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Motivation (as a tool to increase companies eco- efficiency) in Latvian SME and big companies in the time when decision to enter European Union or not has to be taken

1. Abstract

This is part of research covering theme "Influence of European Union (EU) on the development of Latvian economy in the aspect of marketing mix elements" representing 5th marketing mix element- personnel.

The main aim of this research is to evaluate and analyse Latvian business micro environment from the aspect of one of its components- personnel management.

To achieve this aim, execute advanced research tasks and affirm or deny following hypothesis- "Motivation level in the Latvian SME and big companies is not substantially different and employees are comparatively satisfied with their work", quantitative research in the Latvian SME (12 biggest companies in the wood working sector) and big company (which is mostly oriented on the international markets and work in the international competition conditions) has been implemented. Research covers analysing and comparing different factors of employees motivation and satisfaction with their work on the basis of A.Maslov and F.Herzberg motivation theories.

This theme was chosen because understanding of employees motivation level and appropriate implementation of motivation programmes by management most probably may lead to better quantitative and qualitative results of companies work. This is even more important at these times when Latvia is going to enter European Union which means that more and more companies are going to work in the international competition circumstances, where winners will be those who use resources (including personnel) most efficiently.

On the ground of gathered data from the research mentioned above, tasks and objectives have been achieved and hypothesis affirmed.

Author came to conclusion that employees both in SME and big companies are relatively satisfied with their work and there is no significant difference between motivation level in SME and big companies.

2. Key words

Environment, Motivation, Small and medium companies, Big companies, Latvia

3. Introduction

It was not as long time ago, when Latvia regained its independence and undertook the way from planned to market oriented economy. Little bit more than ten years has been passed since the beginning of these processes. But today we are here - on the threshold to make decision whether to become a part of European Union and how this decision will influence our future?

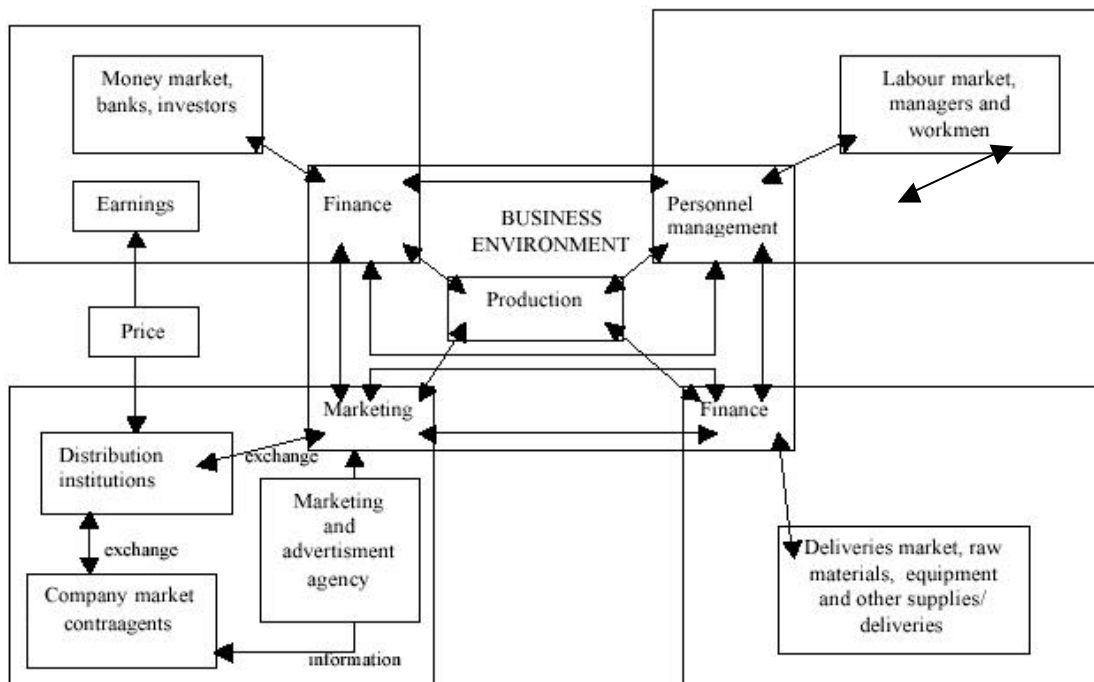
This is part of research covering theme "Influence of European Union (EU) on the development of Latvian economy in the aspect of marketing mix elements". The aim of the whole project is by implementation of research in the Latvian big and small and medium enterprises (SME) sectors which are potential for development find out whether EU has positive or negative influence on the development of economy in Latvia, in case Latvia become a part of EU. Factors for this research are five marketing mix elements: product, price, place, promotion and personnel. This research- "Motivation (as a tool to increase companies eco-efficiency) in Latvian SME and big companies in the time when decision to enter EU or not has to be taken" represent 5th marketing mix element- personnel.

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The main aim of this research is to evaluate and analyse Latvian business micro environment from the aspect of one of its components- personnel management by investigating and comparing motivation of employees working in Latvian SME and big companies

In this research motivation has been observed as moving force of the entrepreneurship, but personnel as the element of inner business environment.

Business environment (micro environment) consist of the following elements or functions: production, marketing, finance, personnel, purchasing and personnel management. Interdependence of these elements or functions can be described by following drawing:



Drawing nmb. 1 "Business micro environment"

There are several factors which determine why and on what extend people working in the company are or are not satsied with their work. These are observed and described by different sciences and scientific subdisciplines, including economics, business management, psychology, philosophy, etc.. One of the factors which is described by all mentioned sciences is motivaton. In this research motivation is analysed in the context of business environment's component- personnel management.

To understand actuality of this theme, on the author's opinion, it is necessary to answer on the following questions: if and why it is or is not important to motivate employees, what is the value of motivated personnel for company, how satisfaction with work influence quality and quantity of the work as well as other processes within the company. These questions may also sound as follows: how important role in the company plays its personnel and how important is what are they doing and what motives drives them to work the way they do. Nevertheless there are different new technologies, machines and other equipment introduced in the companies in these days, author dare to say, that the most important "working tool" in the companies today and also in the future will be exactly people. And efficiency as well as quality and quantity of the work will depend exactly from people working in the companies. Because of these reasons in these times when work and competition conditions became more and more complicated, highly motivated employees, who are satisfied with their job are important. So it is important to motivate them. But to understand how it can be done most efficient it is important to understand current situation. So we need to explore and analyse which are the factors with which employees are satisfied and which are those they are not satsufied in their work. This could give to the companies possibility to cabbage funds when

different motivation programs are going to be introduced. Otherwise these funds might be spent useless if people are motivated by motivators which are not important for them or which are relatively insignificant.

This research consists of two parts:

1. Research in big Latvian companies
2. Research in Latvian SME

According to the information provided by the Companies Register of the Republic of Latvia, there is following separation of the companies according their sizes: micro companies: up to 9 employees, small companies 10 to 49 employees, medium companies: 50 to 250 employees, big companies: 250 and more employees.

Author has chosen big company for research on the basis of the following criteria: it is Latvian big industrial company with more than 250 employees situated outside the capital of the Latvia (Riga), the main target markets of this company are outside of the territory of Latvia and it works in the conditions of international competition.

SME has been chosen on the basis of following criteria: wood working sector, situated outside the capital of the Latvia (Riga), with 10 to 249 employees. From the SME which suited mentioned criteria, 12 biggest companies has been chosen. For selection of the companies employees incidental selection technique has been chosen.

Employees neither in big companies nor SME were chosen according their age, position or other factors. In this stage also incidental selection technique was used.

Following hypothesis has been advanced for the research: Motivation level in the SME and big companies is not substantially different and employees are comparatively satisfied with their work.

Following tasks has been advanced for the research:

- To examine employees motivation as the element of companies inner environment.
- Brief analyse of A.Maslov and F.Herzberg motivation theories and possibilities to use these theories to explore and analyse employees motivation and satisfaction with their work in the SME and big companies.
- Trial of employees motivation and satisfaction with their work in big Latvian industrial company.
- Trial of employees motivation and satisfaction with their work in SME
- Achievement of the aims set up for the research and approve or disclaim advanced hypothesis

The research has been based on two motivation theories: A.Maslov motivation theory and F.Herzberg two factor motivation theory. These theories has been chosen because author already has practical experience to use them in other researches concerned with the motivation and employees satisfaction with their work. This experience has showed that nevertheless of disadvantages they have, mentioned theories are adequate for such aim as relatively good allow to explore and analyse employees satisfaction and motivation to work.

A.Maslov motivation theory as well as F.Herzberg two factor theory belongs to "content motivation theories group". According definition, content motivation theories concentrate managers on the need of employees and suggest to improve their work with different needs satisfaction methods.

On the basis of A.Maslov theory there are three principles:

- Hierarchy of needs (physiologic needs, security needs, social needs, acknowledgement needs, self assurance needs)
- Deficit principle of the needs (needs satisfaction process is vastness)
- Progression principle (people action are prescribed by their unsatisfied needs)

F.Herzberg two factor theory, which was developed in 1953, is also mainly based on the peoples'needs. According consequences drawn out by F.Herzberg, all factors which motivates employees attitude toward the work they do, might be separated in the motivators and hygiene factors. The main idea of the theory is that it is enough with one motivator for employees satisfaction with work. However if at least one hygiene factor is missing,

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employee will not be feel discomfort and unsatisfaction which will negatively influence his motivation to work.

The main common features of A.Maslov and F.Herzberg motivation theories might be described by the following drawing:

A.Maslov	F.Herzberg
1. physiologic needs 2. security needs 3. social needs	hygiene factors
4. acknowledgement needs 5. self assurance needs	motivators

Drawing nmb. 2 "Comparison of A.Maslov and F.Herzberg motivation theories"

Questions included in the questionnaire used for this research has been divided into two main parts:

1. Profile information of the respondents and 2. Respondents attitude.

First part include questions concerned with respondents position, gender, age, working time in the company, education level, and average income level.

Respondents attitude was used as primary or main information on the basis of which data analysis has been made. Every question included in this part corresponds to one of A.Maslov motivation theory hierarchy levels and might be seen as motivator or hygienic factor according F.Herzberg two factor motivation theory:

Questions corresponding to the physiologic needs:

1. Difficulty level of commuted working duties
2. Quantity of commuted working duties
3. Working conditions and comfort in the working premises
4. Possibility to use canteens near the work
5. Total satisfaction with salary

Questions corresponding to the security needs

1. Way (actions) how conflicts and problem situations are solved
2. Way (actions) how changes and innovations are being introduced
3. Company help in solving personal problems
4. Due passing of the information
5. Understanding of passed information (orders, prescriptions)

Questions corresponding to the social needs:

1. Relation with the same level employees
2. Overall relations in the company
3. Satisfaction with the management style of direct chief
4. Satisfaction with overall management style
5. Sufficiency with the information about company, its tasks, success and misfortunes

Questions corresponding to the acknowledgement needs:

1. Pay according to your working experience
2. Pay according to the extent of your work
3. Pay according to your education
4. Additional estimation from the management: bonuses
5. Additional estimation from the management: oral prizes

Questions corresponding to the self assurance needs:

1. Upgrowth possibilities in the company (change of the status, commitment of more responsible tasks)
2. Education possibilities in the company
3. Possibility to freely explain your opinion to the direct chief
4. Respectation of your suggestion from the management when decisions are taken

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5. Possibility to get involved in the process to solve different decisions which may affect you directly or indirectly

For every factor mentioned above, respondents were offered to choose among following valuation possibilities:

1. Completely unsatisfied; 2. Unsatisfied; 3. More unsatisfied as satisfied on average; 4. Satisfied on average; 5. More satisfied than on average satisfied; 6. Satisfied; 7. Completely satisfied

Additionally respondents were offered to evaluate their opinion about their overall satisfaction with the work.

Research was carried out at the end of 2002.

5. Results and discussion

5.1..Profile information

5.1.1. Big industrial company:

In the big industrial company where research has been implemented there are 1180 employees (560 men and 620 women). 22% of them were questioned (71% women and 29% man). Apportion of questioned employees according their age: up to 18 years - 0%, 18-25 - 8,2%, 26- 35 - 24%, 36- 45 - 38%, 46- 55 - 26,8%, more than 55 years - 3%.

From questioned employees 5.4% are managers, 21.6% - experts, 64.1% - skilled workforce and 8.9% - helpers. Most of these employees, e.g. 22.3% work for the company already 19 to 24 years; 19.0% - "13 - 18 years"; 18.2% - "1 - 6 years"; 13.0% - "25 - 30 years"; 12.1% - "31 - 36 years"; 11.7% - "7 - 12 years"; 3.6% - "37 - 42 years".

According education level: 3.2% from all questioned employees has grade school education; 36.3% - secondary; 25.4% - professional education; 11.7% - secondary professional; un 23.4% - higher education. Average incomes per month of the respondents: 4% up to 120 EUR; 45.8% - 121 to 190 EUR; 23.5% - 191 - 260 EUR; 17.4% - 261 to 330 EUR; 5.7% - 331 - 400 EUR; 4,0%- 401- to 470 EUR; 0.8% - 471 - 540 EUR; 1.2% - more than 541 EUR.

5.1.2. SME

430 respondents were questioned in 12 biggest Latvian companies working in the wood working sector (30 to 40 respondents in every company, 79,4% from which are men, 20,6% women).

Apportion of questioned employees according their age: up to 18 years - 0%, 18-25 years - 17,2%, 26- 35 years - 22,8%, 36- 45 years - 30,9%, 46- 55 years - 20,2%, more than 55 years - 8,9%.

6,3% from them are managers, 21,6% experts, 24,9% skilled workforce and 47,2% - helpers.

In the contrary with employees in the big industrial company, questioned people in SME has been working for their companies comparatively short period of time: Following data has been gathered: less than 6 months - 22,6%, 6-11 months - 10,9%, 1-2 years - 15,8%, 3-4 years - 20,2%, 5 years and more - 30,5%.

According education level: 27,3% - grade school education, 9% - secondary education; 28,7% - professional education; 23,2% - secondary professional 11,8% - higher education.

Average income of the questioned employees: up to 120 EUR - 22,3%; 121 - 190 EUR - 36%; 191 - 260 EUR - 24,8%; 261 - 330 EUR - 10,7%; 331 - 400 EUR - 3,5%; 401- 470 EUR - 0,8%; 471 - 540 Ls - 1,1% and more than 541 EUR - 0,8%.

5.2.. Analyses and comparison of employees motivation and satisfaction with their work in SME and big companies.

5.2.1. Physiologic needs

According data gathered by the research with factor "difficulty level of commuted working duties" more than a half questioned employees (71% in SME and 60% in big companies) are completely satisfied. More satisfied than on average satisfied are accordingly 20 and

28% employees, unsatisfied and more unsatisfied as satisfied on average are 8% SME and 12% big company employees. Similar data has been gathered evaluating factor "quantity of commuted working duties": completely satisfied and satisfied are 62% SME and 60% big companies employees. Most of respondents from SME and big companies are satisfied also with factor "working conditions and comfort in the working premises". But with the factor "possibility to use canteens near the work" as much as 71% SME and 85% big company employees are completely satisfied and satisfied. Comparatively most unsatisfied employees both in SME and big company are with factor "total satisfaction with salary". Only 25% SME and 14% respondents from big company are completely satisfied and satisfied with their salary, whereas 27% from each sector are completely unsatisfied or unsatisfied.

5.2.2. Security needs.

According coding of gathered data, with factor "way (actions) how conflicts and problem situations are solved" completely satisfied and satisfied are approximately 40% respondents from both from SME and big company. More satisfied than on average satisfied and on average satisfied - accordingly 45%. Very similar data has been gathered also concerning the rest of security needs: "way (actions) how changes and innovations are being introduced"; "company help in solving personal problems"; "due passing of the information"; "understanding of passed information (orders, perscripts)".

5.2.3. Social needs

According gathered information we may signify that employees both in SME and big companies are relatively highly motivated with factors which determine "social needs". This is because four from five factors representing social needs ("relation with the same level employees"; "overall relations in the company"; "satisfaction with the management style of direct chief"; "Satisfaction with overall management style") are evaluated as completely satisfied and satisfied from more than 60% both from the employees of SME and big company. Comparatively only 2% of respondents are completely unsatisfied and unsatisfied with these factors. With factor "sufficiency with the information about company, its tasks, success and misfortunes" 43% employees in SME and 37% in big company are completely satisfied and satisfied. More unsatisfied as satisfied on average are accordingly 41% and 45% respondents, but 16% from SME and 18% of big company employees are completely unsatisfied and unsatisfied with this factor.

5.2.4. Acknowledgement needs

With acknowledgement needs factor "pay according your working experience" completely satisfied and satisfied are almost ¼ employees both in the SME and big companies. More satisfied than on average satisfied and satisfied on average with mentioned factor accordingly are a little bit more than 40% respondents but completely unsatisfied, unsatisfied and more unsatisfied as satisfied on average 34% SME and big company employees.

With factor "pay according the extent of your work" completely satisfied and satisfied are 24% SME and 20% big company employees. Approximately 40% respondents are more satisfied than on average satisfied, but 37% evaluated this factor as completely unsatisfied, unsatisfied and more unsatisfied as satisfied on average.

With factors "pay according your education", "additional estimation from the management: bonuses" and "additional estimation from the management: oral prizes" completely satisfied and satisfied are as much as about 30% respondents from SME and big company. About the same number of employees are also completely unsatisfied and unsatisfied with factors "additional estimation from the management: bonuses" and "additional estimation from the management: oral prizes". However there are comparatively less completely unsatisfied and unsatisfied with factor "pay according your education" - 12% of respondents in SME and 13% in big Latvian company.

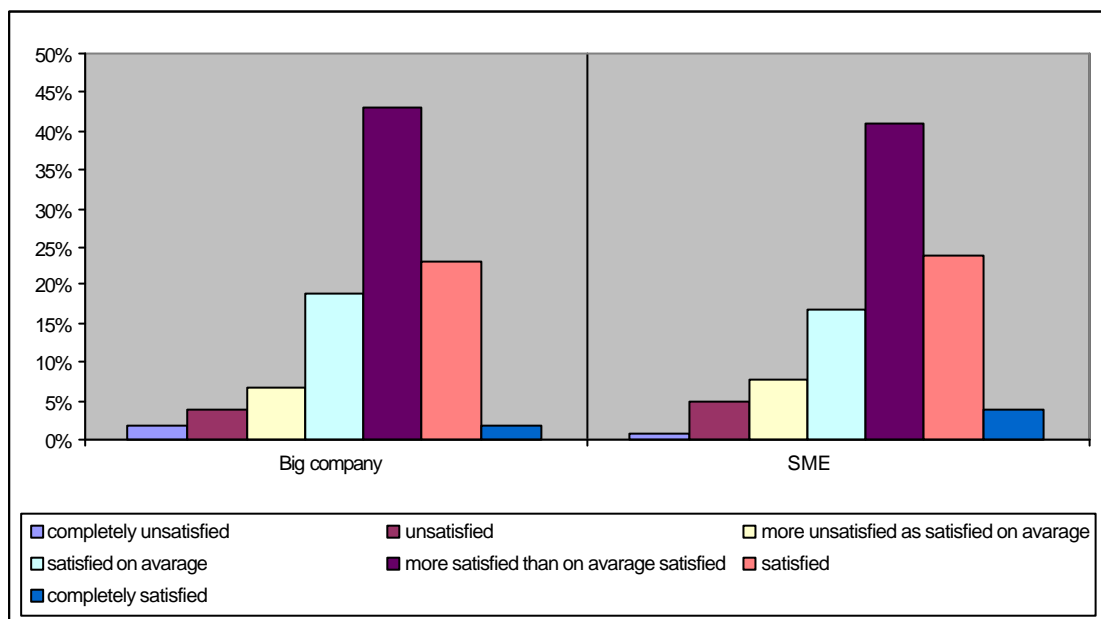
5.2.5. Self assurance needs

According gathered data, as much as 38%- 67% (67% with factor "possibility to freely explain your opinion to the direct chief") SME employees and 40 to 70% (70% with factor "possibility to freely explain your opinion to the direct chief") respondents from big Latvian company are completely satisfied and satisfied with all five offered factors which represents self assurance needs. Whereas only 4% employees from SME and 2% from big Latvian company has evaluated factor "possibility to freely explain your opinion to the direct chief"

as completely unsatisfied and unsatisfied. The same attitude are also expressed from approximately 10% SME and big company employees with reference to factors “respectation of your suggestion from the management when decision are taken” and “possibility to get involved in the process to solve different decisions which may affect you directly or indirectly” and do not exceed 20% for factors “upgrowth possibilities in the company (change of the status, commitment of more responsible tasks)” and “education possibilities in the company”.

5.3. Overall satisfaction with the work

Overall satisfaction with the work in SME and big companies might be best described with the following drawing:



Drawing nmb 3. “Overall satisfaction with the work in SME and big companies”.

6. Conclusions

According data of the research covering 686 respondents- employees in SME and big company we may come to conclusion that employees both in SME and big companies are comparatively satisfied with factors determining physical needs, needs for security and social needs according Maslov hierarchy and F.Herzberg hygiene factors as well as with Maslov’s theory needs for acknowledgement and self assurance needs which are motivators according F.Herzberg two factor theory. It is also important to signify that there are no substantial difference in motivation level in the SME and big companies. Thus advanced hypothesis has been affirmed and aim of research accomplished what means that business micro environment in Latvia regarding its component “Personnel management” is comparatively favourable.

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