



Employee Motivation and Reward Management

Case Study #2 (LIT2018): IS EMPLOYEES INTRINSIC MOTIVATION IMPORTANT IN SMEs? (Lithuania 2018)

Abstract

The need for employee motivation is relevant for Lithuanian companies because of the lack of skilled employees, therefore companies put all efforts to keep the present employees. Frequently attracting new employees requires a lot of time and money, as does the training of new employees. Meanwhile, those who have worked for the company for some period of time already have all the necessary experience and knowledge, so they deal with their tasks faster. Recently more and more attention in Lithuania is paid to employee motivation. All reputable companies try to assess employee job satisfaction and search for ways to suitably motivate their employees. This work will analyse employee motivation in a medium-sized Lithuanian company, taking as an example a company UAB “Vyšnia Grupė”.

Introduction to the Organisation

The company started its activity on 29th July 2016 when heavyweight-lifter Ramūnas Vyšniauskas, famous not only in Lithuania, but also in many countries of the world, established a company UAB “Vyšnia Grupė”. This group have cafes-bars in the field of service and food production and supply. The company employs 37 people. A distinguishing feature of the company is their provision of food and drinks, the price of which does not exceed one euro, and their cafes are accessible to all people.

The company does not have a separate human resources division. All strategic company plans are made by the head of the company – the director, but only after discussing and hearing opinions of the head of commerce and an accountant. Therefore, the head of the company thinks that it is purposeless to start employee management in company standards and procedures and to supervise their implementation.

HR Challenges

Emigration of labour force. For the market instability all over Lithuania and Klaipėda County, a lot of unskilled employees emigrate to other countries of the European Union, where the minimum wage is higher, therefore quite a number of good employees are lost. A big part of UAB’s “Vyšnios grupė” workforce is made up of unskilled employees – waiters, cooks, dish-washers, therefore the general trend of emigration influences the labour force in this company - it is becoming more and more difficult to find new employees and to keep them. The company has to compete not only with the local companies, but also to stick to the general trends in the labour market in the European Union.

Search for new employees. The company does not pay much attention to the search for new employees, usually it finds employees using announcements in social networks and announcement boards in its cafes. This method of search for employees is suitable for searching for unskilled young workers, but the company can face bigger challenges when searching for skilled employees. In the



search of skilled employees, the methods the company uses can be insufficient and might fail to reach the target audience.

Employee preparation. The company does not pay a lot of attention to the training of new employees. It is believed that the more experienced employees can prepare the new ones. The applied method is not really effective, because the work done by an older employee is interrupted and the quality of training new employees is also not assured.

Investment in employee training. The company does not invest in employee training and does not pay sufficient attention to the gaining of their qualifications. It might not seem a big problem until the company is new, employees are sufficiently motivated, customers are interested in the idea and vision of the company. However, the attitude of customers can change and a company that does not invest in employees training can be left behind its competitors in the quality of service.

Literature Review

As E. Klimas and J. Ramanauskienė (2011) state, for a suitable functioning of an organisational motivation system, an organisation must optimally exploit material, non-material and psychological means for employee motivation. A motivation system improves the job ethics of employees, reduces job dissatisfaction, and improves productional factors that directly influence job results. Motivation systems help not only to meet the expectations of employees, but also to seek the aims of an organisation. A successful introduction of a motivation system:

- Helps to ensure high quality of work, focusing on employees and their skills;
- Ensures efficiency of expenditure on recruiting the labour force, especially in the service sector, where the labour force is expensive;
- Makes assessment of environmental conditions easier;
- Makes it easier for an organisation to adapt to the changes in an environment.

A famous specialist of human resource management, M. Armstrong (2013), defines intrinsic motivation as factors generated by a person from inside, influencing to act in a special way or act in a certain direction. M. Armstrong (2013) names a motivation process, which has only four component elements: a need, goal setting, choosing measures and an achieved goal. So it means that intrinsic motivation is when the activity of an employee is organised from the inside of the person himself/herself and when it is done in order to please oneself. This means that when working, there is a bigger possibility that the results of the work will be much better – the work itself is like a stimulus and the achieved result of the work, the significance of the work performed and self-esteem provide a person with internal satisfaction. Intrinsic motivation – is a motivation without getting a visible, clear reward, it is a work done for oneself. A person who is more motivated can achieve more – if an employee is gifted or highly skilled, it does not mean that he/she will achieve good results – even an employee with a lower competence or abilities will achieve more if his level of motivation is higher – if the work itself or the expected work results give him more benefit than to anyone else. Such things as fostering self-esteem, the joy of communication and partnership, opportunities for implementing one's abilities become very important in the context of internal motivation.

Employee motivation means are divided into: tangible (monetary and non-monetary) and intangible (psychological – moral). Tangible motivation means are described as one of the most important means, the size of which will depend on the load and complexity of the work of an employee. If an employee sees that his/her tangible reward is proportionate to his/her input in the work done, it means that the reward is right.



Another group of motivation means is psychological-moral. Moral means of motivation are hardly expressed in monetary value, instead their impact is more psychological. Psychological motivation means are non-financial means, those, which according to Rupeikienė L., Viningienė D., Šaltytė L., Martinkienė J. (2010), grant safety, acknowledgement, satisfaction, ensure good relationships and personal development.

If tangible motivation means satisfy extrinsic motivation of an employee (physiological, safety needs), then non-monetary and psychological motivation means satisfy intrinsic motivation.

Findings and Analysis

When analysing employee needs and motivation, the weakest factors motivating employees are qualification development opportunities. This is determined by the specifics of the company activity and the management structure. It is quite difficult to climb the career ladder in a small company, especially if the turnover of employees is low. The motivating factors are mostly warm labour relations and size of wage. It proves that monetary motivation is important for company employees. It can be assumed that employees mostly value those factors that they lack. In this case, the most relevant ones are satisfying physiological needs (wage) and needs of belonging. It shows that employees want to have sense of community with colleagues and that this mostly motivates them to work. It is important to notice that warm relationships are one of psychological motivation means, encouraging intrinsic motivation.

Beside monetary reward, the company employees name warm labour relations as the most important motivation factor. One of the most important goals of the company is that employees feel accepted in the company, have warm and friendly relationships and feel like in a family.

The employees were asked what intangible motivations means they would like, what is lacking in their opinion. Some employees said that they would be motivated by greater attention from management. Though interrelationships between the colleagues are very close and warm, they feel a slight estrangement from the director, they lack closeness. Therefore, the employees would like more informal meetings, celebrations, events, which could be organised not only for the employees (waiters, bar staff, cleaners), but for all the personnel in general, i.e. managers and the director. Other employees named the lack of official meetings during which they could express their opinion, give suggestions and be heard. Usually only heads participate in company meetings; therefore, employees would like at least sometimes to be able to participate in such meetings. Another common suggestion is family involvement. Some employees would like it if the company took into account not only themselves as employees, but also other members of their families – for example, if they would organise common meetings, and maybe once a month would announce a family day, when employees' family members could have free lunch together with the employees in the café.



Practical Human Resource Management Tool

1. Regularly feedback and attention to every employee

2. Employee involvement in companies improvement and decision making.

3. Monthly employees plans

1. The head should pay attention to every employee. To share good words, compliments, attention. Most people like being spoken highly of, the same should be done to employees, because namely these things raise motivation, a desire to try, to be a better employee.

2. Opportunity for employees to give suggestions for improvement. To improve work efficiency, to develop their skills when investing in responsible and suitable employees, who have a large perspective to grow, develop and of course assess the company's efforts not only for one's own benefit, but value an employee who supports and helps to implement the company's goals and plans. Give employees at least a little authority, let them feel needed and important for the company activity. It could motivate employees to move forward even faster.

3. Encourage employees to participate in various projects. To make employees interested in projects, events, things that develop a desire and a will to do good to one's workplace, to provide employees with opportunities to rest differently, motivating oneself. It is important to make monthly plans where employees would have an opportunity to choose the project they want to participate in that month. This monthly planning will help to show employees how many opportunities they have and will increase responsibility to participate where they choose.

Conclusion

Beside monetary means of motivation, employees distinguish warm and friendly relationships with colleagues as the most important and the most motivating. Unfortunately, not all the employees of the company perceive relationships with colleagues as warm and friendly, so the company could strengthen its applicable means to improve employee interrelationships.

Even though the heads of the company pay a lot of attention to the creation and fostering of employee interrelationships, they sometimes forget that they themselves are a part of the workforce, and for the employees of the company, it is important to have closer relationships with the heads of the company. It would be useful for the company to listen to every employee and to involve them in the process of decision-making.



References

Armstrong, M. (2014). *Armstrong's Handbook of Human Resource Management Practice*. 13. London: Kogan Page Limited London.

Klimas, E., Ramanauskienė, J. ir Vanagienė, V. Suggestions for Increasing Employee Motivation to Work //Rural Development 2011: The Opportunities and Challenges for Agriculture and Rural Development.

Rupeikienė, L., Viningienė, D., Šaltytė, L. ir Martinkienė, J. (2010). *Žmogiškųjų išteklių formavimo, pritaikymo galimybės versle*. Socialiniai mokslai, 1 (17), 143-155.