

# Change in motivation of economic activity in the light of economic and non-economic motives

**Natalia Nazarenko**

*Ptoukha Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine*

*Corresponding e-mail: kyiv.natalinka@ukr.net*

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## Abstract

The article considers the changes of motivation of economic entities. The forms and methods of economic stimulation and sanctioning are changing, the current norms and rules are transforming, and property relations are being modified. An important feature of the article is the need to shift the focus of research from economic interest to the process of motivation of economic activity.

*Keywords:* behaviour, labour market, social-value needs, the motivation of economic entities

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## 1 Introduction

The modern labour market is a system of socio-economic relations of supply and demand for labour. The labour market is differentiated by certain criteria: national features, gender, age, quality of work force, education etc. In fact, it turns out that the labour market is divided into many segments, which differ in their specificity. There are different theoretical approaches to the study of labour markets, taking into account the behaviour of social subjects. It is impossible to separate a single vector that explains human behaviour. From our point of view, economic behavior in the labour market is related to the choice of such a workplace that will satisfy both economic (material benefits) and social-value needs of the subjects.

In economic theory for a long time dominated a paradigm, according to which the motivation of economic entities was fully formed by the utility function of an individual, possessing only budgetary and time constraints. The behaviour of economic entities was explained solely by economic motives. The focus of economic research was most often on all kinds of benefits or loss of utility functions of economic entities, which are determined by such a construct as economic interest. However, ignoring non-economic motives does not allow to reflect the completeness of the situation, reduces the accuracy and adequacy of modeling the behaviour of economic entities. A man is not a machine, but a living being, who makes systematic mistakes in their judgments and is not able to mathematically accurately predict the future [1, 2].

The active use of non-economic motives in economic science with the purpose of modeling the behaviour of economic subjects dictates the need to shift the focus of research from economic interest to the process of motivation.

The variety of approaches to the definition of the concept of "motive" has led to an even wider range of approaches that substantiate the essence of the category "motivation". Some scholars see the essence of motivation in purposeful activity of creating motives for ensuring appropriate behaviour of people. They interpret the motive as the subjective value of an individual's labour activity, which drives them to act as a result of the transformation of an external stimulus factor (stimulus) into the consciousness of the individual [4, 5]. Other scholars define the motivation to work as stimulating

people to act on the part of the administration or the production management body, which is related to the satisfaction of human needs for material goods [3]. Third group of scholars interpret motivation as encouraging people to engage in activity, a process of conscious choice by a person of a certain behaviour based on internal and external factors, i.e. on motives and incentives [6].

In the process of development of economic systems, the forms and methods of economic stimulation and sanctioning are changing, the current norms and rules are transforming, and property relations are being modified. It can be assumed that the development of human capital is associated with a change in motivation, an increase in the role of intrinsic motivation and a decrease in extrinsic. Motivation of economic activity should be considered as a basis for self-determination of an individual in the modern economic space with domination of personal choice of an individual, increase of the effectiveness of their actions on the basis of the increase of abilities and skills.

## 2 Conclusions

Motivation reflects the whole process of transforming the needs of economic agents into concrete economic results. Thus, economic interest is a component of motivation of economic activity. The development of perfect and adequate models for explaining and predicting the behaviour of business entities dictates the need to shift the focus of research from economic interest to the process of motivation of economic activity.

The main economic factors include the system of economic incentives and sanctions, current rules and regulations. They shape the motivation of economic activity and establish different styles of economic behaviour of subjects. The psychological factors of formation of motivation include the attitude of the individual to these economic factors, as well as the attitude of the individual to himself as an economic entity. The interaction of psychological determinants shapes the economic identity of the economic entity.

In the most general sense, the motivation of economic activity should be considered as a hidden component of economic development. Motivation of economic activity of an individual forms the degree of rationality and activity, determines the orientation and sequence of actions of an individual, and establishes the level of efficiency of economic activity of an individual.

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