# “Peculiarities of staff motivation at small food industry enterprises”


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# PECULIARITIES OF STAFF MOTIVATION AT SMALL FOOD INDUSTRY ENTERPRISES

## Abstract

A leading force in successful Human Resource Management is a sound motivation system that can significantly improve the efficiency of employees and companies. However, there are significant differences in the motivation of the small business staff. The article aims to identify the peculiarities of this type of motivation and develop recommendations for their practical application. More specifically, motivation process in small food businesses is identified as a subject of research. Using the methods of theoretical and statistical analysis, the article also focuses on the behavioral approach and pays special attention to individual aspirations, performance, engagement and all those vital moments that shape motivation as a psychological process. Besides, the article has described the impact of socio-economic factors on work activity, set the basic principles for small business staff motivation, outlined the prevailing financial and moral incentives and substantiated the main components of an effective motivational system for small enterprises. Most elements of this system can be applied to any small company, not only the food industry.

**Keywords** motivation, human behavior, socio-economic factors, personnel costs, financial incentives, non-financial incentives, small enterprises, food industry

**JEL Classification** J32, J33, J41

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# ОСОБЛИВОСТІ МОТИВАЦІЇ ПЕРСОНАЛУ МАЛИХ ПІДПРИЄМСТВ ХАРЧОВОЇ ПРОМИСЛОВОСТІ

## Анотація

Провідною силою успішного управління людськими ресурсами є обгрунтована система мотивації, яка може суттєво підвищити ефективність роботи співробітників і компаній. Однак існують істотні відмінності в мотивації персогалу малих підприємств. Стаття спрямована на виявлення особливостей такого роду мотивації і розробку рекомендацій щодо їх урахування на практиці. Конкретніше, ми визначаємо предмет дослідження як мотиваційний процес на малих підприємствах харчової промисловості. Використовуючи методи теоретичного та статистичного аналізу, ми також зосередилися на поведінковому підході і приділили особливу увагу індивідуальним спонукальним мотивам, продуктивності, залученню до всіх тих життєво важливих моментів, які формують мотивацію як психологічний процес. Крім того, ми описали вплив соціально-економічних чинників на трудову діяльність, встановили основні принципи мотивації персоналу малого бізнесу, вказали переважні фінансові та моральні стимули і обґрунтували основні складові ефективної мотиваційної системи малих підприємств. Більшість елементів цієї системи може застосовуватися для будь-якого малого підприємства, а не тільки у харчовій промисловості.

**Ключові слова** мотивація, поведінка особистості, соціально-економічні фактори, витрати на персонал, фінансові стимули, нефінансові стимули, малі підприємства, харчова промисловість

**Класифікація JEL** J32, J33, J41

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## INTRODUCTION

Theoretical and practical tools of motivation have long been developed. But constant and rapid changes in internal and external environment of enterprises, as well as in the style of human behavior, require completely new approaches to decision making in the sphere of motivation. The old paradigms are obviously wrong. They could lead into counterproductive habits and systems.

Contradictory trends in modern social and economic development are as follows: (1) growth of the number of startups against the background of reduction of the company life cycle; (2) the value of the intellectual capital of employees (their knowledge, creativity, values) against the background of decrease in the level of protection of employees and emergence of a new class – precariat; (3) proliferation of small enterprises and new non-traditional forms of employment make necessary constant adaptation of enterprises to changes. The latter requires managers to properly manage the company's resources, namely, the personnel of the enterprise, which is one of its main competitive advantages. Therefore, the most important task of the modern enterprise is to improve the existing systems of personnel motivation.

## 1. LITERATURE REVIEW

The problem of staff motivation is reflected in the theoretical improvements of both domestic and foreign scientists. Thus, the works of Alderfer, Herzberg, Maslow, Mac-Clelland, Lawler, Porter, Cherry and others were devoted to the study of the problem of needs as the basis of motivation. A significant contribution to the study of various aspects of the work and its stimulation (both traditional and innovative) was provided by the works of the local scientists: Bohynia, Kolot, Kostyshina, Nazarova, Petrova, Semykina, Kharchenko, Tsymbalyuk and others. The results of the study of motivational systems of labor in the food industry are reflected in the works of Lysak and Krysanov.

However, despite the relevance of the problem and the special attention of scientists to it, the problem of motivation of the personnel of small enterprises of the food industry in modern conditions is not studied in detail.

## 2. AIMS

The purpose of the article is to study the forms of motivation of employees used by Ukrainian and international companies, paying special attention to the motivation of small enterprises of the food industry, and the rationale for recommendations to improve the system of motivation of small enterprises of the food industry.

## 3. RESULTS

Among scientists there is no ambigui ty in the interpretation of the concept of "staff motivation". So, Meskon, Albert and Hedouri (1998) define motivation as the process of encouraging yourself and others to work to achieve personal goals and the goals of the organization. Hrifin and Yatsura (2001) understands motivation as a set of factors that determine the behavior of people. Kolot and Tsymbalyuk prove that motivation implies the development of methods and tools of influence on an individual behavior in an organization, focused on achieving personal goals and objectives of the organization (Kolot & Tsymbalyuk, 2014, pp. 20). Semykina interprets motivation as a process of the interaction of both objective (needs, interests, social norms, social relations) and subjective determinants of work behavior (knowledge, values, self assessment, intensity of needs, sense of life, ideals, life experience, eagerness, believes, features of mentality) (Semykina, 2009, pp. 114-115). Kendra (2013) defines motivation as the process that initiates, guides and maintains goal-oriented behaviors. Motivation is what causes us to act, whether it is getting a glass of water to reduce thirst or reading a book to gain knowledge.


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Despite the variety of interpretations of "motivation", it is necessary to identify common features: first, the basis of "motivation" are the needs and interests; second, "motivation" is aimed at achieving a certain goal, both personal and organizational goals; third, "motivation" depends on internal and external factors such as expectations of the individual and of his or her peers, incentive or reward value of the goal, etc. And among internal factors one can distinguish both conscious and unconscious factors. Thus, in authors' opinion, staff motivation (work motivation) is a purposeful motivation of an employee to work through constant influence on his needs, interests and goals with the help of both internal and external factors in order to achieve the desired goal (productivity growth, quality improvement, staff turnover reduction, improvement of socio-psychological climate in the team, etc.).

The authors suggest that motivation is one of the most effective mechanisms of personnel management of any enterprise, since it is the development of an effective motivational mechanism that determines the economic efficiency of the enterprise. Its main components, according to Kendra, include activation, persistence and intensity. Activation involves the decision to initiate a behavior. Persistence is the continued effort toward a goal even though obstacles may exist. Finally, intensity can be seen in the concentration and vigor maintained that goes into pursuing a goal (Kendra, 2013).

The importance of improving the system of personnel motivation is growing in small enterprises of the food industry. This is due to the peculiarities of these enterprises:

- unsatisfactory level of social protection of employees;
- flexibility in the organization of work; growing importance of personal qualities of employees;
- no vertical career growth (usually); lack of personnel services;
- lack of bureaucratic relations that would provide the necessary legal support;
- small enterprises are closer in their relations between subordinates and employers, which unites them in their work.

Properly organized motivation system helps to significantly improve the efficiency of staff, increase sales, and improve the production process and the level of customer service, without particularly large material costs of the enterprise. This is due to the fact that when an employee performs his duties with pleasure and his goals of self-development include the development of the enterprise as a whole, his efficiency increases significantly. But the lack of motivation, as a rule, leads to the loss of valuable employees and in critical cases may lead to the termination of its activities. In addition, disgruntled employees have a negative impact on the business reputation of the enterprise.

The efficiency of the economic mechanism of motivation of work of employees is facilitated by the use of such forms of monitoring and adjustments as the assessment of the transformation hierarchy and composition of the needs, interests, values and motives of employees; monitoring the operation of components of the mechanism and bringing the ratio of types of motivation and their tools to the optimum state according to the criterion of efficiency of production; analysis of results of operations and overall effectiveness of the motivational mechanism (Zolotareva, 2011, pp. 8-9).

Hence, the improvement of the mechanism of motivation of economic activity of employees of small enterprises of the food industry requires a comprehensive and systematic study of the structure of personnel needs. The main factors under the influence of which there is a transformation of the latter, in our opinion, are as follows:

1) changes in the value orientations of employees. As Kolot noted, sociological surveys and research in the field of labor prove that those workers who started their work in the 90-ies have changed their value orientations. Self-realization and self-development come to the fore (Kolot, 2014, pp. 63). At this time, the younger generation (generation "Y") is not indifferent to material well-being, although it does not consider it as an end in itself, but only as a means for self-expression and realization of higher interests and needs. That is why, the new requirements for the content of the labor process, working conditions, psychological climate in the team come to the fore;
2) age and career stage of the employee. In career management, there are several stages of career in which a person meets different needs:

- preliminary stage (up to 25 years). During this period, a person can change several different jobs in search of an activity that meets his needs and meets his capabilities. If she finds such kind of activity-there is her self-affirmation as a person growing needs for the security of existence;
- stage of formation (25-30 years). The employee masters the profession, acquires the necessary skills, his qualification is formed, there is self-assertion and there is a need for independence. Concerned about the safety of existence and health. There is a need to receive wages exceeding the subsistence minimum;
- stage of promotion (30-45 years). There is a process of growth of qualification, promotion. There is an accumulation of practical experience, skills, growing need for self-affirmation, achieving a higher status and even greater independence, self-expression begins as a person. The efforts of the employee are focused on increasing wages and health care;
- conservation phase (45-60 years). There comes a peak of improvement of qualification and there is its increase. At this stage, a person reaches the heights of independence and self-expression, so interested to transfer their knowledge to young people;
- completion stage (60-65 years). There comes a career crisis: the employee gets less satisfaction from work and experiences a state of psychological and physiological discomfort, self-expression and respect for themselves and others reach a peak (Shaikhlislamov, 2014, pp. 46-47);

3) type and level of development of organizational culture of the enterprise. Organizational culture is an important component of solving practical problems in the field of strengthening the motivation of employees. An entrepreneur will not be able to get the maximum economic effect from the activities of employees, if they are not United by common ideals, combining the idea, basic principles, values and beliefs, management ideology, common beliefs, expectations and norms, that is, the organizational culture of the enterprise;
4) the economic situation in the country. The latter affects the formation and development of the needs of the population of Ukraine. Thus, according to the results of recent studies: a) some Ukrainians are unable to meet their physiological needs (23.3% of the population are unable to buy the most necessary products, 16.3% – necessary clothing, 45.7% lack the necessary medical care, 23.7% – necessary furniture, 35.4% – good quality housing, 49.2% – in legal aid to protect their rights and interests); b) in 2014 a growing proportion of households, which with a significant increase in income, would have directed additional funds primarily to meet the physiological needs (food, clothing, shoes, treatment); c) there is a special class – precariat (in Ukraine in 2012 precariums were 50.7% of the economically active population). Precariums have to refuse to meet the security needs in order to meet the physiological needs; d) the culture of consumption of low – and medium-income groups of the population is transformed under the influence of the phenomenon of glamour. These groups of the population have a need for statutory consumption; e) social development leads to the emergence of new needs – "information" (Sedliar, 2017, pp. 10-11).

Today, domestic employers have a negative attitude to the motivation of work or sometimes just ignore it. This is due to the high level of unemployment in Ukraine: according to the national statistics, the load on one job in September 2018 was 3 people against 7 people in December 2017 (with the level of registered unemployment in December 2017 of 1.4%) (State Statistics Service of Ukraine) However, the registered unemployment rate is significantly different from the unemployment rate in Ukraine, calculated according to the methodology of the international labour organization. For reference, in 2016 the unemployment rate in Ukraine according to the methodology of the international labour organization was 9.3%.

At the same time, according to the results of research, among those small enterprises of the food industry that pay attention to the motivation of labor, the main means of motivation is wages. It remains the only source of cash income for the majority of workers of small enterprises of the food industry and allows satisfying their needs. Being the most mobile and flexible form in the general personnel management system, wages perform three main and a number of less important functions in the organization of personnel management: stimulation of high-performance labor, reproduction of labor force and social function, which ensures the implementation of the principle of social justice with respect to obtaining their own income. With the weakening of one of these functions weakens the influence of others. Therefore, an increase in the level of wages is an important condition for the material promotion of high-performance labor of personnel.


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Thus, the average monthly salary in the sphere of production of food, beverages and tobacco products in 2010-2017 is lower than the average monthly salary in Ukraine as a whole (in 2017, salary in this area amounted to 95.1% of the average monthly salary in Ukraine) and lower than in industry (Table 1).

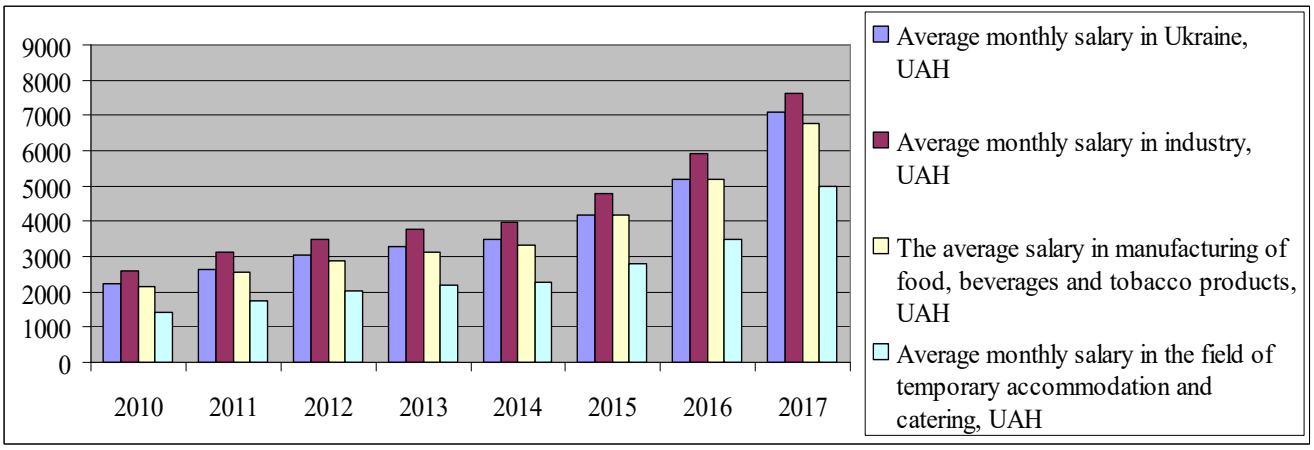
**Table 1.** The level of salaries at domestic food industry enterprises in 2010-2017

Source: Compiled by the author on the basis of (State Statistics Service of Ukraine).

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| Average monthly salary in Ukraine | UAH | 2,250 | 2,648 | 3,041 | 3,282 | 3,480 | 4,195 | 5,183 | 7,104 |
| Average monthly salary in industry | UAH | 2,578 | 3,119 | 3,497 | 3,774 | 3,988 | 4,789 | 5,902 | 7,631 |
| The average salary in manufacturing of food, beverages and tobacco products | UAH | 2,145 | 2,554 | 2,896 | 3,117 | 3,337 | 4,184 | 5,182 | 6,756 |
| | In % to average salary in Ukraine | 95.3 | 96.4 | 95.2 | 94.9 | 95.8 | 99.7 | 99.9 | 95.1 |
| Average monthly salary in the field of temporary accommodation and catering | UAH | 1,424 | 1,750 | 2,020 | 2,195 | 2,261 | 2,786 | 3,505 | 4,988 |
| | In % to average salary in Ukraine | 63.2 | 66.0 | 66.4 | 66.8 | 64.9 | 66.4 | 67.6 | 70.2 |

The situation is different in the field of temporary accommodation and catering: the average monthly salary in this area in 2017 was 70.2% of the average monthly salary in Ukraine. Although these indicators show insufficient material incentives for workers in the studied sectors, however, it is worth to note a positive trend: compared with previous years, the ratio of the average monthly salary in the field of temporary accommodation and catering to the average monthly salary in Ukraine is growing annually (from 63.2% in 2010 to 70.2% in 2017) (Table 1, Figure 1).

In addition, non-material incentives play an important role in the employee motivation system. Non-financial incentives include preferential medical care, a system of internal training and refresher courses, various programs of individual development. Non-financial incentives also include the participation of employees in decision-making on various current issues of the company, which allows the employee to feel its importance in the functioning of the company.



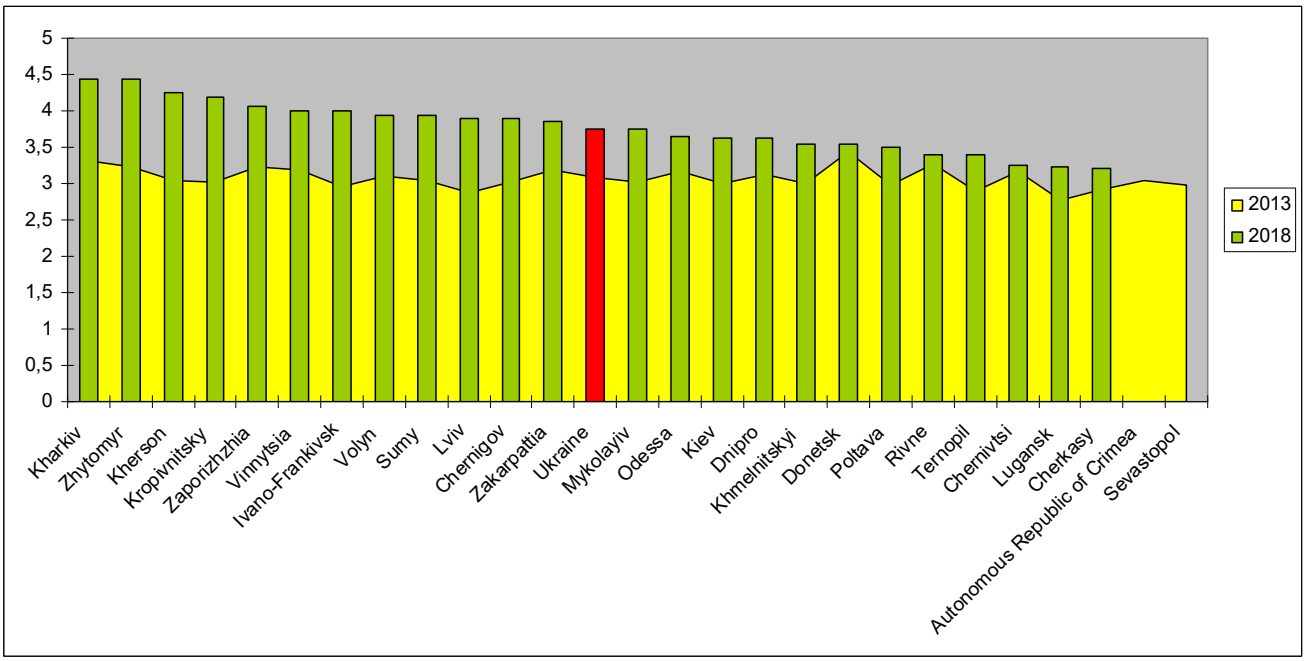

Source: Compiled by the author on the basis of (State Statistics Service of Ukraine).

**Figure 1.** The level of salaries at domestic food industry enterprises in 2010-2017

The business is competitive if it uses both tangible and intangible levers of motivation of its employees. Of course, the motivation systems differ in each company, but there are also some differences in the motivation system in the context of the regions of Ukraine and the areas of economic activity of the enterprise. Thus, according to the report on the competitiveness of the regions of Ukraine in 2013, the average business of all regions did not use enough non-financial incentives. The latter, along with the remuneration was mainly common in Khmelnitskyi (3.98 points, the maximum value 7 points) and Odessa (3.91 points) regions. At the same time, in Poltava (3 points) and Ternopil (3.18 points) regions, the emphasis was mainly on financial remuneration. Intangible incentives were most often used in construction companies (4.02 points) and banks (3.86 points), less intangible incentives are used by companies of raw materials and related industries – in the extractive industry (3.24 points), in the production of electricity, gas, water and in construction (both 3.33 points) (Fond "Efektyvne upravlinnia"). It is worth noting that according to the results of the study, non-financial incentives were not sufficiently distributed regardless of the size of the business.

However, as of 2018, according to the results of the measurement of the regional business environment in Ukraine, domestic enterprises, regardless of size, motivate their employees to improve productivity. The employees were mostly motivated in Kharkiv (4.44 points out of 6 possible), Zhytomyr (4.44 points out of 6 possible) and Kherson regions (4.26 points out of 6 possible) with an average level of motivation in Ukraine of 3.76 points out of 6 possible (Regional Business Environment in Ukraine) (Figure 2). Compared to 2013, the situation has changed significantly in the direction of improvement: the leaders in employee motivation were enterprises of Donetsk (3.44 points out of 7 possible), Kharkiv (3.31 points out of 7 possible) and Rivne regions (3.28 points out of 7 possible points) (Figure 2).

A positive trend is also confirmed by the fact that among the staff costs are the costs of social activities of enterprises (Table 2). In addition, it should be noted that in 2017 in small businesses in the field of temporary accommodation and catering expenses for social activities were higher than in general in small businesses in Ukraine (18.8% vs. 18.0%).




Source: Built by the authors on the basis of (Fond "Efektyvne upravlinnia", 2013; Regional Business Environment in Ukraine).

**Figure 2.** Assessment of employee motivation in the regions of Ukraine 2013-2018 (in 2013 the maximum value is 7, in 2018 the maximum value is 6)


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**Table 2.** Personnel costs of enterprises in 2017 with distribution to large, medium and small

Source: State Statistics Service of Ukraine.

| Indicators | Total | Enterprises | | |
|---|---|---|---|---|
| | | Large | Medium | Small |
| **Ukraine** | | | | |
| Personnel costs, mln UAH | 569,937,3 | 212,897,9 | 255,694,2 | 101,345,2 |
| **Among them** | | | | |
| Salary, mln UAH | 472,764,7 | 177,097,9 | 212,589,3 | 83,077,5 |
| Expenditures on social activities of enterprises, mln UAH | 97,172,6 | 35,800.0 | 43,104,9 | 18,267,7 |
| Share of social activities in staff costs, % | 17.0 | 16.8 | 16.9 | 18.0 |
| **Temporary accommodation and catering** | | | | |
| Personnel costs, mln UAH | 5,907,6 | - | - | 2,006,6 |
| **Among them** | | | | |
| Salary, mln UAH | 4,837 | - | - | 1,629,5 |
| Expenditures on social activities of enterprises, mln UAH | 1,070,6 | - | - | 377,1 |
| Share of social activities in staff costs, % | 18.1 | - | - | 18.8 |

At the same time, analyzing the data of the state statistics service of Ukraine (average monthly costs of enterprises per employee in 2010-2014) (Table 3), it is worth to note a certain increase in most indicators, except for the cost of vocational training (6 UAH per month in 2010 and 2014), the cost of cultural and consumer services (47 and 39 UAH in 2010 and 2014 respectively) and salary in kind (11 and 9 UAH in 2010 and 2014 respectively). Material incentives for employees of the food industry at the expense of premiums in 2014 ranged from 1.9% to 2.3% of the average monthly salary. Payment of housing for employees of these enterprises in 2014 ranged from 2-3 UAH for a month. The most significant costs of the material motivation of employees of the studied enterprises are social security costs, which in 2014 ranged from 26.4-26.9% of salary. Unfortunately, it is impossible to analyze the situation that has developed in 2017 and 2018, since these data are not available for the study period. However, despite the analyzed data, it can be argued that the system of motivation of employees in domestic enterprises in general and in the food industry, in particular, requires significant improvement.

**Table 3.** Average monthly costs of enterprises per employee in 2010–2014

Source: State Statistics Service of Ukraine (2015, pp. 37).

| | Average monthly expenses in total, UAH | Including | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Direct payment | Payment for unworked time | Bonuses and irregular payments | Wages in kind | Payment for housing of employees | Social security of employees | The expenses for professional training | Costs of cultural and consumer services | Other expenses |
| | **2010** | | | | | | | | | |
| Total | 3,754 | 2,249 | 199 | 117 | 11 | 5 | 1,017 | 6 | 47 | 102 |
| Manufacture of food, beverages and tobacco products | 3,127 | 1,982 | 140 | 77 | 10 | 3 | 830 | 4 | 17 | 65 |
| Activity of hotels and restaurants | 2,146 | 1,400 | 87 | 43 | 10 | 2 | 573 | 1 | 7 | 21 |

**Table 3 (cont.).** Average monthly costs of enterprises per employee in 2010–2014

| | 2014 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total | 5,297 | 3,188 | 316 | 191 | 9 | 4 | 1,438 | 6 | 39 | 105 |
| Manufacture of food, beverages and tobacco products | 4,771 | 3,006 | 233 | 110 | 19 | 2 | 1,261 | 4 | 24 | 113 |
| Temporary accom-modation and catering | 3,052 | 1,985 | 152 | 59 | 13 | 3 | 822 | 1 | 1 | 17 |

In order to improve the system of incentives for employees, it is advisable to use the experience of foreign enterprises. For example, today, foreign enterprises are actively using indirect financing of the employee, which provides for the transfer of a certain amount during the year to a separate account, which the employee will be able to receive only after a certain period (5-10 years). The availability of additional social protection is a motivating factor for an employee who seeks stability after retirement. And the company to some extent "binds" the employee to itself, spending less money than if it would be necessary to raise wages.

Thus, it can be concluded that the improvement of systems of motivation in enterprises should take into account that the system of financial incentives should be simple and understandable to each employee, be flexible, give the opportunity to immediately encourage every positive result of the work. The amount of incentive should be economically and psychologically justified (more and less; more often, but less). Promotion of staff is important to organize on such indicators, everyone perceives as correct.

As for moral incentives, they should include such means of attracting people to work, which are based on the attitude to work as the highest value, on the recognition of labor merits as the main ones. They should not be limited only to rewards, their application provides for the creation of such an atmosphere, public opinion and a moral and psychological climate in which the workforce is well aware of who and how to work, and everyone is rewarded. This approach requires assurance that the conscientious work and exemplary behavior always get recognition and positive feedback, bring respect and gratitude.

Hence, the basic principles on which the system of motivation of employees of small enterprises of the food industry should be based should be as follows:

- perception of the employee as a person, respect for him, his needs and interests;
- creation of safe and comfortable working conditions;
- creation of conditions and provision of equal opportunities for professional advancement of employees;
- the use of objective criteria for assessing employee;
- ensuring compliance of the employee's remuneration with the results of his / her work;
- fair distribution of income, participation of employees in profits;
- involvement of employees in production management;
- ensuring moral and social protection of the workforce (Verbytska, 2012, pp. 12).

On the basis of the above, we believe that an effective system of motivation of personnel of small enterprises of the food industry should include:

1) focus on the selection of personnel in the first and last stages of career development, since during this period the dominant needs are either gaining experience or stable income and self-realization. At the same time, it is necessary to carry out testing to determine the motivational profile of the employee (in order to weed out ambitious employees) and the type of employee, depending on the approach to building a career (it is


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desirable to hire "ants" or "masters" and avoid "climbers", "illusionist", "collectors" and "usurpers" (Shaikhlislamov, 2014, pp. 47-48). This is due to the limited opportunities for career growth in small enterprises of the food industry;
2) the use of indirect financing of the employee (transfer within a year of a certain amount to a separate account, which the employee will be able to get only after 5-10 years), which will allow the employee to ensure stability after retirement, and reduce staff turnover and the company and, as a result, will lead to increased productivity;
3) establishing a dialogue between management and staff: the office of the head of the enterprise should always be "open" to the ideas of employees. The efficiency of staff increases when employees respect the head as a skilled Manager, and do not feel fear of him;
4) the possibility of obtaining the company's products at reduced prices;
5) professional development of employees, involvement of experienced employees (mentors);
6) the possibility of free use for the benefit of the employee of the property of the enterprise (car, composition, tools) or its lease;
7) the possibility of obtaining a short-term interest-free loan for urgent needs, housing loan (especially in small towns), free financial advice;
8) creating an atmosphere of openness and freedom of communication;
9) allocation of the employee's individual contribution to the overall goal by means of personal and public recognition;
10) involving staff in decision-making;
11) the possibility of providing employees with a set of benefits from which they can choose once a year for themselves those that are most suitable for them at present: contributions to the pension fund in exchange for hospital insurance, participation in the company's insurance Fund or flexible working hours, various types of vacations or remuneration using bonuses;
12) provision of additional leave to employees for the best performance ("employee of the year") etc.

Therefore, when developing a system of motivation of personnel of small enterprises of the food industry, it is necessary to take into account the action of factors such as changes in the value orientations of employees, the age and stage of the employee's career, the type and level of organizational culture of the enterprise, the economic situation in the country and the like. Relying on results of the study of motivation of employees of the food industry's small enterprises, it can be argued that the latter requires significant improvement in the following main areas:

1) to give preference to employees who are at the first and last stages of career development;
2) to determine the motivational profile and the type of employee in the employment;
3) to improve the skills of employees through the introduction to coaching employees private enterprises with experience;
4) to mark the individual contribution of each employee to the common goal through personal and public recognition;
5) to involve staff in the decision-making.

## CONCLUSION

Properly organized motivation system is a significant factor of improving the efficiency of staff, increasing sales, and raising the companies' productivity and the level of customer service, without particularly large expenditures of the enterprise. The mechanism of personnel motivation on small enterprises is inflicted by changes in the value orientations of employees, their age and career stage, type and level of development of organizational culture of the enterprise and economic situation in the country. Due to that impact trends in the level of salaries at domestic food industry enterprises are forming. According to our research results, one can see recent positive changes in this sphere. However it is extremely needed to improve motivating personnel of small business by contemporary means such as supporting employees who are at the first and last stages of career development, determining basic needs of stuff, improving the skills of employees, marking the individual contribution to the common results and involving staff in the decision-making process.

At the same time, it should be noted that the system of personnel motivation also depends on the state policy, the state of the market environment, the actual motivation of the employee and the activities of public organizations, which will be the direction of our further research.

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