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Determining the Level of Management Competences in the Process of Employee Motivation

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Abstract

Today's business environment challenges company managers in ways different than those in the past. All sectors, including profit and non-profit, as well as non-governmental are caught in the dynamic and fast changes, which require prompt responses from the management. One of the oldest, but still most difficult tasks that every manager has to face is employee motivation. This is notably true when speaking of successful employee performance. If one takes into consideration the fact that motivation cannot be observed solely as a series of actions that managers undertake in order to delegate tasks, one realizes that managers must be creative in shaping a plethora of stimuli which can generate personal and internal commitment, as well as increase employee enthusiasm in reaching company's goals. It is precisely for this reason that the goal of this research is to identify different motivational techniques and skills that managers of companies in Bosnia and Herzegovina employ. In order to establish the relationship between the motivational techniques applied by the management and good and/or bad practices resulting from these methods, this research primarily focuses on managers of various organizations. The principal aim of this analysis is to determine the level of management competences in the process of employee motivation. The research will examine the issue of motivation from the point of view of managers in Bosnia and Herzegovina. More precisely, this work will show the level of their competence which help them in their relations with the employees. The scientific hypothesis examines the ways in which management competences influence work commitment and employee loyalty.

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1. Introduction

As defined in social sciences, motivation refers to an individual's level of readiness to perform an action. In a business environment, employee motivation represents one of the most serious problems that

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managers encounter. Despite the fact that many theoreticians created various motivational systems, and that numerous researches were conducted within distinct business environments, no single solution to the problem of equal motivation of employees was found.

Motivation is an aggregate term that comprises all factors that influence, intensify, organize and conduct human behavior; in other words it relates to an action of a limited intensity and duration. On the other hand, motivation is influenced by numerous factors, notably personal character, work characteristics and the organization itself. External factors (including living standards, the system of morals and values, socio-economic development, etc.) can also influence employee motivation [1].

Although it is certain that internal and external motivational factors are inherent, particularly when it comes to influencing human behavior, the focus of this research is on internal factors. This analysis examines the abilities and resources available to managers in the process of employee motivation. The primary focus is on managers that were included in the research conducted in 2010. Furthermore, this study includes managers of both profit and non-profit companies from Bosnia and Herzegovina, as well as managers in the non-governmental sector. The biggest sample of examinees comes from non-profit sector. The justification for this lies in the fact that the state of Bosnia and Herzegovina employs the highest number of people. For the purpose of this analysis, we refer to the non-profit sector in the context of organizations supported by state budget (government sector), while the non-governmental sector (which is also considered non-profit in the context of profit determination) is examined separately.

2. The Importance of Motivation in Employees' Personal Growth – Brief Literature Review

Throughout history, philosophers and theoreticians such as Aristotle, Adam Smith, Sigmund Freud and Abraham Maslow tried to explain how human behavior relates to workplace motivation. Many of them were not in a position to take advantage of some of the contemporary and interesting discoveries about motivation, as one of the most important areas of organizational behavior [2].

Questions such as „why are some people more successful than others“ and „what motivates us to remain loyal to a certain company“ have always challenged scientists and managers; furthermore, these questions have led to the development of a series of motivational theories and models [3], [4]. Thus, the simplest classification of theories is the following:

1. „X group theories“ according to which employees are not self-motivated and managers have no trust in employees, thus taking a commanding approach.
2. „Y group theories“ which see employees in an optimistic way, as proactive and highly motivated workers.
3. „Z group theories“ personified through Japanese holistic approach to management, where the focus is on quality, informal and democratic approach to trusting relationships between people.

Contemporary studies of motivation consider multiple motivational factors, since it is clear that motivation is an individual trait (different from individual to individual), and that, through time, it is prone to change. It is exactly for this reason that it is necessary to observe every employee individually [5], [6]. Managers are instructed to hold meetings with their employees, have frequent conversations and keep their office doors open [7], [8]. The shaping of motivational factors depends on the outcomes managers want to achieve: does a manager want his/her employees to work more and faster, or to work in different ways, with more creativity and various ideas? Modern-day research shows that the most important motivational factors are:

1. Leadership
2. Environment
3. Personalities

These three factors are interconnected, and together they form the so called *positive core values and system* [9]. Leadership style is one of the most essential sub-systems within the entire motivational system of each organization. However, goal setting is considered to be the primary motivational factor which can

increase productivity. On the other hand, trust is the key aspect of each organizational environment, while personality types are differentiated according to the level of work dedication and good relationship with other employees. The above mentioned factors and their key sub-elements are shown in Figure 1.

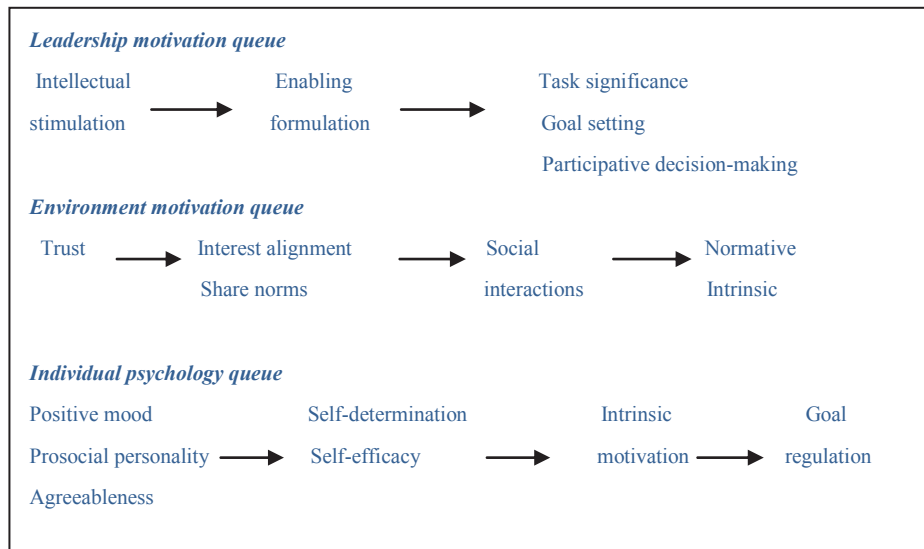


Fig. 1. A linear flow of motivation factors

According to this model, basic motivational principles should be set by the leader, through adequate explaining of work goals and tasks, as well as through participative style of decision-making. Furthermore, the leader should outline those positive core values which, in turn, will result in other environmental subsystems of motivation (i.e. common beliefs, social interactions), as well as in individual psychological determinants.

3. Research Conducted on the Example of Companies from Bosnia and Herzegovina

Managers can influence employee behavior through the use of different leadership styles, notably if they complement manager's own behavior. Successful managers direct their employees, thus directly influencing their levels of motivation and work loyalty [10]. This is particularly achieved through award-giving, work structure and organizational culture. For the purposes of this research, and the intent to identify management competences in motivating employees, the authors of this study chose an assessment presented by David A. Whetten and Kim S. Cameron from Brigham Young University [11]. Their extensive research focused on identifying management competences. For the purposes of this study, the above mentioned assessment was adopted and complemented with additional questions which should help in assessing the levels of management competences in the process of employee motivation.

Although the conducted research was carried out with the purposes of examining a large number of hypothesis, for the use of this research we will treat only one: *Management motivational competences directly influence work dedication and employee loyalty*. Through demonstrating the level of management competences in the process of employee motivation (shown in this study) the authors will intend to confirm the positive correlation that exists between motivation, loyalty and work dedication. The entire research was conducted through seminars, whose main purpose was to advance management's skills and knowledge.

3.1. The Demographic Structure of the Examinees

Data acquisition in companies across Bosnia and Herzegovina was conducted in 2010, using the method of survey questions. The sample includes 124 examinees, most of which are employed in the non-profit sector (government, state-financed), followed by the non-governmental sector (24%), and lastly by profit organizations (13%). As far as examinees' gender, the data acquired is satisfactory (47% male and 53% female). When it comes to education levels, most examinees have university or alternative degrees (86%). Only 8% of examinees have only high school degrees, while examinees with master or doctoral degrees are represented by 6%. Most examinees are between 37 to 45 years old (41.94%), while only 26.61% of all examinees are between 46 to 60 years old (more in Figure 2).

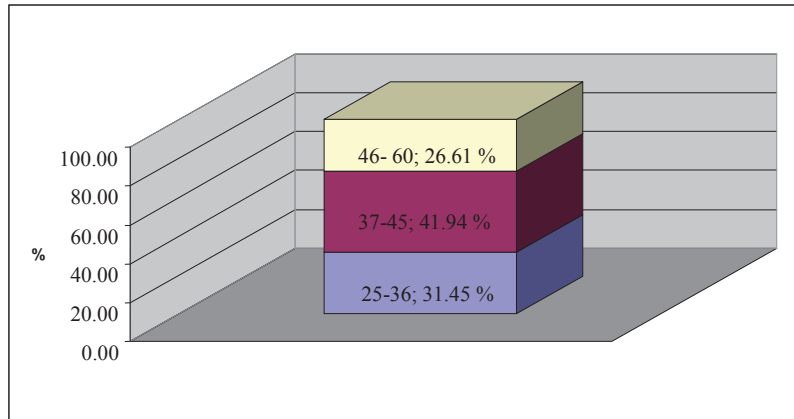


Fig. 2. Examinees' age structure

When looking at the years of service spent in a single organization examined, the largest number of examinees fell under the category of „11 to 20 years of service“ (43%), while the smallest number of examinees fell under the interval of „under 5 years“ (15%). When examining the years of service of examinees who worked at the examined organization at the time of research, the largest number of examinees was from category „3 to 5 years of service“ (36%), while the lowest number of examinees fell under the category of „less than 2 years“ (Table 1.)

Table 1. Years of service of the examinee

| Years of service | Percentage | Years of service in the organization in which the employee worked during research | Percentage |
|------------------|------------|---|------------|
| Up to 5 years | 15% | Up to 2 years | 15% |
| 6 - 10 years | 21% | 3 - 5 years | 36% |
| 11 - 20 years | 43% | 6 - 10 years | 27% |
| > 20 Years | 21% | Over 10 years | 22% |

Source: Authors' calculation

3.2. Research Question, Empirical Results and Discussion

Modern-day organizations possess a series of factors that, if applied properly, can significantly increase employee motivation and loyalty. On the other hand, failure to apply these factors can cause a counter effect – a large number of unmotivated and disloyal employees. Creating an organization which will satisfy its management, its employees, but also its clients is one of the primary goals of all modern companies [12], [13]. Due to discontinuous business activity and their attempts to adapt to dynamic business environment, managers and company leaders change their role (i.e. when virtual and cross-functional working teams are created, managers try to find new ways of motivation and leadership). Aside from personal skills, as well as employee motivation and inspiration, managers need to adopt their behavior to company's visions, its key values and primary goals, in order to achieve a high level of motivation and reach company's aims [14], [15]. Regardless of whether managers are employed in profit or non-profit sectors, and despite the fact that different companies have different organizational goals, competences needed to successfully motivate employees are very similar across various organizations.

One part of the questionnaire, whose main purpose was to help managers discover their level of competence in motivating others, contained 20 questions, formulated as different points and graded on the scale from 1 to 6 (1 – strongly disagree, 6 – strongly agree). According to the results, the aim of most managers was to have a fair and equal relationship with all employees (average ranking 5.1371). The second most important factor was team work (average ranking 4.9839), while awards and disciplinary measures were among the least important (average ranking 3.7339). The assessment of several samples that demonstrated low performance rates and increased employee motivation were evaluated through these 20 questions (criteria). Further classification of examinees was carried out according to the overall grade, calculated as a sum of grades given to individual samples that helped determine low performance rates and increased employee motivation (Table 2.).

Table 2. Determining the causes of low performance rates and increased employee motivation

| No. | The overall assessment of determining low performance rates and increasing employee motivation | Description/ level | No. of examinees | % |
|-----|--|--------------------|------------------|------|
| 1 | Below 84 | Lower limit | 31 | 25 |
| 2 | 85 - 93 | Third quarter | 36 | 29 |
| 3 | 94 - 100 | Second quarter | 34 | 27 |
| 4 | 101 - 120 | Upper limit | 23 | 19 |
| 5 | Total | | 124 | 100% |

Source: Authors' calculation

As one can notice from the above table, only 19% of managers scored more than 101 points on the questionnaire. This means that they agree to and behave according to the statements which determine the causes of low performance rates and increased employee motivation. One quarter of examinees fell below the lower limit, which means that 25% of examined managers do not have a developed system of skills and behavioral patterns necessary in the process of increasing employee motivation.

If we look at sectors, the highest average grade was achieved among profit organizations. Despite the score of 90.8750, managers in the profit sector were ranked in the third quarter (see Table 2.). The lowest average grade was achieved by non-governmental sector (88.8333), while the non-profit (government sector) averaged a total of 89.8462. Taking into account the existence of standard deviations, it was noticed that the profit sector had a low number of answer variations (standard deviation 6.35479), while the highest number of answer deviations was recorded in non-profit (government) organizations (14.38982). Non-governmental organizations had a standard deviation of 12.17426. When it comes to the

above data, one should remember that the highest number of examinees were from the non-profit (government) sector, while the lowest number of examinees were from the profit sector, thus explaining the reasons for such dispersed answers.

Statistically significant differences in answers were noticed in the following two statements:

4. I try to formulate interesting and challenging tasks; and
5. I am always ready to train my employees and offer additional information, without taking responsibility for the given tasks.

In the non-profit (government sector), the first statement had an average rank of 4.9744, while the second one was ranked with 5.0769. In the non-governmental sector, the first statement received a grade of 4.5333, and the second one a 4.6667, while in the profit sector, the first statement had an average grade of 4.6250, and the second one a 5.1250.

Considering the specific job characteristics in the non-profit (government) sector, such as guaranteed employment, clear job descriptions, low levels of creativity (in comparison to the profit sector, in which only creative companies rank high on the competitive market), and low competitiveness, it is only logical that job formulation is the preferred tool of motivation.

On the other hand, profit sector achieved the highest average rank on the second statement, which confirms that managers in the profit sector are more directly involved in the process of completing job tasks and assignments. The non-governmental sector ranked the lowest on both statements, because task allocation is much easier in this sector, while project organization, team work, decentralization and responsibility taking are all much higher.

In order to review the methods and group affinity of the above statements, a factor analysis was conducted. The adequacy of using factor analysis was verified through the use of sample correlational matrix (Table 3.).

Table 3. Model with extracted factors – with rotation

| Component | Total | % Variants | Cumulative % |
|-----------|-------|---------------|---------------|
| 1 | 4,147 | 20,737 | 20,737 |
| 2 | 2,752 | 13,762 | 34,499 |
| 3 | 2,488 | 12,438 | 46,937 |
| 4 | 2,039 | 10,193 | 57,13 |

Source: Authors' calculation

The method of factor analysis analyzed all the key components. The achieved solution explained 57.13% of the overall variability. In the rotated solution, four factors satisfy both criteria: the inherent value and the percentage of the overall variant. The first factor explains 20.74% of the overall variability between variants, the second factor justifies 13.76%, the third one clarifies 12.44%, and lastly the fourth one accounts for 10.19% of the overall variant (Table 4.).

Table 4. Overview of the four identified groups of factors

| | |
|--|--|
| <p>1st group of factors: <i>Factors assessing work performance, feedback and motivational measures that influence employee performance</i></p> <ul style="list-style-type: none"> ■ <i>I always assess the issue of low performance by determining whether the reason behind it is due to low motivation or lack of skill.</i> ■ <i>I always set clear work expectations.</i> ■ <i>When disciplinary measures are necessary, I always offer specific improvement advice.</i> ■ <i>I try to assure for fair and equal relations with all employees.</i> ■ <i>I try to assure for prompt feedback to all staff whose work is monitored by their seniors.</i> ■ <i>I carefully diagnose the reasons for low performance before applying any corrective or disciplinary measures.</i> ■ <i>I try to assure for most appreciated awards in cases of quality performance, whenever possible.</i> ■ <i>I try to rotate and combine working tasks in order for the employees to use a wide spectra of knowledge and skills.</i> ■ <i>I immediately compliment or award every significant achievement.</i> ■ <i>I can always assess whether an individual has all the necessary resources and support in order to finish a specific work task.</i> | <p>2nd group of factors: <i>Education, communication and coordination as a prerequisite for successful performance</i></p> <ul style="list-style-type: none"> ■ <i>I am always ready to train my employees and offer additional information, without taking responsibility for the given tasks.</i> ■ <i>I am honest and direct when discussing performance levels and promotion possibilities with my employees.</i> ■ <i>I encourage team work.</i> ■ <i>I try to motivate my employees to use realistic standards in assessing fairness.</i> |
| <p>3rd group of factors: <i>Fair rewarding and job formulation</i></p> <ul style="list-style-type: none"> ■ <i>I use a series of award mechanisms in order to motivate employees to perform better.</i> ■ <i>I try to formulate interesting and challenging tasks.</i> ■ <i>I try to award my employees with something that really matters to each individual.</i> | <p>4th group of factors: <i>Factors influence goal setting and de-motivational measures</i></p> <ul style="list-style-type: none"> ■ <i>I always help my employees to set goals that are challenging, specific and limited in time.</i> ■ <i>I transfer of fire my employees with low performance rates only in cases when no other solution exists.</i> ■ <i>I employ disciplinary measures in cases when an employee has low performance rates and performs below his/her abilities.</i> |

Source: Authors

Through the method of correlational analysis, it was confirmed that managers are aware of (non) existence of their skills and the need to improve, since there is a significant degree of correlation between the first category (statement) presented in Table 5. and the achieved sum of the ability to motivate. Furthermore, the statement „the received score from the test demonstrates my ability to motivate employees” with a sum of the ability to motivate, the correlation coefficient is 0.321, and the value of P is 0.

Table 5. Correlation analysis

| No. | Category (statement) | Correlational Determinants | Sum (ability to motivate) | P Value |
|-----|--|--------------------------------|---------------------------|---------|
| 1 | The ability to motivate directly influences employee loyalty in an organization | Correlation coefficient | 0,338** | 0 |
| 2 | The ability to motivate directly influences performance and employee loyalty. | Correlation coefficient | 0,163 | 0,071 |

Source: Authors' calculation

Moreover, the method of correlational analysis demonstrated that managers are also aware of the direct relationship between motivation and performance rate, but contrary to this 54% of all examinees (Table 2.), falls under the last two quarters of the score table, which identifies the causes of low performance rates and increased employee motivation. These high percentages of managers do not use motivational factors in their work, which can harm work performance per se, as well as productivity. However, it is positive that managers are aware of this problem, which was one of the main goals of the seminar through which this research was conducted. Furthermore, it was confirmed that managers are aware of the fact that their ability to motivate can directly influence the degree of loyalty (increased or decreased), but this depends on the choice and the way different motivational techniques are implemented. The third category/statement for which the correlation determinants were not statistically confirmed, actually demonstrate that managers need to focus on their personal development in order to increase the degree of loyalty among their employees.

On the basis of the above described analysis, presented through the process of determining the causes of low performance rates and increased employee motivation, factor analysis and especially correlational analysis, we can conclude that the hypothesis “*Management motivational competences directly influence work dedication and employee loyalty*” is confirmed. Additionally, managers were able to identify factors which they successfully employ, as well as those that they do not use, and showed readiness to improve their own managing style in order to build a creative working environment, which will contribute to positive career development of all employees. Taking into consideration the ever-changing dynamics of the business environment, continuous staff education and senior staff mentoring is indispensable.

4. Conclusion

One of the main reasons for presenting this research was to determine the level of managers' ability to motivate their employees. Through research, the authors tried to recognize the challenges and dilemmas which managers face in their relations with the employees. The research conducted examined 124 managers from Bosnia and Herzegovina, which work in non-profit (government), non-governmental and profit organizations. This study encompasses only a part of the research conducted, or the part which directly demonstrates the level of managers' competencies which they use (or do not use) in their work, and the former's link to employee loyalty and work devotion. As all other research, this one also has its advantages and limitations, which are presented below.

What is of utmost importance is that this research described the level of managers' ability to motivate employees, but in order to create a more complete image, the authors plan to investigate the employee side as well, or better those factors that employees consider to be the key motivators.

Secondly, on the basis of „Determining the causes of low performance rates and increased employee motivation“ it was recorded that less than one fifth of managers apply almost all of the offered

motivational techniques (only 23 out of 124 examinees), while the rest makes use of only a few motivators. The reasons behind this behavior are, in part, due to company's organizational structure, manager's personal attitude, or the organizational environment and the space that companies' allow for managers to maneuver.

Third, the factor analysis of the group of motivational factors (20 statements to which managers had to agree or disagree) confirmed the existence of four groups of factors. The first group is dominated by factors which refer to work performance, feedback and motivational measures that influence employee performance; this group carries 21% variability, but also group together 10 out of 20 statements. The lowest degree of variability (approximately 10%) is present in goal-setting factors.

Finally, the correlational analysis clearly shows that managers attempt to objectively assess their motivational skills, because the category „the score from the tests relates to my motivational abilities“ is in accordance with „Determining the causes of low performance rates and increased employee motivation“. Aside from this, managers support the fact that the degree of employee loyalty depends on motivation. Furthermore, managers are aware of the fact that they do not employ all of the above motivational techniques, and that there are significant intermittences in work performance.

Motivation is an essential area, which can lead to high quality of work life, and, indirectly to better work-life balance. This study opens only a few questions which refer to a wide spectrum of issues in the field of motivation, and as such, should be reviewed by companies. As this research shows, well-established motivational systems increase employee loyalty, which, in turn, boost work performance - surely one of the main goals of each organization.

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