DEVELOPMENT OF ALGORITHM FOR CONSTRUCTION MIDDLE-MANAGERS INCENTIVE SYSTEM

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The role of middle management will certainly increase while transiting to an innovative way of factory management. We need to increase the productivity of middle-managers. Then the performance of an enterprise will grow. How can we do it? With the help of quality incentive system of labour for middle-managers.

At first, let's determine the main functions of middle managers. There are:

1) Support for customer satisfaction;
2) Support of corporate loyalty and "fighting spirit";
3) Recruiting and team building;
4) Sales and effectiveness;
5) Innovation;
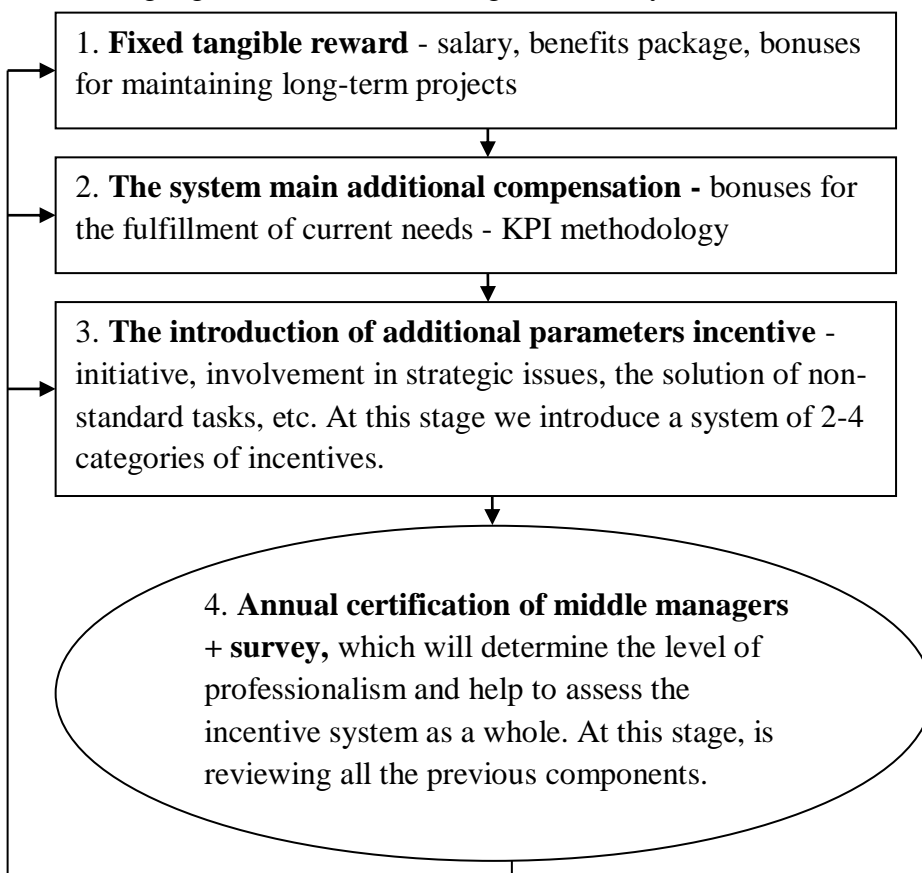6) The implementation of the senior-management's vision.

Therefore manager must possess the following knowledge such as management, marketing, financial management, personnel management, team building, effective business communication, time management (including planning) and delegation.

So, how to encourage middle managers to maximize their productivity?

In fact, we can identify the categories in every incentive system. They are:

1) Financial and economic incentives;
2) Professional and labour incentives;
3) Prestige and social status;
4) The incentives associated with career advancement (non-material incentives).

On the basis of these categories and the mail functions of managers we have developed following algorithm for constructing incentive system – scheme 1.

1. **Fixed tangible reward** - salary, benefits package, bonuses for maintaining long-term projects

2. **The system main additional compensation -** bonuses for the fulfillment of current needs - KPI methodology

3. **The introduction of additional parameters incentive** - initiative, involvement in strategic issues, the solution of non-standard tasks, etc. At this stage we introduce a system of 2-4 categories of incentives.

4. **Annual certification of middle managers + survey,** which will determine the level of professionalism and help to assess the incentive system as a whole. At this stage, is reviewing all the previous components.

Scheme 1 - Algorithm for constructing incentive system

This algorithm is not ideal, but it can be a good example how to organize the process of constructing the incentive system.