Employee Motivation and Reward Management

Case Study #1 (LIT2019): EMPLOYEE MOTIVATION (Lithuania 2019)

Abstract

The case study describes a medium-sized publishing and printing house. Aim of the case study: In order to improve the results of employee activity it is important to clarify the system gaps which exist in the company and to predict opportunities for improving the system and the problems concerning personnel motivation. The company has several main problems of employee management, which can temporarily interrupt the activity of the company. These problems are the same as in other companies, such as a lack of employee motivation, ineffective employee motivation system, low wage, and employee qualification is not developed. All this causes a worsening quality of employee activity, but it doesn't motivate employees to remain in their workplaces. Analysis of the system of motivation measures in described publishing and printing house leads to a conclusion that currently the company has to improve its existing motivation measures. Action plan for improving motivation measures: Extra payments depending on results; Gratitude, appraisals; Wage; Good relationships with colleagues; Lack of information on motivation system in the company.

Introduction to the Organisation

S. Jokužys Publishing and Printing House was founded right after the restoration of Lithuanian Independence in 1990. It has operated continuously for 25 years. Always aiming at a precise implementation of orders, over the years the printing house has developed a careful attitude towards its manufacturing process. Those who create family photo albums and those who order business cards for their company seek craftsmanship. With every order, S. Jokužys Publishing and Printing House proves the value of traditional quality. The individual enterprise has a printing house in Klaipėda and a branch in Vilnius. The goal of S. Jokužys Publishing and Printing House has always been and will remain, to provide printing services marked by QUALITY+ sign. We base our work on efficiency and quality. Innovative solutions in the printing house are created in the competence of its employees. The aim of the enterprise – to make every idea a reality.

The printing house's success is its customers, which are companies known both in Lithuania and abroad: "NOKIA" UAB, "Siemens" AG, "DnB Luminor" AB, "Swedbank" AB, "Balticum TV" UAB, State Enterprise Klaipėda State Seaport Authority, UAB "Philip Morris Baltic", UAB "MARS Lietuva", "TELIA" AB, Public Company "ORLEN Lietuva", AB "Klaipėdos mediena", AB "Western Shipyard" etc. These companies value the experience, qualification and flexibility of the printing house. The printing house is chosen by those customers who value reliability and keeping one's faith; quality and speed; long-term work experience and professionalism; flexibility; modern and constantly renewed equipment; reliable logistics; a wide scope of products and services; and an orderly package.

The biggest advantage of the printing house is that all three of the world's major printing technologies - offset printing, digital printing and screen printing - are implemented here under one roof. This enables the printing house to be flexible and satisfy all the needs of its customers. Experience and knowledge allow the printing house to provide quality services that are focused solely on the

implementation of the customers' objectives. Technical advantages satisfy the different needs of customers and offer non-standard solutions.

HR Processes in the Company

The company has a personnel department and an employee, who is responsible for the activities of human resources, but the position includes two responsibilities – personnel manager and quality manager. It causes some difficulties for employees, since some of them do not even know that the company has a person who is responsible for human resources, because they consider the person to be responsible only for quality management in the company. It is possible that double responsibilities make the work of the personnel manager more complicated, therefore it is natural that one of the activities gets less attention. Informal communication with the manager and employees of the company revealed that this person pays more attention to the activities of a quality manager than personnel manager.

Work analysis – employee assessment depends on the individual work of every employee. Work analysis is carried out by the personnel manager, as one of the activities of quality manager.

Personnel adaptation – employee gets acquainted with the company personnel, the company activity, work processes. The company manager is responsible for this activity in the company. Usually he meets an employee on the first days of his/her work and introduces him/her to his/her activities and responsibilities and then the employee is transferred to the care of other employees. When the company employee gets the necessary information for an efficient job, he/she is able to work independently.

Employee competence – the ability to do a certain job. A company employee uses all his/her experience and skills. The company does not have a planned activity of employee training, usually additional training is organised only when a need or a problem arises.

Search and selection of employees – these activities in the company are implemented by the personnel manager together with the company manager. Usually, at first, employees are searched using internal search sources – in the company, among the contacts of employees who have worked in the company or by following employee recommendations. For its selection process, the company does not have any formal or structured form - selection takes place in the form of a conversation and through an assessment of the work experience of an employee and his/her skills during a trial period.

Flexibility of the company – the company employees are able to perfectly adapt to the customers, i.e. to consumers and other companies.

Strong organisational culture – the company does not develop defamatory campaigns against other companies, their employees and activity.

HR Challenges

The company has several main problems of employee management, which can temporarily interrupt the activity of the company. These problems are the same as in other companies, such as a lack of employee motivation, ineffective employee motivation system, low wages, and under-development of employee qualification. All this causes a worsening quality of employee activity and does not motivate employees to remain in their jobs.

Lack of employee motivation – the most common problem faced by all companies when employees are not encouraged or motivated to work better. Thus, less effort is put into their work. It is the reason why company productivity suffers and therefore an employee gets a lower fixed salary.

Low wage – a problem that is caused by little work experience, lack of motivation, and little interest in doing the assigned tasks. These are the reasons why people leave their workplaces very quickly and search for new ones. The consequence is lack of employees.

Employee motivation system – an increasingly important approach, which sees an employee as a human-being rather than "a machine performing work functions". Motivation systems help provide employees with favourable work conditions. This could incliude a flexible work schedule, encouraging creativity, common activities, and bonuses to salary. Motivation systems help encourage employees to work and increase his/her self-confidence by giving him/her certain tasks.

Employee qualification – mostly employee qualification is low. As a result of their limited work experience, employees are not able to complete their tasks responsibly and on time. This causes an inability to plan one's time is not fully mastered. Employee qualification must be developed, it can even be related to a motivation system through planning additional training and activities related to the work of a similar nature.

Literature Review

Since the beginning of the 19th century employee motivation has come through many stages of historical and conceptual development, when scientific ideas of that period were prevalent. Scientists paid more attention to the analysis of the development of motivation theories in the seventies and eighties of the 20th century, when content and process trends of motivation were created.

Lithuanian companies aimed at adapting western theories of employee motivation and behaviour, not taking into account cultural and economic differences. The country's employee motivation systems mechanically included western elements of motivation behaviour models (the USA, Japan etc.) and methodologically different management conceptions.

Employee motivation in the country is a new important trend of scientific research, aimed at encouraging social, cultural and economic development. Motivation research is necessary in order to determine and assess the expression, interaction and influence of employee motivation on the activity of other companies.

Models of employee motivation

Model – is a structural description of knowledge, assumptions, applied tasks and data, which is necessary in developing and applying systems. Aim of modeling – to understand and model problems and processes of activity.

According to Lina Marcinkevičiūtė (2010), there are 10 modeling principles, which are applied in employee motivation: systemic nature, universality, hierarchy, efficiency, goal, management, adequacy, alternatives, expressiveness and complexity.

The application of modeling principles in employee motivation enables the links between subsystems and interdependence of employee motives to be revealed. Feedback enables precise determination of model elements, and indication of external links with the environment.

Table 1 Modeling principles

Modeling principles	Essence of a principle	Application in employee motivation
systemic nature	To relate all elements and their links aiming at a common goal	Aim at total satisfaction of employee activity motivation
universality	Aim at synergy, relating all the processes taking place in the system instead of optimising one of them	Aim at synergy, relating goals, motivation principles, methods and ways of employees and the company
hierarchy	Links between system and its subsystems are determined	Subsystem of motive classification, finding alternative decisions of motivation and subsystem of selection
efficiency	Precise elements of every system are distinguished, and corresponding functions are attributed to the elements.	The main functions: problem setting, assessment, solution reasoning and decision making
goal	Seek economic, quantitative, qualitative and strategic goals	Needs are satisfied when the motives of the executor and manager are coordinated
management	Determine subsystems of system management	Employee motivation model are all actions and models used when searching for internal and external information, analysing and spreading it.
adequacy	Opportunity to develop theoretical models based on practically applied models of specific systems	Opportunity to apply the results of carried out research through theoretical modeling of employee motivation
alternatives	System efficiency can be judged from alternative decisions	Opportunity to choose employee motives, structure of needs
expressiveness	Opportunity to present system as a model of different forms of expression, reasoned by schemes and mathematical formula	Opportunity to depict the model of employee motivation in a scheme, express separate elements in mathematical formula and correlative links
complexity	Indicate external links with the environment	Employee motivation is a part of the system of company activity management

Maslow (1943) stated that there are five main needs. Every person has them all, but only one of them is dominant at a time. All the needs are displayed in a hierarchy of levels, i.e. the higher needs cannot be satisfied until the needs of the lower level are satisfied.

According to Maslow, these needs are as follows: physiological needs comprise the primary human needs, in the area of work they would be salary, holidays, favourable work conditions. Safety needs follow the satisfaction of primary needs. People start seeking safety - safety at work, insurance, redundancy payment. Social needs – friendship, love and belonging. People also tend to satisfy these needs at work when organising common activity. Esteem need – it has two forms – self-esteem and respect for other people.

Motivation is influenced by many factors. We can control some of them. Since we are talking about employee motivation, the factors could be rewards for a good work, for some people challenges are very important, goodwill often motivates people to behave as they are told to, safe working environment is also important, it means that a person can be permitted to make decisions on his/her own, but only to some extent. Pleasant environment is another factor that motivates people to feel well in their working environment. Interesting work and good salary are the main driving force of motivation – it makes a person feel strong and financially secure. Having a good time with a team will also motivate a person to try harder in his/her working environment, examples could be a bowling tournament, socialising in a café, various trips and any other activity that strengthens a team spirit.

Methodology

Type of research – qualitative and quantitative.

Sample of research – 10 employees of the company.

Method of selecting sample of research: target selection.

Method of data collecting – written survey.

Presentation of the research instrument: during the survey the company director was given ten written questions. They aimed at finding out personnel motivation problems in the company and the existing methods of motivation. Employees were given a written survey, which aimed to determine the motivation system that currently exists in the company and to determine the possibilities of improving it.

Time and place of the research: 24 March 2018 IE S. Jokužys Publishing and Printing House.

Findings and Analysis

After analysing the structure of the research participants by gender, it was noticed that the company has more female employees than male ones - 84% are women and 16% are men. An assessment of the results leads to the conclusion that female personnel dominate the company.

Also, 32% of employees are aged up to 25 and 26-35 years old (32%), 24% are aged 36-45 years old and 8% are aged 46-55 years old. There is only one person in the company who is over 56 years old. Therefore, the majority of employees in the company are young and middle-aged.
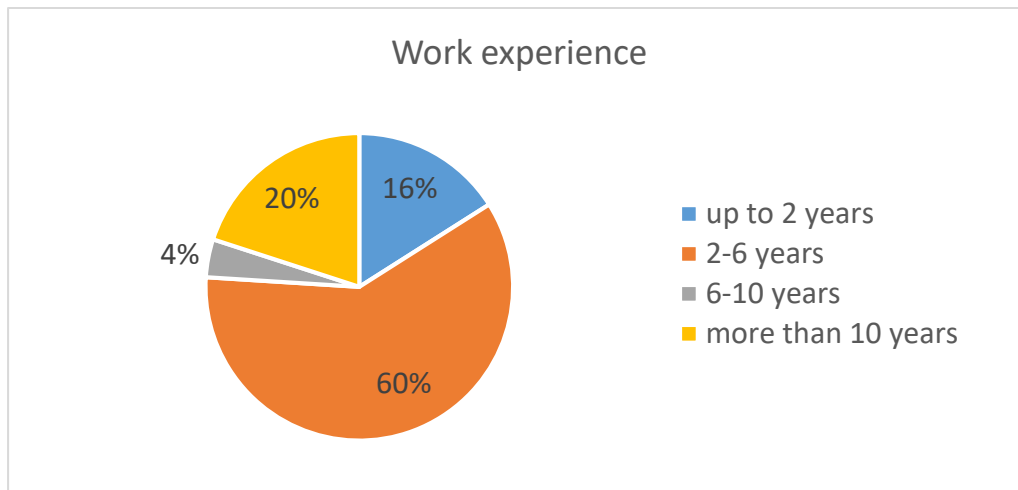
Figure1 Employee distribution by work experience

As we can see from figure 24, there is not a high employee turnover in the company. Only 16% of the company employees have worked here up to 2 years, more than a half of employees (60%) have been in the company 2-6 years. Employees who have worked in the company more than 10 years make 20% and only 4% of employees have spent 6-10 years in the company. Therefore, it can be stated that the company has a large number of regular employees.
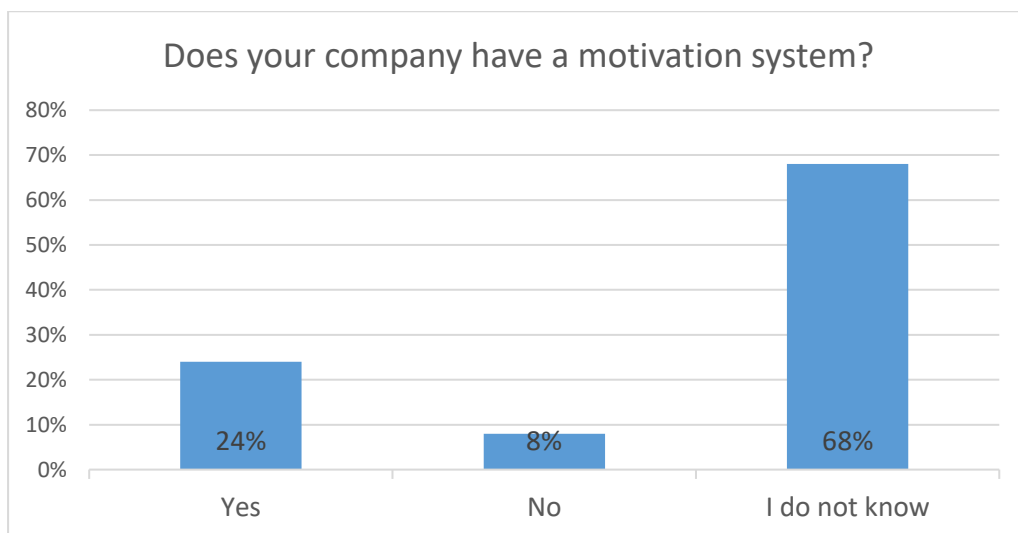
Figure2 Employee awareness of motivation system applied in the company

According to the results of the research participants, we can see that 68% of them cannot tell us anything about a personnel motivation system in their workplace. 24% of the respondents said that the company has a personnel motivation system, and according to 8% of them, there is no such system in the company. It can be stated that anpersonnel motivation system in the company is weak because the majority of employees cannot say anything about it.

Why is the applied motivation system unsatisfactory?
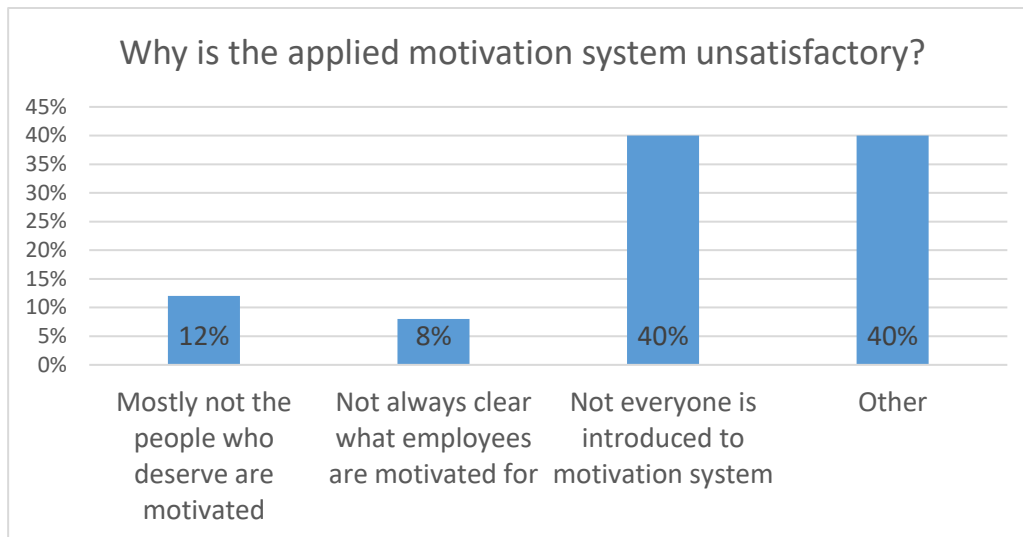
Category	Value
Mostly not the people who deserve are motivated	12%
Not always clear what employees are motivated for	8%
Not everyone is introduced to motivation system	40%
Other	40%

Figure3   Reasons for being dissatisfied with motivation system

The research revealed that not everyone is introduced to the compnay's motivation system (40%). It can be concluded that most employees do not even know whether the company has a motivation system. Another section of respondents said that mostly the people who do not deserve motivation are motivated (12%) and it is not always clear what they are motivated for (8%). In addition, 40% chose the option "other". All in all, it can be said that these figures indicate that most employees do not know whether the company has a motivation system.
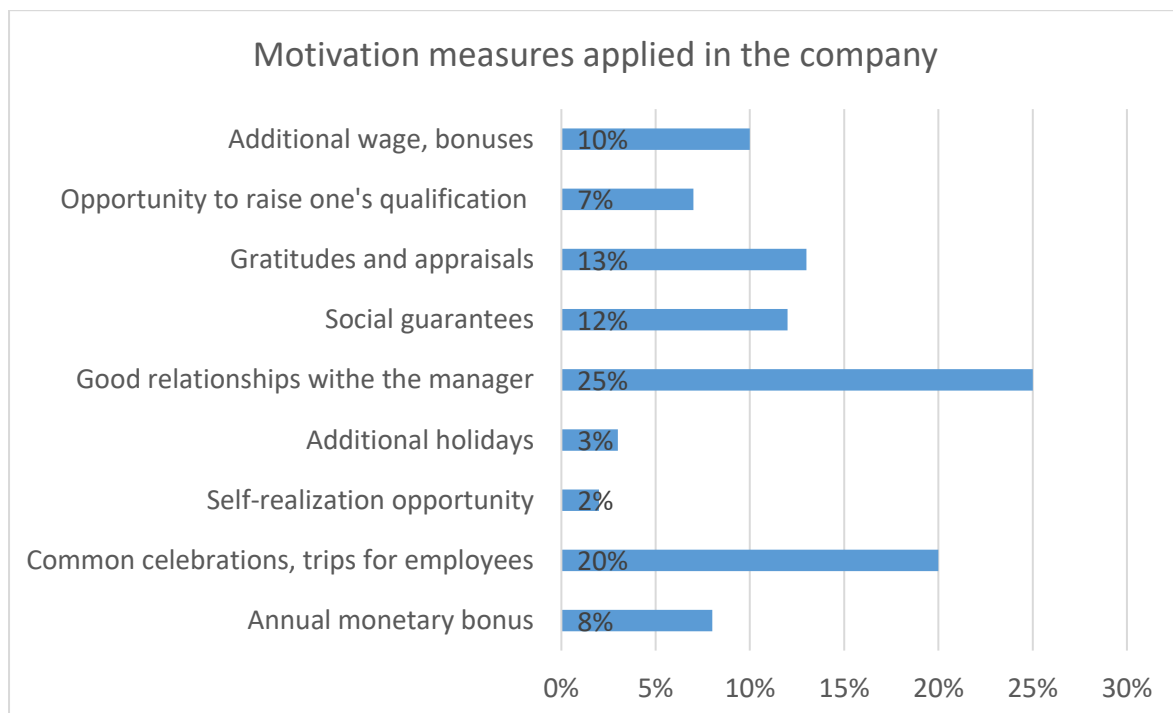
Motivation measures applied in the company

Measure	Value
Additional wage, bonuses	10%
Opportunity to raise one's qualification	7%
Gratitudes and appraisals	13%
Social guarantees	12%
Good relationships withe the manager	25%
Additional holidays	3%
Self-realization opportunity	2%
Common celebrations, trips for employees	20%
Annual monetary bonus	8%

Figure4   Motivation measures applied in the company

According to the distribution of the results, it can be concluded that the main measure of personnel motivation used by the company is good relationships with managers (25%). The company also applies such motivation measures as common celebrations and trips (20%), gratitude, appraisals (13%), social guarantees (12%). Motivation measures such as additional wage, bonuses (10%), annual monetary bonuses (8%), opportunity to raise one's qualification (7% are rarely applied. Additional holidays (3%)

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and self-realisation opportunities (2%) are almost never applied. It can be stated that even though the company applies both material and non-material motivation measures, their variety is not wide. For example, motivation measures that do not enable employees to realise themesleves in the company, do not motivate employees to work efficiently.

Material measures for employee motivation

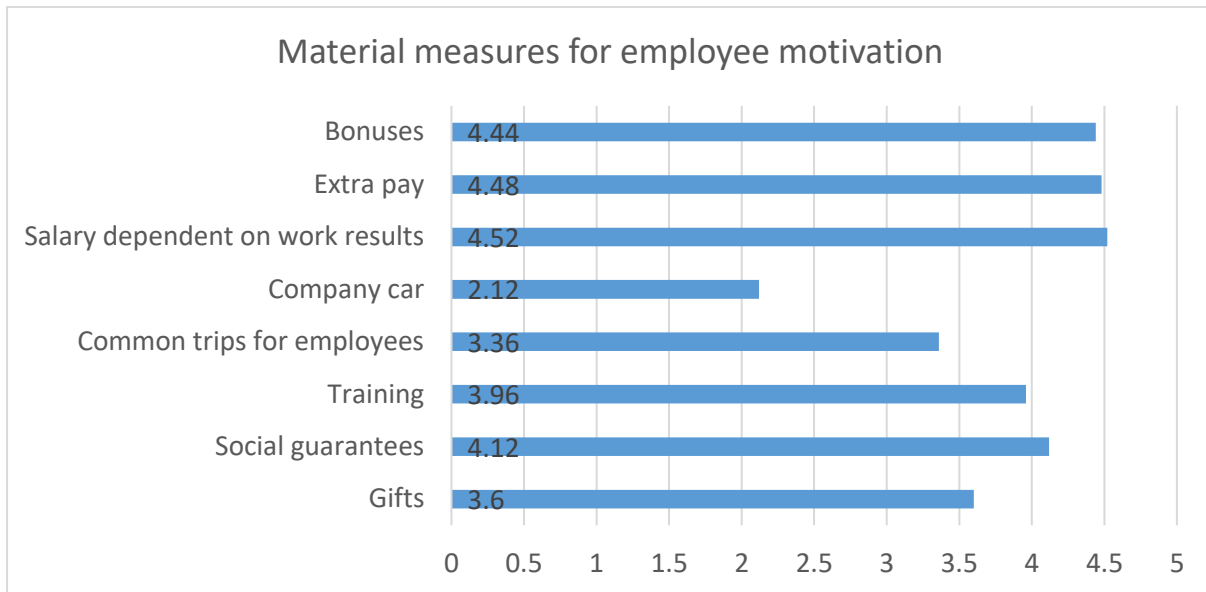| Measure	Value
Bonuses	4.44
Extra pay	4.48
Salary dependent on work results	4.52
Company car	2.12
Common trips for employees	3.36
Training	3.96
Social guarantees	4.12
Gifts	3.6

Figure5   Material measures which motivate employees

From the results we can state that the research participants would be fully motivated by the following material measures of motivation: wage amount, salary dependent on the work results, additional pay, annual monetary bonuses, social guarantees and training. It is evident that most respondents consider wage to be the most motivating material measure. As we know, wage is very important to an employee because his/her motivation to work depends on it. The research participants also named that they would not be motivated at all by the following means: a company car and organised common trips for employees.
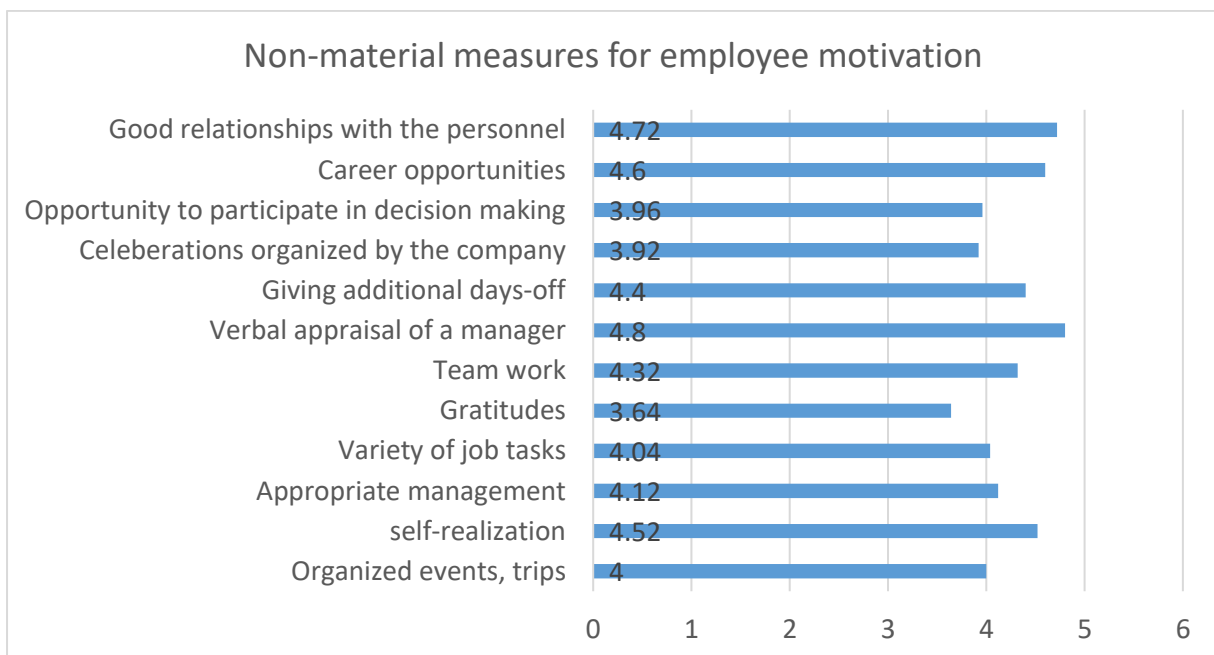
Non-material measures for employee motivation

Measure	Value
Good relationships with the personnel	4.72
Career opportunities	4.6
Opportunity to participate in decision making	3.96
Celeberations organized by the company	3.92
Giving additional days-off	4.4
Verbal appraisal of a manager	4.8
Team work	4.32
Gratitudes	3.64
Variety of job tasks	4.04
Appropriate management	4.12
self-realization	4.52
Organized events, trips	4

Figure6   Non-material measures which motivate employees

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According to the research participants, the main non-material motivating factor is good relationships with the personnel (80%). Other important non-material motivation factors include career opportunities (76%), verbal appraisal of employer (64%) and self-realisation (60%). The least important non-material motivation factor is gratitude (16%). The most important non-material motivation factors to the research participants are good relationships with the personnel, because good performance of one's responsibilities and a reward for that is not the only thing which is important, it is also important to strengthen a good atmosphere among the personnel and then a job is a pleasure. In summarym it can be stated that the most important non-material motivation factors for employees are good relationships with the personnel. This is important because people have a big influence on the working environment and trusting employees is the main element, which should be created in the workplace for employees to feel satisfied in their responsibilities and job. Another important factor is career opportunities, but they are indirectly related to material measures, because it means that after climbing the career ladder, an employee can expect a higher wage.

The presented results show that all employees want different motivation measures. When working in a company, employees find out what they are lacking and what they want most. Therefore, it is very important to compare the desired material and non-material motivation measures in accordance with the time spent in the company. Those who have been employed by the company:

- up to 2 years - would like to get a higher wage, bonuses, training, good relationships with colleagues and to realise themselves;
- 2 - 6 years - would like a higher wage, social guarantees, salary dependent on work results, annual monetary bonuses, verbal appraisal of the manager, additional days off, career opportunities, appropriate management, and variety of job tasks;
- 10 years - would like a higher wage, extra pay, gratitude, congratulations, appropriate management, team work, variety of job tasks, and career opportunities;
- 10 years and more - would like a higher wage, common trips, extra pay, organised events and trips, opportunity to participate in decision-making, team work, and celebrations organised by the company.

A comparison of the results suggests that no matter how long employees have spent in the company they always lack material motivation measures such as a higher wage or extra pay. Employees who have spent more time in the company want less material motivation measures, they lack more non-material measures, which are related to the company itself or its employees.

Practical Human Resource Management Tool

Analysis of the system of motivation measures in Saulius Jokužys Publishing and Printing House leads to the conclusion that currently the company has to improve its existing motivation measures. Action plan for improving motivation measures:

Table 2   Action plan for improving motivation measures

Motivation measures	Method of improvement
Extra payments depending on results;	It is recommened to create a system that would clearly indicate extra payment to employees, depending on their results. Also, to emphasise the motivation system in employment contracts and introduce all employees to the motivation system that exists in the company.

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Gratitude, appraisals;	The research results show that the company has these motivation measures, but they do not get a lot of attention. The company could start using such motivation measures more frequently because they do not cost anything but have a big influence on employee performance. It is recommended that the company publicly praise an employee so that other employees see that and try as much as the appraised employees, an opportunity to organise the election of the best employee of the year, written appraisals. These simple measures in the company encourage employees to try to work better.
Wage;	The research results show that employees are not satisfied with their wage, and for most employees it would be the main reason to change their present workplace. However, not all companies have the option to raise wages, therefore there are other different measures which can help retain loyal employees in the company. Employers must remember that a given opportunity to study, seek career and develop are also a reward to an employee.
Good relationships with colleagues;	The research revealed that good relationships with colleagues is the most motivating measure of all non-material motivating measures. In order to keep good relationships, it is recommended to form a budget, which would be used for the common free time of employees, so that the employees could spend time together and know each other better. The budget can be used in many different ways – from common lunch to spending free time together in a countryside etc. All employees have to decide on the location. This motivation measure strengthens teamwork and satisfies the needs of employees.
Lack of information on motivation system in the company;	The majority of employees think that the company does not have any information on motivation. However, it is important for any company to know how to motivate their employees. Therefore, it is suggested to organise training to employees, who occupy higher positions in companies and who are related to personnel so that they know more about motivation and how to motivate employees. Perhaps if the company is more interested in the improvement of motivation system, there is a greater possibility that other motivation measures would occur in the company. As as a result, labour efficiency would change, as well as better opportunities would occur to both retain the regular employees and to attract the new ones.

Conclusion

When generalising the opportunities for improving personnel motivation in Saulius Jokužys Publishing and Printing House, it can be said that the company needs to work a lot on the issues of personnel motivation. It is important to ensure an appropriate wage system for employees, because the research results show that the company employees are mostly not satisfied with this issue. There is a big possibility that if this problem is not solved, employees will search for new jobs. Motivation measures in the company are very weak, but the company still has an opportunity to change them and learn how to motivate its employees.

Reflections on HRM in EU SMEs

The majority of EU SMEs, the same as the researched company, face HRM problems of employee motivation. In the described case the main problem is the lack of information and too little individual attention given to an employee. However, it seems that it is determined not by the policy of the company itself, but by the fact that the personnel manager has dual responsibilities. Tt is possible that the personnel manager is not able to appropriately distribute her time and pay sufficient attention to all of her responsibilities. Since SMEs have limited resources because of their size, it is possible that they aim to optimise their costs by either not having a personnel manager or by giving personnel management functions to an existing employee as an additional job to his/her main responsibilities. This causes a number of problems, because an employee does not have the ability to do two jobs perfectly and therefore the processes of human resources, particularly employee motivation, will suffer.

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