



# **AN ANALYSIS OF MOTIVATION OF FRINGE INCENTIVES CONCERNING JOB SATISFACTION**

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**Abstract:** Nowadays, employers have to face numerous challenges: sociological questions, quick changes in a legal environment, economic insecurities and impacts of global changes. These changes affect working individuals of any organisation or company too. Thus, HRM strategies and reward management aim to identify and satisfy employees' varying needs through an organisational reward system that contains fringe benefits. This paper explores the correlation between incentives and rewards to render marginal benefits more competitive for its users; describes opportunities in the Hungarian tax system; and, finally, the study questionnaire's findings on the motivation impact of marginal benefits among workers.

**Keywords:** motivation, fringe benefit, incentives, Hungary, PIT, employee satisfaction, HRM

## **1.Introduction**

Human resources of a business are the most valuable commodity. Human Resource Management has been placing greater emphasis on management awareness and creativity skills. Via their study, workers' engagement is associated with organisational dedication. The company would be focused on profit in the future. There will only be a restriction on this growth phase by the number of citizens who entered those companies. The people are unemployed because they are unable to meet their desires. In terms of the payment system, bonuses, perquisites, and perks are some of the workers' aspirations. These pieces of evidence indicate that work protection is critical for young Hungarians. Factors like job conditions, healthy working climate and security are critical. Quality working climate often implies an innovating environment, growth opportunity and leadership style of a boss. The youth trying to gain jobs in the job market were forced into unfavourable circumstances without any other alternative. As employers are predominantly searching for highly skilled candidates, an individual's qualification must be completed before filing a work vacancy. Studies have shown that Hungarian workers have been mostly job-driven, but decent working practices are still significant. Employers and employees in Hungary face severe tax pressures (the 4. most extensive in the EU) regarding salaries and labour taxes [3]. To resolve both staff and boss's interests, the Government initiated the cafeteria scheme to improve both shared benefits. A cafeteria scheme is one form of company benefit which improves employee loyalty, and it reduces the cost of buying benefits for those who get them. Many external influences will inspire workers to work hard. If the employee is happy with his position of employment, so he can best represent the organisation. What makes someone want to work hard? What advantages are there?



## **Motivation as HRM process**

Motivation arises as a desire triggers actions in order to achieve a target. There are three theories which inspire people to be productive—different individuals with different preferences. There is a significant personal and corporate effect when more requests stay unsatisfied, more detrimental impact occurs. When the pressure is taken off, the organisation's performance will be increased. The motivation of workers becomes more involved as administrators are conscious of employee desires. A single employee is supposed to convey heightened efficiency by the managers. His surroundings often impact the action of a person. If a worker is never granted an ability to use any of his talents, so the employer may not gain the value of the employee's overall contributions. Employee success relies on their skills. If employees lack an individual ability or talent, they may not do as well as needed. Motivation is often an essential part of success.

### **2.1 Motivational myths**

The need-based theories of motivation concentrate on the job performed so that needs will be met. Motivation individual traits are summarised in these hypotheses. Employees have entirely different desires, drives and ambitions. Work-related motivation may be defined as the desire to make efforts towards organisational objectives that meets individual desires for fulfilment. The rewarding tools' efficacy will be improved if the supervisors are mindful of their motivational characteristics. I may also read about Maslow's Hierarchy of Needs and Alderfer's ERG principle from this paragraph.

Maslow hierarchy of needs is a hypothesis in psychology that outlines the fundamental motives for human actions. Maslow used words "self-transcendence", "self-actualization", "esteem", "love/belonging", "safety", "physiological" to explain the various reasons and grouped these needs into a pyramid [8]. The most relevant criteria are the ones on the right. To meet the more complicated criteria, people are guided by basic requirements that need to be fulfilled. By relating Maslow's Hierarchy of Needs principle with employee encouragement, administrators can strive to fulfil workers' lower-level needs first, and then try to reach higher ones. The main challenge is that individuals have varying preferences about desires. Clayton Alderfer researched Maslow's philosophy, updated it, and then classified the needs more realistically and established the ERG Theory. This hypothesis discusses three main needs in life: Becoming needs, Relatedness needs, and Development needs.

### **McClelland's Need for Accomplishment Theory**

Achievement Theory was developed by the scholar David McClelland and focused on high standards of efficiency. Segments of analysed needs are more significant. N-Ach applies to the need for significant achievement Henry Murray, who proposed the theory, associated it with a broad spectrum of forms of actions: "intense, lengthy and repeated attempts to achieve something difficult." To strive for a distant and robust target with singleness of intent. The Achievement Motive defines three concepts: achievement, strength, and significance; to have the determination to win



Bonding is the desire to associate yourself with someone in a comfortable atmosphere. Most people have a unique combination of these three forms that can be tested by the Thematic Apperception Test (TAT). Although the obstacles encountered by this study can be very challenging to encounter, it can be resolved to improve workplace efficiency and performance. This idea will help select the right workers and executives inside a company. These high N-Ach individuals show in-depth expectations, are motivated to accomplish their objectives, committed, and want to gain input on their success.

Some things in a business render employees comfortable, while other dishearten workers. It was discovered that work fulfilment and frustration function separately and not the opposites of each other; happier workers would not be more efficient than unsatisfied ones.

Herzberg's results suggest that certain employment features can contribute to job satisfaction, whereas various variables foster job dissatisfaction.

- Factors leading to job satisfaction: Success, Appreciation, Satisfaction with work itself, Accountability, Progression, Development.

- Reasons to Dissatisfaction: Business policy, Supervision, Relationship with boss and colleagues, Work conditions, Pay, Welfare, Status, and Operating for the future. Ses variables affect the employees' happiness, which is critical to job satisfaction, such as satisfaction resulting from success, appreciation, or personal development. Employees find these benefits very attractive and very satisfying. The motivators symbolised the psychological criteria that were formulated as an aspect of happiness. These three things relate to happiness. Without happiness is dissatisfaction with the operations.

- Appreciation
- Sense of Success
- Development Potential
- Accountability
- Meaningfulness of the job

Hygiene considerations are sure to work factors that are important for job motivation. This may not translate to long-term optimistic satisfaction. If these variables are missing or non-existent in the workplace, it could contribute to discontent among workers. These variables are extrinsic to work, and they are not fundamental factors to the way it is done. Bettering these considerations has little effect on whether you are right or sad. These considerations include; administrative procedures, fringe benefits, inter-personal partnerships, workplace protection, compensation, physical working environments, and rank.



## **2.2 The use of inspiration in the company sector**

Industrial and occupational psychology is the empirical analysis of human actions in the workplace. The behaviour underlying the ideas may be harnessed to increase efficiency. The function of inspiration is also a significant field in I-O psychology.

Motivation is the reason that causes a person to do something. What would a person get for doing anything other than for a reason? Although encouragement sometimes takes place before the action happens, incentives arrive after it. Reward control is focused on I-O psychologist's motivational studies. The study centred on the findings from workers and managers and employees' and managers' perspective. From the results, they generated the hypothesis behind incentive and incentives.

### **2.2.2 Dealing with the corporate compensation scheme**

A well-planned incentive scheme attracts workers and aids in creating a constructive emotional reaction to the task. It helps people work well. It has a considerable effect on the productivity/output of the business. Such non-monetary incentives like appreciation and obligations are also goals of incentive administration. The primary aim of the incentive is to improve workers' working motivation. Many people believe that they can do a decent job because they get compensated extra, but not all. The most significant task is to get companies efficiency and worker retention together.

#### **Intrinsic incentive**

The concept of intrinsic motivation is self-desire to do different stuff and take on new tasks. It has been investigated for decades. Intrinsic incentive happens as we behave without or no need for extrinsic incentives. There is a more profound sense of work fulfilment. It allows the workers to achieve personal happiness inside the company. It requires collaboration as a component in the work phase, employee's job satisfaction, higher job efficiency, and improved coordination with the supervisors. Confirmation came from beyond and allowed them to excel.

#### **External motives and penalties**

Extrinsic motivation relates to motivation from outside of the person, which arises from other individuals or rewards. This is why people are always enticed by monetary and commercial encouragement. Extrinsic incentive relates to an individual's propensity to conduct an activity for compensation offered by the employers or a boss, such as monetary incentives or rewards, wages, presents, promotions and so on. Opportunities will awaken the curiosity of the person. Extrinsic incentives should be used to inspire citizens toward ability learning and skills growth. Employees would feel intrinsically more inspired as a result of learning of these abilities. Extrinsic incentives such as cash rewards or bonuses are the foundation of goal-oriented motivation schemes.

Both desired, and economic incentives can be included in the compensation programs and centred on the figures.



The goal is to improve the employees' productivity utilising the principle of motivation. The cornerstones of employment-related fringe benefits are typical of Hungary.

### 3.1 Concept/Meaning

Fringe incentives provide different forms of non-financial rewards given to employers as extra remuneration. They are built to make a cash reward more appealing. These incentives may be seen as compensation for workers or as a motivation for sustained booming success. Employees' commitment and happiness have been studied as early as the 1970s. It was concluded that raising basic salaries cannot render workers satisfied. In the 21st century, fringe perks are open to staff of all ages and health problems. Based on these findings, more complicated cafeteria plans were developed in the USA in compliance with Section 125 of the Internal Revenue Code, followed by other Anglo-Saxon countries in the 1990s. [29] Hungar Café was a hit since it is a realistic alternative for businesses to please the workers. This is achieved thanks to national tax reform purposes in comparison to cash transfers. According to the new researches, the key reason the company implemented cafeterias in Hungary is "Because of the ability to plan the costs and because of tax exemptions," said by Poór and Óhegyi [31]. Early cafeteria placed more focus on employee satisfaction. In today's companies, expense-based incentive appears to be the prevailing one.

### 3.2 Categories

The first cafeteria vouchers arrived in Hungary around 1995, and over the past 20 years, the infrastructure has evolved very dynamically. Also periodically, taxes and social security laws differ in Government because the coffee shop scheme's components and costs frequently change[31]. Hungarian workers can choose from a wide variety of incentives in 2016, including:

- Voucher of Erzsébet.
- Back-to-school advantage
- Card SZÉP (catering, accommodation, leisure & recreation subaccounts)
- Official instruction
- Coupon / holiday program
- Dedication to healthcare
- Donations to the mutual system
- Donation to the dinner
- Local passes for public transit

The form of benefits and terms of use are specified in Hungarian law. For starters, food coupons should only be used to buy food.

### 3.3 Fiscal gains

Employees must claim workers' benefits on the grounds of the rules and legislation relating to employment. In addition to standard counting, Hungarian employers are expected to provide specific non-cash compensation, and several of them provide such selectable items. Many of the



incentives provide no tax advantages for workers but provide the company with cost-effective salaries due to tax differentials. This impact is known as the effect of tax shielding. Study at the University of Szent István shows that several businesses had charged their worker's maximum taxes. The extra expenses arising from taxation are less than 30 per cent of firms[31]. There are various explanations that workers usually utilise insurance programs. One party desires to optimise tax incentives, whilst some choose to employ a policy for wages that relies on recruiting and maintaining firm employee productivity.

## 4 Results and discussion

This essay explains the description of Hungary's marginal profit mechanism and its financially positive motivational impact. The purpose of quantitative analysis is to raise the organisations' current demands and look at their happiness with the various advantages.

### 4.1 Process and calculation

A questionnaire was gathered secretly for up to 5 minutes to complete. The form included just 17 questions, which streamlined the completion method and maximised the number of replies. In the first four questions, the general details were obtained, including gender, age, education and work. The remainder of the concerns covered the cafeteria system in particular. The questionnaire was also accessible in Hungarian online and print and was sent to workers in the Budapest capital city. Enterprises and the public sector have participated in the inquiry. The following statistics are not indicative of the whole population of Hungary. There were 116 (N=116) answers, shared by 81 women and 35 men. The lack of expertise and the required opinions on the marginal compensation scheme preclude workers under 18 years of age.

### 4.2 Review of the survey

The survey was primarily answered by the 41-50 year age group which accounts for 31.7% of all answers. 46.5% of respondents have higher schooling, 41.4% are secondary or technical, and 12.1% are trained at a lower level, according to their training credentials. One hundred one workers and 15 supervisors are represented in the vacancies.

95% of employers earn some compensation above their salaries. The findings indicate that Erzsébet is the most common form of a voucher compared to the public and private sectors. The numerous subaccounts of the SZÉP card are often generally used to gain back to school. The voluntary health and pension benefits funds are represented solely in the interest of the corporate community.

Regarding the differences, 48.3% of staff said everybody has the same incentive – no alternative is open, 37.9% will pick and mix, and 13.8% delivers benefits to different classes. Besides, companies provide workers that are not permitted to pick desired items fixed compensation packages. Sixty individuals cannot tailor their advantages based on the response, while the

method is versatile in most situations. More than 50% of businesses are involved in and try to meet workers' desires.

The degree of employee happiness is calculated by questions about the company's benefits offered. Answers are assessed on a scale of 10 points Likert, "0" is "not satisfied at all" and "10" is "very satisfied" based on the answers the rating is 4,28, the scale "moderately satisfied" The gap is 2.99 from the norm.

The inquiry even questioned the workers about their extra requests. The most significant provision amongst the participants was the local pass, and several workers even requested that the food coupon be applied as a peripheral value. Several citizens are involved in the SZÉP Card and pension scheme and welfare contributions, including in the field of entertainment and housing. The findings explicitly demonstrate that the requirement for benefits exceeds the fundamental elements offered (Figure 1).

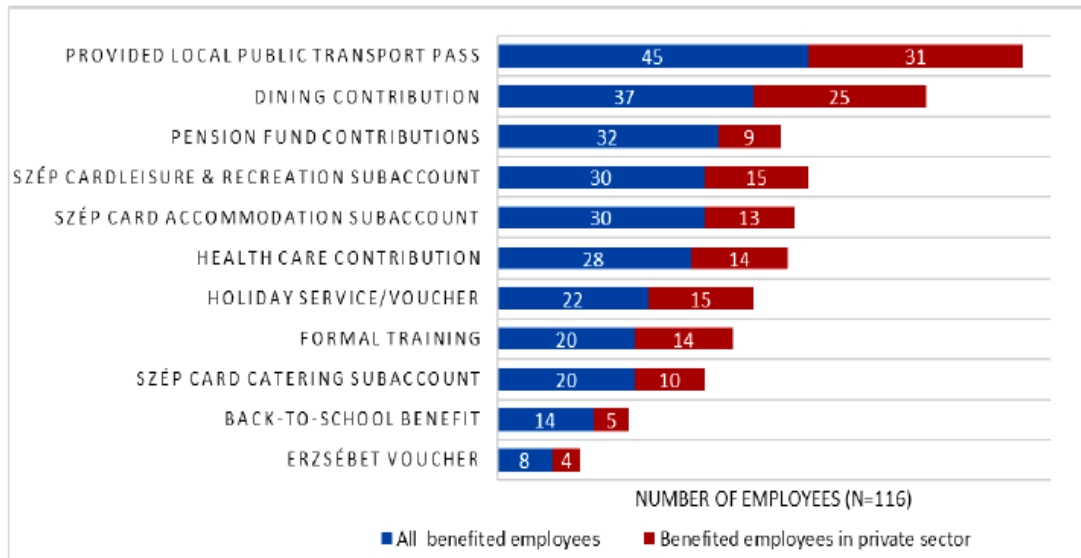


Figure 1 Extra criteria for fringes

The effects of fringe advantages were also discussed during the career selection process. Payments (wages), accompanied by stable working environments and the freedom to manage work and life, is the most significant feature. In refusing a work offer, Fringe perks are the least significant consideration.

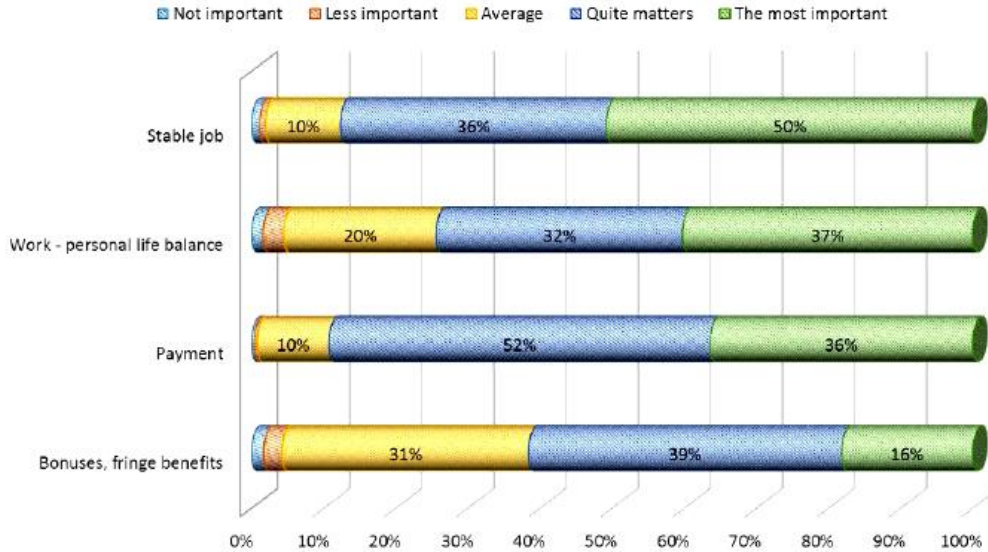


Figure 2 Significance of multiple variables concerning a new role

The findings revealed that the incentives had a meaningful stimulating impact once the testing has been completed after an analysis of the influence of fringe benefits on motive. The reward influence of rewards was calculated at a scale of 0 to 5. The average meaning is 2.59, reflecting a little more motivational advantages than the medium. The disparity of views is 1.76.

A critical topic was also discussed in the questionnaire. It assessed the readiness to carry out extra work with more advantages available.

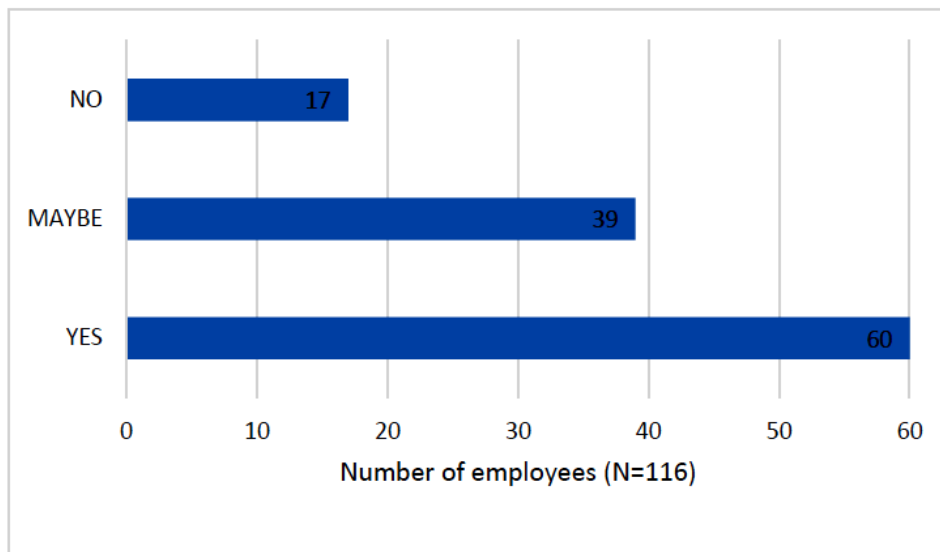


Figure 3

Figure 3 Receipt to perform more advantages



The answers have been positive: 60 workers (more than half of the examined individuals) are prepared to operate additionally if they pay the sum of compensation earned. Thirty-nine of them replied, “Perhaps,” and there is no incentive for just 17 workers. In short, fringes have a significant effect on rewards.

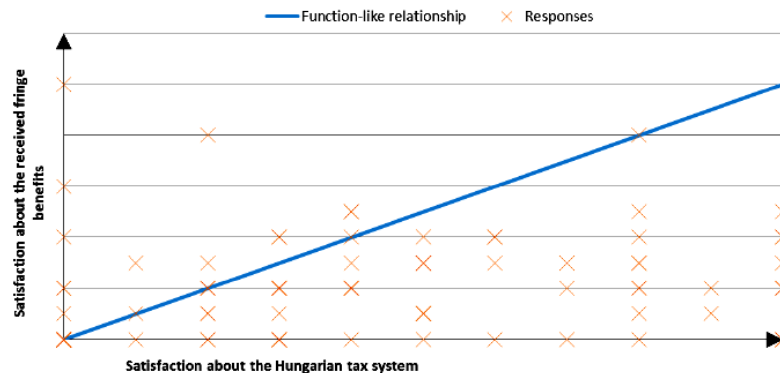


Figure 3 Receptiveness of more function for rewards

The study sought to create a connection between employee happiness with the benefits and their views on Hungary’s tax system. Cupro and Cramer’s V’s coefficient is using, and 0,3 revealed no meaningful association between these opinions (Figure 3).

### Summary and Guidelines

This article is focusing on the advantages at the edges of Hungary’s reward control (Cafeteria). Test findings suggest that most managers can not tell their workers precisely what the Hungarian cafeteria scheme offers. Although the tax cost is the same between many various incentives, without evaluating employee expectations and desires the organisation typically complies with such choices. If an employee wants a new job, the “value” and content of the compensation package are not crucial for accepting an employment offer, but they “moderately satisfy” the marginal reward framework because they are already employed – further changes will be welcome. The optimistic outcomes are that improved compensation will inspire workers to operate. Since the workers are more likely to operate, businesses should consider the variety of facilities available and different sources of information about the cafeteria scheme.

In conclusion, data showed that workers would be driven to function more effectively and productively if managers consider personal needs.

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