

Motivating Employees of Slovenian and Croatian Wood-industry Companies in Times of Economic Downturn

Motiviranje zaposlenih u slovenskim i hrvatskim drvoprerađivačkim poduzećima u uvjetima gospodarske krize

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ABSTRACT • *Motivating the employees is of key importance for providing their efficiency and quality of work. This applies especially to employment in times of economic downturn, when the growth can be recognized of demotivational factors that have a negative influence on the motivation of employees. The aim of this research was to establish the current situation of motivation of the employees of Slovenian and Croatian wood-industry companies. It was established that the company managements pay most attention to assuring employees' security and their mutual relations, which is without doubt of great importance in the period of increased insecurity of business and growing tension among people. Interest was also focused on differences between Slovenian and Croatian companies. It was established that there are some differences in classification of different motivational factors according to their importance, but they are mostly not statistically significant.*

Key words: *motivation, motivation theories, economic downturn, Slovenia, Croatia, wood-industry company*

SAŽETAK • *Motiviranje zaposlenih ima ključnu važnost za ostvarenje njihove učinkovitosti i kvalitete rada. To se posebice odnosi na poslovanje u uvjetima gospodarske recesije jer se bilježi porast demotivacijskih čimbenika koji negativno utječu na motiviranost uposlenika. U istraživanju nas je zanimalo trenutačno stanje motiviranja zaposlenih u slovenskim i hrvatskim drvoprerađivačkim poduzećima, pri čemu je ustanovljeno da se u poduzećima pri upravljanju najveća pozornost pridaje sigurnosti zaposlenih i njihovim međusobnim odnosima, što je u vrijeme velike nesigurnosti poslovanja i rastućih napetosti među ljudima nedvojbeno iznimno bitno. Zanimale su nas i razlike među slovenskim i hrvatskim poduzećima. Ustanovljeno je da postoje neke razlike u razvrstavanju pojedinih motivacijskih čimbenika po važnosti, koje najčešće nisu statistički značajne.*

Ključne riječi: *motivacija, motivacijske teorije, gospodarska recesija, Slovenija, Hrvatska, drvoprerađivačko poduzeće*

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1 INTRODUCTION

1. UVOD

Economic recession has strongly influenced the operation of companies in the last two years (Charan, 2008). Some macro-economists (for example Mussa, 2010) believe that it hit the bottom in the middle of 2009. Its influence can be noticed in all business fields, and thus also in the motivation of the employees. A lot of de-motivational factors occurred, and the ones that already existed became even stronger. The employees are experiencing insecurity and some other fears (i.e. fear of losing a job, fear of lower wages, etc.). In order to avoid all the above mentioned and other problems, companies need to focus on seeking opportunities for sales increase and cost reduction on one hand, and on the other hand they need to establish conditions for more efficient work (Bryan and Farrell, 2008). The latter is strongly connected with the way the employees are motivated. It is a fact that the motivational strategies applied in the past are not so efficient in the current difficult economic conditions. If the managers continue to treat the employees in the same way, their already low motivation for work will decrease even more (Charan, 2008). In wood-industry companies the recent researches (Kropivšek, 2003; Kropivšek and Rozman, 2007) discovered an organizational culture, where the primary objective is not to motivate the employees, which can present an additional problem in current conditions. The management of the companies can count on satisfactory working results and satisfied workers mostly if they insert motivational factors into the working environment. It can be said that practically all motivators are in the hands of the management. The only question is if they know how to use them (Možina, 1998).

Motivation means that somebody does something because he wants to and all that needs to be done is to stimulate him (Keenan, 1996; Herzberg, 2008; George and Jones, 1999). Motivation is a process of challenging (awakening) a person's activity, focusing him on certain items and regulation in order to reach a certain objective, overcome possible obstacles and achieve the set objective. It could be said that motivation covers all factors (enthusiasm, wish, intention, persistence, etc.) that either encourage or direct our behavior (Daft *et al.*, 2000).

Možina (2002) claims that there are no unmotivated human activities. Studies proved that all of the human activities are motivated not by one, but by numerous very complicated known and unknown factors (Možina, 2002). These factors that encourage human activity can also be called motives. They are strictly individual and apply to the social part of human lives. Therefore the so-called routine motivation approaches can be very ineffective, because they are not adapted to individuals (Lipičnik, 1998). The goal of these activities is to satisfy the expectations and wishes of an individual that are formed on the basis of his material and social needs, needs for respect, independence and personal growth.

The motivational theories can be largely divided into two groups: (1) content motivational theories and (2) process or cognitive motivational theories. The first group

studies the factors that encourage the behavior and the other group studies the reasons for a certain behavior.

Among content theories, the most recognized are Maslow's theory of needs and Glasser's theory of choice. Both presume that all human activity is directed towards satisfying the basic needs (Lipičnik, 1998; Glasser, 1999; Glasser, 1994; Kropivšek, 2007; Jelačić *at al.*, 2008). Knowing the profile of an individual's needs is the basis for selection of correct approach for efficient and successful leading of a person (Kropivšek, 2007; Jelačić *at al.*, 2007). One of these theories is also Herzberg's two-factor motivational theory, where the factors are divided into motivators (the factors motivating the employees) and hygiene factors (the factors that preserve the normal level of satisfaction) (Možina, 1998). According to this theory it is not enough to ensure to the employees favorable working conditions, but it is also necessary to acknowledge their achievements, give them responsibility and allow them to develop (Herzberg *et al.*, 1993).

In the group of process or cognitive motivational theories, there is the problem-based motivational theory, which is based on the assumption that people are leaning towards solving a problem. It automatically provokes appropriate reactions of the employees (Lipičnik and Možina, 1993). Hackman – Oldhamer's model of work enrichment is based on three critical psychological circumstances (experiencing the importance of work and responsibility and knowing the results) that influence the motivation at workplace (Lipičnik and Možina, 1993). Fromm's motivational theory explains that people work either because they want to have something or because they want to be somebody (Fromm, 1996).

The main goal of this research was to study the situation of motivating the employees of Slovenian and Croatian wood-industry companies in times of economic recession that occurred at the end of 2008. The idea was to find out the factors of motivation that were in the focus of managers' attention, and to establish whether the existing ways of motivation enabled efficient satisfaction of the employees' needs. Efforts were also made to establish the differences in the types of motivation among the companies from both countries.

In the second chapter, the methods used for the research are presented. Chapter 3 covers the results of the research, and chapter 4 consists of discussion and conclusions.

2 MATERIAL AND METHODS

2. MATERIJAL I METODE

The information needed for the research was collected with the method of direct opinion poll method with questionnaires. Its purpose was to establish the actual condition in the field of employees' motivation in Slovenian and Croatian wood-industry companies in the time of economic crisis. The condition of key presumptions of different motivational theories was checked with the questionnaire. Questions were of closed type and respondents used Likert five or four-level scale of importance for each statement.

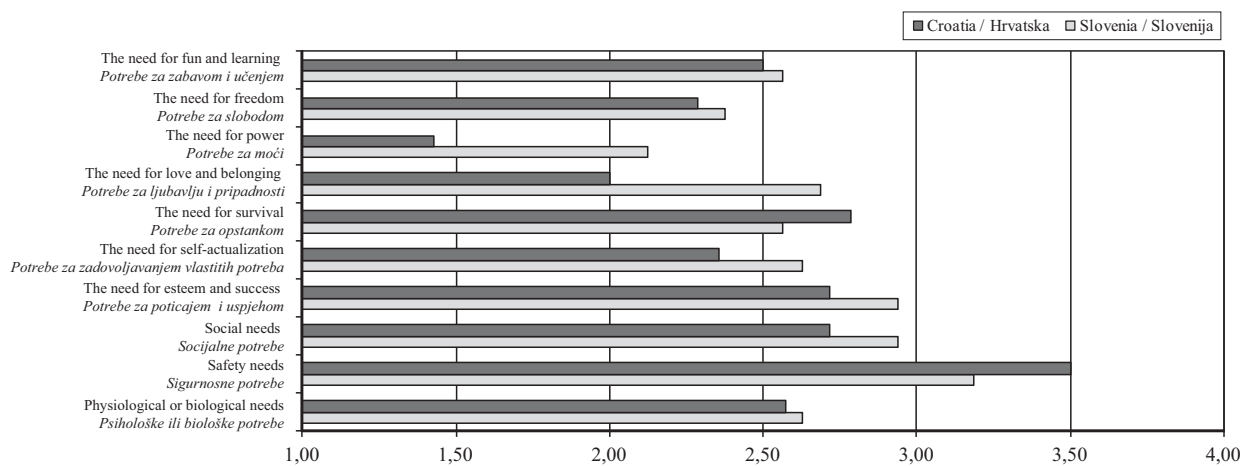


Figure 1 Management focusing on the satisfaction of employees' needs (1 – never, 2 – rarely, 3 – often, 4 – always)

Slika 1. Koncentracija menadžmenta na zadovoljavanje potreba uposlenika (1 – nikada, 2 – pokatkad, 3 – često, 4 – uvijek)

The pool in Slovenia was implemented in 2009 and in Croatia in 2010. We used e-mail as a communication channel. The questionnaires were sent to the companies in e-form. The questionnaire was filled out by 16 Slovenian and 14 Croatian randomly selected wood-industry companies of all sizes. In smaller companies, the questionnaire was filled out by managers and in bigger companies by human resources managers, by which general orientations of the companies were covered. To compare the results, the means of individual factors were calculated.

To compare the results for Slovenia and Croatia, Fisher's exact test was used. Comparison was made of frequencies of individual values from the Likert scale. If the calculated two-tailed p-values were smaller than 0.05, they were considered as statistically significant. The statistic analysis was implemented with the software SPSS.

3 RESULTS

3. REZULTATI

3.1 Needs

3.1.1. Potrebe

The research showed that the managers pay most attention to satisfying the employees' need for security, which is stated as one of the basic needs in Maslow's and Glasser's theory of needs. The managers assessed this need as very important, so they often focus on its satisfaction with the mean of 3.19 in Slovenia and 3.50 in Croatia (Figure 1), which is surely a consequence of great insecurity of business in the time of recession. The managers also assessed that the need for esteem/success and social needs are very important – in Slovenia they were placed second and in Croatia third. In Croatia, the need for survival was placed second (in Slovenia it was placed 7th). The biggest differences in responses in both countries occurred in focusing on the need for love and belonging (in Slovenia placed 4th, in Croatia placed 9th) and the need for power, but the differences are not statistically significant.

It is an interesting fact that the managers estimated the need for power as the least important – especial-

ly in Croatia (the mean in Slovenia was 2.13 and in Croatia 1.43). There are probably multiple reasons for such low marks. Managers believe that their employees do not have the need for power, so they do not pay any attention to satisfy this need.

3.2 Motivators and hygiene factors

3.2.1. Motivatori i higijenski čimbenici

The responding companies estimated that paycheck and financial rewards are two of the most important hygiene factors, which especially applies to Croatia, where the salary is estimated as the most important hygiene factor (in Slovenia on 2nd place) (Figure 2). In these answers, the security was also estimated as a very important hygiene factor; the Croatian companies placed it 2nd, while the Slovenian companies placed it 14th, and however the differences between means are small. The responses show that building and keeping good relations between the manager and employees is one of the key factors for a successful motivation. This especially applies to Slovenian companies that participated in the research, as the type of management – namely the relationship between the manager and employees was assessed with the highest mean, 3.81. Here statistically significant differences between Slovenian and Croatian companies ($p=0.008$) were also noticed.

Interesting work, success in work and possibility of promotion were also estimated as more important motivation factors (Figure 3). From the results of the questionnaire, it can be assumed that all the factors (hygiene factors and motivators) are very important for the respondents. The mean of all motivators in the economic crisis is 3.34, and of hygiene factors it is 3.18 in Slovenia, but slightly lower in Croatian (average mark of motivators 2.85, hygiene factors 2.93). It is interesting that the managers of Slovenian companies give more importance to motivators, while in Croatia the ratio is slightly different in favor of hygiene factors. The exceptions that were given less importance (mean lower than 3) are status, general development and reputation of the company, being informed about the company's condition, policy and strategy, and with the lowest mark the factor exterior supervision and control. For the latter the respondents believe that it is less important (in Slovenia 2.19, in Croatia 2.14). More ex-

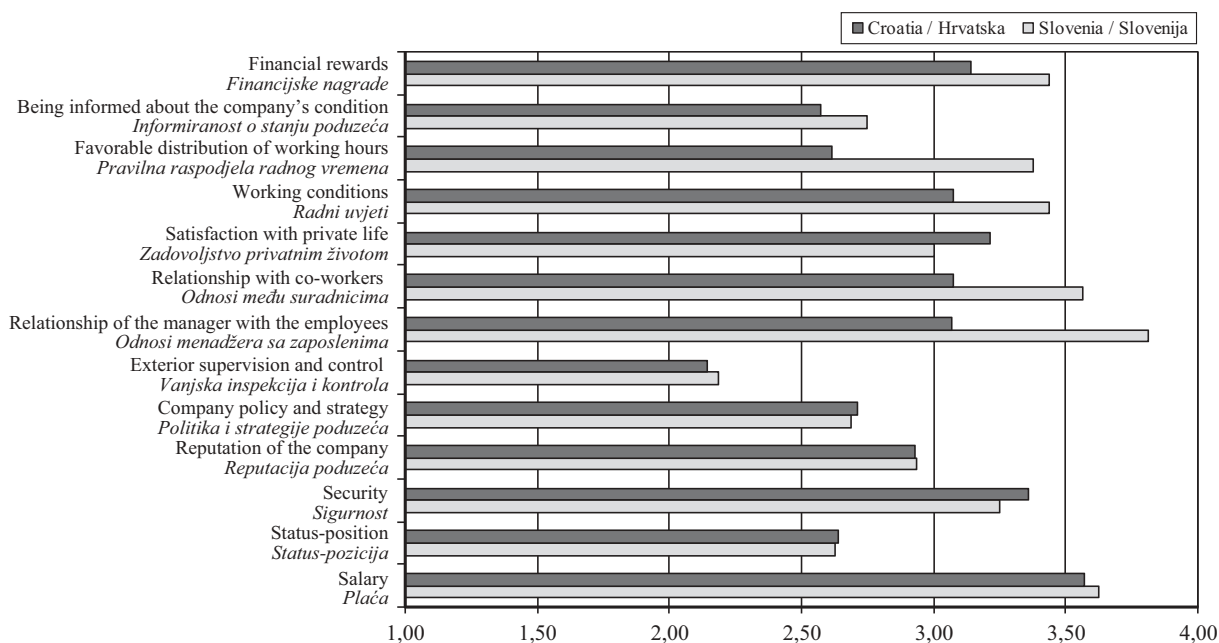


Figure 2 Importance of management hygiene factors in times of economic downturn (1 – unimportant, 2 – less important, 3 – more important, 4 – very important)

Slika 2. Važnost higijenskih čimbenika pri upravljanju u vrijeme gospodarske krize (1 – nevažno, 2 – manje važno, 3 – važno, 4 – vrlo važno)

terior supervision and control of the employees can be demotivating in certain cases.

When comparing the results of Slovenian and Croatian wood-industry companies, it was established that there are no statistically significant differences in the factors important for motivation. Statistically significant differences were only established for the above mentioned type of management – the relationship between the manager and employees and for favorable distribution of working hours ($p=0.015$). The Slovenian respondents gave more importance to both factors than the Croatian respondents.

In this research, it was established that the decrease of salary in wood-industry companies is the most important demotivator (Figure 4), which especially applies to Slovenian companies (Croatian companies placed this demotivator 3rd). The Croatian com-

panies estimated lay-offs of workers as the most important demotivator (in Slovenia it was placed 5th). In the latter, the difference between both countries is also statistically significant ($p=0.049$).

Creating tension among workers is also an important demotivator (placed 3rd in both countries). Slovenian companies estimated that decreasing working hours is a more present demotivator (placed 2nd), while the Croatian respondents did not give this demotivator almost any attention (placed 9th). The differences originate in different governmental anti-recession measures in both countries. In Croatia, worsening of working conditions is an important demotivator (placed 2nd), while in Slovenia it is only placed 7th.

In average, the demotivational factors are less present, which is a good thing. The respondents gave very different answers, and the order of precedence of

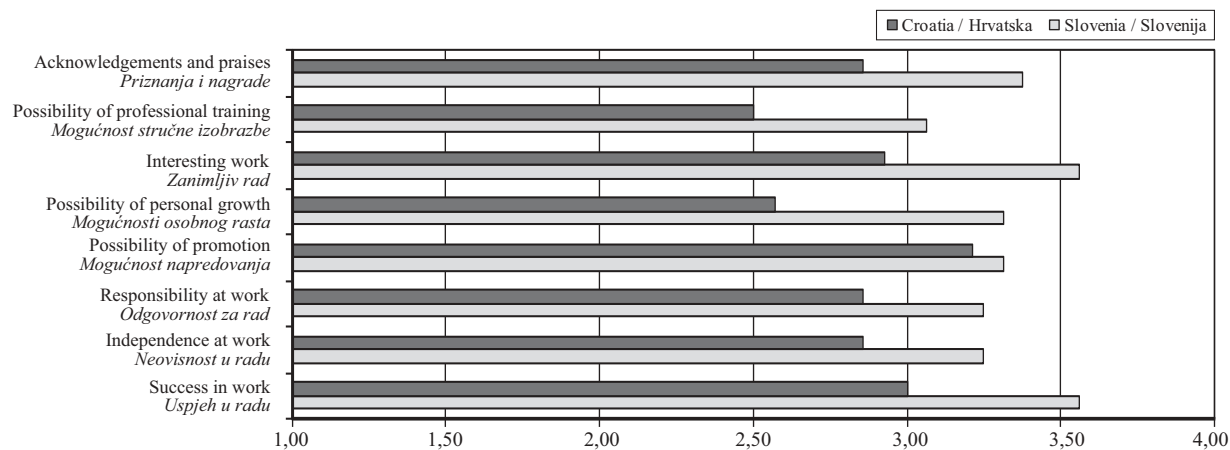


Figure 3 Importance of management motivators in times of economic downturn (1 – unimportant, 2 – less important, 3 – more important, 4 – very important)

Slika 3. Važnost motivatora pri upravljanju u vrijeme gospodarske krize (1 – nevažno, 2 – manje važno, 3 – važno, 4 – vrlo važno)

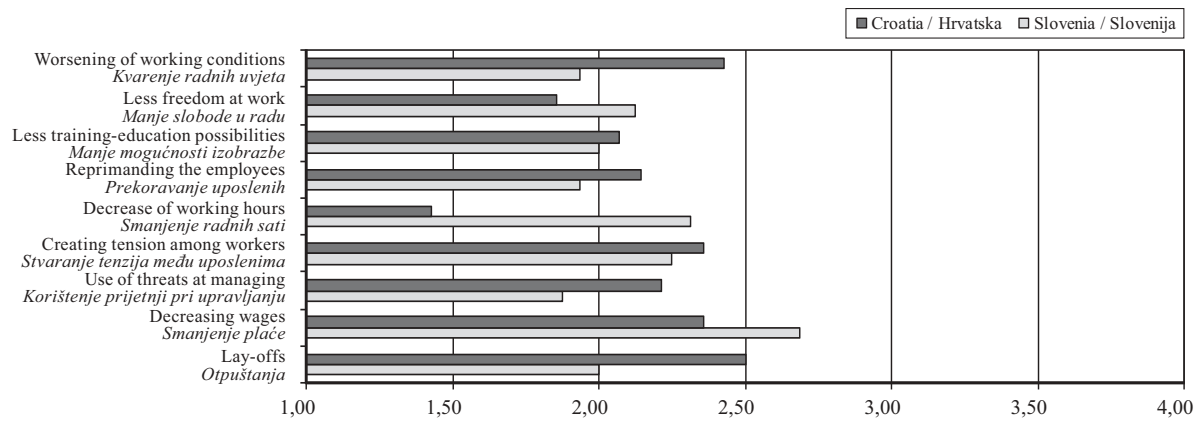


Figure 4 Presence of demotivational factors in times of economic crisis (1 – not present, 2 – less present, 3 – more present, 4 – the most present)

Slika 4. Postojanje demotivacijskih čimbenika u vrijeme gospodarske krize (1 – ne postoji, 2 – slabo zastupljeno, 3 – postoji, 4 – vrlo zastupljeno)

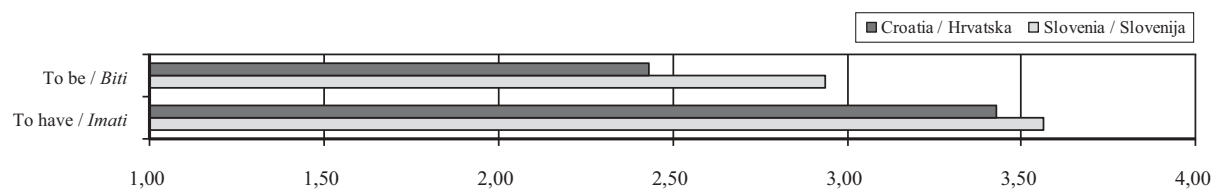


Figure 5 Importance of reasons for work– Fromm’s model (1 – unimportant, 2 – less important, 3 – more important, 4 – very important)

Slika 5. Važnost razloga za rad – Frommov model (1 – nevažno, 2 – manje važno, 3 – važno, 4 – vrlo važno)

demotivators also differs considerably in both countries. However, a statistically important difference can only be established for the use of threats in managing ($p=0.027$), which is more present in Croatian than in Slovenian companies.

3.3 Reasons for work

3.3. Razlozi za rad

Studying the reasons for work according to Fromm’s model gave the following results (Figure 5). It can be assumed that in the time of recession the prevalent opinion is that people mostly work because they want to have something (mean app. 3.50), and not so much because they want to be somebody. This is especially noticeable for the Croatian respondents, and however differences between Slovenia and Croatia are not statistically significant. This result is not surprising and fully complies with the evaluation of importance of the satisfaction of needs, where it was established how important the need for security is – the basis of which is to have something.

According to Hackman–Oldhamer’s model of work enrichment, all the critical psychological circum-

stances must be at a sufficiently high level in order to achieve good motivation. Based on the results of the questionnaire, it can be established that all three critical psychological circumstances are currently at a very high level, as the respondents graded them with an average of 3 in Slovenia and slightly below 3 in Croatia (Figure 6) and they are believed to be more important or very important for motivation and work. Most of the respondents believe that experiencing the importance of work and consequentially the perception of one’s work as meaningful are more or very important. This is more emphasized for Slovenian respondents, as the mean this circumstance is 3.44, and also the distribution of grades shows statistically significant differences among both countries ($p=0.034$). It is also very important to know the results and therefore the responsibility experience of employees and awareness of results. For these two psychological circumstances there are no statistically significant differences between the countries.

The respondents believe that a problem can also be a motivator (Figure 7), if the right conditions for its solution are established. This especially applies to Slovenian companies. The respondents from both countries

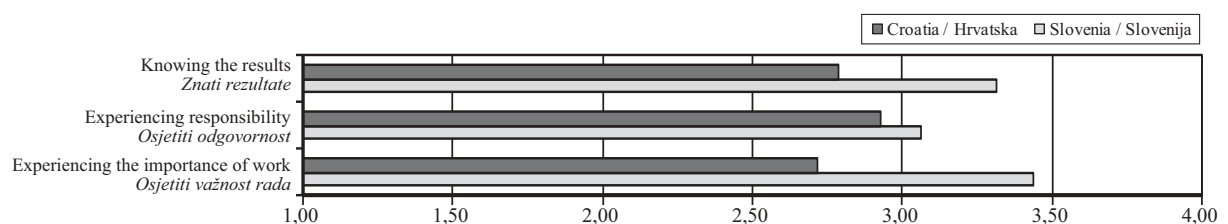


Figure 6 Importance of key psychological circumstances for work (1 – unimportant, 2 – less important, 3 – more important, 4 – very important)

Slika 6. Važnost ključnih psiholoških uvjeta za rad (1 – nevažno, 2 – manje važno, 3 – važno, 4 – vrlo važno)

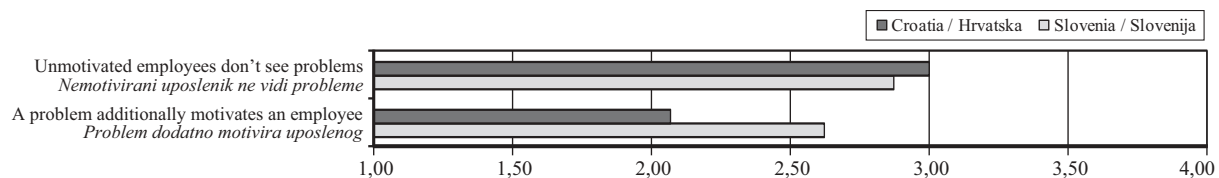


Figure 7 Problem as a motivator (1 – never, 2 – rarely, 3 – often, 4 – always)

Slika 7. Problem kao motivator (1 – nikada, 2 – pokatkad, 3 – često, 4 – uvijek)

believe that the employees that are not motivated in the first place will not see the problems, which is the reason why in such cases the problems have no influence on (additional) motivation. For this answer there is no statistically significant difference for both countries.

In Slovenia as much as 69 % of the respondents believe that the problem often additionally motivates employees, but not all them agree; 25 % believe that this only happens every once in a while. In Croatia, only 21 % of the respondents believe that a problem can additionally motivate an employee, while 64 % believe that it only happens every once in a while. Here, there are statistically significant differences between Slovenian and Croatian companies ($p=0.023$).

4 DISCUSSION AND CONCLUSION 4. DISKUSIJA I ZAKLJUČAK

The results of the research in Slovenian and Croatian wood-industry companies show that the respondent companies pay more attention to satisfying the need for safety of the employees, which is surely of great importance in this time of insecurity. This need is often unsatisfied and therefore also much expressed in accordance with the control theory. Safety and paycheck, which indirectly influence the safety, are among the most important hygiene factors as well. Next to that, knowing the results is what motivates the employees, because in this case they recognize the objectives and feel safer. The results of studying the assumptions of all motivational theories, besides the orientation towards providing safety, also indicate the orientation towards building and preserving good relationship between the manager and employees. All motivators and hygiene factors that apply to the relationships in the company according to Herzberg's theory are evaluated as more important, which is a logical consequence of the fact that the respondent companies are experiencing a state of tension among the workers as one of the most important demotivators. This is also confirmed by the fact that (exterior) supervision and control of the company was evaluated as demotivator. Thus it has been proved that in the time of recession, it is necessary to provide safety and establish trustworthy relations between employees to motivate them, and this was also one of the objectives of this research.

Next to very common orientation of managers towards satisfying the need for safety, the companies also focus on creating conditions for satisfying other needs, especially the need for esteem/success and social needs. However, the evaluation of the employees' need for power is alarming, as the managers do not pay much attention to it. The results show that the mana-

gers rarely enable the employees to satisfy their need for power, since as much as 75 % of the respondents answered that they rarely or never pay attention to satisfying this need. This especially applies to Croatian companies. It can be concluded that the existing types of motivating do not provide for efficient satisfaction of all the needs of employees. This results in a lower motivation of employees, so it is necessary for the companies to establish suitable mechanisms that will also enable the satisfaction of the need for power. Here the introduction of rewards and praises is suggested, but also and above all including the employees into resolving problems, which also turned out to be very important in the research.

One of the aims of this research was to establish the differences between Slovenian and Croatian wood-industry companies. It was established that there are some differences in the classification of individual motivational factors according to their importance, but they are mostly not statistically significant. Despite that statistically significant differences were established in the experience of the importance of work, in the relationship between the manager and employees and in experiencing problems as motivators. Slovene companies gave to all of those factors more importance than the Croatian companies. These differences can be seen as a result of cultural differences between the countries. Furthermore, layoffs and threatening the employees are statistically significantly more present demotivators in Croatia than in Slovenia.

It can be concluded that both Slovenian and Croatian wood-industry companies recognized some demotivational factors that are surely a consequence of the economic downturn. It is a positive thing that the attention of all of the studied companies is focused on motivational factors that can reduce the negative influence of aggravated circumstances in the environment. Providing for security and taking care of the relationship between employees are among the most important guidelines of the companies for motivating the employees. Relatively small deviations of results between wood-industry companies in both countries show that there are similar economic conditions and consequently similar guidelines for motivation of employees apply.

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