

THE IMPACT OF THE ECONOMIC CRISIS ON CHANGE IN MOTIVATION OF FURNITURE COMPANY EMPLOYEES CASE STUDY

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Abstract:

In this work the level of motivation of workers posts in Ekoltech s. r. o. Fil'akovo before the start of the economic crisis to 2008 and after its arrival in the beginning of 2009 in Slovakia is analyzed. By means of Duncan test suitable for independent choices average rates are compared and significance level p for individual motivational factors is calculated. The result of this work is defining of significant change of average rate of individual motivational factors and comparison of sequence of importance of motivational factor before and after the crisis. Based on our observations it can be stated that the world economic crisis has also the impact on change in motivation in companies. Employees are willing to work even in worse conditions since they want to keep their job. That is why the management of the analysed enterprise is recommended to motivate its employees by non-financial factors of motivation which are nowadays critical to keep sufficient job performance.

Key words: Motivation, motivational programme, change of motivation, economic crisis, Duncan test.

1 INTRODUCTION

Market globalization, lack of qualified workforce and financial crisis present permanent pressure on companies management which must pay attention not only to creation of a competitive strategy but also to determination and execution of crisis management aimed at saving existence of the company (Raable, 2008). Any company may own top-level technology, dispose with rich financial resources and scarce information, but only high-quality and qualified employees will decide and influence success and competitiveness of the company. The main goal of human resources management is to attract, develop, utilize properly, assess, motivate, remunerate and keep proper number of employees at correct working positions in a company and in this way provide the company appropriate workforce (Werther, Davis, 1992).

2 PROBLEM

One of the most important and at the same time the most difficult task of human resources management is motivation of employees which presents basis for human resources management. Without proper level of motivated behaviour and performance of employees it is not possible to determine goals and to meet them as well. This paper deals with analysis of motivation from 2007 to 2009 in Ekoltech, s. r. o. Fil'akovo and the impact of the economic crisis on employees' motivation change. The analysed enterprise is an important producer of furniture for the trade network IKEA and it employs more than 800 employees in the area of Novohrad.

To manage the period of crisis by means of non-financial remuneration for employees it is possible to utilize several ways – to rebuild the teams, organize educational activities within the company, train employees, carry out requalification courses, language courses, managerial and IT courses, expert courses, seminars and trainings or benefit from different outsourcing market tools (Potkány, 2008.). Company may also organize sport and different company events aimed at improvement of human relations. Attention should also be paid to internal communication in the company especially down to subordinates.

Next form of non-financial form of motivation is regular demonstration of appreciation on the part of a supervisor and provision of appreciation so that an employee gets more responsibility at work. An employer should let the employees to select non-financial benefits. Other form of employees' motivation is self-realization which means delegation of some competencies and duties. Motivation of employees may be executed even in the change of company management. For an employee benefits and motivational programmes able to satisfy the needs of his self-realization or economic requirements may be effective. For an employer the low cost tools which help him to start utilize the potential hidden in the employees are effective.

Other forms of motivation in the period of crisis may be:

- Change of internal communication – management more often and openly communicate with employees, determines groups of specialists to solve section problems, create place for non-traditional proposals and problems solutions, even apart from official organizational structures of the company.
- Enhancement of work – in the period of crisis due to redesign of some working positions some of jobs may be cancelled and part of their workload can be transferred to remaining posts.
- Employees' development – period of smaller amount of orders may be used for employees' development and growth, and we should utilize knowledge potential "hidden" in the company, i.e. lecturers who work in the company.
- Improvement of company processes – and their presentation in front of wide company forum. This method may also improve team work, if the task is to bring the offer of individual working teams for benefit of the whole company.
- Working hours – if it is possible flexible working time may be introduced – possibility is appreciated not only by younger people as it is often presented.
- Free days – employees appreciate an additional free day especially before holidays and they like higher number of general holiday as well.
- Social programme – „cheaper solution" than increase of wages of paying bonuses for higher output of motivational bonuses, extra holiday money or thirteenth salary is increase of the value of luncheon vouchers, contribution to pension and life insurance, equipping company fitness centre, organizing daily camp for employees' children. (Raable, 2009)

3 EXPERIMENTAL PART

It is not possible to motivate employees so that they would work perfectly every day, would minimize costs and would be reliable by means of only one factor of motivation. To be able to get answers to questions like how organization employees assess their work positions, how they feel at their work and what the structure of their needs is, a repetitive analysis of motivational structure in a selected group of employees in 2007 – 2009 was carried out. For this reason a general questionnaire as a tool of survey has been worked out (Hitka, 2009a). In our case probability group sampling of employees through which satisfaction with the motivation applied in the analysed enterprise was found out is discussed. In the first part of the questionnaire there were general factual information concerning respondents' sex, age, education and number of years worked in the company. In the second part there were 30 structured questions – motivational factors. The employees were supposed to assign the level of importance based on a scale of motivational factors assessment - five options which were marked by numbers 1 – 5 (1 – most dissatisfied, 5 – most satisfied) were provided. Analysis of motivational factors was carried out during 2007, 2008 and 2009. In every year during this period 100 questionnaires were delivered to production departments. Total return of questionnaires was 62%, out of them 92 men and 94 women.

Statistic verification by means of Duncan test, which determines significant rate of change and rate of importance between motivational factors when individual years are compared, was executed. Based on questionnaires interpretation the conflict between subjective factors and actual situation is illustrated. Interpretation had several following phases:

- calculation of average rates assigned to requested state of motivation for a group of analysed employees,
- numerical and graphical illustration of calculated average rates of requested state of motivation for individual factors of analysed employees,
- numerical illustration of significant rate of change according to Duncan test.

Based on questionnaires interpretation we summarize that the most important factors of motivation for employees are *good working team, financial remuneration, supervisor's approach, free time, recognition, basic salary and fair employee' assessment* in 2007 and 2008. In 2009, after the start of economic crisis, priorities of employees' motivation change. First positions belong to motivators such as *job security, basic salary, good working team, recognition, working process, free time and working environment*.

4 RESULTS

In spite of the fact that there is a slow increase of average rates when level of motivation in 2007 and 2008 is compared, it can be said that in the analysed enterprise there is no critical change of motivational factors ($p < 0,05$).

When average rates of individual motivational factors in 2008 and 2009 (table 1) is analysed there are relevant changes at 26 out of 30 (*good working team, financial remuneration, communication at place of work, opportunity to apply own abilities, scope of employment and type of work done, acquaintance with reached working result, working hours, working environment, working output, working process, competences, supervisor's approach, individual decision-making, self-realization, social benefits, fair employee's assessment, stress/elimination of stress at place of work, psychical effort, company vision, region development, education and personal growth, relation of the company to the environment, free time, recognition, basic salary*). For 12 factors (*financial remuneration, opportunity to apply own abilities, scope and type of work done, working output, supervisor's approach, social benefits, fair assessment, stress/elimination of stress at place of work, company vision, region development, recognition, basic salary*) there is zero level of relevancy and we can see a critical change of motivation rate. Employees are willing to work even the working conditions are worse.

Based on actual surveys of stability of motivational moods in companies (*Hitka, 2009a, 2009b*) we can summarize that employees of production companies in general keep the level of motivation in horizon of 5 – 6 years. Results of our analysis in the analysed enterprise indicate that under the influence of the world economic crisis and its economic and social impacts there is a relevant change of level of motivation and employees are motivated by different motivational factors as they were before the crisis started. Also the order of motivational factors is substantially changed.

Table 1 Comparison of significance of motivation change in 2008 and 2009

S. n.	Motivational factor	Ø state 2008	Ø state 2009	p
1.	Atmosphere at place of work	4,52	4,34	0,114
2.	Good working team	4,67	4,40	0,021

3.	Financial remuneration	4,69	4,13	0,000
4.	Job physical effort	4,14	3,88	0,103
5.	Job security	4,50	4,41	0,572
6.	Communication at place of work	4,43	4,07	0,011
7.	Company name	4,16	4,07	0,612
8.	Opportunity to apply own abilities	4,24	3,71	0,000
9.	Scope of employment and type of work done	4,31	3,76	0,000
10.	Acquaintance with reached working result	4,38	3,93	0,003
11.	Working hours	4,47	3,97	0,001
12.	Working environment	4,59	4,18	0,001
13.	Working output	4,64	4,15	0,000
14.	Working process	4,52	4,18	0,021
15.	Competences	4,66	3,93	0,011
16.	Prestige	4,29	3,93	0,037
17.	Supervisor´s approach	4,66	4,04	0,000
18.	Individual decision-making	4,40	4,00	0,006
19.	Self-realization	4,36	3,87	0,001
20.	Social benefits	4,60	3,90	0,000
21.	Fair assessment of employees	4,66	4,01	0,000
22.	Stress/elimination of stress at work place	4,45	3,82	0,000
23.	Psychical effort	4,26	3,82	0,009
24.	Company vision	4,57	3,93	0,000
25.	Region development	4,55	3,99	0,000
26.	Education and personal growth	4,36	3,91	0,006
27.	Company relation to environment	4,38	4,01	0,004
28.	Free time	4,64	4,18	0,001
29.	Recognition	4,74	4,22	0,000
30.	Basic salary	4,91	4,40	0,000

(Source: own survey)

Managers usually predict that their employees are most interested in money and they often do not know or do not consider the fact that there are other motivational factors which are even more important for the employees. After doing motivation survey aimed at production workers in the analysed enterprise- we can summarize that the most important motivational factors are factors of existence – *job security, basic salary, financial remuneration*. Next area is presented through social factors – *good working team, recognition, working process, communication at place of work*, and job factors – *working environment and working output*.

5 CONCLUSION

Transition of economy management from directive to market one made most companies to pay higher attention to care of their employees. The result of this process is that a lot of top companies formed motivational programme and really respect the employees.

Existence of a company, its competitiveness and prosperity depend at first on quality of human resources. Quality of human resources and increase of performance is assured apart from effective way of employees' recruitment also by existence of various motivational elements. System of assessment and remuneration, further education and increase of qualification, different employees and social benefits and good work organization support the increase of motivation significantly. A set of motivational factors provides the company to utilize potential of its employees so company goals. Form and intensity of goals fulfilment leads to growth of work productivity, decline of costs and to general satisfaction of employees.

Based on our observations it can be stated that also our economy was deeply influenced by the world economic crisis. It does not concern only high unemployment, decline of performance and loss of sale but also a substantial change of employees' motivation in Slovakia-wide scale (*Hitka, Vacek, 2010*). So that is why the management of the analysed enterprise is recommended to motivate their employees - in the period of overcoming of crisis impacts – especially through nonfinancial motivational factors which are critical for retaining job performance.

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