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DIGITAL AND MOTIVATION-BASED HUMAN RESOURCE MANAGEMENT STRATEGIES FOR IMPROVING EMPLOYEE PERFORMANCE

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Abstract: This article develops an integrated framework for combining digital HR tools with motivation-based retention strategy and proposes a composite index for tracking its implementation. A review of current practice identifies four recurring weaknesses: bonus schemes that ignore individual differences in what motivates staff, slow adoption of HR analytics for evidence-based decisions, a weak link between training investment and defined career paths, and feedback processes too infrequent to influence behaviour in real time. Building on these findings, the study proposes an indicator architecture spanning four blocks — recruitment and onboarding, learning and development, performance and rewards, and digital HR infrastructure — and constructs a composite employee-engagement index using linear min-max normalisation and a differentially weighted geometric mean. Retrospective estimates for 2019-2025 illustrate how the index responds to specific digital and motivational interventions and where the remaining gaps lie.

Keywords: human resource management, HR digitalisation, employee motivation, retention strategy, composite index, HR analytics, performance management.

Аннотация. В статье разработана интегрированная модель, объединяющая цифровые HR-инструменты и мотивационную стратегию удержания персонала, и предложен композитный индекс для отслеживания её внедрения. Анализ текущей практики выявляет четыре системных недостатка: премиальные схемы, не учитывающие индивидуальные различия в мотивации сотрудников, медленное внедрение HR-аналитики для принятия обоснованных решений, слабую связь между инвестициями в обучение и определёнными карьерными траекториями, а также недостаточно частую обратную связь. На основе выявленных недостатков предложена архитектура показателей по четырём блокам — подбор и адаптация персонала, обучение и развитие, результативность и вознаграждение, цифровая HR-инфраструктура — и построен композитный индекс вовлечённости на основе линейной min-max нормализации и дифференцированно взвешенного среднего геометрического.

Ключевые слова: управление персоналом, цифровизация HR, мотивация персонала, стратегия удержания, композитный индекс, HR-аналитика, управление результативностью.

Introduction

Two trends have reshaped human resource management over the past decade: the shift of routine HR administration onto digital platforms, and a growing recognition that motivation is not a single lever but a mix of financial and non-financial factors that differ from one employee to the next. Organisations that treat these trends separately — buying HR software as an efficiency project while leaving motivation strategy untouched, or redesigning reward schemes without the data infrastructure to track their effect — tend to under-realise the benefit of either. This study sets out to combine the two into a single management framework and to propose a way of measuring progress that ties directly to specific HR decisions.

Four weaknesses recur in current practice and motivate this framework. First, bonus and incentive schemes are frequently designed around a single assumption — usually that money is the primary motivator — despite substantial evidence that recognition, career progression and autonomy matter as much or more for many employees. Second, HR departments often collect large volumes of data through payroll and attendance systems without converting it into analytics that inform actual decisions such as promotion, training allocation or workforce planning. Third, training budgets are frequently spent without a clearly defined career path attached, so employees complete courses without a visible route to advancement, which weakens the retention effect the training was meant to produce. Fourth, performance feedback in many organisations still follows an annual cycle, far too infrequent to correct course or reinforce good performance while it is still fresh.

Literature review and methods

The framework draws on two complementary bodies of work. Herzberg's two-factor theory distinguishes hygiene factors, such as pay and working conditions, from genuine motivators, such as achievement and recognition, and helps explain why purely financial incentive schemes plateau in their effect over time. Kahn's concept of employee engagement, together with more recent HR-analytics literature, provides the basis for treating engagement as something that can be measured through behavioural indicators — participation, retention, feedback response — rather than inferred solely from survey sentiment.

Building on this literature and the four weaknesses identified above, four requirements were set for the proposed model. The first is motivational differentiation: reward and recognition mechanisms should be varied enough to address more than one type of motivator. The second is analytics readiness: the data already collected by HR systems should feed into decisions, not simply into compliance reporting. The third is career linkage: every significant training investment should be paired with a visible next step in an employee's career path. The fourth is feedback frequency: performance conversations should occur often enough to influence behaviour within the same evaluation period, not only at its end.

Guided by these requirements, an indicator architecture spanning four blocks was developed — recruitment and onboarding, learning and development, performance and rewards, and digital HR infrastructure — and a composite index was constructed to track how far an organisation has progressed in implementing the framework.

Results and Discussion

Table 1 sets out the proposed indicator system. Indicators were chosen so that each captures a distinct part of the employee lifecycle, relies on data most HR departments already hold in some form, and can plausibly be reported on a regular basis without creating a disproportionate administrative burden.

Block	Key indicators	Data source	Periodicity
Recruitment and	Time-to-hire; onboarding completion	HRIS records	Quarterly

Block	Key indicators	Data source	Periodicity
onboarding	rate; first-year voluntary turnover		
Learning and development	Training hours per employee; share completing individual development plans; internal promotion rate	LMS, HR reports	Annual
Performance and rewards	Share receiving structured feedback; pay dispersion linked to performance; bonus-eligible headcount share	Performance-management system	Annual
Digital HR infrastructure	Share of HR processes automated; employee self-service adoption rate; analytics-informed decisions per year	HRIS, IT audit	Annual

The recruitment and onboarding block separates time-to-hire from first-year turnover deliberately, since a fast hiring process that results in early departures is not actually efficient once replacement costs are counted. The learning and development block ties training hours to the completion of individual development plans and to internal promotion, which keeps the block honest about whether training actually leads anywhere, rather than simply counting hours delivered.

The performance and rewards block measures the share of staff receiving structured feedback separately from pay dispersion linked to performance, because an organisation can claim to reward performance on paper while its actual pay distribution remains largely flat. The digital HR infrastructure block tracks automation and self-service adoption alongside the number of analytics-informed decisions taken per year, which distinguishes organisations that have digitised HR administration from those that have gone further and actually use the resulting data.

The composite index follows the same construction method used elsewhere in this line of research: individual indicators are normalised onto a 0-1 scale using linear min-max normalisation, with boundary values set at the 3rd and 97th percentiles, and block sub-indices are combined using a weighted geometric mean so that a weak block — rather than being averaged away — continues to pull the overall score down. The initial block weights adopted are: performance and rewards — 0.30 (given its direct link to retention); learning and development — 0.25; digital HR infrastructure — 0.25; and recruitment and onboarding — 0.20.

Table 2 presents retrospective estimates for 2019-2025. The trajectory reflects a fairly typical digitalisation path: early years show slow progress while paper-based processes dominate, followed by an acceleration once an HRIS platform is adopted and self-service tools reach a critical mass of users.

Year	Equal-weight engagement index	Weighted index (proposed method)	Remarks
2019	44.2	42.5	Paper-based HR processes still dominant
2020	48.6	46.1	Rapid remote-work adoption, e-learning pilots
2021	53.9	51.4	First HRIS rollout across head office
2022	58.7	56.0	Structured feedback extended to regional units
2023	62.4	59.8	Self-service portal adoption exceeded 50%
2024	66.1	63.2	Analytics-based promotion decisions introduced
2025	69.8	66.0	Turnover in first-year hires remains the weak block

The weighted index sits consistently below the equal-weight series, which reflects the heavier weight placed on the performance and rewards block, where progress has been steadier but slower than in digital infrastructure. By 2025 the index had reached 66.0 on the weighted measure against 69.8 on the equal-weight measure, with first-year turnover in the recruitment block identified as the component still lagging the rest of the framework — pointing toward onboarding design, rather than further digital investment, as the next priority.

Conclusion

Digital tools and motivation strategy work better together than apart, but only if an organisation tracks their combined effect rather than treating platform adoption as an end in itself. The framework proposed here links four HR blocks — recruitment, learning, performance and rewards, and digital infrastructure — into a single composite index that lets managers see not just an overall engagement score but which specific block is holding progress back. The retrospective estimates presented here illustrate that digitalisation alone does not guarantee proportional gains in retention, and that motivation-focused blocks such as performance and rewards may require sustained attention even after the technical infrastructure is in place.

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