visualizes person's needs and order in which they have to be fulfilled. Creating such hierarchy, Maslow claimed that as long as needs of previous level are not satisfied, person would not have motivation to proceed towards achieving satisfaction of higher-level needs. First level of pyramid are physiological needs as food, water, rest and warmth, followed by safety needs. Third level of pyramid are the needs of belonging and love, where a person is in need of having intimate relationship and being a part of society. Fourth level is esteem needs, when a person want to possess prestige qualities and products, and to feel as they have accomplished something. Last level is self-actualization, where a person achieves one's full potential. (Hollyford, 2008)

The main problem in validating hierarchy of needs theory is that there is no reliable tool for measuring the level of satisfaction of a person's needs. Second problem is connected to division of needs inside of hierarchy and their order. Even Maslow points out that order in the hierarchy may change. Such claim leaves hierarchical division of needs without any reason for it. Moreover, this theory is incapable of explaining why some needs keep on working as motivators even after they have been satisfied. (Hollyford, 2008)

Because Maslow was researching only people that he had consider successful and that have been unusually active and healthy, many great people felt out of his research. It puts strong distortion on Maslow's outcomes, as the structure of hierarchy of needs of general population is not definable from his researcher. Also, he never conducted empirical research. (Hollyford, 2008)

As Douglas Hall and Khalil Nougaim claimed in 1968 and 1972, despite it's popularity, Maslow's hierarchy of needs has little validity and has never been verified by anything. When Hall and Nougaim conducted their research, Maslow sent them a letter where he have pointed out that it is important to consider need's satisfaction depending on age group of testees. Maslow's ideal person satisfies their physiological and safety needs when they are a

child, belonging and love needs in teenage years, and so on. As Maslow claims, his ideal human's need of self-actualization is satisfied closer to 50 years. Those claims shows that public image of hierarchy of needs is very different from how Maslow have imagined it. Although, it is worthy to point out that most of the theories and ideas developed by philosophers and psychologists are much more deeper and wider than it is represented in pop culture. (Hollyford, 2008)

#### **2.2.4 Alderfer's existence, relatedness, and growth theory**

When creating his theory, Clayton Alderfer proceeded mainly from the fact that all the needs of people can be systematized into separate groups, so he took Abraham Maslow's pyramid of needs and developed it further. Alderfer's theory differs from Maslow's hierarchy by having only three groups of needs and order of their execution. Components of Alderfer's pyramid are:

1. Existence – existential needs that include physiological needs and needs of safety. Also include needs of having secure working place and home. It includes Maslow's "Physiological needs" and "Safety needs" levels of pyramid.
2. Relatedness - connection needs that reflect the social nature of a human. These include the desire of a person to be included in the world around them, the need for self-affirmation, recognition, the presence of subordinates or bosses, colleagues, enemies, friends, having a family and being part of it. It includes Maslow's "Love and belonging" level of pyramid.
3. Growth – need of personal development, self-esteem, self-actualization, morality, creativity, problem-solving and research. It includes Maslow's "Self-actualization" and "Esteem" levels of pyramid.

(Nogales, 2014)

Quintessential difference between Maslow's hierarchy of needs and Alderfer's ERG theory is that Alderfer believes that when a categorized need is not being met, person reduces their efforts towards satisfying this need and double efforts towards satisfying a need of a lower

category. It is called frustration-regression aspect of ERG theory. This theory is also very flexible, as it implies that a person can work on higher categories of needs without satisfying lower categories, for example, person could work on a “Growth” category without satisfying “Relatedness” category. Moreover, if “Growth” category’s needs satisfaction process is not going well for a person, they would be motivated to source their efforts towards satisfying “Relatedness” category needs, therefore frustration could become a stimulator of satisfaction of lower category needs. (KnowledgeHut, 2019)

All managers must recognise that an employee has multiple needs that must be met simultaneously. According to the ERG theory, if a manager concentrates entirely on one need at a time, the employee will not be motivated properly. ERG theory's frustration-regression component has a positive impact on job motivation. For example, if an individual is not given opportunities for growth and advancement in the workplace, they may revert to related needs, such as socialising. If the environment or circumstances do not allow them to meet those socialisation needs, they may resort to the desire for monetary resources to meet those demands. When manager understand and recognise it, they will take immediate actions to meet the employee's unmet needs until they are able to pursue growth again. (KnowledgeHut, 2019)

### **2.2.5 McClelland’s need theory**

David McClelland divided all needs into three large groups. These include need for power, need for success, and need for belonging.

Need for power is the highest priority. It is caused by a person's learning and life experience and consists in the fact that a person gravitates towards controlling the actions of other people to have a significant impact on them. People with a predominant need for power, in turn, are divided into two types. The first type includes people who seek power for the sake of domination itself. They are attracted by the ability to command and influence other people. The interests of society or organization are of less importance to them. The second type includes people who seek power for the sake of solving collective social problems or organizational problems. As soon as these people achieve the appropriate level of power, they set certain tasks for a group of people and, together with them, take part in the process

of achieving any group goals. At the same time, they are looking for the best way to motivate people to achieve them. The need for power for this category of people is by no means a desire for self-affirmation to satisfy vanity, but a desire to do responsible work in managing other people, aimed at solving social or organizational problems. (Nogales, 2015)

Need for success is satisfied only when the work is successfully completed. People who strive for success set themselves tasks of increased complexity and want to receive feedback on the work they have done and their activities in general. For example, in the head of an organization, the desire to achieve success can manifest itself in the initiative, the desire for justified risk. If a person is afraid of failing, they will try not to take part in such activities where they need to be proactive and take responsibility. Such a person will strive to minimize the likelihood that his image will be damaged. (Nogales, 2015)

It is worth mentioning the contribution to McClelland's theory of the American psychologist John Atkinson. According to him, the need for success must be considered in conjunction with the need to avoid failure. Atkinson found that people with a predominant achievement motivation tend to strive for success, while people with a low achievement motivation try to avoid failure. This addition, made by Atkinson, later became the basis of the theory of subjectively preferred risk developed by him and McClelland. In it, motivation to achieve and motivation to avoid failure are the determining factors in the formation by a person of risky behavior acceptable to them. It is interesting to note here that people with high achievement motivation (which, by the way, include almost all managers) prefer an average level of risk. They try to avoid particularly risky situations that contain a high probability of failure, but at the same time they avoid situations where the risk is minimal, because in this case, the probability of achieving tangible results is almost zero. And in situations with a medium level of risk, success depends on their own efforts. (Nogales, 2015)

This leads to the conclusion that people with a predominant motivation for achievement are distinguished by a strong tendency to set goals and objectives with an average level of risk, when their success, although not guaranteed, but in any case depends mainly on themselves: on their own effort and ability. Those people whose motivation for achievement is at a low level (these are mainly people who are used to letting things go by themselves) differ, for the most part, in choosing situations where the risks are minimal. (Nogales, 2015)

Needs for belonging are also called participatory needs or needs for complicity. They can be expressed in the desire for cultural, intelligent and friendly relations with people around. But people with predominant needs for belonging often strive not only to establish good relations with other people, but also want to find support and approval in the eyes of people who are significant and authoritative for them. (Nogales, 2015)

### **2.2.6 The Hawthorne effect**

A group of researchers, which included J. Homans, E. Mayo, F. Roethlisberger, V. Dixon and others, studied the influence of objective factors (lighting, pay, breaks) on labor productivity in the Chicago suburb of Hawthorne. The management of Western Electric was interested in better organization of the work and therefore allowed scientists to study the production process. (Kopets, 2022)

At the first stage of the Hawthorne Experiment, scientists found that improving lighting conditions increased productivity, but after a while they saw that worse lighting conditions gave the same result. The productivity of the women's group increased with improved lighting conditions, with an increase in the number of short breaks and the duration of breaks. Any innovation contributed to the increase in labor productivity. Then the psychologists began to introduce changes of the opposite nature (reduce the number of breaks, limit the lunch break, reduce the light), but the group continued to work better and better. (Kopets, 2022)

Mayo and his colleagues believed that the special status of women workers, their "separation" from other workers strengthened the corporate spirit in the group, contributed to its cohesion. The members of the group suddenly felt that management was paying attention to them, behaving more affably, wanting to know their opinion, interested in their suggestions. In addition, the new pay system tied earnings to the productivity of the group, and not the entire factory, which led to the formation of new group norms, which consisted in increasing labor productivity, mutual assistance, and a more positive attitude towards management. As a result, psychologists realized that labor productivity changed under the influence of social factors, namely, due to the interest in the labor process and workers on the part of management. (Kopets, 2022)

### 2.2.7 Herzberg's two-factor theory

F. Herzberg separated the reasons of feeling satisfaction and dissatisfaction at work into two distinct categories. Positive emotions caused by work were associated with the performance of certain tasks (the work content factor), and not with external factors such as working conditions. Poor working conditions caused dissatisfaction with work among people. Based on this study, Herzberg concluded that people have two types of needs: a need to avoid suffering and a need for psychological growth. (Studme.org, n.d.)

To protect subordinates from suffering or dissatisfaction, the manager must create favorable working conditions, which, according to F. Herzberg, are "hygienic" factors, which help to prevent dissatisfaction with work. The absence of "hygienic" factors can lead to employee dissatisfaction, but their presence alone does not yet ensure job satisfaction. Psychological growth of a person is associated with satisfying the need for meaningful work. Hygienic factors, according to F. Herzberg, correspond to the needs of the lowest level, which are external to the work itself. These include leadership style, management policy of the organization, wages, social benefits, working conditions, interpersonal relationships, social status of the employee, job security guarantees, psychological climate at the enterprise, the impact of the labor process on the personal life of a member of the organization and so on. Hygienic factors prevent the emergence of frustration in work, they are the basis for the reproduction of the vital and creative forces of workers and they allow the employees to relieve tension during work. This determines their hygienic function. For this reason, they do not by themselves contribute to job satisfaction, but create conditions that prevent employees from having a negative attitude towards their work. In case of not being satisfied, hygienic factors can have a demotivating effect. (Studme.org, n.d.)

The second group of factors are the motivational factors. They correspond to higher needs and act as energizing and activating forces in relation to the behavior of workers. Motivational factors (motivators) include recognition of achievements and labor successes of an employee, methods of personal encouragement, providing the employee with independence and authority while performing production tasks, ensuring career growth, professional development and advanced training, enrichment of labor with elements of creativity. The degree of job satisfaction increases due to motivational factors participating

in the labor process. At the same time, for many workers, job satisfaction is most often provided by the content of work. However, the absence of motivational factors does not always lead to dissatisfaction: there is no direct relationship between these two groups of factors. Therefore, high wages will not force the employees to work harder, but low wages will make them work less intensively or push them towards looking for an alternative workplace. F. Herzberg believes that job satisfaction and dissatisfaction are two different processes. Thus, the factors that cause the growth of dissatisfaction, when they are eliminated, will not necessarily lead to an increase in satisfaction, and, conversely, from the fact that any factor contributes to the growth of dissatisfaction, it does not follow that when the influence of this factor weakens, satisfaction will increase. (Studme.org, n.d.)

To ensure effective motivation of employees, it is necessary to use the action of both hygienic and motivational factors. For this purpose, "labor enrichment" programs should be used, as the organizational behavior of workers will change for the best if the incentive factors of the labor process itself begin to operate. The method of "labor enrichment" is aimed at structuring labor activity in such a way that each member of the organization feels:

- The complexity and significance of the assigned task.
- Independence in the choice of decisions regarding the task entrusted to them.
- Lack of monotony and routine of operations, which can constantly maintain the interest and dedication of the employees to their work.
- Responsibility for the performance of the assigned task, which is a strong mobilizing factor.
- The feeling that a person performs a separate and completely independent work.

The practical use of F. Herzberg's theory involves the allocation of all motivational and hygienic factors and the opportunity for employees to determine for themselves which of these factors they consider to be the most important for themselves. This will help to avoid the mistake often made by the leaders of the organization, who identify the needs of subordinates based on their own experience. (Studme.org, n.d.)



## 2.3 Motivational models

### 2.3.1 Carrot and stick

The carrot and stick approach is a traditional motivational model that implies simple motivational structure where a person must be motivated by promising a reward that they are getting for demonstrating desired behaviors and threatening with punishment in case if such behaviour is not achieved. This model also includes post-factum reward and punishment. Usually rewards are represented as money or promotion, and punishments implies pushing employees towards required actions that they have to take. (Mishra, 2021)

Carrot and stick theory is a quintessential part of behaviorist philosophical-psychological school and was created by industrial era philosopher Jeremy Bentham. Theory is based on a story about a donkey, which moves due to motivation of eating carrot, placed in front of him on a fish rod, and punished for not moving with a stick. Thus, employee is rewarded if they follow desired behavior and punished if they do not. (Mishra, 2021)

Although carrot and stick approach has proved itself being effective, there are some things that have to be mentioned, that when are applied in the working process, contribute to getting the most out of such approach. At first, carrot and stick approach shall not be utilized continuously. It is a big stress for employee to face such challenge, and no one can work effectively with constant psychological pressure of getting such challenges on daily basis. At second, rewards and punishments must be strictly observed by the manager and structured correctly and fairly. At third, reward and punishment must be situationally fair – manager should not give such punishment as demotion to well-performing employee, as they would perceive it as humiliating, it will destroy any image of employee being valued, and they will reconsider their position in the company. And lastly, such approach have been proven not very effective in building constant desired behavior – as long as punishment is over or threat of it is eliminated, desired behavior will vanish over the course of time. Taking everything into consideration, carrot and stick approach must be used extremely carefully and with extensive research conducted by manager before starting utilizing it in day-to-day working life. (Mishra, 2021)

### 2.3.2 Expectation model

Victor Vroom's "Expectation theory" key component is expectation of something. It defined as a person's estimation of probability of something happening. For example, young manager is participating in competition to study abroad, and they expect that such education will increase their qualification and let them take higher position after they come back. Such expectation defines their motivation and lies at the basis of his motivated behaviour. (StudiousGuy, 2018)

This motivational theory puts special attention on 3 main relationships. Firstly, it is the expectation related to interconnection of labour expenses and results. If a person feels that there is a direct relation between them, their motivation grows and vice versa. Coming back to previous example, we can point out that if competitor is confident in objectiveness of jury and interconnection of results only to his own efforts, his motivation will grow. Secondly, it is expectations related to interconnection between results and rewards, expectations of reward or bonus in response to acquired level of results. If there is direct relationship between them and person sees it clearly, their motivation will increase. Thirdly, it is subjective valency of expected reward or bonus. Valency is supposed value of satisfaction or dissatisfaction achieved by reward. Referring to suggested example, we can come up with two scenarios of described situation. Candidate may see trip abroad as very valuable and attractive by itself, and goal of getting there has been formed by him (high valency). But also, such trip and education abroad may be one of company's planned activities and candidate must participate. Trip itself may be imposed on him (low valency). According to valency motivation will be substantially changing. (StudiousGuy, 2018)

This motivational model has become broadly used in managerial practices. It guides manager to follow three most important conditions: 1. Achieving correspondence between employee's efforts and acquired results, making such connection highly visible for employee. 2. Providing correspondence between reward and achieved results. 3. Identifying whether reward for achieving results is desirable by employee. (StudiousGuy, 2018)

### 2.3.3 Justice model

Justice model is presenting another variable that strongly affects intensiveness of motivation. Employees subjectively define relation between reward that they have acquired and effort that they have made to acquire such reward, and then compare their reward with rewards of other employees that they have got for similar labour. If they witness unfairness and disbalance towards assessing their labour, they will aim towards deducting its' intensity. Moreover, if employee feel that his reward is higher than other rewards for similar labour, in the most cases it does not stimulate them to put more efforts. More often employee is focusing on keeping the achieved intensity level of their labour. (Revsкая, 2001)

Besides, this model shows that person assess fairness of their reward not only by comparing it with colleagues, but also by employee's view on how much impact their work created towards company. If employee consider that reward does not correspond to impact they are making, their motivation decreases. (Revsкая, 2001)

Justice model and expectation model can be represented through scheme presented below:

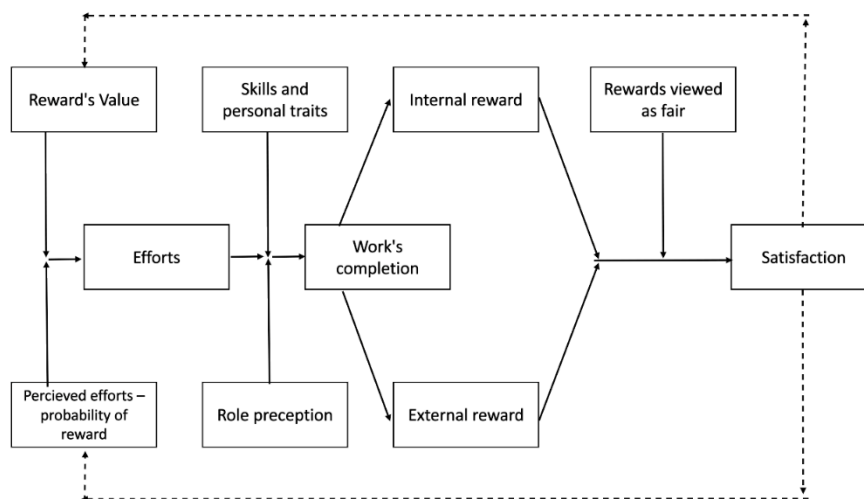


Figure 1. Justice and Expectation models' behavioral cycle

(Revsкая, 2001)

#### 2.3.4 Investment model

The more efforts an employee puts into their work, the more it becomes stimulating and attractive factor for them (“work as a value”), the higher the performance and satisfaction from work is achieved. In other words, the more a person invests their personality into a labor, the more productive and motivated they are. It should be emphasized that the outcomes of investing are not only the results of labor, but also the satisfaction from it. It is impossible to achieve high motivation without significant personal efforts (investments) in the work by the person themselves. (Vitan, 2020)

One of the consequences of this conclusion is the important position of this theory, confirmed by numerous studies: it turned out that both performance and satisfaction are getting higher as higher the employee assess the value of their contribution to the overall outcomes of teamwork. If they feel a visible and significant influence of their personal efforts to a common cause, it increases their efforts, satisfaction, and motivation. Motivation and intensity of labor is a direct result of the so-called accumulated investment - the total amount of efforts invested by a person into the work of the organization. (Vitan, 2020)

The theory of investment has significant practical importance for managers. It shows that it is the amount of investment by subordinates of their labor in achieving corporate goals that is one of the strongest motivating factors that helps to increase the overall efficiency of the organization. Therefore, it is possible and necessary to increase subjective investments, and through this influence the increase in the performance of the organization. (Vitan, 2020)

One of the promising areas for the implementation of this model is the methods of participatory management. Its essence lies in the full involvement of subordinates not only in the execution as such, but also in the organizational process itself, including even making managerial decisions. It is shown that investing in the implementation of organizational and managerial functions has the most powerful effect. It is not a coincidence that the most progressive form of management, which many management theorists consider the main perspective for the development of management, is the participatory management. A visible illustration of its effectiveness is, for example, the Japanese approach to the organization of

management, which is largely based on the ideas of participation and complicity. (Vitan, 2020)

Investment model and development of a participatory approach forced people to rethink the very foundations of the organization of management. A clear division of powers in the executive vertical (especially along the line of «manager - subordinate») is an unconditional and effective management factor. However, even it cannot be absolutized by assigning only performing functions to subordinates. In this case, it is the feeling of belonging to a common cause that is lost, the general corporate atmosphere is destroyed, the initiative and motivation of the majority of members of the organization are reduced. Employees increasingly feel like "cogs" in a common "machine", on which little depends on them. Individual contribution to the common cause becomes almost indistinguishable, labor seems to lose its "face" and motivation either drops sharply or is completely gone. There is an alienation of the general result of labor from employee's individual labor, employee acts as a means and not as a value. The anonymity of individual labor, its indistinguishability in the overall product, the absence of a direct connection between personal efforts and the result - all this reduces or destroys individual motivation. With such organizational model attempts made by an employee to intensify their work, to show initiative usually do not have any effect. Employees are either not noticed or being rejected. (Vitan, 2020)

### **2.3.5 Locke's goal-setting model**

Goal-setting model proceeds from the fact that human behavior is determined by the goals that they set for themselves, since in order to achieve the goals they set people carry out certain actions. It is assumed that goal setting is a conscious process, and conscious goals and intentions are what underlie the definition of human behavior. A person, taking into account the emotional reaction, realizes and evaluates the events taking place in the environment. Based on this, they determine for themselves the goals to which they intend to strive, and, based on the goals set, carry out certain actions, perform certain work. Thus, behaving in a certain way, achieving a certain result and receiving satisfaction from this. (Banki-uchebnik, n.d.)

Goal-setting model states that the level of performance directly or indirectly depends to a large extent on four characteristics of goals:

- Complexity
- Specificity
- Acceptability
- Commitment

These four characteristics of the goal affect both the goal itself and the efforts that a person is willing to take in order to achieve the goal set for them. (Banki-uchebnik, n.d.)

The complexity of the goal reflects the degree of professionalism and the level of performance required to achieve it. There is a direct relationship between the complexity of the goal and the performance of the work. The more complex goals a person sets for themselves, the better results they achieve. The exception is the case when unrealistically high goals are set, which technically cannot be achieved. In this case, as the goal-setting model states, the result of actions does not exceed the result achieved by those who set moderate but achievable goals. Therefore, raising goals, although justified, can lead to an increase in labor results only if there is a chance of achieving goals. (Banki-uchebnik, n.d.)

The specificity of the goal reflects the quantitative clarity of the goal, its accuracy and certainty. Experimental studies have found that more specific goals lead to better results, to better performance than goals that have a broad meaning, with vaguely defined content and boundaries. A person who has goals that are too broad in meaning and content demonstrates the same performance of work as someone who has no goals at all. At the same time, too much narrowing of goals can lead to the fact that important aspects of the activity carried out by a person may be left out of consideration. It will also negatively affect the performance of their work. (Banki-uchebnik, n.d.)

Goal acceptability reflects the degree to which a person perceives the goal as their own. The acceptability of the goal has a significant impact on how the complexity and specificity of the goal affect the performance of the work. If a person does not accept the goal, then both the complexity and specificity of the goal will have very little effect on the performance of the work. The acceptability of a goal by a person directly depends on whether it is perceived by

them as achievable, and on what benefits they can receive when achieving the goal. If the benefits are not clear, then the goal may not be accepted. Therefore, the management of the organization should have a clear awareness of the significance and the importance of taking actions that would make the goal achievable, profitable, fair and safe in the view of the employee. (Banki-uchebnik, n.d.)

Goal commitment reflects the willingness to make a certain level of efforts to achieve a goal. This is a very important characteristic of the goal for the level and quality of the performance, since it can play a decisive role at the stage of execution, if in the reality the difficulties of performing the work will differ significantly from what they seemed at the stage of setting the goal. Commitment to the goal may increase or decrease as the work is performed. Therefore, managers must constantly monitor employees' level of commitment to the goal and take the necessary measures to maintain it at the proper level. (Banki-uchebnik, n.d.)

## **2.4 Manager's role**

Motivation in a working space could be represented in two ways – financial and non-financial. Financial motivation is important because salary, bonuses, awards, and other monetary rewards are one of the basic principles defining an employee's choice between different companies. Although, it is not the only reason why a person decides to work in company for a long time, because for them, besides sufficient payments, and good working conditions, are also essential such aspects as psychologically and economically stable working environment, clear understanding of their future in a company, feeling needed, ability to learn and grow, opportunity to be included and recognized. Many studies shows that the increase in motivation, effectiveness and productivity of employees is not proportional to the increase in their pay. There are a lot of positions where payments motivate employees to put more effort to achieve stated goals, besides, it is important that their payment does not essentially differ from average payment in the industry for the same labor, and so that payment is fair, meaning that inside of the company people are getting paid the same amount for the same job. Although, to improve employees' motivation, it is important to provide them with such working culture and environment, where they would feel safe and would want to continue working in this company in the future. In such case the

manager plays an essential role. Manager is responsible for the relationships, that they are going to have with employees, for how well they would be able to integrate them in a working process, employees' collaboration between each other, recognition of employees' labor and other aspects, that are important for the employee and team. (GraduateWay, 2021)

#### **2.4.1 Be motivated**

It is extremely hard, or even impossible, to motivate other people when you are not motivated. Enthusiasm, especially when it is justified, is a great source of inspiration. It is possible to find a connection between any minor task and a greater goal or inspiring idea, and manager must show such connection to employees to motivate them. Also, employees observe the manager's behavior, evaluate it, and usually prefer to take a similar position regarding the project or a task. (GraduateWay, 2021)

#### **2.4.2 Choosing personnel**

Although in theory it is possible to motivate any person, it is easier to work with those who seek motivation and can find joy in what they do. People are motivated by being able to do what they like and what they are good at, so it is essential to find the right employee for the right position or project. Even though every job contains such type of work that just must be done, in many cases it is important to choose not the most talented and qualified person, but a person who has higher interest and the strongest motivation. It is possible that qualified employees will make greater contribution in company's working life for some time, but at some point, lack of their motivation or their dissatisfaction might essentially affect working climate and team communication. (KarenCompassHR, 2021)

#### **2.4.3 A person is a person**

People are different and their motivations might differ as well, as it is determined by personal features of each other, their ambitions, career goals, family state and other factors. If one employee is excited by unplanned business trip and possibility to present their project in it, other employee would be stressed out about such trip, as they would have to figure out



how to find time for preparing presentation, organize childcare and other family logistics. Moreover, some might be motivated by promotion or additional working responsibilities, and others might be motivated by the ability to work from home and agile schedule. It is important for manager to have a discussion with employees to understand what is the most important for each of them, so manager would be able to choose the most effective motivational tool, that is the most suitable for employee. (Harackiewicz, 2016)

#### **2.4.4 Challenging, but real goals**

Extremely easily achievable goals do not motivate, but impossible goals would not inspire either, most probably they will cause stress instead of desire to achieve them. Therefore, it is important to find balance, which allows to see something inspiring, promising growth and recognition, that makes employee put efforts. In the best-case scenario the manager will have a meeting with employees, where they will discuss and set themselves goals, because in that case they would be more motivated to achieve something that they set up for themselves. If the ambitious goal and it's achieving require much time, it is important to divide the path to the goal to small steps, to set up milestones which are easier to achieve, because if employee does not see progress, they might lose motivation. (Higson, 2021)

#### **2.4.5 Progress motivates**

The more important a project or task is, the more people want to accomplish it well, but sometimes it is hard to evaluate progress by yourself, especially when it is slow or affected by multiple factors. Therefore, it is important to provide feedback which gives us an understanding of how well things are going and what could be done better. By observing and evaluating their accomplishments people feel increased motivation to continue working, but negative feedback or evidence of absence of progress also might be motivating, as they make people focus on a task and start looking for ways to complete it more effectively. If manager does not communicate with employees, they might start feeling either overly optimistic, thinking that such behavior indicates that work is going well and the goal would be accomplished, or overly pessimistic, thinking that their labor is not appreciated, and it does not serve to accomplishing general goal. (Bullock, 2021)

#### **2.4.6 Motivational environment**

Even though employees are different and different concepts motivate them, there are general things and principles that allows to sustain motivation, if not even multiply it, and they are connected to the working environment and control. An overly strict managerial approach does not create motivation. In contrast, it allows employees not to think and transfer all responsibility on the person who is in charge. Manager might think that by personally building all structures and overseeing work they would ease employees' day to day working life, but nobody knows everything, so that is why integrating people in decision-making process in such spheres, where they are the experts, allows them to feel appreciated and try harder to complete all necessary work. Inspiring leaders might help create such an atmosphere where people would gladly show initiative, propose their own ideas, are not afraid to make mistakes while looking for better solutions and where everyone feels as if they are in the right spot. Moreover, it is highly recommended to change routine tasks and habits from time to time to allow employees to see new perspectives and, perhaps, find a solution to a company's problem from a completely different point of view. Routine might be seen as the safe way of retaining motivation at the stable level, but it is the contrary, as routine provokes slow deterioration of agile and creative thinking, therefore leaving employees without any opportunities to demonstrate their own talent and wit through discovering and inventing creative decisions. (Donna, 2010)

#### **2.4.7 Fair pay**

Every human being wants to get properly paid for their labor; therefore, employees' payments must be fair and transparent. If an employee finds out that some colleague with similar knowledge and experience for the same job is getting higher payment, it will undoubtedly negatively affect their motivation. Besides, if an employee's salary is lower than it is in the same company in the same position, enthusiasm and loyalty of the employee might sufficiently decrease. Obviously, payment that does not allow employees to satisfy their basic human needs may be an obstacle in recruiting qualified and motivated employees. However, financial payments are not the only motivational aspect, as it is also important for employees to feel that their job creates value, to learn and form their future career path, and to get praised for a successfully done job. (RMI, 2021)

### **2.4.8 Praise**

Kind words and recognition motivates not only when they come from the manager. In some cases, it is more important for the employee to get praised for a job successfully done by a more experienced co-worker or an expert of that sphere. It is essential to create such an environment, where not only justified criticism is allowed, but where much more praises and support, offers to help and recommendations, that support finding solutions. To get praised a person does not have to make great achievements, as they might be praised just for a good working attitude, ideas, and collaboration. It is also significant for manager to being admired by their subordinates, as every human being wants to feel its own importance and to see that they are worthy of recognition. (GraduateWay, 2021)

## **2.5 Motivational models used in Russia**

Currently used in Russia model of motivating and stimulating employees has absorbed many aspects of Soviet model of motivating and stimulating employees. Sudden change of economic situation in Russia and creation of market relationships has changed people's values. Many employees are confident that important aspects of living a decent life are having a respected position in a company, power, connections to the right people and working in a big corporation. That is why it is important to create new motivational model, as the old one has become not relevant, and currently used ones are not adapted to the specifics of a Russian laborer. (Vitan, 2020)

Unique factor in the history of Russian employee's motivational models development is the Soviet period. It was the period when ideology were the main motivational factor. Of course, money existed throughout Soviet times, but the main reasoning for individual's work was achieving socialistic goals, working for the greater good and serving society, so money was nothing more than a little bonus. Another motivational model that was extremely popular in soviet union – competition between enterprise's departments. Such competition did not include any material reward for winning, but Russian enterprises managed to adapt it, and now reward for winning such competition could be anything from material bonus to business trip abroad. (Maslova, 2022)

Russian motivational system is mostly intuitive, it has no proper theoretical justification. At most enterprises, there is only material motivation, and if non-material motivation is presented, then in a very limited form, therefore, most often it does not resonate with employees. The main incentive for doing large volumes of work is the bonus part. The lack of a theoretical justification for motivation leads, in addition to an “intuitive” understanding of the concept, to the fact that business leaders have to turn to the experience of foreign management, which rarely gives a positive result, since it does not take into account cultural differences, as well as the mentality of Russian employees. (Maslova, 2022)

The main problem of the motivational system in the country today is the development of ways of non-material motivation of employees. In many Russian companies, this is a top priority. According to research by the online service Recruitnet.ru, only 19% of the companies participating in the study regularly hold events aimed at supporting employees and their families. 43% of companies do this occasionally, and another 38% are now planning to implement such initiatives. (Maslova, 2022)

The most popular among all programs is employee’s medical insurance, followed by partial reimbursement of the cost of insurance programs aimed at family members of the employee, and flexible working hours. The office catering program is also popular. Below is a diagram of the distribution of employee vote percentages by program importance. (Maslova, 2022)

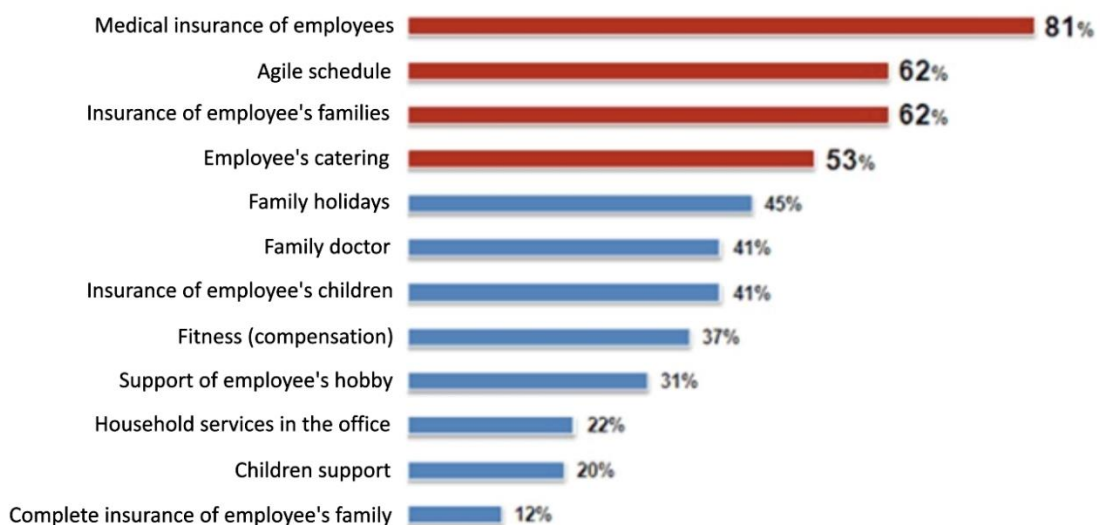


Figure 2. Hierarchy of workplace aspects according to the employees

Based on the diagram, it can be concluded that the most important thing for the working class is health, as well as the opportunity to communicate with the family. Based on this, the most priority areas are: “healthy nutrition”, “health care”, “employee travel and recreation”, “work-life balance” and assistance to employees in the “development of children”.

Interestingly, in Russian companies, only half of the employees consider such areas as “care for beauty”, “style and image of employees”, “family psychology” and “assistance in parent-child relationships” as priorities. The other half consider them irrelevant. (Maslova, 2022)

Russian corporate motivational systems, which have been developing since tsar's times, but faced lots of extreme changes, differ significantly from the systems of motivation of enterprises in other countries by many aspects. But first:

1. In the production and economic activities of Russian enterprises, for a long time, there was only one motivational model - "carrot and stick", which has not lost its popularity even today.
2. Motivational models in Russia remain standardized, any deviation from these standards is considered a violation of existing regulatory legal acts and local regulatory documents that function based on legislative acts.
3. Mainly in the past, but also in many governmental enterprises today, labor contribution is being evaluated biased, formally, which leads to indifference and disinterest in both individual and collective results of labor.
4. Motivational models operating in Russia completely excluded the possibility of engineering and managerial workers in the development of a non-specialized career and the development of combining positions. It is only in recent years that the need to develop non-specialized careers and combine jobs has been recognized.
5. Stimulation of the labor of workers was carried out mainly without considering the results of individual labor, since the social benefits of collective labor were used by both workers who achieved high performance in work and workers who did not show much interest in labor activities.

6. Mostly in Russia, a tariff system of remuneration is used, which does not consider the complexity of the work and the qualifications of the employee. The salary is assessed biased, which leads to indifference on the part of employees, and reduces their interest in work.

(Vitan, 2020)

Considering that, along with other important problems in Russian science, little attention has been paid to motivation so far, the table of Doctor of Economic Sciences A.A. Bugutsky will be especially interesting. The essence of today's practice of motivating employees is reflected in the correlation of motivational factors and the growth of labor productivity that have been caused by them. The motivational factor in this case will be any aspect of the activity that directly or indirectly affects the productivity of labor. As can be seen from the table below, it is the internal motivation of the individual that has the most significant impact on labor productivity. (Studbooks.net, n.d.)

Motivational Factor	Labour Productivity Growth
Inner motivation	70%-80%
High level of education and intelligence	20%-30%
Professional qualification level	15%-20%
Working conditions	5%-30%
Discipline and creative attitude towards work	10%-15%
Improving the organization and forms of collective labor	10%-40%
Rationing	10%-20%

Figure 3. Dependency of motivational factors to labor productivity growth

The current state of Russian economy indicates insufficient material support of workers' labor. Although, as already mentioned above, money and material incentives are not of crucial importance, but in modern conditions in Russia, the lack of material resources turns

production activity often into an economic necessity. This situation in the field of motivation is a thing of the past for the Western European economy. For comparison, in 1997 the share of wage expenses was 33%, while in 2006 it was only 19% and continues to fall steadily. (Studbooks.net, n.d.)

Internal interest in the work of the personnel of Russian enterprises also significantly decreased along with the destruction of moral incentives for work, which was associated with the devaluation of social values in general. In view of the growing dissatisfaction of most of the population with their social status, the propensity for personal labor and distrust of collective production relations are increasing. Thus, until the government is not able to provide most workers with social security, free advanced training, etc., the popularity of state-owned enterprises will inevitably fall. Whereas firms that can provide their employees with conditions for social adaptation, develop new labor values, will thereby significantly increase their motivational potential. (Studbooks.net, n.d.)

The main mistake of managers is that they try to motivate subordinates based on their own ideas about what is good and what is bad for their employees. For example, many managers believe that giving a subordinate a challenging, interesting task is the best way to motivate them. It turns out that this does not always work, as not everyone is born as a leader. To relieve stress (and demotivation) in such a situation, some subordinates need support, time, maximum information, and security guarantees. Other managers like to give detailed instructions to subordinates in all cases, to patronize and control. Some subordinates prefer to be given freedom instead of instructions. Any action in relation to employees can be both a motivating and demotivating factor. It is important to evaluate actions in relation to specific people. Several demotivating factors are the result of the personality of the leader or their lack of understanding of what motivates subordinates. It happens that the diagnosis is not easy to make, because on the outside the situation looks calm. Here are the most vital and justified in practice motivational models that are being used in Russia:

- “Carrot and stick”
- Internal and external reward
- Justice model
- Expectation model

- Social justice model

An analysis of the effectiveness of the influence of a particular model on human behavior during the labor shows that labor efficiency in many cases depends not only on motivating factors, but also on the working environment, atmosphere, and work ethic in which employee function. (Vitan, 2020)

### **3 Interview**

#### **3.1 An interview with the project director in Lenta**

Qualitative research method allows researchers to acquire more in-depth data, which would represent not only opinions of people considering some matter, but also their broader thoughts towards the subject. Therefore, exploring such humanitarian and partially philosophical topic as motivation, qualitative research methods would be the best choice. Choosing an interview structure, semi-structured interview type has been the perfect option, as structured interview would not have left any space for an interviewee to go further from topic, putting them between the formal borders, and unstructured interview could have turned into unrelated conversation, which would have left research goals unachieved. Therefore, semi-structured interview, which follows a general plan of topics that must be covered but does not have strict order to follow, is the interview type which has been utilized throughout the research. (Cornell, 2022)

As the employees' motivation methods could not be so obvious for the subjects of those procedures, the only rational decision is to conduct the interview with one of the top-management employees. They are the ones who play the quintessential part in the employee's motivational process, as they proceed with the execution of motivational models provided to them by the head office. Luckily, Irina Vladimirovna, the project director in Lenta, agreed to participate in the interview. Project director is a person who is the head of project managers and is responsible for entirety of project's organization, therefore her knowledge of Lenta's motivational policy and processes are extensive. Based on that, research did not see necessary to interview more people, as Irina Vladimirovna possess more knowledge of Lenta's motivational models than most of the other employees.



Irina Vladimirovna has been told that the interview is conducted for scientific purposes and the results of the interview will be included in the final thesis. She agreed to mention her name and position in the thesis. Interview has been conducted on 24th of August through online conference, using zoom platform. The interview took approximately one hour.

Irina Vladimirovna considers that there are 5 main spheres within which Lenta's motivational mechanisms function: employee's salary, which is calculated through grading system, employee's KPI, employee's personal efficiency, employee's development, and education and unmaterial motivational methods.

### **3.1.1 Grading system**

There are 15 grades, each position has an assigned grade to it, which have been calculated according to the special checklist. Each grade has an assigned salary within a range: higher border, medium, and lower border. Assigning a grade to a position is not related to an employee, but the decision upon employee's salary within such grade is based upon the employee's merits and performance which they demonstrate. Usually, Lenta keeps employee's salary in the medium line of a grade's range, but it is being corrected for the special employees or when labor market is fluctuating. For example, if there are a lot of people applying for the position, salary will be calculated according to the lower border of a grade's range, and vice versa.

### **3.1.2 KPI**

Each year Lenta forms a development strategy plan that includes goals that should be achieved in 3 years. Based on this strategy, goals of different levels are formed in the company. The strategic goals of the company cascade down to the levels of divisions, departments, and each employee. At the strategic level, the goals of the company are defined, expressed in very clear and measurable indicators. At the divisional and departmental level, it is assessed how much input is needed from each of the key divisions to achieve corporate-level goals and what results they need to achieve. As a result, the employees of this unit form an understanding of what their responsibility for the

implementation of the corporate strategic goal is. Based on the achievement of these goals, bonuses are paid to employees.

Depending on the grade of the position, the size of the bonus is set in % of the salary, as well as the frequency of payment of the bonus. For TOP managers and senior managers, an annual bonus is established with a bonus ranging from 15 to 50%. For middle managers, annual and quarterly bonuses are most often combined. At the same time, intermediate KPIs are evaluated as a quarterly bonus, the fulfillment of which ensures the achievement of annual KPIs. For junior operating staff, monthly bonuses and even weekly bonuses are used to stimulate the implementation of basic KPIs more effectively for increasing sales, improving productivity and the availability of products on the shelves. Irina Vladimirovna provided research with the example below:

Position	Time period	Indicator's location	Indicator's name	Bonus amount in % of salary
Production director, Production director of multiple shops	year	Shop	EBITDA	10,00%
	year	Individual production	Quality standards	5,00%
	quarter	Individual production	Sales	5,00%
	quarter	Individual production	Availability of individual production products	5,00%
	quarter	Individual production	Profitability	5,00%

Figure 4. An example of KPIs distribution in Lenta

### 3.1.3 Personal efficiency

An evaluation of the performance of employees is carried out annually and is considered when deciding on revising the level of wages, determining the size of periodic bonuses, promotion within the company.

The employee, in accordance with the strategic goals of the company, develops individual goals and/or criteria for the quality of work for the coming period, draws them up in an automated system. These goals should be individual, the implementation of which the employee directly affects. In addition to the goals for the employee, the requirements for competencies are determined. Lenta's competencies are analysis and prioritization, involving Leadership, achieving ambitious goals, personal access to places of value creation, security,

openness to new, continuous improvement, teamwork, speed, and flexibility, creating a positive atmosphere, ability to listen and give feedback, customer focus (internal and external). Each competence has a description, for example:

Description of the competence "Analysis and prioritization":

- Analyzes problems in depth, considering both the details and the big picture.
- Draws practical conclusions and prioritizes.
- Compares opportunities and risks, when making decisions, considers positive and negative consequences.

For each competency of an employee, the actual level is determined - "strong side", "normative level", "zone for development".

"Strong side" - achieves complete success, effectively using competence in solving non-standard, especially complex/new tasks.

"Regulatory level" - demonstrates competence in solving standard problems. Using competence, in general, achieves success.

"Zone for development" - understands the need for competence and makes attempts to demonstrate it in simple situations and/or in solving routine tasks. Demonstrates competence rarely and/or selectively, not always achieving success.

Based on the assessment of all competencies and in accordance with their individual goals, an individual development plan (hereinafter - IDP) is created in an automated system. The employee coordinates with their managers individual goals and IDP for the current period. At least once a quarter, the manager holds meetings with each employee to discuss the progress of work to achieve the goals and implement the IDP. At the end of the year, manager conducts an interview where they discuss with the employee achieved goals/criteria for the quality of work, the current level of competencies, the implementation of the IDP, the goals/criteria for the quality of work and the IDP for the next period. Therefore, employee is aware of their current state, weak and strong aspects of their work and a path of development that they must take to eliminate weak and enhance strong aspects of their work.

The assessment of the results of the fulfillment of goals and competencies looks like a scale:

### **Hero of the Year**

- The employee met and exceeded the goals of increased complexity/performance criteria were rated significantly higher than the Manager's expectations.
- Successfully participated in complex cross-functional projects at the company level.
- Several competencies of the employee are rated as an exceptional level of proficiency.

Enter company's personnel reserve, gets 20% increase of annual bonus

### **An example for everyone**

- The employee fulfilled the goals of increased complexity, achieved significant results, noticeable for the entire unit (department/service/directorate). The performance criteria are rated above the manager's expectations.
- The employee was involved in important projects in the service.
- Several competencies exceed the normative level of proficiency.

Enter company's personnel reserve, gets 10% increase of annual bonus

### **Valuable Employee**

- The employee has fulfilled the goals in complete volume/the performance criteria meet the manager's expectations.
- Requires the usual level of supervisor control in performing tasks.

### **There is something to work on**

- The employee has not achieved all the goals within the established timeframe/some of the performance criteria are assessed below the manager's expectations. Improvements are required.
- Some competencies do not meet the standard level of proficiency.
- An increased level of Supervisory control is required.

Emphasis on development and assistance of the head in the next year

### **Unacceptable results**

- The employee has not met most of the goals within the established time frame/the employee's performance criteria are at an unacceptable level.
- The employee has not achieved sustainable performance improvement according to the individual plan drawn up for him.
- The employee has committed a gross violation of labor duties.

### 3.1.4 Development and education

Lenta has programs for both the adaptation of new personnel and the development and training of existing ones. Lenta's ROST program is a talent pool training program that includes hard, soft sessions, as well as project work for future leaders. The personnel reserve itself is evaluated during the implementation of the succession program, when the manager assesses the potential of his subordinates and offers his successor for further development of the ROST program. Lenta also has a well-developed system of internal trainers - these are Lenta employees who create and conduct training programs in various business areas, ranging from how to order goods correctly to project management skills. For on-the-job training of junior operating personnel, there is a school of mentors. The mentor meets the newcomer and teaches him the correct production methods and company standards for high-quality and efficient work.

Every year each employee draws up an individual development plan for themselves for the next year based on the results of assessing the effectiveness of his work. Development methods can be different, for example:

- Application of knowledge and skills in work - Independent, conscious application of new tools/approaches/ideas in the workplace. Developing a skill through successful and / or erroneous actions, using self-assessment and the ability to independently comprehend and correct current actions.
- Self-learning - Analysis of your own work and independent search for the most effective forms of work with developing competence, including reading specialized literature, visiting educational sites, blocks. Lenta has a large electronic library for developing both managerial and technical competencies.
- Trainings and seminars - Training that involves visiting special training programs that allow you to master the necessary knowledge and practice skills in a learning situation. The catalog of training programs and seminars in Lenta has more than 500 options.
- Feedback - A message to a person about the effect his behavior has on the result of work (individual, team) and on other people (team, subordinates, clients, etc.). Lenta uses a 360-degree feedback method.

- Mentoring - A form of adaptation and training in the workplace, the result of which is the preparation of an employee for independent work through the transfer of knowledge, skills, and abilities to him by a manager or a more experienced employee.
- Project work - Development by expanding the range of tasks and working conditions that are not typical for the current work of the employee. When working on projects with the aim of changing business processes or introducing innovative technologies, when testing new versions of software, the idea of creating business process expert groups (BPEs) is very effective. These tend to be technical specialists who like to develop horizontally and explore new and interesting possibilities. The company has created and maintains such groups.

## **3.2 Interview results**

The interview included 5 main themes: education, effectiveness, transparency, and assessment. Research results of each theme are presented below.

### **3.2.1 Education**

Particularly noteworthy is how interested Lenta is in training its employees. Not only do they have dozens of development programs available to employees for free, but they also take place during working hours, which will subsequently be paid to employees. Training plays a big role in raising the level of employee motivation, because one of the biggest demotivating aspects is the insufficient level of qualification in solving some issues. Training programs contribute not only to a long-term increase in motivation, but also give a strong short-term motivational boost, due to the person's feeling that he now knows how to solve problems that in the past gave him inconvenience. Given the above, one can say that Lenta is doing the right thing by devoting so many company resources to training programs for employees.

### **3.2.2 Effectiveness**

Understanding an employee's overall effectiveness is crucially important for evaluating their motivation level, as low or high effectiveness can be a direct indicator of an employee's motivation level. Therefore, Lenta's policy on assessing employee's personal efficiency only

once a year is not the most effective one in terms of monitoring motivation levels. To have a better view of an employee's motivation level Lenta can implement a new schedule of employee's personal efficiency evaluation, where they would have smaller check-ups quarterly and the main check-up annually. This system will provide them with the opportunity of adjusting employee's motivation level more quickly, compared to the existing system, as if with the current system employee becomes demotivated in the January, Lenta will only notice it in the December.

### **3.2.3 Transparency**

The grading system that exists in Lenta might appear quite disconnected from the topic of employee's motivation, but in fact, tangibility plays a great role in motivational processes. Here is an example: an employee in a company is told that they are going to get a pay raise if they increase their productivity. At first this employee might become more enthusiastic about their job, but as the time goes, they will start wondering: "How much will the pay raise be? What exactly will I have to do to achieve it? Does it worth my efforts?". These are the questions that do not appear in a company that utilizes grading system. As the employee has complete data on what kind of raise they will get, what requirements they must meet and what is the maximum and the minimum salary they can get, their within motivation can be clearly structured with a simple sequence, without any "ifs" and other variables.

### **3.2.4 Assessment**

Lenta, being one of the leading retail companies in Russia, has successfully introduced foreign motivational models into its work processes. Lenta pays close attention to the efficiency and development of its employees, due to which they cannot ignore the level of their motivation, because it is the main indicator of productive work. Lenta's motivational system revolves around two main aspects: monetary bonuses and education. Monetary bonuses are a classical motivational instrument, without each one can hardly imagine any business, but high availability for the employees' education is something that is not simple to find in most of the Russian enterprises. Perhaps, it is one of the components that lead Lenta towards the success over Russian market.

However, Lenta is missing a crucial component in its motivational system, and this is the constant monitoring of employees' motivation level. Currently Lenta has little means of validation of effectiveness of their motivational mechanisms, they spend money and efforts on implementing motivational programs and do not proceed with thorough research on their impact and effectiveness. It seems that Lenta's HR professionals create and proceed with such programs with the goal of not increasing motivation level and effectiveness among employees, but with the goal of producing something that seems valid and to demonstrate it to their superiors, no more than that. Considering that, one may think that Lenta's motivational models, as their effectiveness is not measured properly, could be simple copies of existing western motivational models. As Lenta's professionals are not capable of measuring effectiveness of motivational models that they implement, it could only mean that they did not develop these models by themselves but took existing ones and integrated them into Lenta's operations without proper understanding of this models' working principals. That is something that must be further developed by Lenta, as it may have a serious effect on the employees' motivational levels in the long term.

## **4 Results and recommendations**

Answering research question "How can the models of personnel motivation and stimulation currently utilized in Russia be further developed", the research has led to 5 fields of improvement in the sake of development of currently utilized motivational models in Russia: specifics of a Russian laborer, intuitive motivation system, healthcare, insufficient material support and non-material motivational methods.

### **4.1 Specifics of a Russian laborer**

Soviet ideology used to be one of the main motivational factors; people knew that their labor was aimed towards supporting society and understood that their products of labor are appreciated and needed. In some facilities lists with statistics were published: "Due to your outstanding performance last quarter, 30.000 families were provided with fresh milk!". Government ideology has changed, but a need for individual's job to create a value has stayed. Not every position in Russia suffers from being senseless, as such jobs like a doctor



or a teacher provide employees with straight-forward visualization of their labor effects but being a factory or an office worker will not give the same level of understanding of value of employee's labor. Russian workers are alienated from the products of their labor, as well as the effect it creates on the society, therefore it is the manager's task to provide employees with the data of how their individual labor has served society and why it is important. As people see that their job is not only the place where they go to get money, but something that brings sense into their life, something that gives them an opportunity to serve greater good, make other people lives better, their motivation will inevitably increase. (Maslova, 2022)

Russia has always lagged behind Europe and USA in economic and technological terms, and another popular Soviet ideology was chasing them up, therefore competitive spirit has been strongly absorbed by Russian people and is still present. Therefore, implementing competitive aspect into working life would be accepted naturally by Russian workers. Although, as competition between divisions would highly motivate employees, it is important to point out individual employee's efforts, as with such statistics employees of the winning division that contributed the most will face even bigger inner pleasure, and will not feel injustice towards them, as when all employees of the winning division are being rewarded equally. Even though competition is a great motivational tool for Russian employees, it is important to keep them moderate, as any competition increases employee's stress levels, which should be not too high, nor too low to keep employee's motivation level in tonus. Lenta managed to discover such character trait of Russian employees as competitiveness and implemented it into its working processes with small alterations: they not only have competition between different store's departments, but also they regularly hold competitions between professional of the same sphere, for example – competition between cooks, competition between cashiers, so each Lenta's professional of the city competition is hold in can participate in it.

## **4.2 Intuitive motivation system**

Soviet ideology strongly discouraged people from being involved in market relationships, there was no such thing as entrepreneurship, as the market was controlled and monitored by the government. Those who made attempts at creating individual retail operations were

prosecuted. Thus, people never needed, nor wanted to study business related questions. In the 90's, as the Soviet regime fell, many people started the process of privatization of production facilities and creating their own companies. These people own those businesses till this day, and they did not have business education as they acquired those businesses. Therefore, inspired by early Russian entrepreneurs, most of the Russians consider business education irrelevant and unnecessary, therefore relying on their intuition and savvy in the business-related decision-making processes. Such negligence can cause numerous issues, especially related to motivational aspect, as motivation of the employees is a delicate process, methodology of which were developing especially rapidly throughout past century and ignoring the results of those scientific research would be especially unwise. Lenta is currently in the situation where their average manager is in their mid-fifties, therefore most of the Lenta's managers do not have a managerial degree. Lenta take it very seriously when it comes to the education of their managers, therefore their managers are provided not only with free educational courses and tickets to managerial forums, but also with an opportunity of financially compensating educational activities that are not connected to their professional life. For example, Lenta's managers could apply for compensation of courses of English language, pharmaceuticals or any other studies that will contribute to their all-rounded education.

As managers conclude that their subordinates are not motivated well enough, they face the opportunity to do something that will change the situation. Intuitively some managers will provide employees with something that would have motivated them personally: challenging task, business trip, educational courses. Although their intentions are positive, such an initiative might lead to employees becoming even less motivated. The reason for such dire result is the manager's inability to foresee that each employee might have different motivating factors which may be different from manager's motivating factors. Such mistake is very common for Russian companies and is a perfect indicator of the manager being not well-educated in the field of motivational psychology, as it is considered a common knowledge there.

Implementing a foreign motivational system might become a complex task for not sufficiently educated managers. As the system were originally created to serve the specifics of its' country of origin, the decision of implementing it without any changes might be seen

as the safe one, but this system would not be nearly as effective as it could have been in case it was implemented properly. Implementing foreign motivational systems, managers must adapt it not only in accordance with the cultural differences, but also according to the company's individual differences and features. It is not a simple task, it takes a lot of time and delicacy, and the result is heavily reliant on a manager's professionalism. Therefore, not considering professional business education relevant and relying on intuition in matters of business-related decision-making processes might strongly affect manager's effectiveness, which will lead at least to incapability of capturing all the value of utilizing foreign motivational models. In the worst-case scenario such an adapted foreign motivational model will bring no value to the company and will be just a waste of resources. Originally Lenta has been created with the strong support of foreign businessmen, which remain in the head office till this day. Therefore, Lenta's motivational model went through the process of not being adapted as a foreign model by the Russian manager but being adapted as a foreign model by a foreign manager. Such adaptational process have some advantages, as at the time Lenta was created foreign managers were much more experienced in business than the Russian ones, therefore having higher qualification for such type of work. Russian market in the 90's wasn't as demanding as it is today, therefore implementing solid foreign motivational system and adapting throughout the time came out as a successful strategy for a Lenta.

### **4.3 Healthcare**

As it's been mentioned before, Russian workers consider medical insurance being top-priority factor of their workplace. Even though, around 40% of non-governmental companies provide their employees with any medical insurance. Usual worker's medical insurance plans are usually quite limited, including numerous conditions and exceptions, therefore creating huge stress for employees at any time when they use it. Although, top-management employees often get full-coverage medical insurance plans. Even though it makes sense, as top-management employees are harder to replace and their absence is usually more critical to the company compared to the usual employees, it is the topic that is better not to bring up too often, as it might trigger the sense of injustice in usual employees, giving them a thought that company value their life less than somebody's else, therefore negatively affecting their perception of their position in the company and decreasing their motivation

level. Lenta's employee medical insurance policy is following the similar structure, providing more valuable employees with the better insurance plans. Even though Lenta's medical insurance plans provided for the average employees are not considered to be the most extensive ones, it is extremely valuable for the employees of the smaller regions of Russia, where having medical insurance provided by the workplace is a privilege.

Providing employees with good medical insurance will not only prevent employee's motivation levels from declining every time they face a need to use their medical insurance, but also is a great employee retention tool. As the employee might think about leaving the company, they will be concerned about losing their medical insurance and worried about something happening in the period of them not being medically insured. Good medical insurance is one of the strongest aspects of reconsidering employee's dismissal. Therefore, as the company recruits an employee which is hard to replace, they should offer them a good medical insurance, as it would be not only a motivating factor on decision of joining a company, but also a motivating factor of not leaving the company in the future.

#### **4.4 Insufficient material support**

According to 2021 data, 17.6% of population of Russia – 25.8 million people, are people who lives below the poverty line, meaning that their income is less than the living wage. Being employed full-time and making barely enough money to survive is a strong demotivational factor, which puts employee at such level of stress when non-material motivational models become less effective, as they are constantly struggling with money-related issues. Such an issue is caused by the poor economic state of the country and cannot be strongly affected by companies. In such a case applying monetary motivational models will create the biggest impact on employees' motivation level, as well as provide them with support of some kind. Using too much non-monetary motivational models in such case will not only be not as effective, but also would be considered by employees as a waste of money, especially if company targets its' resources towards organizing extensive number of events for employees. Insufficient material support of a laborers' work is also causing them to attend multiple jobs, overwork, not get enough resting hours and not spend enough time with their families. Therefore, giving employees an opportunity to acquire paid day-off will be a strong motivational factor. Although, such an opportunity should be either especially hard or

especially easy to acquire, as putting it in the middle difficulty range will cause a great negative impact on those employees who assumed that they would manage to get it and failed, because people go through the emotional state of not getting something much easier compared to going through the emotional state of losing something.

#### **4.5 Non-material motivational methods**

Western countries are currently going through a trend of developing and implementing new non-material motivational methods. This might be an indicator of the good economic state of a company and a country itself, as the effect of material motivational methods deteriorates along with the growth of the economic well-being of the employees. Although Russian economy has faced rapid growth throughout past years, most of the companies are still using excessive number of material motivational methods, underestimating, and avoiding implementing new non-material motivational methods. In some cases, it might be the right decision, as the economic size of the companies varies a lot among Russia, but if a business is of medium or big size and is providing its' employees with sufficient monetary resources as it is, it must consider transition to non-material motivational methods, as it is the only way to provide employees with the growth of their motivation level. Each year Lenta invests a great number of resources into development of non-material motivational methods, providing its employees with different kinds of trainings, competitions, and events, therefore it is quite clear that Lenta understands such motivational trend and is actively trying to follow it.

#### **4.6 Assessment**

As the interview with the representative of Lenta has shown, biggest Russian companies may encounter difficulties with the assessment of current motivational level of their employees. Even though Lenta has demonstrated stunning performance in the field of both material and non-material motivation of their employees, especially compared to smaller businesses in Russia, they seem to not evaluate employee's motivation level too often, offering them assessment questioner only once per year. It is especially hard aspect of the employee motivation, as, even though, offering them questioners more frequently seems as the right and simple decision, it may turn out to be annoying, distracting and seemingly unnecessary

for the employees, which will lead to them sharing their feeling insincerely in these questioners. Some companies used to implement the system of anonymous feedback boxes or chats, so employees could share their feeling, worries, and suggestions without risking drawing an unnecessary attention towards them, but each time such feature became negligent as soon as employees shared something that company's management cannot change, creating in the employees feelings of frustration and not being heard. The only solution for having sufficient employee motivation level assessment that research may propose is having a compassionate manager, who will care about their subordinates and monitor their state daily.

## **5 Conclusion**

To summarize the results of the research, it is crucial to point out that keeping employees' motivation levels in a healthy range is recognized as being quite beneficial, particularly in the modern world. The research did more than meet the commissioning company's expectations because one of the goals it set for the research was to acknowledge the significance of the subject. In the analysis chapter research managed to identify existing flaws of the currently utilized motivational models in Russia and present the ways mitigating the effect of those imperfections, eliminating them, and developing currently existing structure.

Employees' motivation remains one of the key components of a company's successful existence. If employees are not motivated, the company's procedures will not be completed in a satisfactory manner, production will be slow and of low-quality, and the services provided by the company will not be up to the customer's expectations. Frustrated and demotivated employees could not only mismanage to perform well but might also create damage for the company by misusing the equipment or not being able to identify the existing valuable opportunities. Therefore, employee motivation is something that a company must take very seriously and does not underestimate.

Answering the research question "How can the models of personnel motivation and stimulation currently utilized in Russia be further developed", it turned out that, along with

the other fields of development mentioned in the analysis chapter, the main difficulty for employee motivation development in Russia is related to the managerial proficiency in the motivational science. As the psychology is quite a new science, it tends to be ignored and avoided, especially in Russia, therefore motivation, being one of the spheres of psychology, is not being researched thorough enough by Russian managers. Unfortunately, people perception cannot be instantly moderated and adaptation and integration of motivation as an essential part of companies' activities in Russia will take years to come. Business is a field of adaptation, therefore those companies that will become the first ones to evolve into companies which one of the main priorities is the employees' motivation will thrive.

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## **Appendix 1: Interview questions**

1. What is your position in the company and what activities are you responsible for?
2. How important is employee motivation for Lenta?
3. Do you believe that there is correlation between employee's motivation and effectiveness?
4. Does Lenta sustain a healthy level of motivation in its employees?
5. What are the motivational models used by Lenta?
6. What are monetary motivational mechanisms utilized by Lenta?
7. What are non-monetary motivational mechanisms utilized by Lenta?
8. What kind of educational programs does Lenta provide for its employees?
9. How is an employee's effectiveness being evaluated in Lenta?
10. What kind of KPIs Lenta's employees are presented with and what are the benefits for achieving them?
11. How Lenta is monitoring motivation level of their employees?
12. How Lenta's managers are educated and instructed on the topic of employee motivation?

**Appendix 2: Data management strategy**

The thesis's author has prepared and accumulated the knowledge necessary for writing it along with the ethical principles and rules. The appropriate use of the research methods chosen has been made with the main goal of acquiring insightful information that is relevant to the research question and its related areas.

Commissioning company gave the author their permission to conduct an interview with their employee, as well as publishing acquired data on a public platform. The interview itself was conducted through Zoom platform and has not been recorded. As they requested, commissioning company have been provided with the research results.