

Ministry of Education and Science of Ukraine
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Gao Yan

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The topic of the work

**Updating the management of construction enterprises on
the integrated basis of modern theories of motivation**

Head: Associate Professor, Candidate of Economic Sciences Yakymchuk I.M.

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Relevance of the topic

The construction industry today needs effective resource management, coordination of work, and adaptation to changes that arise in the construction process. Modern projects have become large-scale, complex, and require a high level of staff motivation. The development of technology dictates new requirements for the skills of employees, and the industry faces difficulties in attracting and retaining qualified personnel.

The socio-economic changes in Ukraine caused by Russia's military aggression also affect the needs and expectations of employees. In the face of these challenges, the adaptation of modern motivation theories to construction management is critical. This helps to attract, retain and effectively utilize staff, ensure a high level of motivation and achieve the company's goals.

The object of the study is the process of adapting theoretical approaches and concepts of the staff motivation system of the construction company “Miskzhytlobud” to modern management practices.

The subject of the study is the theoretical, methodological and applied aspects of the system of motivation of employees of construction companies, taking into account current internal and external factors of influence.

The purpose of the study is to determine the optimal approaches to adapting modern motivation theories to management practices at construction enterprises in order to increase employee efficiency and satisfaction, improve production results and achieve strategic goals in the construction industry.

To achieve this goal, the following research objectives were set and solved:

- to define the essence of the labor motivation system, the principles of its formation;
- to analyze modern theories and methods of staff motivation;
- to identify changes in the system of staff motivation of construction enterprises;
- to evaluate the financial and economic status of the construction company “Miskzhytlobud” LLC;
- to determine the factors of internal and external environment of the enterprise, to conduct a PEST and SWOT analysis of the construction company “Miskzhytlobud” LLC;
- to analyze the current system of motivation and personnel management of “Miskzhytlobud” LLC;
- to develop a program of adaptation of the system of labor motivation of the staff of the construction company “Miskzhytlobud” LLC to management practices;
- to evaluate the socio-economic effect of adapting the system of labor motivation of the staff of “Miskzhytlobud” LLC;

CHAPTER 1. THEORETICAL ASPECTS OF STAFF MOTIVATION AS A MANAGEMENT FUNCTION

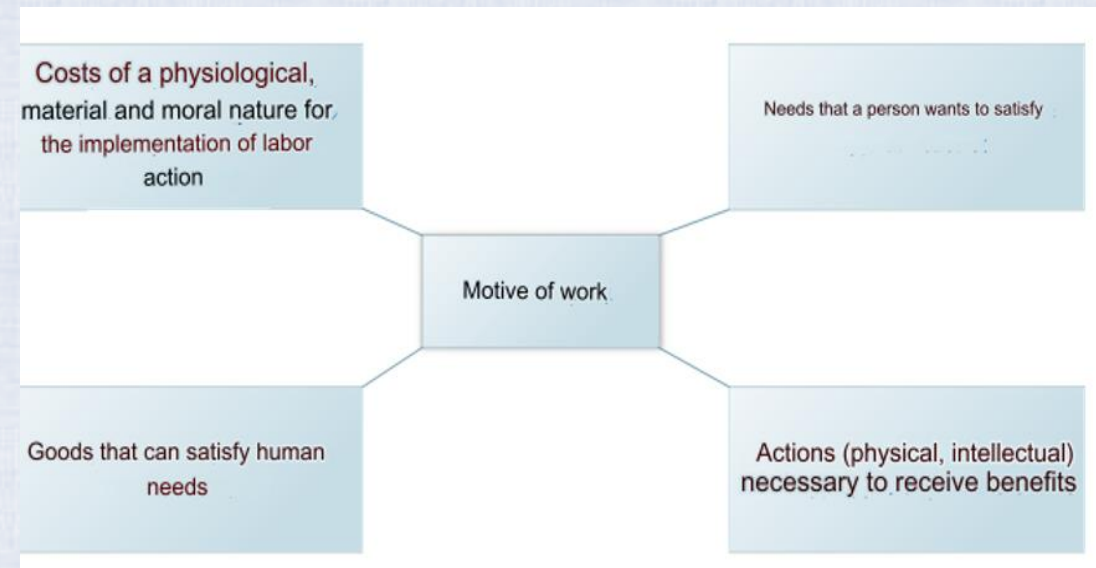
Motivating employees is one of the most important and challenging aspects of HR management. Different foreign and domestic scholars explain the concept of staff motivation in different ways.

Definition of the concept of "motivation" by foreign and domestic scientists

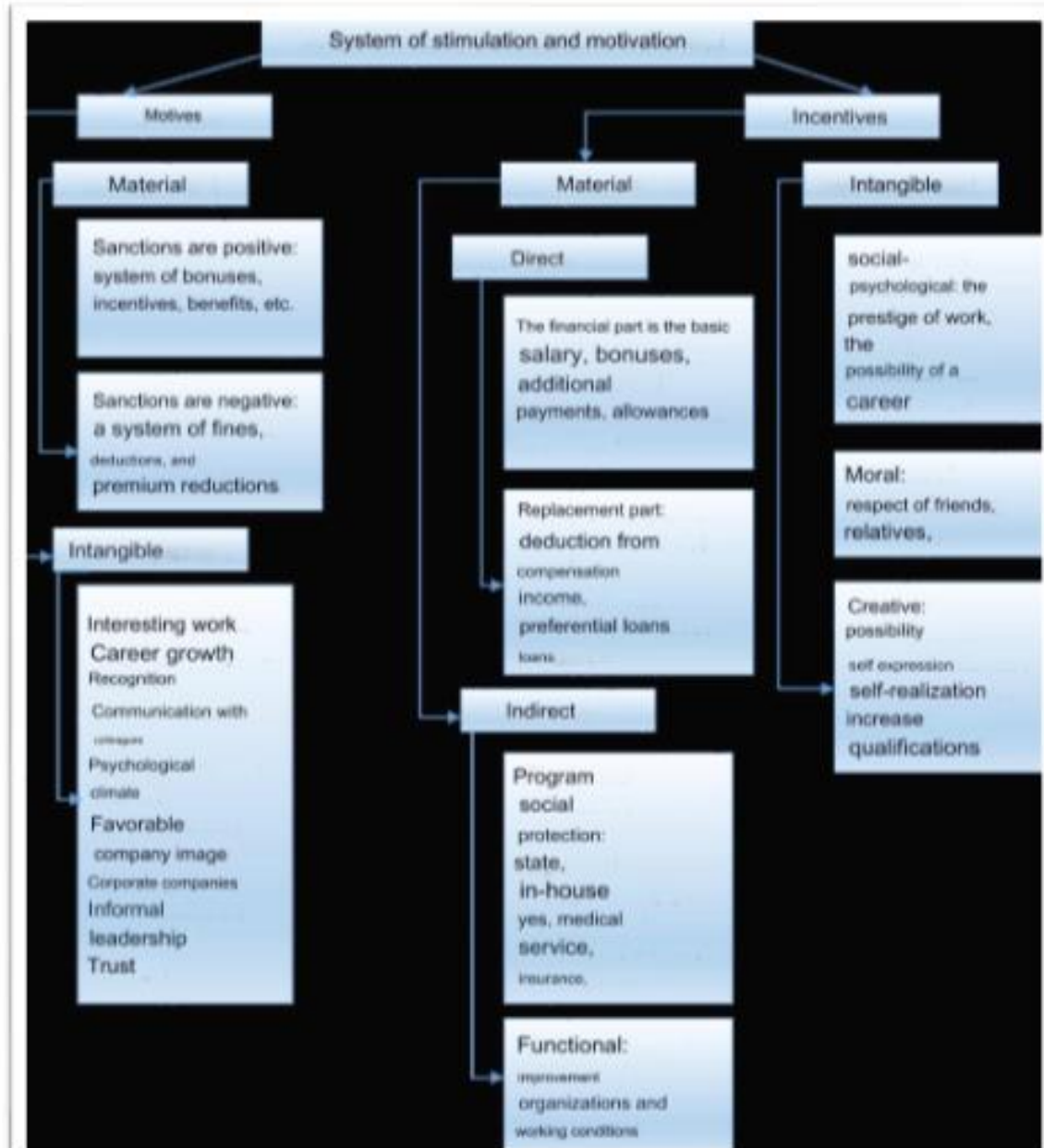
Author (source)	Definition
Meskon M., Khedouri F.	The process of encouraging oneself and others to work to achieve personal goals and organizational goals.
<u>Heckhausen H.</u>	Motivation is a general concept of many processes and phenomena that consist in a person's choice of behavior based on expected consequences and its management in terms of direction and energy expenditure.
Daft R.	The energy that is present inside a person or outside, and prompts him to perform specific actions with enthusiasm and persistence.
Taylor F.	Satisfaction of human needs with the help of material stimulation, in proportion to one's own contribution to the overall result.
Robbins T.	The inner state of a person, the deprivation that prompts a person to act.

A fragment of the table of definitions.

The basic structure of a motive consists of four elements. Thanks to the interaction of all structural elements of the motive, a person achieves the goal by following this algorithm of actions



Classification of elements of the staff incentive and motivation system



The system of motivation and incentives for employees is understood as a set of elements that directly and indirectly affect labor productivity and ensure the achievement of organizational goals, taking into account the rational use of resources.

The main approaches to creating a labor motivation system in an organization are based on the following principles:

- The motivation system covers measures that encourage staff to work effectively to achieve the company's goals.
- It is aimed at meeting the needs of employees by forming motivation through internal and external factors.
- Motivation is a holistic system that aligns the interests of employees and business owners.
- It includes all the factors that stimulate employees to be productive.
- It organically combines material, moral, psychological and social needs of the team, working as a single system.

All existing theories and methods of staff motivation are usually based on the results of psychological research and are aimed primarily at determining the list and structure of people's needs.

Generally speaking, motivation theories can be divided into two categories:

(content theories

Scientists working with content theories study the internal needs of a person that determine the motivation for certain actions, their direction, support.

process theories Process theories, on the other hand, focus on describing and analyzing the process by which a behavior is initiated, directed, maintained, and completed

Content theories of motivation	
1. Abraham Maslow's Hierarchy of Needs Theory	considers motivation through basic needs that form a hierarchy (from physiological to self-expression needs)
2. Clayton Alderfer's ERG theory	is a simplified version of Maslow's theory that divides needs into three categories: existence, communication, and development
3. David McClelland's Acquired Needs Theory	identifies three basic needs: achievement, affiliation, and power that motivate behavior.
4. Frederick Herzberg's Two-Factor Theory of Motivation	- distinguishes between hygiene factors (conditions, payment) and motivators (recognition, development), where only the latter contribute to the growth of motivation.
Process theories of motivation	
1. Victor Vroom's expectancy theory	suggests that motivation depends on expectations of outcomes and rewards.
2. John Adams' Theory of Equity	- focuses on the perception of fairness of reward for work performed.
3. Edwin Locke's Theory of Goal Setting	- emphasizes the importance of clear and ambitious goals that motivate employees.
4. B.F. Skinner's Reinforcement Theory	- focuses on motivation through positive reinforcement and avoidance of negative consequences.

The modern scientific approach to management includes various theories of staff motivation that are successfully applied in practice. Classical and modern theories of motivation do not contradict each other, but rather complement each other, revealing the versatility and creativity of the motivational process, which encourages employees to actively participate. Modern approaches focus on intrinsic motivation, the joy people get from performing tasks, finding new challenges, expanding and using their abilities, and continuous research and learning.

The most famous modern theories of motivation are the theories of foreign scientists J. Atkinson, R. Prestas, T. Stewart, B. Tracy, F. Hyder, W. Glasser, W. Arnold, W. Siegert, L. Lang, J. Heckman, and G. Oldham.

Modern theories of personnel motivation		
The author of the theory, name	The content of the theory	The possibility of practical application for intangible motivation
Theory V. Arnold	The effectiveness of motivation is determined by the direction and quality of efforts to achieve results, and not by their general summation.	It is necessary to develop a high-quality motivation program for each employee. The productivity of motivation is enhanced by the energy of purposeful behavior, which encourages employees to implement effective processes.
Theory of achievement motivation J. Atkinson	According to this theory, the actions of employees are formed on the basis of the personal characteristics of each person, his tendencies to success and aspirations, as well as against the background of the objectivity of their perception of the surrounding world and the real situation.	For employees who have a desire for success and want to achieve specific results, it is important to create conditions for creativity and innovative thinking, to promote the generation of innovations. However, when it comes to employees who do not always show initiative and avoid risk, it is important to give them clear instructions and follow the instructions.
Theory of motivation R. Prestas	The author defines 3 models of organizational functioning of employees: 1. Those who move up (employees understand and accept all the values of the organization); 2. "Indifferent" - those who do not accept the values of the organization and find satisfaction outside of work; 3. "Ambivalent" - those who want to enjoy the benefits of the organization, but do not meet its requirements.	The head or manager of the organization must assign his employees to one of the proposed models, understand their value for himself and understand according to what principle this or that employee can be stimulated.

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Staff motivation methods used to increase productivity and employee satisfaction:

Material incentives:

-Salaries and bonuses are basic material incentives that satisfy physiological and safety needs, according to the theories of Maslow, Alderfer, and Herzberg.

-Bonuses and lump-sum payments are additional financial rewards for achieving certain results or completing complex tasks.

-Profit-sharing programs - the distribution of a portion of the company's profits among employees as a reward for their contribution, increases motivation through a sense of the importance of the work.

Social incentives:

-Recognition and praise is one of the key elements of social motivation, when employees are recognized for their efforts and achievements, which is important for satisfying the need for respect (Herzberg, Maslow).

-Creating a favorable psychological atmosphere - organizing teamwork and providing support among colleagues to improve the moral climate (McClelland and Herzberg theories).

-Involvement in decision-making - providing employees with the opportunity to influence work processes, which increases their responsibility and job satisfaction (Adams' theory of justice).

Professional development and training:

-Providing opportunities for training and development - providing employees with access to professional development programs that allow them to meet their self-actualization needs (Maslow, Alderfer, Locke).

-Career growth - the possibility of vertical and horizontal advancement, which motivates development and increases job satisfaction.

Methods of behavioral reinforcement:

-Positive reinforcement - rewarding the achievement of results to stimulate the desired behavior (Skinner's theory of reinforcement).

-Feedback - regular evaluation of employees' work, which makes it possible to adjust actions and achieve goals (Locke's theory of goal setting).

Organizational methods of motivation:

-Flexible working hours and remote work - ensuring a work-life balance that increases employee loyalty.

-Delegation of responsibility - giving employees more autonomy in performing tasks (Locke's theory).

The last five years have brought about significant changes in the staff incentive system due to global force majeure

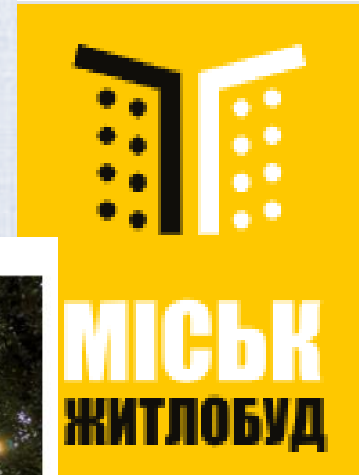
Strengthening material motivation:	The main emphasis is on monetary rewards, such as bonuses, bonuses, and profit contributions. The popularity of tangible incentives remains, although their effectiveness is increased when combined with intangible incentives.
Focus on intangible incentives:	Refocusing on intangible motivational factors such as recognition, skill development, career opportunities, work-life balance, and involvement in decision-making.
Personalized approaches to motivation:	The use of individualized incentive programs for different employees, depending on their personal needs and priorities, such as the ability to work from home or additional vacation days.
Technological innovations and online platforms:	Implement digital platforms to manage incentive programs, automate payments, monitor employee progress, and create incentive and bonus systems.
Flexible benefits:	The concept of “flexible benefits” allows employees to choose additional benefits based on their personal needs (e.g., health insurance, additional vacation time, or training opportunities).
Performance evaluation with a focus on development:	A shift to continuously assessing employee performance for the purpose of professional growth and development. Organizations are increasingly providing feedback and learning opportunities.
Horizontal expansion and vertical enrichment of work:	Providing employees with a variety of tasks (horizontal expansion) and more authority and responsibility (vertical enrichment) to increase job satisfaction.
Flexible work schedules:	Increasing the popularity of alternative work schedules, such as remote work, flexible working hours, or a four-day work week, which has a positive impact on work-life balance.
Attention to the psychological climate:	Creating a work environment with trust, support, and open communication that increases employee motivation and satisfaction
Internal culture and recognition:	Developing the internal culture of the enterprise with a focus on recognizing employee achievements, which strengthens the sense of belonging and loyalty to the organization.

CHAPTER 2. ANALYSIS OF SOCIO-ECONOMIC PREREQUISITES FOR MOTIVATIONAL PROCESSES IN A CONSTRUCTION COMPANY (ON THE EXAMPLE OF MISKZHILSTROY LTD)

Miskzhytlobud LLC is a Ukrainian construction company founded in 1998 on the basis of the Kyivmiskbud-5 Trust (1943), which rebuilt Kyiv after the war. The company has extensive experience in construction, combining traditions with modern technologies and management methods. Over the years, the company has built more than 2 million square meters of real estate.

The company provides services for the construction of residential and commercial facilities, reconstruction and dismantling, and among its large-scale projects are the BOULEVARD VERCHOVNOI RADY residential complex, the CAPITAL HALL business center, and infrastructure facilities at Kyiv Airport.

The company is actively implementing a human resources strategy aimed at professional development of employees, advanced training and compliance with safety standards. "Miskzhytlobud operates primarily in the real estate market of Kyiv and the region, with its main customers being government agencies and private companies.



RESIDENTIAL BUILDING ON THE
VERKHOVNA RADA BOULEVARD



RESIDENTIAL COMPLEX
"HOLOSIEVO"



IGOR SIKORSKY INTERNATIONAL
AIRPORT "KYIV"

**General assessment of the financial and economic condition
of “Miskzhytlobud” LLC:**

Property status: The total assets of the company decreased significantly during 2018-2021. In 2021, there was a significant decrease in current assets, which limits financing opportunities and reduces the company's flexibility.

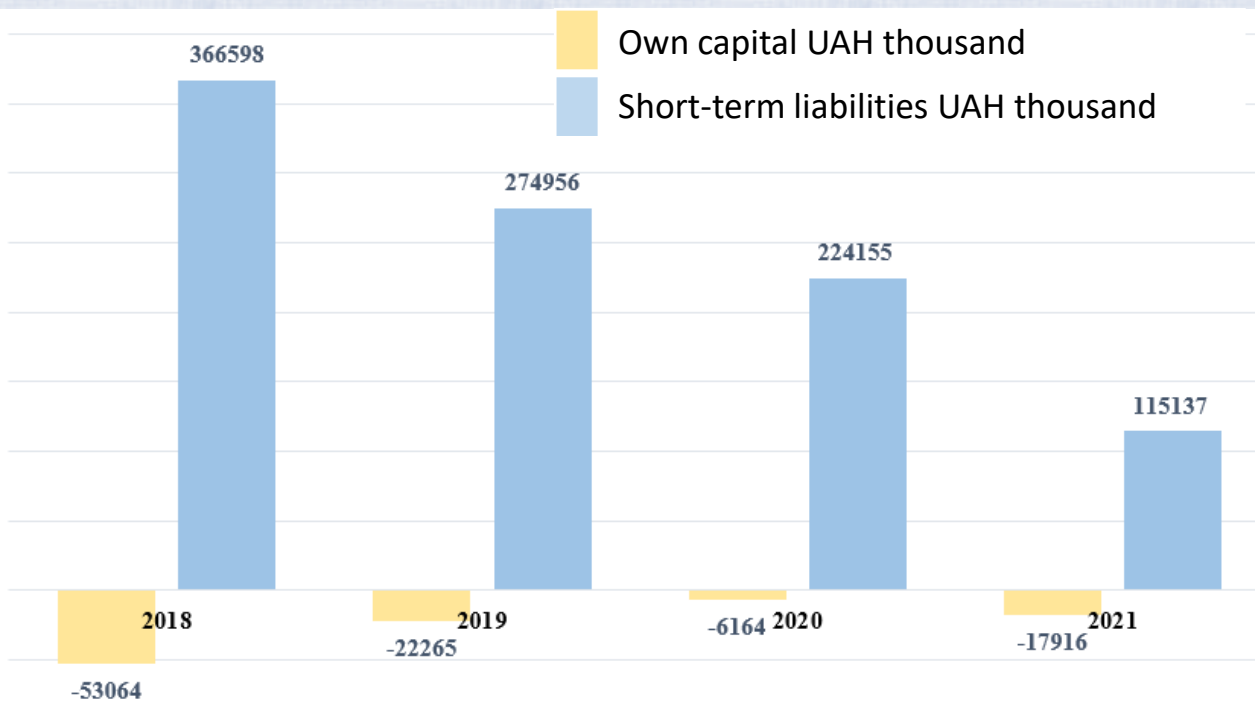
Liquidity and solvency: The company has low liquidity ratios. Liquidity ratios (in particular, absolute and total liquidity) are below generally accepted norms, which indicates difficulties in repaying current liabilities. Working capital is negative, which increases the risk of insolvency.

Financial stability: During the analyzed period, the company's equity was negative, which indicates complete dependence on borrowed funds. The financial stability and autonomy ratios are at a critically low level, which significantly increases the risk of bankruptcy in the future.

Business activity: Asset turnover and average turnover periods show a slowdown, which indicates a decline in the efficiency of the company's resource use. There is also a lengthening of the operating and financial cycles, which negatively affects cash flows and capital turnover.

Profitability: All key profitability indicators (equity, investments, assets, sales) have negative dynamics and indicate unprofitable operations. The worst values were observed in 2020, but the situation remains negative in 2021, with return on equity and investments remaining negative.

Capital structure of the enterprise for 2018-2021, thousand UAH.



Profitability indicators of "Miskzhitlobud" LLC

Indicator	Years				Absolute deviation (+, -)		
	2018	2019	2020	2021	2019/2018	2020/2019	2021/2020
Return on total assets, %	11	13.3	8.2	7.4	2,3	-5.1	-0.8
Return on equity, %	-41.2	-138.7	-254.5	-65.1	-97.5	-115.8	189.4
Return on investment of the enterprise, %	-50.6	-169.6	-311.2	-65.1	-119	-141.6	246.1
Profitability of sold products, %	11.5	91.1	8.5	2.1	79.6	-82.6	-6.4
Profitability of sales, %	10	8.3	7.6	2.1	-1.7	-0.7	-5.5

In order to improve the financial and economic state of the enterprise, the planning and economic department needs to develop an effective management mechanism, which can be represented by the following management decisions:

- control and management of receivables;

- increase the share of equity capital;

- increase long-term bank loans and reduce short-term loans;

- reducing the operating and financial cycle, which will increase the turnover and efficiency of current asset management;

- systematic analysis of financial and economic activities to enable the company to assess its financial position on the go and correct irrational management decisions.

- motivating employees to increase labour productivity, resulting in an increase in the volume and quality of construction;

Analysing the external and internal environment means identifying the company's weaknesses and strengths, assessing them, as well as external threats and opportunities for development. With complete information, the company's manager can make successful management decisions. After analysing, it is possible to identify the key factors affecting the external and internal environment of Miskzhytlobud LLC:

The main factors of the external environment:

Economic: inflation rate, economic stability, volume of government orders.

Political: political instability, martial law, legal restrictions affecting construction.

Technological: development of new technologies, innovations in construction and process automation.

International: cooperation with foreign investors and procurement of materials abroad.

Social and socio-cultural: values, employee motivation, customer preferences for housing.

Environmental: level of pollution, volume of construction waste, need for environmentally friendly technologies.

Market: level of competition, increase in market share.

Competitors: strategy to maintain image and competitiveness.

The main factors of the internal environment:

Marketing: limited advertising campaign, focus on maintaining market position.

Production: level of depreciation of equipment, availability of modern technologies and facilities.

Organisation and management: centralised management system, low flexibility and responsiveness.

Personnel: high qualification of employees, use of new personnel with ideas for innovations.

Suppliers: availability of reliable suppliers of quality materials.

Customers: a diverse range of customers, including individuals, government and commercial organisations.

Diagnostics of the direct influence of the organisation's external environment is carried out by assessing and analysing economic, technological, social and political factors, namely, **PEST-analysis** (P - political and legal environment; E - economic environment; S - sociocultural environment; T - technological environment)

The PEST-analysis of Miskzhytlobud LLC shows that 'Miskzhytlobud' LLC operates in a complex environment where political and economic factors pose significant threats to business stability, and socio-cultural and technological factors offer both opportunities and challenges. Key areas for improvement include:

- Upgrading equipment and introducing modern technologies.
- Attracting foreign investment and partners.
- Upskilling staff to master new technologies.
- Active response to social changes and growing customer demands.
- Effective management of these factors will allow the company to adapt to market conditions while remaining a competitive and reliable construction organisation.

External factors	Opportunities	Threats
	<p>Winning leadership positions in the city of Kyiv.</p> <p>Development and implementation of new construction technologies.</p> <p>Improving the qualifications of employees.</p> <p>Participation in state tenders for construction.</p> <p>Entering the construction market in the Kyiv region.</p>	<p>Development of competitors in the industry.</p> <p>Changes in legislation by the state.</p> <p>Significant fluctuations in exchange rates.</p> <p>Increase in world prices for raw materials.</p> <p>Political instability.</p> <p>Crisis of the consumer market.</p>
Internal factors		
Strengths	<p>Ensuring stable operation of the company without reducing human resources.</p> <p>Attracting foreign investment in construction.</p> <p>Possibility of international exchange of workers.</p> <p>Use of advanced technologies in construction.</p> <p>Conducting an active PR campaign.</p> <p>Increase in sales of ready-made residential objects.</p> <p>Developing a development strategy taking into account force majeure circumstances.</p>	<p>The outflow of highly qualified specialists abroad due to the political and economic situation in Ukraine, inflation, and, accordingly, the low level of wages.</p> <p>Failures in the supply of raw materials and materials.</p> <p>Slowdown of development in the industry due to the unstable situation in the country.</p>
Weaknesses	<p>Unsuccessful behavior of competitors in the construction market.</p> <p>Cost reduction.</p> <p>Implementation of the cost control system.</p> <p>Attracting credit funds for development.</p> <p>Development of energy efficiency and energy management.</p>	<p>Price dumping of competing companies.</p> <p>Growing competitive pressure.</p> <p>Decreased productivity due to insufficient employee motivation.</p> <p>Demand market crisis.</p>
<p>The significance of the construction industry is important.</p> <p>25 years of market experience.</p> <p>Positive reputation in the market of developers.</p> <p>Implementation of projects of all directions of construction.</p> <p>A strong team of professionals.</p> <p>Effective management.</p> <p>Sufficient level of production capacity to fulfill orders.</p> <p>Cooperation with proven partners and suppliers of raw materials and materials.</p>		

Thus, having analysed the **SWOT table of 'Miskzhytlobud' LLC** and compared the strengths and weaknesses of the enterprise with opportunities and threats, we can see that the most advantageous opportunities to increase the competitiveness of the enterprise are

- maximum consolidation and strengthening of leadership positions in the construction industry market in Kyiv;
- focus on meeting consumer requirements for quality, comfort and convenience of housing and premises;
- strategy for the introduction of innovative technologies in the construction industry;
- attracting highly qualified specialists in industrial and civil construction;- professional development of the company's employees;
- development of the construction market in Kyiv region;- attracting new partners and investors for the development of construction activities;-
- strategic development of energy efficiency and energy management;- improvement of the overall management system.

CHAPTER 3. RECOMMENDATIONS REGARDING THE ADAPTATION OF THE MOTIVATION OF THE STAFF OF "MISKZHYTLOBUD" LLC TO MANAGEMENT PRACTICES

After analysing the current system of motivation and personnel management at Miskzhytlobud, we found the following:

Organisational structure:

- The company has a centralised line-functional structure, with the majority of decisions being made by the CEO. This increases control but reduces flexibility and employee engagement.

Motivation system:

- Employees do not share in the company's profits, which may reduce motivation.
- Additional social benefits (loans, financial aid, bonuses) support a positive working climate.
- Young professionals have opportunities to implement innovative ideas, which is an important motivational factor.

Remuneration:

- Salaries are in line with the industry average and are paid consistently, which has a positive impact on motivation.

Staff turnover:

- Staff turnover has increased significantly since 2020 (to 38.9% in 2021), which is a negative trend. The reasons are the pandemic, the war, and the refusal of some employees to get vaccinated.

Training and development:

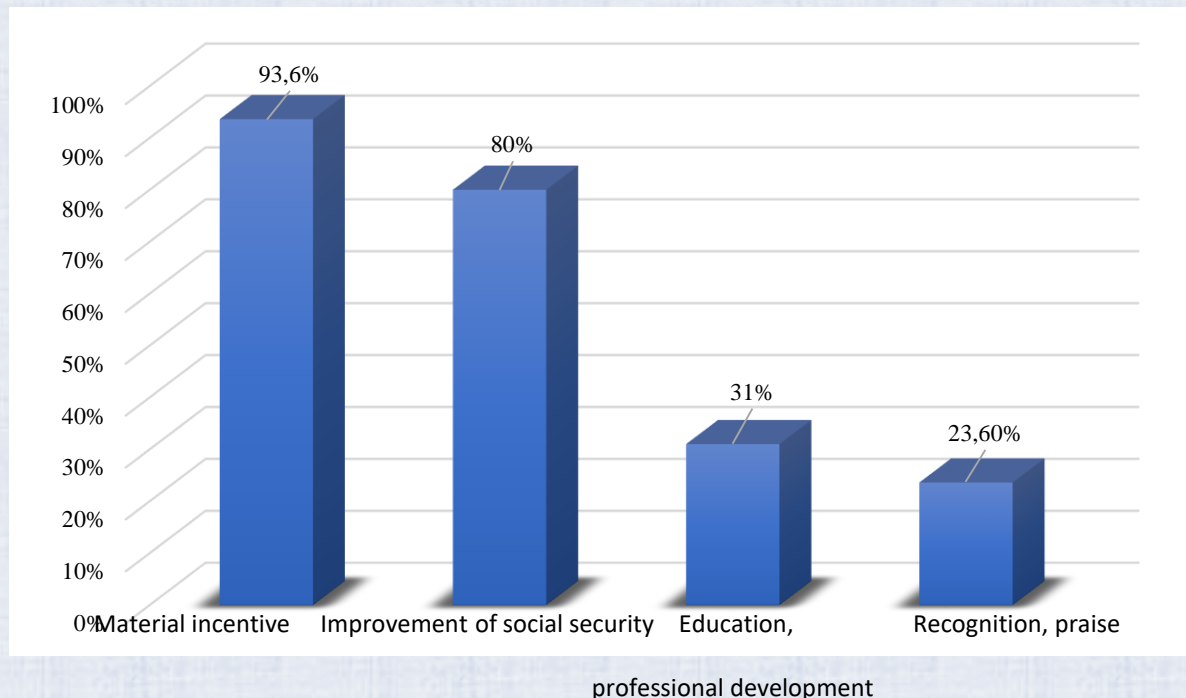
- 77% of employees have been trained over the past two years, which demonstrates the company's commitment to staff development.

The current system of motivation and personnel management of "Miskzhitlobud" LLC needs to be adapted taking into account the specifics of departments, individual characteristics of employees and the unstable political and economic situation. Flexibility in management, as well as renewal of approaches to stimulation and motivation are critical for ensuring the efficient operation of the company and preventing the loss of resources that may arise due to ineffective personnel policy in the conditions of modern challenges.

For the construction company Miskzhytlobud LLC, the development of an adapted staff motivation system is critical, especially in the face of force majeure, such as war and economic instability.

To develop an effective labour motivation system programme at the enterprise, an anonymous survey was conducted to determine the level of satisfaction with the current motivation and satisfaction with the social and psychological climate in the team.

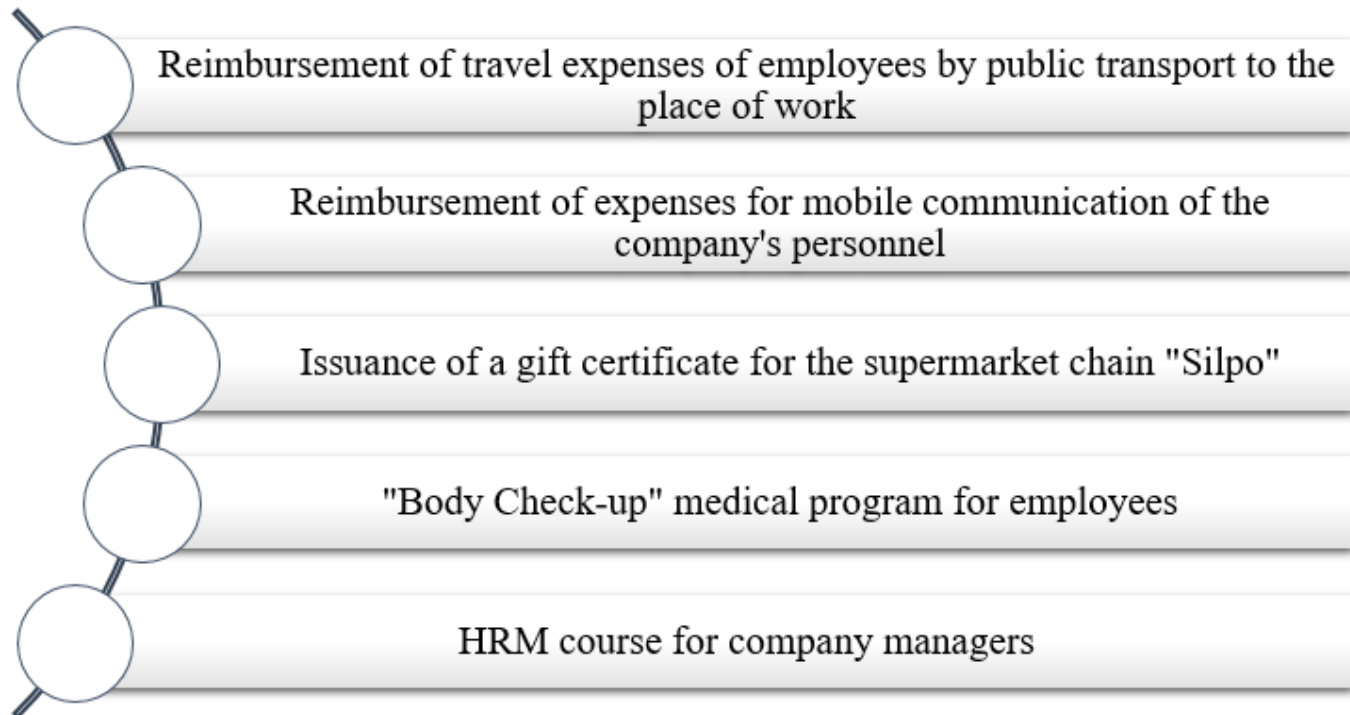
Respondents' answers about effective motivational levers



The results of the survey of employees by the number of votes

No	Question	Number of votes			
		Unsatisfactorily	Satisfactorily	Good	Perfectly
1	How do you assess the level of motivation provided by the company?	21	42	32	15
2	How do you assess the level of monetary incentives provided by the company?	26	45	28	11
3	How do you rate the level of satisfaction with your work at this company?	5	27	60	18
4	How do you rate the level of recognition and praise for your work?	26	53	21	10
5	How do you rate the level of team spirit and cooperation with colleagues?	9	31	58	12
6	How do you rate the opportunity to influence decision-making related to your work?	39	20	29	22
7	How do you rate the level of support and opportunities for development from your management?	20	22	52	16
8	How do you assess the opportunity for advancement and growth at the company?	17	30	48	15
9	How do you evaluate the effectiveness of the incentive system at the enterprise?	33	41	22	14
10	How do you assess the level of transparency and fairness in determining incentives at the enterprise?	23	31	37	19
11	How do you rate feedback from management?	11	55	35	9
12	How do you assess the moral and psychological climate in the team?	14	46	42	8
13	What is your attitude to changes in the system of motivating the company's personnel?	-	9	24	77

An adapted system of motivation of construction company employees to modern management practices should also take into account not only the changes in labour legislation and certain restrictions due to the introduction of martial law in Ukraine, but also such psychological aspects as an increased level of stress among employees, especially those who have lost a loved one, relatives, friends, or have lost their homes and property due to military operations in the country. For such people, the main psychological motivation is to continue living, working for victory, protecting and providing for themselves and their families. **Below are the main measures to adapt the system of motivation of the staff of Miskzhytlobud LLC, which will be effective in these conditions:**



In order to effectively adapt the staff motivation system, a programme for 1 calendar year was developed for Miskzhytlobud LLC, taking into account the calendar schedule and the appointment of a responsible person, which will allow planning certain steps of management actions and thus calculating the socio-economic effect of the implementation.

The socio-economic effect of adaptation of the motivation system at the enterprise

Social effect:

- **Increased labour productivity:** Thanks to motivational measures, employees work more efficiently and are more result-oriented, which improves the company's financial performance.
- Reduced staff turnover:** Offering competitive working conditions and career development opportunities retains talented employees.
- Improving the quality of work performed:** A motivated workforce pays more attention to the quality of work, which helps to strengthen the company's reputation in the market.
- Optimising the use of resources:** Employees who are interested in the result use resources more economically, which helps to reduce costs.
- Reducing stress at work:** Transparency of the motivational system reduces stress and increases satisfaction with working conditions.
- Improving the working climate:** Motivational measures promote teamwork, creating a positive climate in the team.
- Increased staff satisfaction:** A fair reward system increases overall employee satisfaction.
- Reduced conflicts:** Harmonious relations through motivational measures reduce the level of conflict in the company.
- Improving employee self-esteem:** Successful participation in incentive programmes increases employees' confidence in their abilities.

Economic effect:

- **The total economic impact** of the incentive programme per year is **UAH 750.6 thousand**. This is the result of increased productivity, reduced staff turnover and other positive effects.
- **The economic efficiency** of the measures is **31.3%**. This demonstrates the feasibility of investing in an incentive programme even under martial law.

The incentive measures implemented are justified from both an economic and social point of view, ensuring the stability and efficiency of the enterprise in the face of current challenges.

The methods of staff motivation proposed in the paper are of practical use. The practical significance of the study lies in the possibility of using the proposed recommendation measures to adapt the staff motivation system at 'Miskzhytlobud' LLC to the working conditions during martial law in Ukraine.

Thank you for your attention!