

# Praxeological aspects of employee motivation – the basis of SME strategy

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**Abstract.** This study examines the relationship between the motivation system and the business strategy of micro, small and medium enterprises (MSMEs) in the context of the COVID-19 pandemic and post-pandemic, the purpose of the study is to analyze how the requirements and expectations of employees and business owners are changing in a pandemic, to identify a mechanism for embedding a motivation system in a business strategy and to present, on the example of practical experience, the impact of employee motivation on the achievement of strategic goals. A survey of the owners of MSMEs revealed that about 85% during the pandemic faced manipulation by key professional employees – the threat of dismissal. Labor intensity and intensification began to play a key role in employee motivation. During a pandemic, the main business strategy of MSMEs becomes a survival strategy. The implementation of this strategy is possible only due to the sustainability of MSMEs as a business unit, which implies a high level of loyalty and commitment on the part of the team, providing opportunities for additional work and maintaining a high level of social responsibility of business owners.

**Keywords:** business strategy, motivation, job satisfaction, work intensity, organizational commitment

## 1 Introduction

### 1.1 Literature review

A study of the works of Seema, Vikas Choudhary, Garima Saini [1], Fathul Bachri Nihayatu Aslamatis Solekah [2], Oak Catherine, Bill Schoeffler [3], Byeong seon Yoon [4] made it possible to conclude that in the era of digitalization, pandemic and post-pandemic consequences employee satisfaction with the workplace, organizational commitment, satisfaction with the level of remuneration play a significant role, since all this leads to a decrease in staff turnover, minimization of the needs of employees to search for part-time

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jobs, a decrease in labor intensification, and an increase in the level of productivity and efficiency of personnel.

Seema, Vikas Choudhary, Garima Saini [1] note that, depending on a person's motives, part-time work is initiated by him independently and can become the main place of work in the future. At the same time, there is a risk of a decrease in the efficiency of staff work, since an employee will spend 50% of his working time on performing part-time tasks, and not on his main functionality.

The remote work format as a motivational factor is studied by Gayane Tovmasyan, Diana Minasyan [5], J. Prodanova and L. Kocarev [6], P. White [7]. Gayane Tovmasyan, Diana Minasyan comes to the following conclusions: most employees are office-oriented; for 12%, remote work is assessed as motivation; during the period of COVID-19, employees re-evaluated the values and significance of motivational factors [5]. The authors note that from the point of view of employers, material incentives are a key factor, while the employees themselves noted the importance of non-material factors and, first of all, the relationship with the management. Unlike [5] J. Prodanova and L. Kocarev come to the conclusion that employees are satisfied with the remote work format, but at the same time this does not mean their intention to continue their activities in this format in the future [6]. P. White focuses on the importance of such a criterion as "management recognition", especially for employees working remotely [7].

Syamsul Had, Supardi [8], D. Harahap, F. Alfadri, & A. Damayanti (2020) [9] believe that in a pandemic, MSMEs are one of the most affected sectors of the economy. At the same time, Syamsul Had, Supardi [8] believes that MSMEs need to implement a revitalization strategy using the Business Model Canvas (BMC) and all stakeholders should provide support.

D. Harahap, F. Alfadri, & A. Damayanti believe that MSMEs should focus on consumer needs and increased innovation and suggest strategies that MSMEs could focus on during a pandemic – a financial strategy. production unit strategy, management of human resources department strategy, marketing strategy [9]. The authors note that in the realities of COVID-19, the number of business operations increases significantly, shifting to remote consumption and, accordingly, personnel are required to service these processes, taking into account with health protocols during the COVID-19 pandemic.

A. Irawan also emphasizes the format of remote work and the number of distractions in work at home, which leads to demotivation, indicates the need for support of MSMEs from the state, notes the lack of knowledge in the field of entrepreneurship, limited human resources and argues that a key role for business is played by the digitization of the processes of production of goods and services, increasing the level of consumer confidence through transparency and documentation of processes [10]. Irawan A. believes that strategic priorities are product hygiene and environmental sanitation are the determining factors for the existence of SMEs in eastern Indonesia [10].

A. Issenova (2021) in her study pays special attention to the strategies of support for MSMEs from the state [11]. Adelia Shabrina Prameka, Sudarmiatin, Rayie Tariaranie Wiraguna, d Suryo Hadi Wira Prabowo, Ben Roy Do note that in the face of the COVID-19 pandemic MSMEs must focus on coping strategies in order to continue their further existence [12]. The COVID-19 pandemic was significantly affected by more than 96% of MSMEs [12]. The authors associate survival strategy with new technologies (online sales), improved product and service quality, innovation and creativity.

I. Turaev, F. Ganiev associate the development strategy of MSMEs with personnel management processes, digitalization and business automation, innovation and quality standards for goods and services [13].

From our point of view, recommendations for the implementation of innovations and the transition to process automation show a significant gap between science and practice.

So, on average, in order to implement MSMEs, a cloud communication system will need from 400 thousand rubles, the transition from version 10 to version 11 of the 1C management accounting program will cost about 1 million rubles and will take more than a year. Considering that in the COVID-19 pandemic MSMEs are faced with a shortage of funds and new realities, these costs are unnecessary for many MSMEs. It is advisable to use simpler and more accessible technologies, to gradually carry out the transition to the introduction of digital technologies. We support the point of view of the authors about the possibility of using social networks as a channel for promotion and sales.

Having reviewed the research on motivation and strategy of MSMEs during the period of the COVID-19 pandemic, it should be noted that the issue of the relationship between business strategy and employee motivation in the new realities remains insufficiently studied. The authors pay attention separately to either the motivation and behavior of employees [1-7], or the formation of a strategy focused on survival through support from the state or the introduction of new technologies [8-13].

## 1.2 Hypotheses

D1: it is assumed that the interests of stakeholders are multidirectional, which leads to a conflict of interest and has a negative impact on the formation of strategic goals and priorities of MSMEs.

G2: when forming a system of employee motivation in the context of digitalization, pandemic and post-pandemic consequences, it is necessary to take into account employee satisfaction with the workplace, satisfaction with the level of wages, work intensity and organizational commitment.

D3: When developing a business strategy for MSMEs, the internal capabilities of the organization should be taken into account, which can be implemented through swot analysis, while a significant degree of attention should be paid to the potential of human resources and the requirements of stakeholders.

## 1.3 The purpose and objectives of the study

Studying the relationship between employee motivation and the strategic goals of MSMEs organizations, presenting the phraseological aspects of shaping the motivation of MSMEs employees in the context of digitalization, pandemic and post-pandemic. Research objectives:

- analyze the key factors that determine the motives of employees;
- consider the requirements of stakeholders for the formation of a strategy and motivation system;
- illustrate the relationship of employee motivation with the strategic goals of the organization;
- to present the practice of shaping the motivation of MSMEs employees in modern conditions.

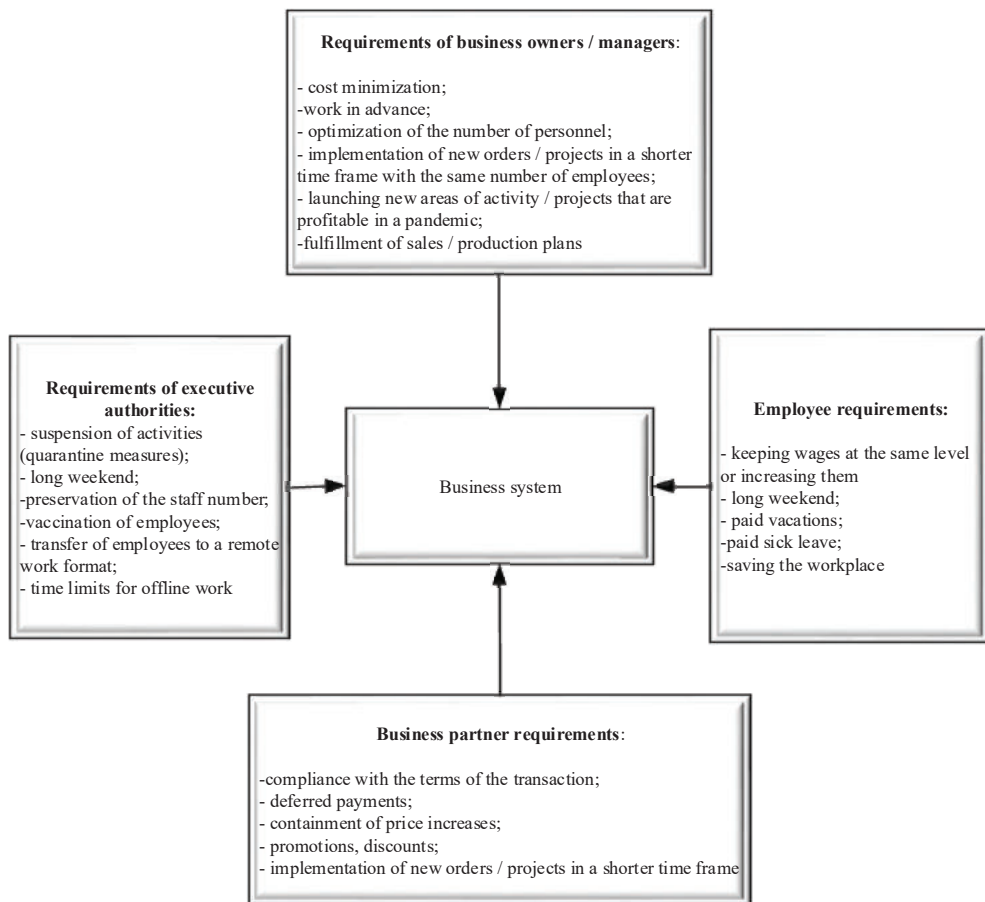
## 2 Materials and methods

In this study, qualitative and quantitative methods, graphical methods of data interpretation, analytical methods, a thematic analysis approach were used. Data collection methods – field research, surveys of SMEs – representatives of the retail and wholesale sector, manufacturers of non-food products, analysis of open information sources.

The novelty of the study lies in determining the relationship between employee motivation and the business strategy of MSMEs the COVID-19 pandemic and arguing for the need to adjust the KPI system based on feedback.

### 3 Results and discussion

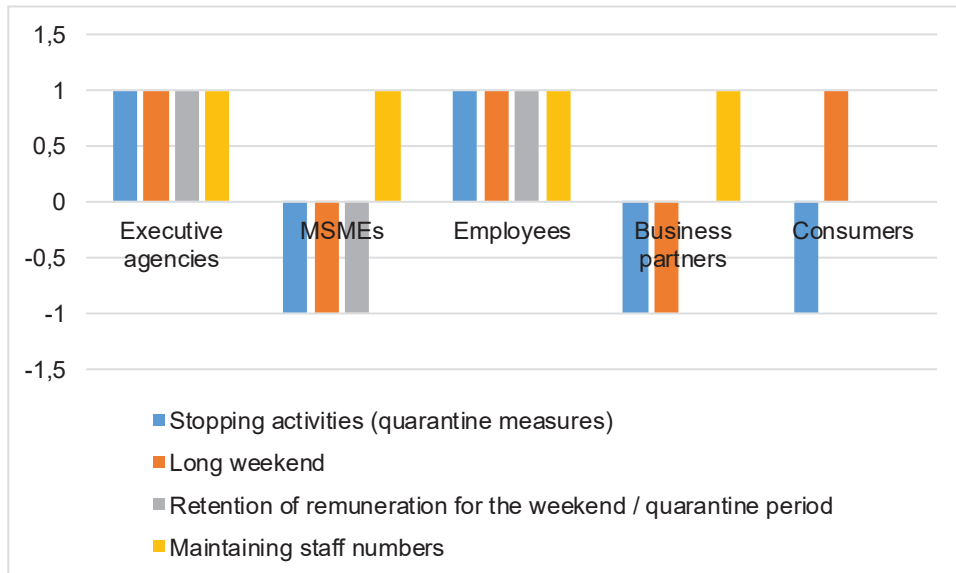
In the context of the VUCA-world, the consequences of COVID-19 on the functioning of the development of MSMEs, the motivational part as an integral part of staff remuneration plays a significant role. The impact of COVID-19 on the development of SMEs in the Russian Federation and abroad is difficult to overestimate. Most entrepreneurs find themselves in a difficult situation, when, firstly, there is an almost complete cessation of the functioning of many spheres of activity, secondly, the executive authorities oblige employers to maintain staffing levels, provide long days off with the preservation of wages, and thirdly, business partners are guided by the most prompt response and fulfillment of their orders, fourthly, employees assume not only the preservation of the workplace, but also an increase in wages – Fig. 1.



**Fig. 1.** A set of stakeholder requirements for the functioning of a business system in a pandemic and post-pandemic period (compiled by the authors).

In this context, business owners find themselves in a situation of uncertainty when they are forced to make decisions taking into account the conflict of interests of the interested

parties. Figure 2 shows the polarity of stakeholder views in the operation of a business system in a pandemic.



**Fig. 2.** The polarity of opinions of key stakeholders in the functioning of a business system in a pandemic (compiled by the author).

As can be seen from the figure, the interests of executive authorities and ordinary employees are of a unidirectional nature, while business owners have a directly opposite opinion.

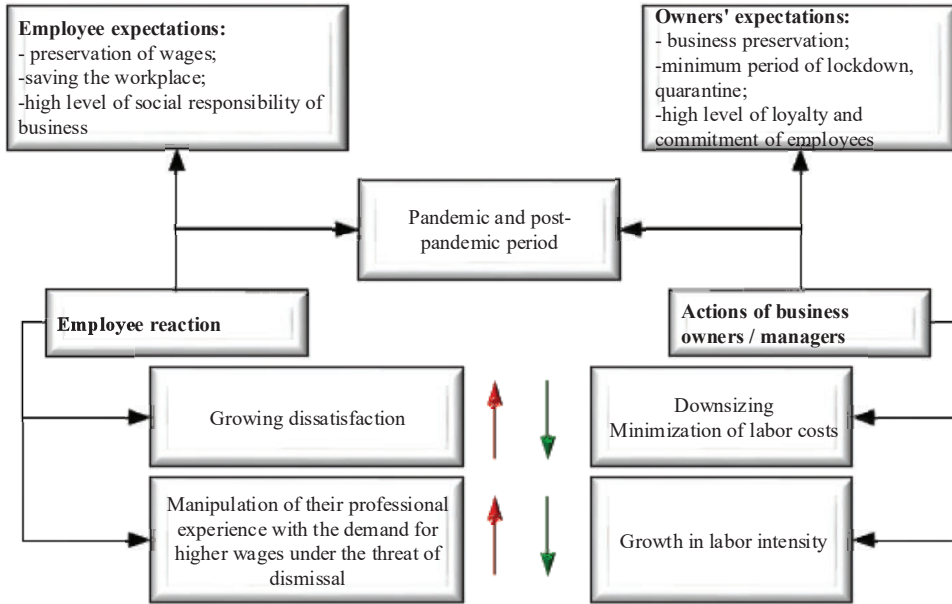
That is, due to the high level of uncertainty in the external environment due to the pandemic and post-pandemic trends, the level of destabilization of the internal environment of the organization increases significantly and the emphasis shifts. The head, the owner of the business is forced to make decisions aimed at smoothing out conflicts of interest with staff, ensuring the functioning of the business with qualified personnel with a high level of loyalty and commitment, while the primary tasks and problems of the external environment that require prompt response are relegated to the background. Note that the behavior of employees also plays a significant role here. A survey of representatives of small and medium-sized businesses showed that more than 85% of respondents faced manipulations by leading highly qualified employees in the form of threats of dismissal due to an increase in labor intensity without incentive bonuses and career advancement – Fig. 3.

The sample consisted of 50 respondents, representatives of MSMEs who operate in the field of retail trade, production of goods, provision of logistics services. Most of the strategic goals are formulated as: scaling, increasing net profit, maintaining market share. But during the pandemic, many MSMEs initially took a wait-and-see attitude, subsequently implementing a cost-minimization strategy, which led to a survival strategy. The strategy of “Elplast-Zhalyuzi” is to keep the market share at the same level until the pandemic period and enter new markets through new products and digital sales channels.

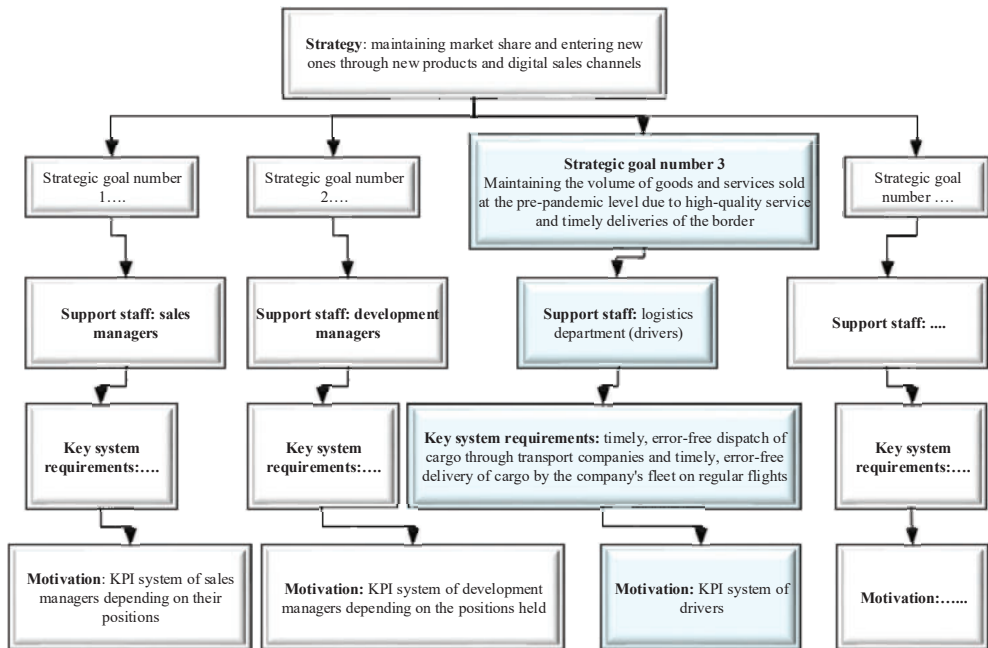
Strategic goal No. 3 of “Elplast-Zhalyuzi” is to maintain the volume of goods and services sold at the pre-pandemic level through high-quality service, timely delivery of goods.

Driver support – timely, error-free dispatch of cargo through transport companies and timely, error-free delivery of cargo by the company’s fleet on regular flights.

Figure 4 shows the relationship between organizational strategy and employee motivation.



**Fig. 3.** Comparison of the behavioral motives of employees and business owners / managers according to the criteria of “expectation – reaction / action” (compiled by the author).



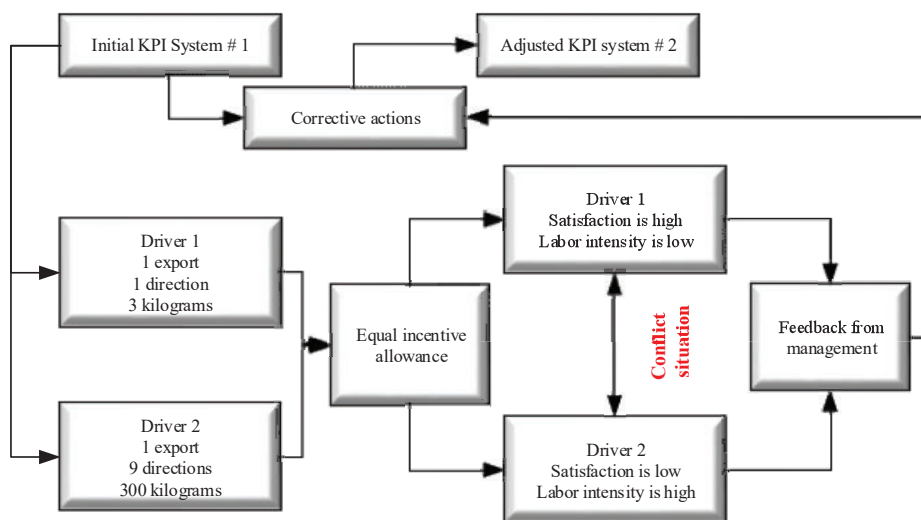
**Fig. 4.** Fragment of the formation of the strategy “Elplast-Zhalyuzi” through the relationship of strategic goals and employee motivation (compiled by the author).

The subject of the formation of a KPI system at the level of MSMEs for sales managers, for specialists in the supply department was presented in our earlier studies [14, 15]. Within the framework of this study, we will consider the practice of implementing the KPI system using the example of MSMEs – the company Elplast-Zhalyuzi, a manufacturer operating on the B2B market. As an object of research, we will select employees in the position of “driver”. The key functionality of the drivers is the timely delivery of cargo to the company’s business partners either by regular flights by the company’s transport, or by delivering cargo to transport companies in Rostov-on-Don.

The structuring of KPI indicators for drivers is presented in four blocks: efficiency, quality and service, productivity and efficiency. Taking into account trade secrets, within the framework of this study, only one block and one indicator will be illustrated, with arguments for the need for its implementation and subsequent adjustments.

As an initial indicator in the KPI system of drivers in the “Efficiency” block, the indicator “The number of issues taken out by a driver by a transport company” was included. This indicator was chosen because, due to the main functionality associated with regular scheduled deliveries, drivers were not interested in deliveries around the city and export of cargo to be sent through transport companies. The lack of interest of drivers in the effectiveness of this process had a significant impact on the achievement of the goals of the organization, since the sabotage of the drivers of this process led to a violation of dispatch deadlines, an increase in customer dissatisfaction, refusals of orders, an increase in conflict situations in the team and, as a result, failure to fulfill the sales plan, and a decrease in the level of profitability of the organization.

In the process of increasing the level of intensification of drivers’ labor, on the basis of feedback from employees and data from the management accounting system, it was determined that it was necessary to carry out corrective actions according to the indicator “Number of exports to transport companies” – Fig. 5.



**Fig. 5.** KPI adjustment scheme (compiled by the authors).

Since earlier, this indicator did not take into account the weight of the exported cargo and the number of directions. In other words, the driver number 1, who took out and dispatched a load weighing 3 kg. through a transport company in one direction, for example, Moscow and driver No. 2, who took out and sent a load weighing 300 kg. in 9 directions in one working day received an equal incentive bonus, since in the management accounting system, each of the drivers received 1 task and 1 issue (internal document of the

company). It should be noted that the laboriousness and significance of this function, implemented by drivers, lies not only in the amount of physical activity, but also in the duration, attentiveness and importance of the filled in and verified documents for dispatch. Consequently, driver No. 1 implements his labor function faster, easier, with a lower level of responsibility than driver No. 2. As a result, some drivers received a total incentive premium for this indicator in a larger volume with less labor costs. The current situation led to an increase in the level of conflict in the team, a decrease in the degree of employee satisfaction, and influenced their loyalty and commitment to the organization. Taking into account the principle of openness, availability of management and on the basis of receiving feedback, it was decided to adjust the KPI system for this indicator through the system of rationing by directions and weights of the goods sent

## 4 Conclusion

Summarizing the results of the study, a number of recommendations should be formulated for representatives of MSMEs:

- it is necessary to consider options for part-time work by employees within the framework of the main business, so that the employee is not distracted by the search for part-time jobs and does not shift the focus of attention and concentration;
- it is advisable to proportionally increase the level of remuneration with an increase in the intensity and intensification of employees' labor through incentive bonuses;
- when using the KPI system as a form of employee motivation, it is recommended to hold at least once every six months a meeting with employees in the context of positions and receive feedback on the effectiveness of the KPI system from their point of view;
- it is proposed to adjust the KPI system no more than once a year, while the structure of indicators should change by no more than 30%

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