

TWO DIMENSIONAL PERFORMANCE-RELATED COMPENSATION SYSTEM FOR BLUE COLLAR WORKERS IN PRODUCTION COMPANIES

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1 INTRODUCTION

Changes in the electronic equipment manufacturing industry are also having an impact on the people who work in these jobs. Therefore, provision of work that offers monetary remuneration is an area where the company needs to emphasise its approach to employees. This work starts from the identification of the possible causes of employee dissatisfaction and formulation of a proposal for further development of a complex compensation-motivation programme to be implemented in an electronics equipment manufacturing unit.

Employee motivation to perform high quality work is not only a factor of personal character, but also a significant role is played by the work environment of the company, where a certain nature of motivation is required. Employees must be given an appropriate understanding, an alternative to personal development or to knowledge increase, and their suggestions must be paid attention to. Recognition and appreciation of efforts is not only good working practice, but also a serious demonstration of the value of human capital in the eyes of management. It is difficult to inspire a poorly paid employee who is less financially involved in the job. Likewise, an employee who does a good job and can be trusted is an influencing factor in the functioning of the company.

One approach could be the implementation of a complex compensation-motivation programme. Design of such a programme should come from employee feedback collected through a questionnaire survey, which can enable to identify potential areas of employee dissatisfaction. The motivation programme should be individualised. It should aim to eliminate the causes of dissatisfaction and to create the conditions for employee satisfaction so that employees become motivated to work. The motivation strategy should also create the conditions to ensure that even employees who are satisfied with the remuneration they receive have the ambition to increase their current commitment.

The motivation programme, in short, focuses on the optimal use of the available workforce to achieve the company's strategic goals, and on the recognition of each employee's specifics for their further personal development. A number of tools are available to motivate employees.

2 MATERIAL AND METHODS

The pay system presented here represents an improvement of a system that was successfully introduced 2 years ago. The baseline was provided by the employee satisfaction survey carried out in 2022, in which the question on pay scored the lowest. In response, the company's management fundamentally changed the previous structure. In this paper, the authors will present the theoretical considerations underlying the review, briefly outline the structure

that was put in place and describe in detail the personal performance-related pay system. A new employee satisfaction survey was carried out in 2024 to assess the success of the new system, which showed a clear improvement in the pay system. Subsequently, proposed improved and slightly revised appraisal system will be outlined.

The assessment criteria are divided into four different categories: professional skills, cooperation, compliance with workplace rules and availability. In order to facilitate the evaluation, the evaluation criteria are structured in the form of questions. This helps to understand how the aspects are grouped into the two evaluation dimensions. During the face-to-face assessment, the authors assign four non-singular linguistic features to the evaluation criteria and convert them into points on a two-dimensional diagram using a simple calculation method based on logic (-2,-1,1,2). For each question, it is possible to select the answer „not applicable“, which corresponds to the value “X” and thus counts in the final result. The evaluation criteria may include both subjective and objective features. Objective characteristics such as quality or performance are classified into 4 categories based on a comparison with the average achieved in a given area. The authors divide the “knowledge–attitude” diagram, which is the basis for the visualisation, into areas that help to interpret the final evaluation.

3 RESULTS

The new solution presented in this paper helps to link personal performance appraisal with the compensation system. The final evaluation is the result of the personal performance appraisal meeting, which is accepted by both parties and forms the basis for the next period's basic salary supplement. Since performance is measured against the average of people working in the same area under similar conditions, the influence of external factors can be eliminated. This also makes it easier to justify and accept less positive assessments. Transparency and open personal discussion of performance can improve loyalty, as measured by non-coerced turnover rates, and employee satisfaction.

4 CONCLUSIONS

Key performance indicators for personnel management, such as low turnover rates and improving satisfaction levels, suggest that a well-defined, understandable and personalised performance-related remuneration system contributes to improving performance and increases retention rates by linking performance to direct financial and career progression incentives.

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