

MOTIVATING OF WOOD PROCESSING AND FURNITURE MANUFACTURING COMPANIES EMPLOYEES IN THE TIME OF ECONOMIC CRISIS

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Abstract

Motivating the employees has the key importance for providing their efficiency and quality of work. This especially applies for employment in the conditions of economic crisis, where the growth of de-motivational factors can be recognized, which has negative influence on the motivation of the employees. In the research we wanted to establish the current situation of motivation of the employees in Croatian wood processing and furniture manufacturing companies. The research was conducted in the period of the deepest crisis in Croatian industry, in the year 2010. We found out that the companies' management pays the most attention to assuring employees' security and their reciprocal relations, which is without a doubt of great importance in the period of great insecurity of business and growing tension among people. We established that the single most important motivating factor is the salary, following by safety.

Comparing given results to results achieved in the similar research conducted in the year 2006 we found out that in the times of the normal economical behavior and environment, employees and managers in wood processing and furniture manufacturing pay more attention to security followed by the reputation of the company. Mainly, in the time of crisis employees and managers in wood processing and furniture manufacturing companies pay more attention to survival and physiological needs, while in the times of normal economic activities and environment they pay more attention to social needs including relationships with other employees and environment. This research can help managers in companies to address their efforts in motivating employees in a proper way to make a sustainable survival and development for their companies.

Key words: motivation, motivation theories, economic crisis, wood processing and furniture manufacturing.

Classification JEL: M12 – Personnel Management

1. Introduction

Economic recession has strongly influenced the operation of companies in the last two years (Charan, 2008). Some macro-economists (for example Mussa, 2010) believe that it hit the bottom in the middle of the year 2009. We can notice its influence in all business fields, also in motivation of the employees. A lot of de-motivational factors occurred, and the ones that already existed became even stronger. The employees are experiencing insecurity and some other additional fears (i.e. fear of losing a job, fear of lower wages etc.) In order for the companies to avoid all of the stated and other problems, they need to focus on seeking opportunities for sales increase and cost reduction on one hand, and on the other hand they need to establish conditions for more efficient work (Bryan, Farrell, 2008). The latter is strongly connected with the way the employees are motivated. It is a fact that the motivational strategies that worked in the past are not so efficient in current difficult economic conditions. If the managers continue to treat the employees in the same way, their already low motivation for work will decrease even more (Charan, 2008). In wood processing and furniture manufacturing companies the recent researches (Kropivšek, 2003; Kropivšek, Rozman, 2007) discovered an organizational culture, where the primary objective is not to motivate the employees, which can present an additional problem in current conditions. The management of the companies can count on satisfactory working results and satisfied workers mostly if they insert motivational factors into the working environment. We can say that practically all motivators are in the hands of the management. The only question is if they know how to use them (Možina, 1998).

Motivation means that somebody does something because he wants to and all we need to do is to stimulate him (Keenan, 1996; Herzberg, 2008; George, Jones, 1999). A motivation is a process of challenging (awakening) a person's activity, their focusing on certain items and regulation in order to reach a certain objective, overcome possible obstacles and achieve the set objective. We could say that motivation covers all factors (enthusiasm, wish, intention, persistence etc.) that either encourage or direct our behavior (Daft et al, 2000).

Možina claims there are no unmotivated human activities. Studies proved that all of the human activities are motivated not by one, but by numerous very complicated known and unknown factors (Možina, 2002). These factors that encourage human activity can also be called motives. They are strictly individual and apply to the social part of human lives. Therefore the so-called routine motivation approaches can be very ineffective, because they are not adapted to individual person (Lipičnik, 1998). The goal of these activities is to satisfy the expectations and wishes of an individual, which are formed on the basis of his material and social needs, the needs for respect, independence and personal growth.

The motivational theories can be largely divided into two groups: (1) content motivational theories and (2) process or cognitive motivational theories. The first group studies the factors that encourage the behavior and the other group studies the reasons for a certain behavior.



Figure 1: Needs hierarchy

Source: Maslow, 1954

Among content theories, the most recognized are Maslow's theory of needs and Glasser's theory of choice. Both presume that all human activity is directed towards satisfying basic needs (Lipičnik, 1998; Glasser, 1999; Glasser, 1994, Hitka, 2009; Kropivšek, 2007; Jelačić at al., 2008). Knowing the profile of an individual's needs is the base for selection of correct approach for efficient and successful leading of a person (Kropivšek, 2007, Hitka et al. 2008, 2010, Jelačić at al., 2007). One of these theories is also Herzberg's two-factor motivational theory, where the factors are divided into motivators (the factors motivating the employees) and hygienic factors (the factors that preserve the normal level of satisfaction) (Možina, 1998). According to this theory it is not enough to ensure the employees favorable working conditions, but we also need to acknowledge their achievements, give them responsibility and allow them to develop (Herzberg, Mausner, Bloch Snyderman, 1993).

In the group of process or cognitive motivational theories, there is the problem-based motivational theory, which is based on the assumption that people are leaning towards solving a problem. It automatically provokes appropriate reactions of the employees (Lipičnik, Možina, 1993). Hackman – Oldhamer's model of work enrichment is based on three critical psychological circumstances (experiencing the importance of work and responsibility and knowing the results) that influence the motivation at workplace (Lipičnik, Možina, 1993). Fromm's motivational theory explains that people work either because they want to have something either because they want to be somebody (Fromm, 1996).

The main goal of the research was to study the situation of motivating the employees of Croatian wood processing and furniture manufacturing companies in the conditions of economic recession, which occurred in the end of 2008. We wanted to find out, to which factors of motivation the managers pay the most attention, and if the existing ways of motivation enable efficient satisfaction of the employees' needs. We also tried to establish the differences in the types of motivation among the companies in a times of a different economic behavior, i.e. in the time of economic crisis and in the time of normal economic environment.

2. Working methods

The information needed for the research was collected with the method of direct opinion poll method with questionnaires. Its purpose was to establish the actual condition in the field of employees' motivation in Croatian wood processing and furniture manufacturing companies in the time of economic crisis. With the questionnaire the condition of key presumptions of different motivational theories were checked. Questions were of closed type and respondents were using Likert five or four-level scale of importance for each statement.

The pool was conducted during the year 2010. As a communication channel we used the e-mail. We sent the companies questionnaires in the form of an e-form. The questionnaire was filled out by 14 Croatian randomly selected wood-industry companies of all sizes. Those were the same companies in which similar research was conducted in 2006. In smaller companies the questionnaire was filled out by managers and in bigger companies by human resource managers, by which we covered general orientations of the companies. To compare the results the means of individual factors were calculated.

Similar research was conducted in the year 2006. Among over 400 companies of furniture manufacturing and over 500 in wood processing, we randomly picked up 14 companies of all sizes and in all parts of Croatia which showed different results in economic parameters to be able to get the full picture of motivation factors in companies, not just one part of them. Also, those are the companies which showed the will to co-operate and fill up the questionnaires. The same method of communication and the same method of statistical processing were used in the same way. To compare the results between the research conducted in years 2006 and 2010 we used the simple statistical test for establishing the differences between given statistical means from both years. Since the research results were mostly descriptive and presented just by the means of the given results, we were not interested in significance of the differences.

3. Results

3.1. Needs

With the research we found out that the managers pay the most attention to satisfying the employees' need for security, which is stated as one of the basic needs in Maslow's and Glasser's theory of needs. The managers assessed this need as very important, so they often focus on its satisfaction with mean 3.50 (Figure 2), which is surely a consequence of great insecurity of business in the time of recession. The managers also assessed that the need for esteem/success

and social needs are very important and they are put in the third place. The need for survival was put in second place.

It is an interesting fact that the managers estimated the need for power as the least important (mean 1.43). There are probably multiple reasons for such low marks. Managers believe that their employees don't have the need for power, so they do not pay any attention to satisfy this need.

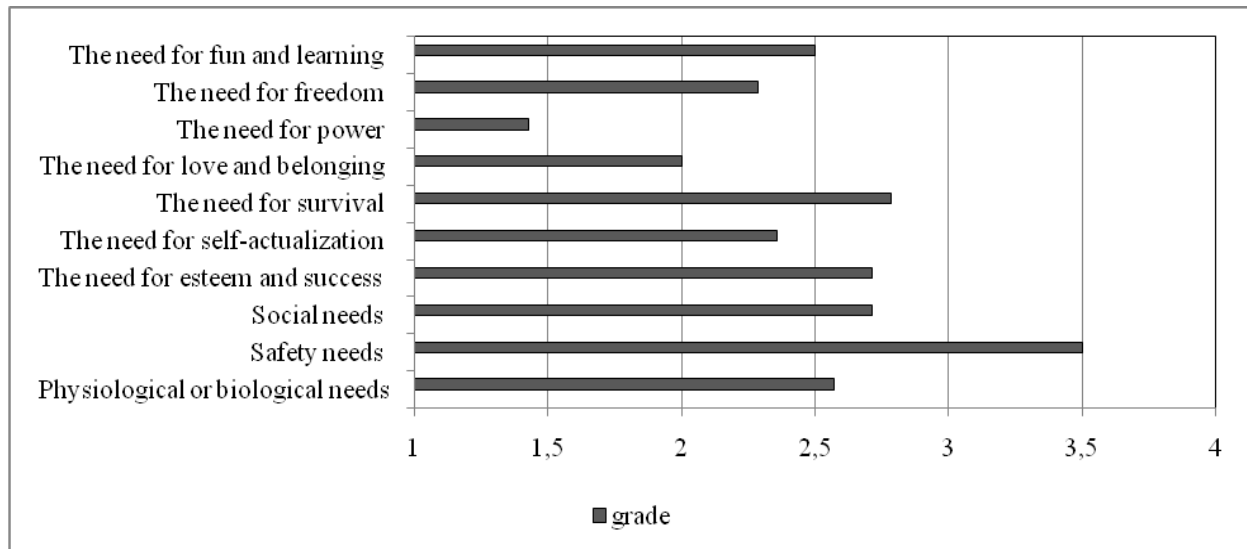


Figure 2: Management focusing on the satisfaction of employees' needs [1 – never, 2 – rarely, 3 – often, 4 – always]

Source: own study

3.2. Motivators and hygienic factors

The responding companies estimated that paycheck and financial rewards are two of the most important hygienic factors, the salary is estimated as the most important hygienic factor (Figure 3). In these answers, the security was also estimated as a very important hygienic factor; the Croatian companies placed it in second place. The responses show that building and keeping good relations between the manager and the employees is one of the key factors for a successful motivation.

If we compare the results of this research with the results of the similar research we conducted in the time of normal economic conditions, in the year 2006 (Figure 4), we can see that security is highly positioned in crisis and normal economic conditions both. But salary, as the single most important motivator in the time of crisis, was grade only as ninth motivator in the time of normal economic environment. Reputation of the company has a big importance for employees in the times of normal economic conditions, while in the time of crisis that motivator is less important. Relationship with co-workers is equally important in both economic environments, in crisis and in normal economic conditions.

The interesting work, success in work and the possibility of promotion were also estimated as more important motivation factors (Figure 5). From the results of the questionnaire we can assume that all the factors (hygienic factors and motivators) are very important for the respondents. The mean of all motivators in the economic crisis is 2.85, and for hygienic factors it is 2.93. It is interesting that the managers of Croatian companies the ratio is slightly different in favor of hygienic factors. The exceptions that were given less importance (mean lower than 3) are status, general development and reputation of the company, being informed about the

company's condition, policy and strategy, and with the lowest mark the factor exterior supervision and control.

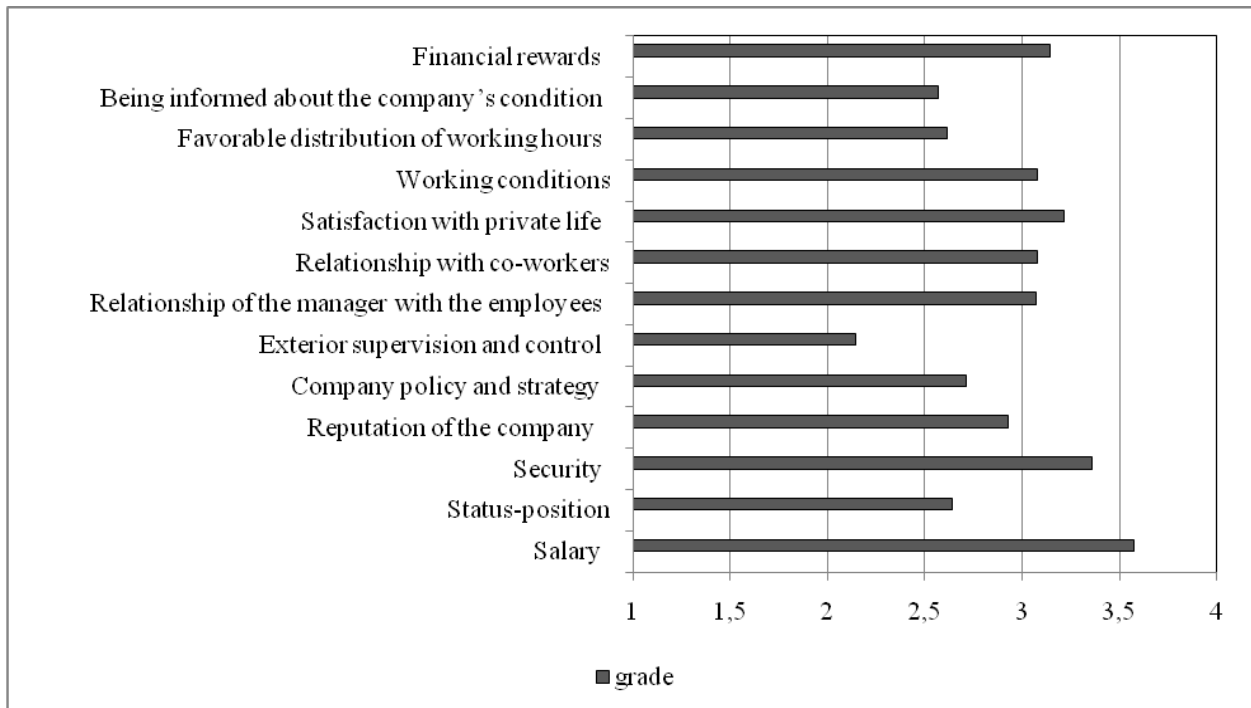


Figure 3: Importance of hygienic factors at leading in the time of economic crisis – year 2010 [1 – unimportant, 2 – less important, 3 – more important, 4 – very important]

Source: own study

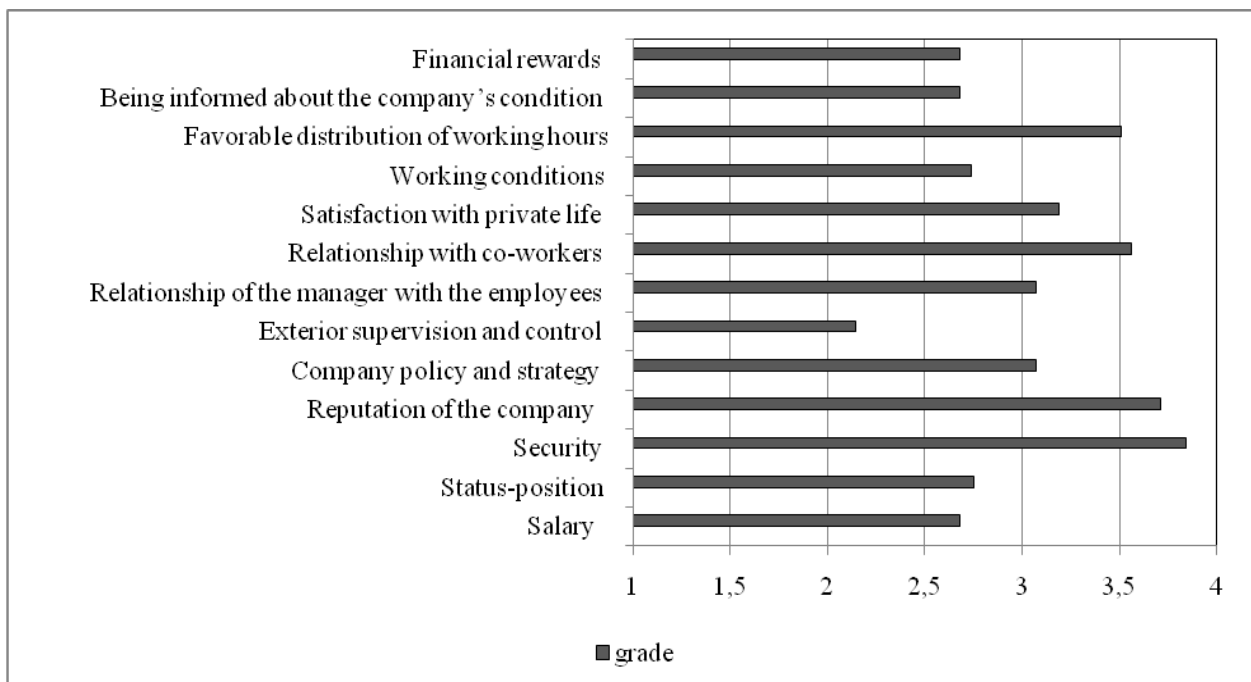


Figure 4: Importance of hygienic factors at leading in the time of normal economic conditions – year 2006 [1 – unimportant, 2 – less important, 3 – more important, 4 – very important]

Source: own study

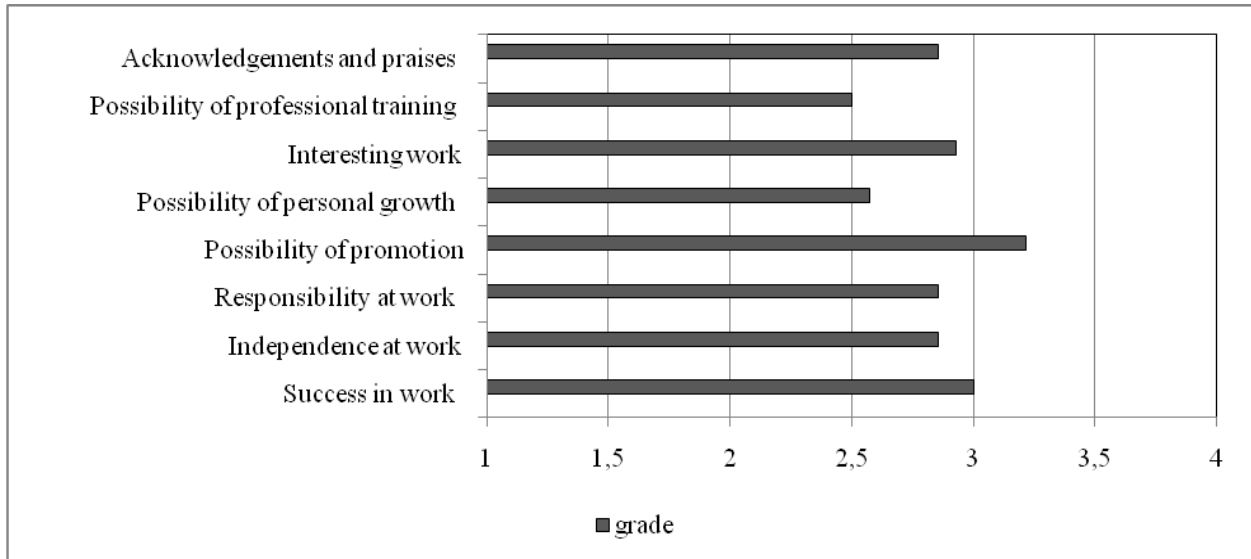


Figure 5: Importance of motivators at leading in the time of economic crisis – year 2010 [1 – unimportant, 2 – less important, 3 – more important, 4 – very important]

Source: own study

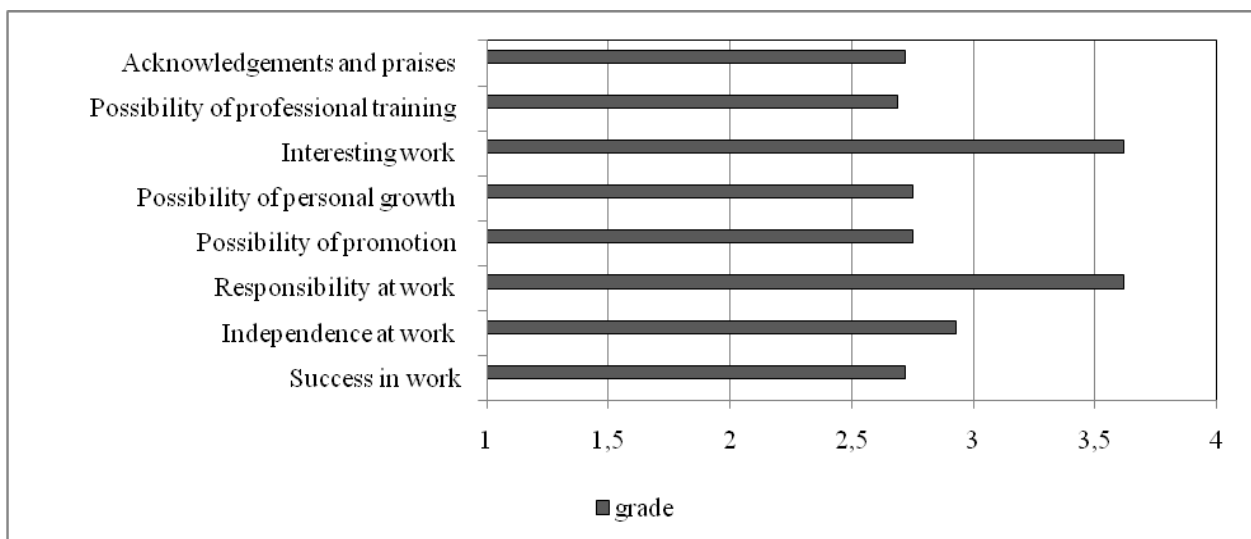


Figure 6: Importance of motivators at leading in the time of normal economic conditions – year 2006 [1 – unimportant, 2 – less important, 3 – more important, 4 – very important]

Source: own study

Result achieved in the research conducted in the year 2010, in times of economic crises were different than results achieved in the similar research in the year 2006, in the times of normal economic conditions (Figure 6). While in normal economic environment employees mostly consider work responsibility and interest in work as a main motivators, in the times of crisis they consider possibility of promotion and success in work as main motivators. That is logical, since success in work and promotion can increase the possibility for company to survive and for employees to have the same or even bigger salaries, which is the most important motivator in the time of crisis.

In the research we found out that the decrease of salary in wood processing and furniture manufacturing companies is one of the most important de-motivator along with the worsening of work conditions (Figure 7), The Croatian companies estimated lay-offs of workers as the most important de-motivator. Among more important de-motivators there is also creating tension among workers.

In average, the de-motivational factors are less present, which is a good thing. The respondents gave very various answers, and also the order of precedence of de-motivators is very different.

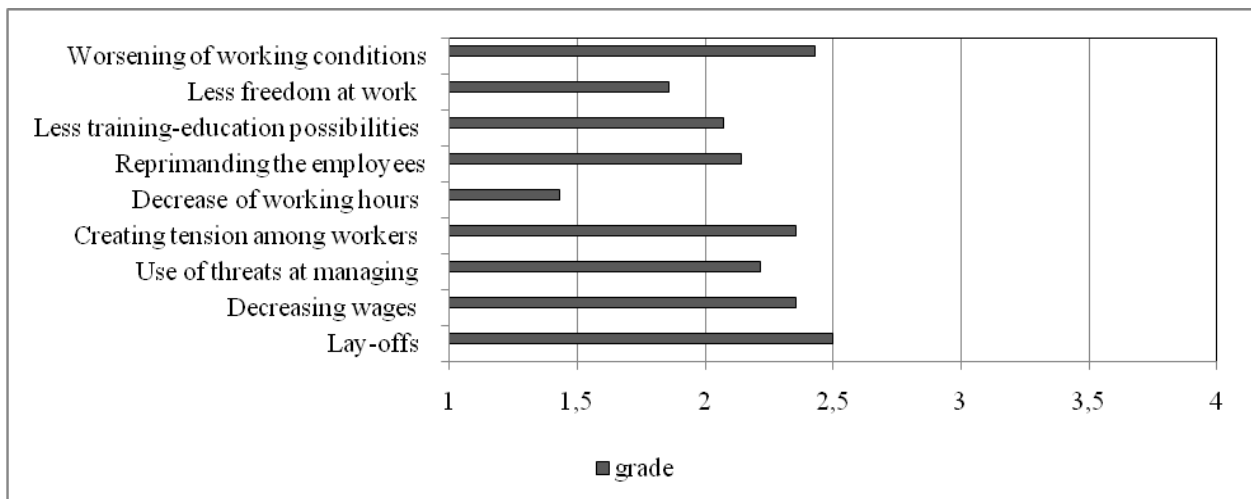


Figure 7: Presence of demotivational factors in the time of economic crisis [1 – not present, 2 – less present, 3 – more present, 4 – the most present]

Source: own study

3.3. Reasons for work

Studying reasons for work according to Fromm's model gave the following results (Figure 8). We can assume that in the time of recession the prevalent opinion is that people mostly work because they want to have something (mean app. 3.50), and not so much because they want to be somebody. This is especially noticeable for the Croatian respondents. This result isn't surprising and fully complies with the evaluation of importance of the satisfaction of needs, where we established how important is the need for security – the basis of which is to have something.

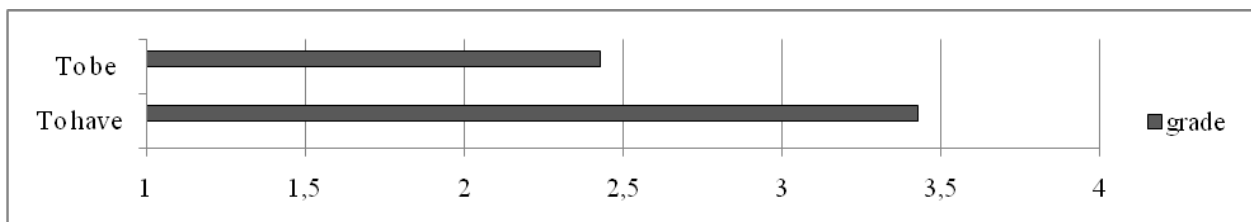


Figure 8: Importance of reasons for work– Fromm's model [1 – unimportant, 2 – less important, 3 – more important, 4 – very important]

Source: own study

According to Hackman–Oldhamer's model of work enrichment, all the critical psychological circumstances must be on a sufficiently high level in order to achieve good motivation. If we gather from the results of the questionnaire, we can establish, that all three

critical psychological circumstances are currently on a very high level, as the respondents graded them with an average of slightly below 3 (Figure 9), and believe that they are more important or very important for motivation and work. Most of the respondents believe that experiencing the importance of work and consequentially perception of one's work as meaningful are more or very important. It is also very important to know the results and therefore the responsibility experience of the employee and awareness of reached results.

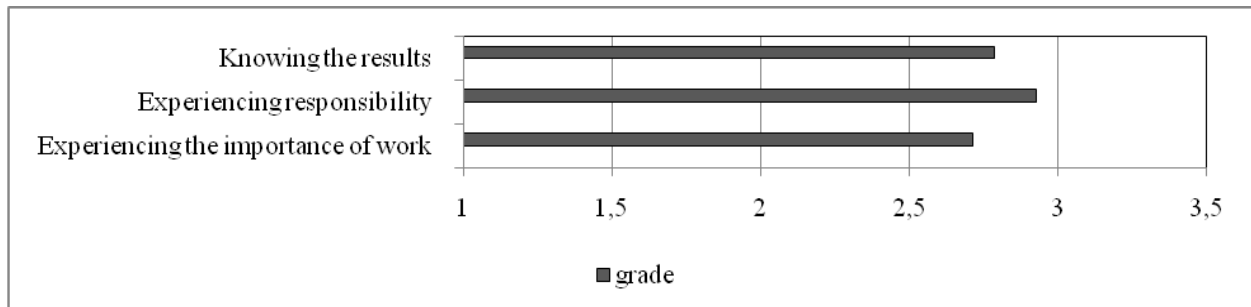


Figure 9: Importance of key psychological circumstances for work [1 – unimportant, 2 – less important, 3 – more important, 4 – very important]

Source: own study

The respondents believe that a problem can also be a motivator (Figure 10), if the right conditions for its solution are established. The respondents believe that the employees who are not motivated in the first place will not see the problems, which is the reason why in such cases the problems don't have any influence on the (additional) motivation. In Croatia, only 21% of the respondents believe that a problem can additionally motivate an employee, while 64% believe that it only happens every once in a while.

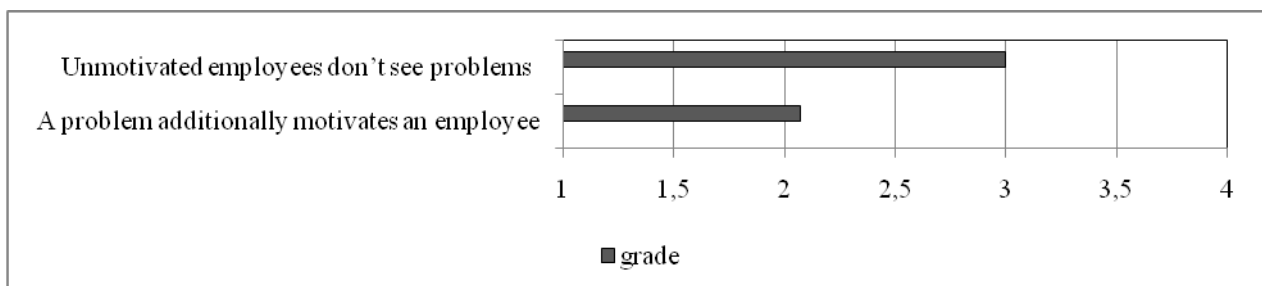


Figure 10: Problem as a motivator [1 – never, 2 – rarely, 3 – often, 4 – always]

Source: own study

4. Discussion and conclusion

The results of the research in Croatian wood processing and furniture manufacturing companies show that the respondent companies pay more attention to satisfying the need for safety of the employees, which is surely of great importance in this time of insecurity. This need is often unsatisfied and therefore also much expressed in accordance with the control theory. Safety and paycheck, which indirectly influences the safety, are among the most important hygienic factors as well. Next to that, knowing the results is what motivates the employees, because in this case they recognize the objectives and feel safer. The results of studying the presumptions from all motivational theories next to orientation towards providing safety also indicate the orientation towards building and preserving good relationship between the manager

and the employees. All motivators and hygienic factors that apply to the relationships in the company according to Herzberg's theory are evaluated as more important, which is a logical consequence of the fact that the respondent companies are experiencing a state of tension among the workers as one of the most important de-motivators. This is also confirmed by the fact that (exterior) supervision and control of the company was evaluated as de-motivator. By this it has been proven that in the time of recession, it is necessary to provide safety and establish trustworthy relations between employees to motivate them, which was also one of the objectives of this research.

Next to very common orientation of managers towards satisfying the need for safety, the companies also focus on creating conditions for satisfying other needs, especially the need for esteem/success and social needs. But the evaluation of the employees' need for power is alarming, as the managers don't pay much attention to it. The results show that the managers rarely enable the employees to satisfy their need for power, since as much as 75% of the respondents answered that they rarely or never pay attention to satisfying this need. We can conclude that the existing types of motivation do not provide for efficient satisfaction of all the needs of the employees. This results in a lower motivation of the employees, so it is necessary for the companies to establish suitable mechanisms that will enable also the satisfaction of the need for power. Here we can suggest rewards and praises, but also and above all including the employees into resolving problems, which also turned out to be very important in the research.

We can conclude that Croatian wood processing and furniture manufacturing companies recognized some de-motivational factors, which are surely a consequence of the economic downturn. It is a positive thing that all of the studied companies focus on those motivational factors that can reduce the negative influence of aggravated circumstances in the environment. Providing for security and taking care of the relationship between the employees are among the most important guidelines of the companies for motivating the employees.

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