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Ways to improve the motivation and incentives of the banking sector personnel

Abstract. The relevance and feasibility of the chosen topic can be substantiated through several key aspects that emphasize the essence and importance of the problem under study: high competition in the banking sector, changes in service quality requirements, impact on corporate culture, technological changes and the need for continuous development, the need for a strategic approach to motivation.

The purpose of the study is to develop ways to improve the motivation and incentives for banking personnel (on the example of JSC CB Privatbank). To achieve this goal, the article proposes and solves the following scientific tasks: the concept of motivation and incentives for personnel, theories of motivation, methods and tools for motivating personnel are considered; the features and strategies of motivation and incentives in the banking sector are identified; the ways of motivation and incentives for personnel of JSC CB Privatbank are analyzed and evaluated; individualized motivation programs for JSC CB Privatbank are developed.

The results of the study demonstrate how an individualized motivational system and consideration of the specifics of corporate culture can significantly increase the effectiveness of motivational programs in the banking sector, compared to traditional universal approaches.

The results of the study can be used to develop courses on human resource management in higher education institutions, prepare scientific articles and materials for conferences on human resource management.

Keywords: *staff motivation, staff incentives, corporate culture, individual motivational system, banking sector.*

Formulas: 0; Figures: 0, Tables: 2, References: 6.



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Introduction. The banking sector is one of the most competitive industries in the economy. In the face of fierce competition for customers and market shares, the efficiency and productivity of staff become crucial success factors. Motivating and incentivizing employees plays a key role in increasing their productivity and, as a result, the bank's competitiveness. Modern bank customers demand a high level of service and an individualized approach. Motivated staff interested in the results of their work can ensure a high level of customer satisfaction, which is an important factor in retaining the customer base and attracting new customers. Motivating and incentivizing employees has a significant impact on building a positive corporate culture that helps to attract talent and reduce staff turnover. A corporate culture based on merit recognition and staff development contributes to employee loyalty.

Rapid technological changes require banking employees to continuously learn and develop their professional skills. Motivational programs that include opportunities for professional and personal development help to ensure that staff have the necessary skills. Managing motivation and incentives in the banking sector requires a strategic approach based on a deep understanding of the needs and expectations of employees. The development and implementation of effective motivation and incentive programs can be an important factor in ensuring the long-term success of a bank. Therefore, the chosen topic is extremely relevant and appropriate, as it allows us to dive deep into the analysis and development of effective methods of motivating and incentivizing staff, which is critical to achieving the bank's strategic goals in the face of constant competition and rapid changes in the financial sector.

Research analysis and task statement. The analysis of scientific developments on the identified issues carried out in the study showed that the issues of optimizing the motivation and stimulation of staff work were considered in the works of a large number of scientists, including: Zhulavskiy A.Y., Gordienko V.P., Malko N.O. [1], Klymchuk A.O. [2], Omelyan O.A. [3], Semenova L.Y., Tatarinova K.S. [5], Tarasiuk H.M. [6], who made a significant contribution to solving this problem, however, it should be noted that today's conditions require expanding the scope of research and solving issues of labor motivation in relation to the activities of bank personnel.

Results of the research. Staff motivation and incentives are fundamental concepts in human resource management that attract the attention of many scientists around the world. They play a crucial role in ensuring the efficiency and productivity of the work process, forming the basis for developing HR strategies in organizations [1].

Motivation is described as an internal state that encourages an individual to take certain actions or behave in order to achieve certain goals. It acts as a driver that activates the resources of the individual, directing his or her actions to the realization of the plan. Foreign researchers, such as Abraham Maslow and Frederick Herzberg, emphasize the importance of satisfying needs and the impact of motivational factors on the performance of individuals. Maslow considers motivation through the prism of a hierarchy of needs, where each higher need is activated after the previous one is satisfied. F. Herzberg, in turn, distinguishes between hygienic factors and motivators, noting that to increase motivation, it is necessary to provide not only basic working conditions, but also to introduce elements that stimulate achievement and development [2].

Ukrainian scholars also make a significant contribution to the understanding of staff motivation and incentives. They emphasize the importance of taking into account socio-cultural peculiarities in the formation of motivational systems, emphasizing the need to individualize approaches to motivation and incentives. Analyzing the domestic experience, it is possible to distinguish the opinion that the effectiveness of motivational programs depends not only on material

incentives, but also on creating conditions for professional growth, development of competencies and realization of personal potential of employees [3].

Staff incentives, in turn, are seen as a set of external influences aimed at activating employee motivation. This process includes the use of various tools and methods to encourage employees to work effectively and achieve organizational goals. Incentives can be both tangible and intangible, providing rewards for high performance or recognition of professional achievements [5].

Thus, motivation and incentives are interrelated components of HR management that require a comprehensive approach and a deep understanding of the internal needs and expectations of employees. The development of effective motivational programs involves not only meeting material needs but also creating conditions for personal and professional development, which ultimately contributes to the achievement of the organization's strategic goals.

Content theories of motivation presented by scientists study human needs and offer their hierarchical classification, which allows to draw conclusions about the mechanism of human motivation. Process theories recognize the existence of needs, although not only do they affect employee motivation, but also the functions of perception and expectations, as well as the possible consequences of the chosen type of motivation. Behavioral theories are based on the identification of factors that determine people's behavior and their motivation to perform everyday tasks [2].

Other authors cite methods and tools for motivating staff as follows: increasing wages, bonuses and providing employees with a compensation package in accordance with the results of their work are also a very effective moral incentive [6]. This is a close relationship between the tangible and intangible. Thus, salary (tangible incentives) affects the employee's assessment and self-esteem, satisfying his or her needs for recognition, respect, self-affirmation, etc. (intangible incentives).

Thus, staff motivation involves the use of various methods and tools, each of which has its own goals and ways of influencing employees.

Among the most commonly used approaches are: material incentives, non-material incentives, career development, flexible working hours, comfortable working environment, corporate culture, the main characteristics of which are presented in Table 1.

Table 1. The main types of staff motivation

Types of motivation	Characteristics
Material incentives	financial remuneration, bonuses, bonuses for high performance or completion of projects, company shares and other types of material benefits
Non-material incentives	recognition of achievements, awards, praise from management, opportunities for professional and personal development, participation in decision-making and work planning
Career development	opportunities for career advancement, participation in specialized trainings and seminars, involvement in important projects and tasks
Flexible work schedule	the possibility of choosing a work schedule, working from home, a shorter working week, which contributes to a better balance between work and personal life
Comfortable working environment	creating optimal working conditions, including providing the necessary equipment, cozy office space, access to social and recreational areas
Corporate culture	development of a positive corporate culture that supports team spirit, mutual respect and openness in communication

Source: prepared by the authors on the basis of [4]

These methods and tools can be adapted to the specific needs of the organization and employees to create an effective motivational program that will increase productivity, improve job satisfaction and reduce staff turnover.

In the banking sector, which is characterized by a high degree of competition, technological innovation and constant changes in the regulatory environment, motivation and incentives are of particular importance. Motivation strategies in the banking sector are focused on creating conditions

in which employees not only feel like valuable team members but also have opportunities for professional growth and development.

The basis of the motivational strategy in banks is the recognition that employee performance directly affects the quality of customer service and the overall success of the bank in the market. Therefore, banking institutions develop comprehensive programs that include both tangible and intangible forms of incentives. An important aspect is the creation of a transparent performance evaluation system that allows not only to determine the level of achievements of each employee, but also to identify the needs for their further development [3].

As part of their incentive strategies, special attention is paid to the career growth and professional development of employees. Banks are actively implementing training and development programs that not only help to improve employees' qualifications but also motivate them to improve their professional skills. This, in turn, leads to increased job satisfaction and reduced staff turnover.

In addition, banks pay great attention to creating a positive corporate culture that promotes team cohesion and maintains a high level of internal employee motivation. An important element of such a culture is open communication between all levels of management and employees, as well as recognition and reward of achievements.

Developing effective motivational strategies in the banking sector requires a deep understanding of the specifics of the bank's operations, employee needs, and market dynamics. This is a complex process that requires constant analysis and adaptation of approaches to meet changes in the banking industry and ensure high performance and employee satisfaction.

The study of current strategies for stimulating the staff of JSC CB Privatbank has led to the conclusion that the bank uses short-term and long-term initiatives [4].

In particular, short-term initiatives include a bonus system that provides for the payment of additional funds for employees' achievement of certain work goals. Bonuses at JSC CB PrivatBank are tied to individual performance, achievement of team goals, or the bank's financial results as a whole.

Short-term initiatives also include non-financial recognition, which includes public recognition of the achievements of an employee of JSC CB Privatbank, awarding the title "Employee of the Month" and providing additional unpaid days off for exceptional achievements.

In terms of long-term initiatives, we should mention stock options for employees - JSC CB Privatbank offers stock options as a way to attract and retain key employees by giving them the opportunity to obtain an ownership stake in the bank.

In addition, there are career development programs for staff - professional skills development and career advancement are an important factor in the long-term motivation of the staff of Privatbank, which invests in the training and development of its employees, providing them with opportunities for training, certification and participation in professional conferences [4].

It is also worth noting the flexible working conditions offered by PrivatBank to stimulate employees, especially in a changing environment influenced by globalization and digitalization, banks can introduce flexible work schedules, remote work or hybrid work models.

In addition, long-term initiatives include health and wellness programs, such as corporate health insurance, mental health support programs, and sports activities, which contribute to the overall well-being and motivation of employees.

It is important to note that the effectiveness of any motivational program depends on its alignment with the needs and expectations of employees, as well as the organization's ability to adapt to changing environmental conditions. "PrivatBank, as a leading banking institution, is likely to constantly review and update its motivational strategies to ensure high employee satisfaction and productivity.

Looking at the methods of incentivizing the staff of JSC CB PrivatBank, it is clear that the bank integrates comprehensive approaches to motivate its employees. These incentives cover both financial and non-financial aspects. Financial incentives include [4]:

- 40% of employees receive quarterly bonuses of up to 20% of their quarterly income, depending on the achievement of individual and team goals;
- 25% of employees receive additional payments for participating in special projects or for extraordinary achievements that go beyond their normal work duties;
- 15% of employees use additional hours of paid vacation as a form of reward for high performance.

Non-financial incentives include the following [4]:

- 60% of employees are regularly included in the recognition program, where their achievements are publicly recognized in corporate communications;
- 30% of employees participate in career development programs that include mentoring, professional training, and opportunities for promotion to higher positions;
- 70% of employees are highly satisfied with their work environment, which includes ergonomic workstations, access to modern technology and comfortable recreation areas.

Thus, the effectiveness of any incentives depends on their alignment with the organization's goals and the needs of its employees, as well as on the flexibility of the incentive program to adapt to changing working conditions and the market environment.

Due to Russia's full-scale invasion of Ukraine in February 2022, financial institutions, including PrivatBank, are facing new challenges in incentivizing and motivating their staff. The martial law and its consequences impose certain restrictions and create additional pressure on employees, requiring the bank to adapt existing incentive programs and develop new approaches to maintain high productivity and team morale. Thus, it is advisable to develop an individualized staff motivation program. The development of individualized motivation programs will consist of 4 stages: analysis of employees' needs, program development, program implementation and monitoring, and program effectiveness evaluation, as presented in Table 2.

Table 2. Components of an individual incentive program

Program stage	Essence
1. Analysis of employee needs	- Conducting surveys and interviews with employees to find out their needs, concerns, and expectations. This will help identify key aspects that need to be addressed in the new incentive program.
	- Assessing the impact of military operations on the work environment and working conditions of employees.
2. Program development	- Creating individualized development plans for employees that take into account their professional goals, interests, and training needs.
	- Introducing flexible work schedules and support for working from home, providing psychological support and counseling.
3. Implementation and monitoring	- Launching pilot projects of the program in several branches or departments to evaluate its effectiveness and make the necessary adjustments.
	- Collecting feedback from program participants to adapt and improve the program.
4. Performance evaluation	- Use of quantitative and qualitative indicators, such as labor productivity, employee satisfaction, and staff turnover, to assess the effectiveness of the program.
	- Continuously reviewing and updating the program in accordance with the feedback received and changes in the working environment.

Source: prepared by the authors.

Thus, the development and implementation of individualized incentive programs at PrivatBank can significantly improve employee morale and productivity in times of war, ensuring adaptation to new challenges. This will not only help the bank retain key talent and reduce staff turnover, but will also create the basis for sustainable development and growth in the future, increasing the overall resilience of the organization.

Motivation and incentives are interrelated components of HR management that require a comprehensive approach and a deep understanding of employees' internal needs and expectations.

The development and implementation of individualized motivation programs at PrivatBank can significantly improve employee morale and productivity in times of war, ensuring adaptation to new challenges. This will not only help the bank retain key talent and reduce staff turnover, but will also create the basis for sustainable development and growth in the future, increasing the overall resilience of the organization.

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Шляхи вдосконалення мотивації та стимулювання персоналу банківської сфери

Анотація. Актуальність та доцільність обраної теми можна обґрунтувати через декілька ключових аспектів, які підкреслюють сутність та важливість досліджуваної проблеми: висока конкуренція в банківській сфері, зміни у вимогах до якості обслуговування, вплив на корпоративну культуру, технологічні зміни та потреба в постійному розвитку, потреба в стратегічному підході до мотивації.

Метою роботи є розробка шляхів вдосконалення мотивації та стимулювання банківського персоналу (на прикладі АТ КБ «Приватбанк»). Для досягнення поставленої мети у статті запропоновано та вирішено такі наукові завдання: розглянуто поняття мотивації та стимулювання персоналу, теорії мотивації, методи та інструменти мотивації персоналу; виявлено особливості та стратегії мотивації та стимулювання в банківській сфері; проаналізовано та оцінено шляхи мотивації та стимулювання персоналу АТ КБ «Приватбанк»; розроблено індивідуалізовані програми мотивації АТ КБ «Приватбанк».

Результати дослідження демонструють, як індивідуалізована мотиваційна система та врахування специфіки корпоративної культури можуть значно підвищити ефективність мотиваційних програм у банківській сфері, порівняно з традиційними універсальними підходами.

Результати дослідження можуть бути використані для розробки курсів з управління персоналом у вищих навчальних закладах, підготовки наукових статей та матеріалів для конференцій з питань управління людськими ресурсами.

Ключові слова: мотивація персоналу, стимулювання персоналу, корпоративна культура, індивідуальна мотиваційна система, банківський сектор.

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