EMPLOYEE MOTIVATION AND COMPANY PERFORMANCE

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Abstract: People, their characteristics, habits, motivation and content represent the core of human resource management. Human capital is the main competitive advantage on the global market. Nowadays, human resource management and development is becoming more significant due to the fact that a man has gained a new place and a new role in all social processes and in their management. Managers have to use all of their knowledge, both organizational and psychological, in order to create favorable environment in the company and conditions in which the employees can fulfill their needs and wishes, thus, to contribute to the company’s success. This can only be accomplished by creating a good quality system and by combining those motivation techniques that are adequate for certain situations.

Keywords: motivation, motivation factors, human resource management, company

1. INTRODUCTION

Human resource management is considered to be the central issue of the future success of any business organization. The organization’s quality and productive capacity are determined by the quality of employees. The success of most organizations depends on their ability to find employees who have certain competences required for successful performance and doing tasks directed at fulfilling company’s strategic objectives. Management decisions and working with employees are of utmost importance for employing and retaining the best workers. In order to take the best use of the employees’ potential, the human resource management should integrate all processes, programs and systems within an organization, which are intended for employing workers and them efficiently contributing to the organization.

Human resource management is not only a strategic instrument, but it is also being used for achieving the company’s sustainable competitiveness. In order to become competitive through human resources, a manager should completely change the way he thinks about his employees and how he comprehends employment. This means that employees should be considered partners and not only as an expense which needs to be reduced or avoided, [1].

Motivation is one of the most important issues in management. The reason for this is quite simple: Companies fulfill their objectives if their employees and management are being efficient. Therefore, there are three key factors relevant for a company’s performance [2].

- Employee competencies for good performance,
- Possibilities for employee performance,
- Employee willingness or motivation to achieve good performance.

Employees being motivated and content, is a subject of interest of many authors because the understanding of these topics can result in the improvement of the efficiency and
creativity, the improvement of the quality of the working environment within a company and the improvement of the competitiveness and company performance, [3]. In order to increase one’s motivation, a person has to define his boundaries, secure the possibility of choice, harmonize his work and private life, set new challenges, clearly define objectives, develop and improve skills, cooperate with others and help them professionally. However, he should have in mind that no theory is good enough to foresee what motivates each one of us, because what motivates him might not motivate somebody else [4].

Nowadays, motivation and content of the employees comprise the core of interest of the contemporary human resource management, because only by creating the high quality motivation system can the organization benefit to improve its competitive ability and advantage on the market. Moreover, many universities provide opportunities to their students, by interacting with several experienced professionals, to develop their skills in different fields of this topic [5].

In the contemporary, constantly changing and uncertain business environment, which requires a new way of managing a company, the market promotes its own business and management philosophy, thus, human resource management philosophy as well. New ways of doing business emphasize, among other things, the growing need of using and creating new working potentials of the employees [6]. A certain number of companies are stressing the importance of focusing on the human resource qualities. Such (high-quality) human resources are becoming a key factor for the competitive advantage. The difference between a successful company and a less successful one is represented by human resources [7]. People, their characteristics, habits, motivation and content represent the core of the human potential management. The human capital is the main competitive advantage on the global market. Human resource management and development is becoming more important because of the new place and role of a man in social processes, as well as in their management. The main objective of a manager is to comprehend how complex human nature is, to evaluate all motivation theories and to select an adequate material and non-material motivation technique depending on the specific context in which the company is in.

2. MOTIVATION AND FACTORS WHICH HAVE INFLUENCE ON INDIVIDUAL MOTIVATION

To define motivation properly and concisely is pretty hard. People are simply just motivated on their own or it is forced upon them. The answer to the question “What is motivation?” was different through the ages and in different cultures. Motivation can be defined as a process, which triggers an activity in a man directed towards certain objects and its coordination in order to achieve a certain goal [8]. Motivation represents an energy which guides us towards fulfilling a goal. That is a complex phenomenon which shapes human behavior. Numerous motivation theories provided basic answers what triggers human activity (motives) and how the motivation process comes into being. They are divided according to the content and processes, depending on the fact whether they were looking for answers what motivated people or how the motivation process came into being. If we take a look at people’s needs, which represent the base for the motivation as a generator of human activities and behavior, we can conclude that those who studied this phenomenon agreed on the list of people's needs.

Work motivation is a complex set of forces which initiate and keep the employee on a specific post within the organization. From a personal perspective, that is an internal state which leads to the goal being fulfilled and many factors have an influence on it. From a
manager’s point of view, motivation is an activity which ensures the employees to chase predefined goals.

Motivation is closely linked to work and the organizational efficiency. Motivation in an organization can be defined as a guided behavior of the employees towards organizational goals but also towards satisfying personal needs and goals at the same time. The main aspects of motivation are:

- Motives of the employees,
- Organizational goals,
- Individual goals.

Motivation in an organization is efficient if employees fulfill their personal needs and goals through organizational goals. Motivation as such emphasizes willingness in a man’s behavior and represents the energy which urges him to act and behave in certain ways. Employee motivation is one of the key preconditions for success in business. That’s why it is important to constantly nourish and improve this system. Highly motivated workers know what to do and how to reach the predefined goal in the quickest and most efficient manner. This is important both for the organization and an individual who gets certain reward for the work and effort.

There is a set of factors which influence motivation but all of those actually influence a person, his perceptions, values and needs. There are other important factors for the whole motivation process, a wider environment, social and economic development, etc. There is a wide array of factors which influence individual motivation and can be divided into four categories:

- Personal traits,
- Characteristics of a certain post,
- Characteristics of an organization,
- Wider environment.

### 2.1. Motivation and Company Performance

Having in mind that the success of a company or an organization depends on the capabilities and motivation of its employees, and the success and employee motivation depend on the ability of the manager who leads them, therefore, one can conclude that the manager’s behavior greatly influences employees’ behavior. The manager is also responsible for motivating employees, which implies winning people over and guiding them in a certain direction in order to gain results. Most of the employees should be motivated to a certain extent, so managers have to provide an environment in which one can achieve high levels of motivation [9].

There are three major reasons for motivation:

- To improve productivity, efficiency and creativity,
- To improve the working environment,
- To strengthen competitive advantages and success.

A motive and motivation are very important psychological characteristics in management. An individual needs certain abilities, means, working conditions, but also motivation in order to succeed in a certain field, which means that all of these factors together influence one’s behavior and his success. It is important for managers to care about the employee motivation because it governs some relations in the organization. It is important to care about employee motivation and maintain it in order to have it as a constant. In order to achieve certain results, certain working conditions, acceptable for employees, that motivate and satisfy them, have to be provided.
Motivation is represented by those managerial activities which mobilize and urge employees to do certain and anticipated tasks, in a certain way, meaning, efficiently and effectively, and therefore, secure the achievement of the organizational goals and plans. For achieving organizational plans and goals, managers have to constantly improve the cooperation with employees, their efficiency and effort when working, because that is not guaranteed at first when entering an organization. By applying various motivation techniques and plans, managers provide opportunities for employees to fulfill personal goals and plans, simultaneously with organizational goals and plans, which show that motivation is an activity that managers use for securing employees to behave in a certain way.

Managers working in the field of motivation, have to urge people to behave in a favorable way in order to fulfill certain organizational goals because people are aware of that fact that by doing so their personal goals will also be fulfilled. Therefore, motivation is efficient when people combine their potential with the organizational goals, and simultaneously fulfill their own and professional goals. Managers have to know how to motivate employees, what motivates them to work hard and what does not. If motivation is positive, a person is motivated and therefore achieves high performance.

One should motivate employees, if they are expected to do their best, and motivation is one of the most basic issues in contemporary organizations. Each man has his personal needs, but there are a number of them which can be classified as common for everybody. If these needs are fulfilled, there is a possibility for an employee to do his best. As basic needs there are physiological needs, needs for security, belonging, and respect and the need for self-esteem.

The goal of every organization is to develop motivation processes and the working environment in order for the employees to gain results in line with the managers’ expectances, which can be done through satisfying their needs. However, among other motivators the best one for the employees is the possibility to do rewarding and tasks for which he is getting paid. Employees’ behavior is most often characterized either as behavior needed for fulfilling goals or behavior for getting paid, meaning, motivation can be moral and material. It is known that material motives grow on moral motives, so managers have an important task of intersecting moral and material (personal) motives. The control of the employee motivation is also important because motivation represents forces which influence the person, both from within and from outside, and cause the person to act in a certain way, a goal oriented way [9].

Inner forces are actually inner factors which influence motivation, while the working environment, award systems, security and respect represent external factors. It is important that managers create conditions which will urge the employees to make effort and channel their behavior towards higher goals.

It is important to evaluate the performance and to use that evaluation as a tool for strengthening motivation. That is why it is based on a criterion important for the individual and the organization, which is real and applicable to the environment. Results and motivation are closely related. Motivation is the inner need and readiness of the employees to achieve results. The result is what employees create while performing their tasks, which means that results are the product of motivation.

2.3. Application of Motivation Techniques in Human Resource Management

Based on the results of numerous experiences and research one can conclude that there is no universal solution for building up a motivation system within a company, but it greatly depends on the organizational politics and specific solutions. One of the basic tasks is to define goals and the rewarding system, while knowing and comprehending human
motivation. The rewarding and motivation system cannot be subject to individual behavior and manager’s attitude, but part of the business and development politics, and thus, defined rules and norms. Motivation system has to secure three types of behaviors important for the organizational functioning and development:

- Employees need to be integrated into the system and they should stay there,
- Employees have to do tasks and activities in a satisfactory way,
- Innovative and creative activities should be developed in order to fulfill the company’s development goals.

For the motivation system to secure the above mentioned three types of behavior, the combination of financial and nonfinancial factors of motivation is required in order to satisfy a variety of human needs.

1. **Activities in the field of material compensations** – An adequate material reward represents a basis on which one should upgrade a variety of motivation stimuli in order to increase the total motivation potential. Material compensations are required, but not enough for developing a motivation basis of various behaviors within a company. Nonmaterial compensations are becoming more important in the economically developed systems.

2. **Activities in the field of nonmaterial compensations** – An employee motivation system with material compensations, has to encompass those that are nonmaterial because its aim is to satisfy various human needs. The more needs it satisfies, the more appropriate it becomes for fulfilling organizational goals. Having in mind that needs are not only material but social, psychological (need to grow, develop oneself, self-acknowledgement, acknowledged status, cooperation and social contacts, security, etc) the material motivation system should be improved with mechanisms which point out the importance of each one of the employees for the organization and their individual contribution. Knowledge and creativity instead of the performance and productivity, in a classical sense, are becoming the base for efficiency and the success of a modern organization; therefore it is logical that new motivational bases are being found. The motivation basis is upgraded with collective rewarding systems, which apart from material compensations are beginning to include other motivation factors such as participation in setting up goals and decision making, autonomy and responsibility, task sharing, cooperation, flexible working hours, etc.

3. **Motivation activities for managers** – In order to establish a high quality motivation system it is important that managers understand employee needs. That is a precondition for a successful influence on their attitudes and behavior. Knowing everything that they should know about their own field of work, they also have to comprehend a psychological structure of an individual, individual psychological needs and problems, not in order to manipulate but to secure high quality performance. The complexity of the motivation system requires special attention and shaping by the top management. Assumptions required for the successful implementation of the motivation system are: exact measurement of performances, unbiased estimates, giving way to advancement and further schooling, so that all levels of management have psychological and organizational knowledge. Management should design awarding and motivation packets whose structure depends on how complex the motivation system should be developed and whether a basic system is based on the collective or individual factors. Managers should stick to certain guidelines when designing and maintaining a high quality motivation system:
- Recognize certain differences in attitudes, employee needs, connect employees with tasks,
- Use goals for designing tasks for employees and for feedback on their quality of work when fulfilling these goals,
- Tend to have achievable goals,
- Personalize rewards,
- Link rewards and performance,
- Secure the righteousness of the system,
- Do not neglect the importance of the wages for employee motivation.

A lot of companies partly link bonuses with quality, which is considered the most important factor for the long term success of a company. A lot of companies give bonuses for increased knowledge which leads towards a more flexible organization, more rational use of human resources, increases individual interest and proficiency.

One of the key concepts in the 90s was the promotion which represented a delegation of power to subordinates in the organization. Therefore, there is full participation of employees in the decision-making process and the delegation of power, which gives way to employees to fully exercise their creativity. In order for a program to be successful, employees should be given information, knowledge, power and rewards.

Thus, a manager can help the employees get a better status, better opinion about themselves and their work by:
- Involving employees in the decision-making process,
- Granting more responsibility to employees,
- Encouraging employees’ ideas and suggestions, and righteously rewarding employees in line with their contributions.

Numerous motivation programs have been developed recently which aim at improving employee motivation and content (Figure 1).

<table>
<thead>
<tr>
<th>Name of the program</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance monitoring</td>
<td>Reword for an employee depending on the contribution. Payment according to performance.</td>
</tr>
<tr>
<td>Rewarding system</td>
<td>Rewards to all employees and management in all units when expected performances are achieved. Encourages team work.</td>
</tr>
<tr>
<td>ESOP</td>
<td>Employees get shares which enable them to share the company’s profit.</td>
</tr>
<tr>
<td>Bonuses</td>
<td>Rewords for employees together with payments based on performance.</td>
</tr>
<tr>
<td>Rewarding knowledge</td>
<td>Payment according to the achieved skills and competences. Employees are being motivated to learn skills required for other posts as well, so that they can improve the company’s efficiency.</td>
</tr>
<tr>
<td>Flexible working hours</td>
<td>Flexible working hours enable the employees to set up their own working time. This provides two or more employees to work part time on the same post.</td>
</tr>
</tbody>
</table>

*Figure 1. New motivation programs [10]*
The examples of new motivation programs point to the fact that employees and their motivation, development and content are becoming the subject of management’s thinking because they actually represent the main tool for the competitive advantage on the market. The management has to use all of their knowledge, both organizational and psychological, to create a favorable organizational climate and conditions in which the employees can fulfill personal needs and wishes, therefore do their best and make the company successful. This can be done by establishing an adequate motivation system and by combining exactly those motivation techniques that are appropriate for a certain situation.

Whether the application of the management concept is successful is reflected in the coordinated organizational functioning. The business culture is being established on the basis of the cultural cohesion whose essence is to have an adequate culture at a certain place with a proper goal.

The productivity is directly dependant on the employee motivation level. In order to raise the employee motivation level to the top, managers have to know employees’ needs and motives and how to secure their satisfaction. Employee satisfaction is the only means for securing a high level of productivity and creativity in employees. Three dimensions of motivation are important for understanding its influence on employee performance: direction, intensity and consistency. The intensity of motivation determines the amount of effort one will make in time in order to satisfy his needs. If the intensity of the motivation is stronger, then the employees will make more effort in order to fulfill their goals. Human behavior is successfully governed in the business environment. This requires management’s action and one should determine and implement the chain which can be described as: value - needs – motives – factors – motivation – high productivity. Every manager and company should in general pay attention to employee needs in a way which will enable the implementation of various motivation techniques, that is, to adjust the existing techniques directed towards nourishing motivation, and as its result productivity as well [11].

Some of the most popular motivation techniques are: setting up realistic and achievable goals for each and every employee, using money not only as a reward but also as a motivator, acknowledging and rewarding successful individuals and teams, delegating more responsibility and authorization, enriching activities of a certain post, improving the status, constant trainings and development, job security, efficient communication system from the manager towards the employees and vice versa, team building (if applicable), establishing an informal system of social interactions among employees, etc.

The biggest influences on the company’s success have people as key business resources. Without people the organization would not exist; a man gives the company its meaning. People are far more complex than other resources because a man is a conscious and thinking being with his own goals and his own life outside of the organization. Human energy is the total intellectual, psychological, physical and social energy which can be used for fulfilling company’s goals. When channeled well, human energy has the power to overcome each and every obstacle. Only human resources have absolute inner ability to grow which represent the only resource which develops even more when used.

Human resource management’s task is to reveal, develop and link human potentials and to make them useful for fulfilling company’s needs, while they get their personal satisfaction. Knowing people and their psychology is a precondition for motivating employees, which means that managers should spend a lot of time with employees in order to comprehend what the best way for motivating them is.
3. RESEARCH RESULTS

The research was based on the manager’s task to build a highly motivated environment, favorable organizational climate and conditions in which the employees can fulfill their own needs and wishes, and therefore do their best for the success of the company. The educational background of the interviewees is as follows: most of them 49% have high-school education, while only 1% has a PhD degree, 17% with a college degree, 28% with a university education, and 5% in total with a MSc degree. The employees, 67% compose the majority of interviewees, then managers with 33% out of which 1% reflects top management, and 32% middle management.

Whether the manager’s motivation abilities are important for the individual performance, 90% answered with yes. Management should influence the employees, motivate them so that they can do their best for the wellbeing of the company. 58% of the interviewees said that the best way for a manager to influence employees is by combining three factors: knowledge, personality and position; 28% though that manager’s knowledge is most influential, 13% his personality and only 1% considered position as the main factor. This means that interviewees are aware of the fact that the best way to influence the employees is by combining all of the three factors.

<table>
<thead>
<tr>
<th>Management influences employees by combining all three factors</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management influences by personality</td>
<td>13,0</td>
<td>61,0</td>
</tr>
<tr>
<td>Management influences by knowledge</td>
<td>28,0</td>
<td>99,0</td>
</tr>
<tr>
<td>Management influences by position</td>
<td>1,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>

Motivation is very important for fulfilling certain results and for making efforts through various motivation techniques. Out of the provided motivation techniques 35% of the interviewees pointed out raise as the best motivator. Allocating challenging tasks is not such a motivating tool according to interviewees, so only 9% voted for this one; 15% selected the public praise, 30% promotion and 11% allocation of more responsibilities.

<table>
<thead>
<tr>
<th>Motivation techniques</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocating challenging tasks</td>
<td>9,0</td>
<td>9,0</td>
</tr>
<tr>
<td>Allocating higher responsibilities</td>
<td>11,0</td>
<td>20,0</td>
</tr>
<tr>
<td>Promotion</td>
<td>30,0</td>
<td>50,0</td>
</tr>
<tr>
<td>Raise</td>
<td>35,0</td>
<td>85,0</td>
</tr>
<tr>
<td>Public praise</td>
<td>15,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>
Employees are satisfied with the work if they are working with colleagues with whom they already have good personal relations and if the working environment is healthy. It is logical that healthy environment and the absence of conflicts represent an important factor for being content with work, which is even more important than the payment. Therefore, 41% said that their motivation was diminished by conflicts at work, 19% said that small wages decreased their motivation, 27% said that their motivation was decreased by the fact that there were no possibilities for promotion and 13% said that their motivation was decreased by bad working conditions.

<table>
<thead>
<tr>
<th>Motivation is decreased by conflicts</th>
<th>41,0</th>
<th>41,0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation is decreased by small wages</td>
<td>19,0</td>
<td>60,0</td>
</tr>
<tr>
<td>Motivation is decreased by the lack of possibilities for promotion</td>
<td>27,0</td>
<td>87,0</td>
</tr>
<tr>
<td>Motivation is decreased by bad working conditions</td>
<td>13,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>

To what extent the employees were content with the applied motivation techniques in their organizations, 64% replied that they were not satisfied with motivation techniques, while only 13% were satisfied with the applied motivation techniques. Others did not reply.

4. CONCLUSION

Employee motivation depends a great deal on the management’s capabilities, behavior and actions, ability to stimulate employee motivation, to create the organizational environment which will result in the employees being motivated. In such an environment the employees build up self-esteem as individuals and as employees. They are ready to make additional effort for the sake of the company’s success.

Contemporary ways of doing business make the management focus on motivation and employees being content. The organization can improve its competitive advantage on the market only by establishing a healthy motivation system. Of course, one should get to know all of the key elements in detail if he wants to put them in practice. Thus, that is why the research is important. Practical research can help individual companies but it can also define a general behavioral pattern for the management in relation to employee motivation and their content so that they do their best for the company’s wellbeing.

REFERENCES: