

## THE EMPLOYEES – THE MOST IMPORTANT ASSET IN THE ORGANIZATIONS

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### Abstract

Satisfied, highly-motivated and loyal employees represent the basis of competitive company. The growth of satisfaction is to be reflected in the increase of productivity, improvement of the products' quality or rendered services and higher number of innovations. Satisfied employees form positive reference to the employer and thus increase its attractiveness for potential job seekers and strengthen its competitive position in the market. Management of the company does not often know opinions of own employees and underestimates dependence between satisfaction of employees and total successfulness of the company in the market. The article brings the results of the employees' survey in the field of human resources management in the financial sector, factors of the satisfactions which can significantly influence the motivation of the employees and identify problem areas in the human resources management in the organization of the financial sector.

The survey affirms that the orientation of the personal policy, i.e. management of the career, working conditions, and environment is a problem area in the human resources management in the researched organization. Based upon experience implementation of personal policy should be done step by step and successful achievement can last a few years. Before implementation management should clearly define why we are here, what is our aim and how we intend to attain defined target. Simultaneously executives should not underestimate employees' opinion on one hand and take into consideration current external environment which can influence human resources management on the other hand.

**Key words:** employee, team cooperation, human resources, education of employees, employees' survey, financial sector.

**Classification JEL:** M12 – Personnel Management

### 1. Introduction

The orientation of the company on the human resources turned to be one of the key tasks of strategic management and human resources play important role in all strategic decisions. As Boudreau and Ramstad (2007, p. 4) present: "Whether it is called "people," "labor," "intellectual capital," "human capital," "human resources," "talent," or some other term, the resource that lies within employees and how they are organized is increasingly recognized as critical to strategic success and competitive advantage. DiVanna and Rogers (2005, p. 19) specify human capital structure, as outlined in Figure 1.

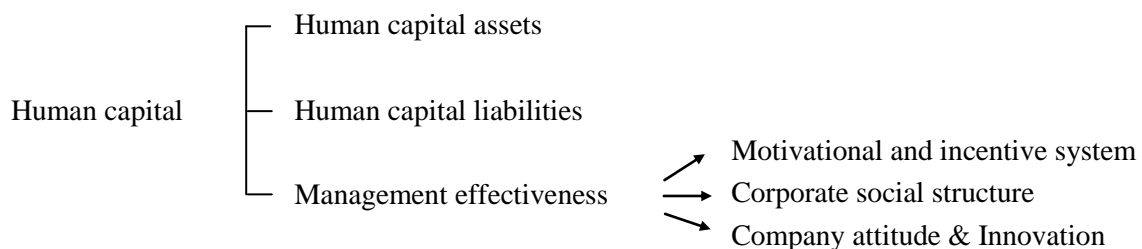


Figure 1: Human capital structure

Source: DiVanna et al., 2005, p. 19

Motivation, delegation of powers gets its importance at the present time as well. Authors Foot and Hook (2005), Armstrong (2002), Wagnerová (2008) and Koubek (2004) unanimously agree upon the fact that the management of the performance is the process by which the performance of the organization, team and individual improve and is used by the leaders for managing. Hall (2008, p. 194) clearly declares, that the very best way for managers to improve employee performance is to set clear expectations and hold regular business reviews to those expectations. The scientists try to discover the dependence between working performance and motivation. However, the answer is not unequivocal in all cases. Porvazník (2007, p. 125) underlines that motivation profile of each employee differs. Regardless this, where the motifs come from; a man is the most motivated one providing that external and internal motifs are in the balance. The level of the application of the skill to motivate or encourage employees is in practice judged according to the number of the satisfied employees in the organization, by the fluctuation rate and *not by its results*.

On the other hand Khan et al. (2010, p. 49) researched that a motivation strategy may possibly have the power of enhancing motivation in one way and diminishing it in others. To make sure the success of motivational tools, it is important to consider the uniqueness of the situation and the diversity of the concerned group. It is the job of management to consider different alternatives according to situation. Wagnerová (2008, p. 18) in her publication states that the research of motivation in its beginning leads to the founding that employees with approximately same working skills can have similar incomes but still quite different motivation and performance. The task of the working performance has been gradually recognized as a tool of the motivation and development in the USA, in the 50-ties. Based upon the research, Armstrong (2002, p. 433) publishes interesting opinion that there is not significantly positive relation between satisfaction and performance. The assumption that rather a good performance brings satisfaction than a satisfaction brings a good performance is not confirmed.

Wagnerová (2008, p. 29) introduces that certain optimum is applied for performance of work. In accordance to Yerkes – Dodson's law, it can be said that the relation of motivation and performance is not linear but it has the shape of the reversed "U". Higher motivation does not automatically mean better performance. The optimum level of motivation depends on the complexity of task. Lower level of motivation is optimal at the difficult tasks. While higher level of motivation for better performance is required for easier tasks. Optimal motivation leads to the maximum performance. The management of working performance is closely related to the remuneration of the employees. As it is given by the Koubek (2004, p. 57) remuneration represents a certain background of working performance management and thus *serves and helps the action* on the scene to go successfully.

According to Emansa and Kerstena (2001, p. 45), it is unreal to assume that introduction of "pay for performance", pay according to the performance shall change each employee during one night into a high-performance and motivated individual. Furthermore, some studies, on the contrary prove that motivation effects of that system can be negative providing the justice in the remuneration system is not guaranteed. Herzberg et al (1957, p. 15) also mentions doubt regarding the efficiency of money, as its lack does not lead to the satisfaction, its sufficiency does not lead to the long-term satisfaction.

Pursuant to Borsíková (2008, p. 2), the situation is similar in our conditions because this issue is being complicated by the unfavorable economic situation with high rate of unemployment and low level of salaries. It seems that these conditions narrowed the whole area of motivation into the only one "motivator" – money. The author of the abstract partially accepts the opinion of Borsíková (2008), although it is always possible to find way and solution to motivate employees so that the financial remuneration is not the only one incentive for higher working performance. According to research on topic "Ideal employer 2009" Švecová (2009, p.

4) presents, that main factor of satisfaction (but not motivator) is salary, direct financial appraisal (84%). Surprisingly on second place is job description (74%) then personal development of employees (63%). On fourth place is direct supervisor and work environment and fifth are fringe benefits.

Management of working performance represents the combination of working performance, education and remuneration of employees. Management of working performance in the organization, its content and processes are influenced by many other factors and determinants including culture of the organization, management's style and structure of the organization. Interesting opinion is introduced by Porvazník (2007, p. 125), who mentions that performance qualities of the subjects of management are influenced by the relation to the work to a great extent. The sense of work is not only to earn money for living but even to create values. The author supports Porvazník's idea (2007), who summarizes further that the company should even try to identify the reasons of the employees' stress and consequently eliminate them.

When company wants to increase the employees' performance managers need to answer on question: "What kind of motivator would increase the performance of their employees?" Hall (2008, p. 215) explains that when managers talk about performance improvements, they focus on training and appraisals, but training and appraisals are parts of an engine – not the engine itself. Furthermore Fitz-Enz (2009, p. 16) highlights that data and people are inexorably linked as never before. Either one without the other is suboptimal. Rather than bigger buildings or more equipment, employees need timely, relevant, and, most important organized data. Management's responsibility today is to combine people with information on a timely basis for several purposes. Information is one key to performance management and improvement. At the same time Bojnec and Gašparič (2010, p. 22) present that the value-added per employee is positively and statistically significantly associated with the ways of providing incentive in the decision-making process in the company with participation and responsibility in the decision-making of the lower level management.

Ulrich (2005, p. 207) expresses distinctly how human capital important is: "Human capital is intangibles, which represent value derived from choices about what happens inside the firm and from how investors value those decisions, rather than from its physical assets."

## 2. Course of Research

The research defines following hypotheses:

- H1: Company's culture of the organization form the basis for increasing employees' performance.
- H2: Motivation and support of employees' personal development are closely connected.
- H3: Non-monetary motivation of employees plays a very important role to manage the performance of employees.

One of the tools to verify defined scientific hypotheses is the collection of primary data by means of own empiric research carried out by questionnaire for the employees of the organization in the financial sector. The start-up of online questionnaire research requires meeting with the employees of a personal department. The goal of the meeting is to rearrange a questionnaire into the required form so it corresponds to the requirements of scientific research on one hand and to reach a defined goal on the other hand. The consultation with personal managers brings many benefits as it leads to the elimination or more precisely to the addition of some questions which are relevant from the point of defined goal.

The analysis of the surveys' results requires the application of a quantitative approach due to the analysis of causal relations among individual variables. The qualitative research is also applied in order to comprehend the results. The scientific research requires the application of

causal analysis which is focused on the casual connections between two phenomena. The application of causal analysis has its reasoning because by this method causal connections within the frame of human resources are researched. At the same time, induction and deduction are applied to analyze results. These methods are mainly applied for formation and processing of phenomena and generalization of gained knowledge based upon which the synthesis and conclusions are performed.

The employees' survey was performed in period starting June 14<sup>th</sup>, 2010 and ending June 28<sup>th</sup>, 2010 in the organization of the financial sector in Czech Republic and the goal of the employees' survey is the analysis of a contemporary status of perception of human resources management by the employees in the organization of the financial sector. At the same time, the research is intended to find out problem areas of human resources management in the financial sector. In order to reach a defined goal, the processing of questionnaire research requires the application of several methods of scientific research. The return of the questionnaire was 88.35% and the questionnaires are delivered to all employees (130) of the organization in the financial sector. The research also includes managers of the organization on all levels.

Questionnaire is divided in to the areas as follows:

1. *Cooperation with my direct superior* – questions from this area refer to the direct supervisor and mutual collaboration between superior and employees (Figure 2, 3, 4).
2. *Employee's growth* – questions from this area relates to possibilities of career growth, trainings, improving the qualification (Figure 5, 6, 7).
3. *Strategy of our department* – questions that relates to the long-term goals and orientation of employee's department.
4. *Cooperation and working performance of the department* – questions relate to department where employees work, working environment, handling with the problems, teamwork (Figure 9).
5. *Cooperation with other department* – questions refer to all departments the employees cooperate with on a regular basis in the course of your daily tasks (Figure 8, 10).
6. *Human resources management* – questions relate to level of personal policy of organization, corporate culture (Figure 14).
7. *Wages* – questions refer to salary policy, performance rewarding, bonuses (Figure 15).
8. *Commitment to the company* – questions refer to employee's commitment to organization.
9. *Company's management* – questions relate to level of managing of the organization, corporate social responsibility, outspokenness (Figure 11, 12, 13).

The questions in questionnaire are formulated in order to fulfill validity, have information value and thus contribute to the accomplishment of the defined goal. The article contains 14 graphs where are depicted results from individual questions from the questionnaire. The graphs were chosen in order to demonstrate defined hypothesis and goals of the research.

### 3. The analysis of the results

Processing and evaluation of the results based upon the on-line survey research is carried out by means of spreadsheet. Graphs which present core and the most important results of the individual areas are selected based upon the experience in the human resources and proving of hypothesis or more precisely fulfillment of defined goals in the research.

The employees stated that it is very important if superior renders all information, means and support for reaching agreed goals in the area of cooperation with direct superior (Figure 2). The importance of being informed is also presented in Figure 3 which confirms that it is of great importance to organize regular meetings. Almost 63% of the employees approve that both directions communication flow between superior and subordinate has its good reasons and should be a part of each company's culture.

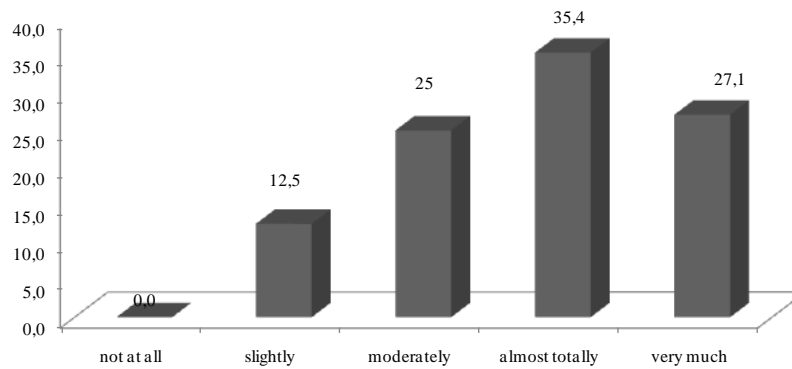


Figure 2: Rendering of required information by direct superior in %

Source: own study

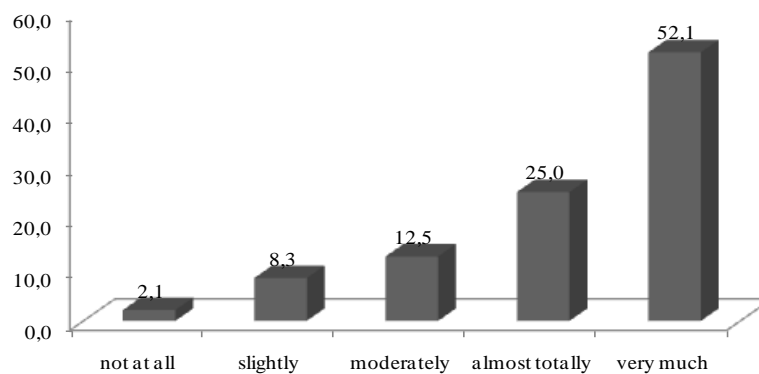


Figure 3: The importance of regular meetings in %

Source: own study

At the same time, it is confirmed by the employees that successful reaching agreed goals is influenced not only by the information level but the importance lies also in the engagement of the employees in the decision-making process which influences their work, what is confirmed by the result of 54.1% shown in Figure 4.

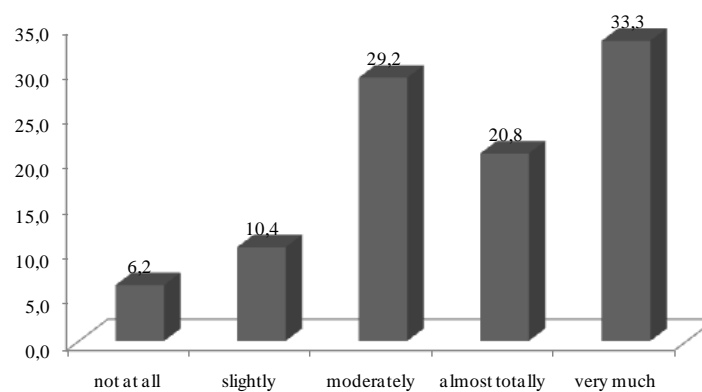


Figure 4: Engagement of the employees in the decision-making process in %

Source: own study

The importance of the cooperation between superior and employee to fulfill tasks is confirmed by the answers on the question: “Does your superior devote enough time to discuss with you your working tasks and goals?”, (Figure 5).

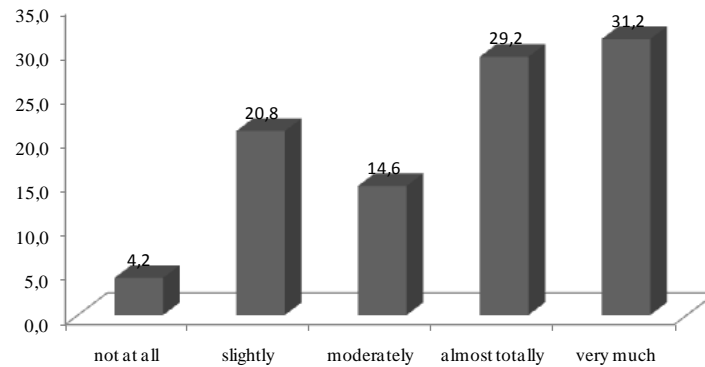


Figure 5: Discussion on working tasks and individual goals in %

Source: own study

It follows from the research that one of the important factors which directly influences reaching strategic goals is the cooperation with direct superior and support of employees to fulfill tasks. It can be stated that employees appreciate mainly open communication, clear definition of goals and delegation of powers.

Further, it is researched that growth and professional development of the employee as one of the possible problem areas of human resources management. Figure 6 shows illustratively that annual employee dialogues are not performed what as a final result can influence not only employee's performance and his/her motivation but event the motivation to reach strategic goals.

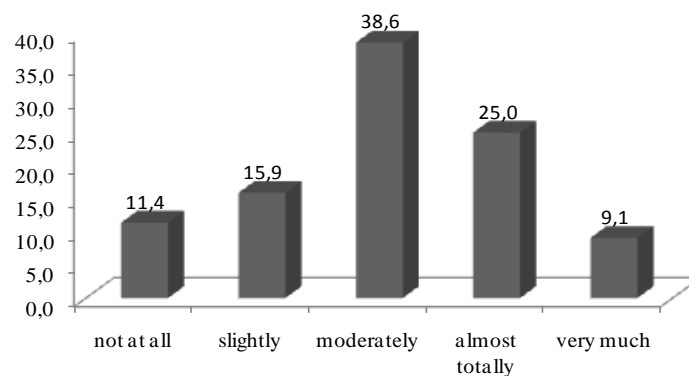
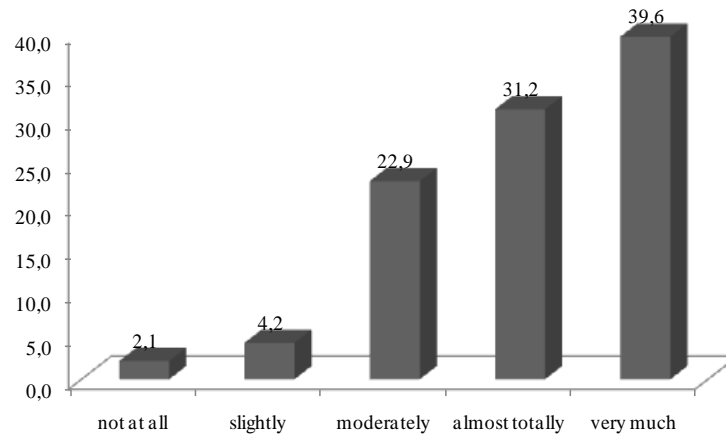


Figure 6: Discussion on the working performance and professional growth in %

Source: own study

It can be stated that the importance of annual employees' dialogues is underestimated by the employer. However, it must be noted that the evaluation of employee's performance, evaluation of individual tasks and identification of personal development are key factors to motivate employee. The important fact regarding annual dialogues is also the form and style of its performance. Otherwise, the dialogue can have the opposite effect for the employee's performance.

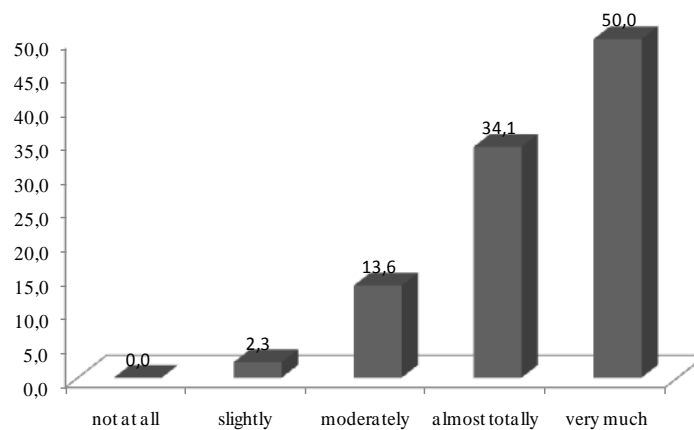
The question which is focused on the significance of the qualification, capabilities and knowledge application – the employees (70.8%) confirm that (Figure 7), that it is vital not only to pass trainings focused on the support of the personal growth but decisive factor is also the application of the qualification, capabilities and knowledge in order to reach goals. In that case the most frequent answers are: application of expert knowledge and soft skills for their work.



*Figure 7: The application of gained qualification, capabilities and knowledge in %*

Source: own study

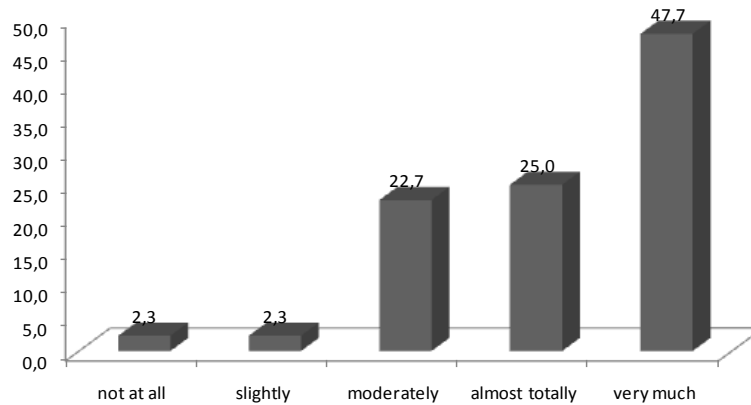
One area of questions includes questions orientated on the team cooperation in the department and among departments. The aim of the questions is to confirm or not if team work, trust in team are key factors of the employees' satisfaction. Figure 8 presents that the cooperation in the department or more precisely among departments plays very significant role in the job (84%).



*Figure 8: Cooperation within the company in %*

Source: own study

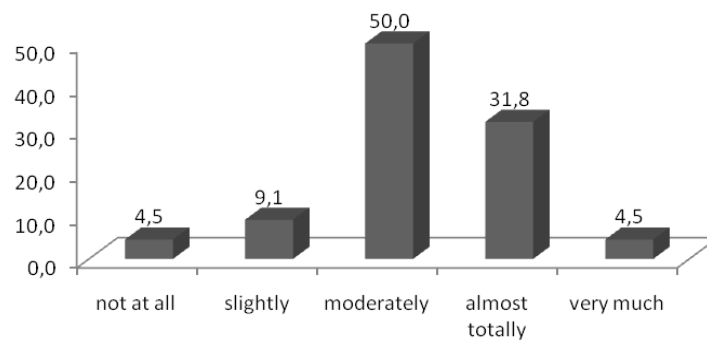
The employees confirm that team cooperation is important not only among individual departments but of the same importance is the support of team work by superior (Figure 9).



*Figure 9: The importance of team work in %*

Source: own study

From the research follows that the support of team works is to be a part of each company's strategy or more precisely culture as a tool for reaching goals. At the same time, the employees would appreciate yearly teambuilding and outdoor activities to support networking among individual departments within the company. However, most of the employees confirm that they do not receive all needed information from other departments to reach defined working goals (Figure 10).



*Figure 10: Communication among departments in %*

Source: own study

The employees state that successful fulfillment of defined goals requires the knowledge of company's results for previous period Figure 11 and goals of the organization for future period Figure 12.



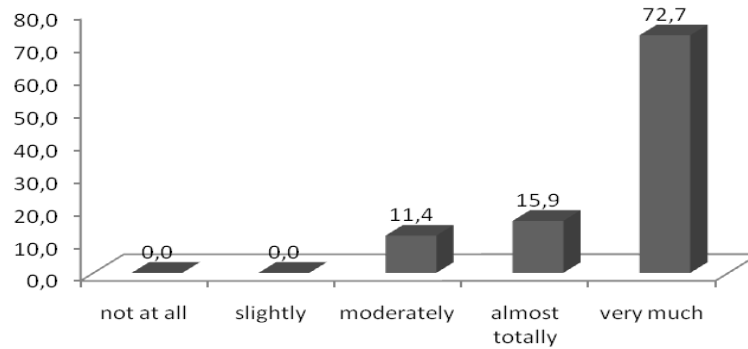


Figure 11: The importance of being informed about previous results in %

Source: own study

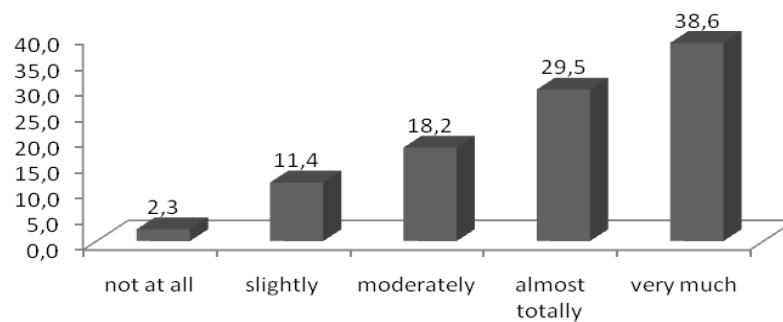


Figure 12: The importance of being informed about future plans/intentions in %

Source: own study

However, the results show that long-term goals and strategic orientation of the department or more precisely of the company are not discussed sufficiently Figure 13.

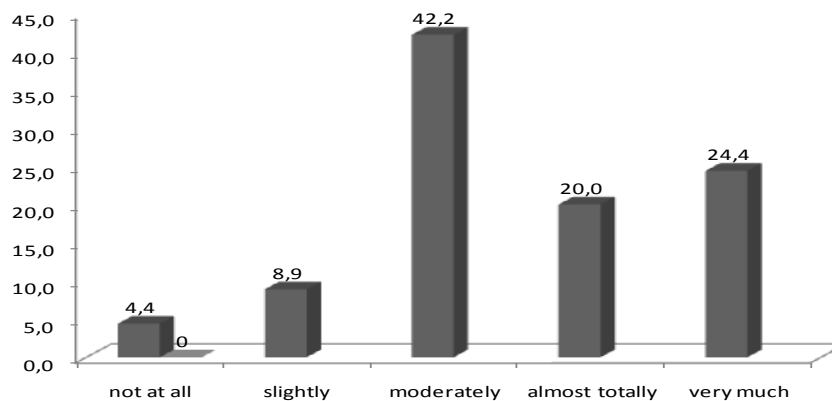


Figure 13: Management's knowledge on strategic goals in %

Source: own study

The subject of the research is also to find out the level of human resources management in the company. 36.4% of the employees evaluate personal policy in the organization only on the average and almost 30% does not consider human resources management to be sufficient. From the above mentioned follows that career management, working conditions and environment or

more precisely salary do not contribute to the increase of the working performance in the researched organization.

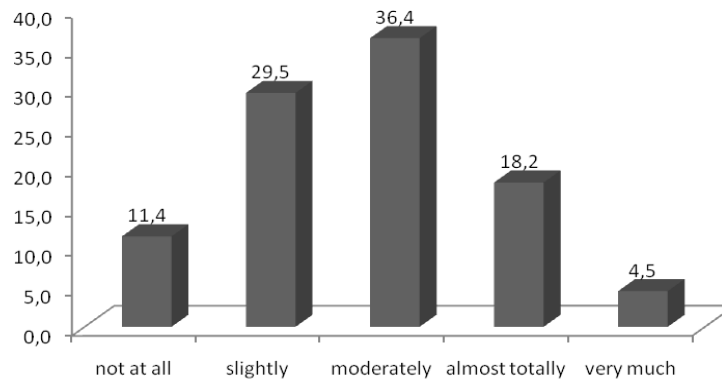


Figure 14: Level of human resources management in %

Source: own study

One of the researched areas is the remuneration, too. The employees affirm that remuneration is not the most important motivator for them to reach defined tasks Figure 15.

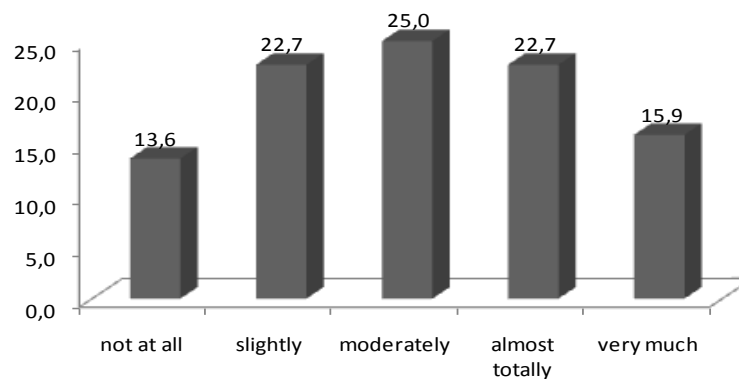


Figure 15: Remuneration as a motivator in %

Source: own study

The employees confirm that non-monetary forms of motivations are of greater importance to them in comparison to monetary forms of the evaluation.

#### 4. Conclusion

Based upon the results, it can be stated that defined goal is reached because the results show a complex view on the management of human resources. At the same time, the research presents a detailed answer which factors influence the performance of employees. Simultaneously, it is found out which areas require increased attention by managers of human resources in order to increase the performance of employees and thus the overall performance of the organization.

Employees' survey is one of the important tools of the communication means in each company. Opinions of employees regarding the company can support the company for the right

development and direction. At the same time, survey can help to set personal policy correctly and to motivate employees. Following the above mentioned there are factors which influence working performance of employees and that is:

1. Both direction communication between superior and subordinate. More than 50% of the employees consider the fact to be informed to be a very important part of their working performance. The result more than 50% confirms the hypothesis No 1, i.e. that two-way flow of information between management and employees should be a component part of each company's culture especially in case that company intends to increase its performance.
2. Co-decision and engagement into the decision-making process. 33.3% of the employees consider that factor to be very important one and 20.8% of the employees consider it to be important.
3. Cooperation with direct superior and support of the employees to fulfill tasks.
4. Knowledge of the company's strategy or more precisely vision of the company, where the company is heading in short-term or more precisely long-term and at the same time the knowledge of past periods results (72.7%).
5. Support of career growth and education of employees. Employees (70.8%) state that support of individual development or more precisely personal growth significantly influence working performance. This result shows and confirms the hypothesis No 2 that if the personal policy is set correctly, i.e. personal policy even includes the support of own employees personal development, the motivation of employees can be increased.
6. Cooperation in the department or more precisely among departments is considered to be a decisive factor which helps to guarantee efficient working performance of the employee.

Contrary to Borsíková (2008, p. 2), the wage has not been the incentive to reach better working results for a long time based upon the research. Non-monetary forms of motivation are getting their first place. According the research internal communication, personal development and employees' education are the elements of non-monetary motivation. Above-mentioned results confirm the hypothesis No 3 that monetary motivation is only a short-term factor which influences the performance of employees. The satisfaction of employees is influenced by human resources management itself to a great extent as well as set personal policy in the company. It is essential to realize at the same time that human resources management and its requirements is becoming the center of the attention of each employer lately. The results confirm a narrow connection between working performance of the employee and reaching defined results of the organization in the financial sector.

The research affirms that the orientation of the personal policy, i.e. management of the career, working conditions, and environment is a problem area in the human resources management in the researched organization. Based upon experience implementation of personal policy should be done step by step and successful achievement can last a few years. Before implementation management should clearly define why we are here, what is our aim and how we intend to attain defined target. Simultaneously executives should not underestimate employees' opinion on one hand and take into consideration current external environment which can influence human resources management on the other hand. Furthermore employer should not over motivate own employees because it can lead to decreasing the performance. Top leaders can use modern method such as Balanced Scorecard to increase employees' performance. At the same time support tools such as employees' survey, being informed by regular meetings, and visualization in the company or more precisely management's meetings with employees motivate employees to a higher working performance significantly and at the same time it helps to improve performance of the company and to fulfill defined human resources strategy.

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