
MOTIVATION AND LEADERSHIP AS A PART OF FIRM CULTURE IN THE SELECTED SLOVAK COMPANY

Iveta UBREŽIOVÁ – Kamila MORAVČÍKOVÁ – Michaela SUKOVSKÁ

Department of Management, Faculty of Economics and Management, Slovak University of Agriculture in Nitra

Abstract

Motivation and employee evaluation helps to positive results but also helps companies improve relations between people in the workplace and degrade stress factors that can adversely affect performance and operation of the company itself. Therefore, the main objective of this article is to evaluate the level of motivation and leadership in the particular Slovak company. The first part of the paper is devoted to defining the concepts and definitions relating to the human resources management, motivation, leadership of people and remuneration schemes and compensation from the company to the employees. The second part deals with establishing a main goal and its sub-goals that have been processed using a questionnaire method and assumptions set out in the third methodological part of the thesis. The final part explains the results and recommendations for changes and improvements to the process of motivating and leading people in the company.⁴

Key words: *human resource management, motivation, leadership, remuneration*

JEL Classification: O15, M12, M54

Introduction

People can be considered as the foundation of every business entity. Every person is complicated and unique human being, with different interests, aims and dreams he/she wants to achieve during his/her life. However, in the workplace, aims of the employee and the company does not always coincide. Employees are the heart of the business and therefore, it is important for employees to identify themselves with objectives and strategy of the company. In every person, there is a napping need to be conducted and to be lead – thus, fundamental task of manager is to properly lead and motivate companies' subordinates. In today's world, financial indicators are important for the further development of the company, but human resources are indispensable driver and the lifeblood of any company. Strong leadership as well as correct choice of the human resource management style may be considered as an art. Not every manager is able choose the proper (or "right") management style and show sufficient sensitivity that is need when working with people. Such people are born

⁴ The publication of scientific article is supported by the Slovak Scientific Agency VEGA - Project VEGA No. 1/0044/13 " Corporate Social Responsibility (CSR) of the Slovak Enterprises in the context of Internationalization in Business"

with certain qualities of leadership. Managers must be able to properly motivate and stimulate employees. Motivation comes from an inner sense of person. On the other side, incentives are external elements by which superior tries to affect subordinates who respond to these stimuli. The task of manager is to ensure that staff considers the aims of the organization as its own. Since today's world is constantly changing, what have been true today may not have to apply tomorrow. Situation outside and inside the company has a dynamic course and that is the reason why there exist several leadership styles. The manager should be able to correctly choose the right style or determine the proper mix of different management styles. Relations in the workplace are also very important part of human resource management. Relationships within companies are forming the overall atmosphere in the company. When a relationship between manager and employees is in compliance, employees know they can trust their supervisor and call to him with problems or observations. Therefore, such a relationship may be very beneficial for the company. The manager should be able to balance the consistency respectively in mutual relationships found. Employee satisfaction with job position and job description is an important factor, which affects the overall performance of an employee. When one considers his/her work as a contribution, which gives him/her the opportunity to further develop his/her skills, when one is constantly learning something new, then he/she performs work with greater vigor and excitement. Managing the team, so that employees achieve better results is the core part of manager's work. The best new ideas arise within the team. Employees should not have to worry to express their thoughts and insights within the team, because employees are those who know how it actually works in practice. When a problem arises, employee is the first to come in contact with it. Company employees want to have optimal working conditions and therefore manager should be able to lead employees to enable them to submit their proposals and ideas. Proper communication is the way to achieve better results. When employees are satisfied in the workplace and beyond they gain a feeling of necessity and irreplaceability in society and thus this is their biggest motivation to perform well. The basic aim of the paper is to analyze the effect of leadership on motivation and the link between them as a part of company culture.

Materials and Methods

Motivational environment and people who carries out responsibility and exercise leadership have crucial in determining the companies' overall productivity. To attract and keep such a person in a company, the work environment must inspire and exploit employee capabilities and offer interesting reward system. The basic aim of the paper is to evaluate the motivation and leadership in the selected company – ZKW Slovakia, Ltd. that is located in Krušovce, Slovakia. The main reason why we chose this company for our analysis in the paper was the company's positive attitude and effort on participation in our analysis, communicativeness from the side of employees and also management. Company has been also achieving pioneering work in this area for decades. Moreover, they continuously improve their products and thereby provide the best possible lighting systems for the automotive sector. We cannot forget to mention company willingness to provide us with all necessary internal data concerning our topic motivation and leadership.

The first, theoretical part of the paper is covering literature dealing with the issue of motivation, HRM, leadership and compensation system from the available

literature resources that comes from domestic and foreign authors. It helps us to gain international overview and also to look at the issues from various points of view.

In the next, practical part, we focused on the description of the selected company (ZKW Slovakia, Ltd.) and application of above mentioned issues in this company. We divided the data to primary and secondary sources. Primary information were obtained by the questionnaire survey in order to find out the factors of motivation and style of leadership in the selected company. Secondary data consisted of various publications and webpage of the company. We used also mathematical and statistical methods to process the primary data. To graphically display our results, we used MS Excel. Our respondents were chosen on random basis. They consist of both types – administrative employees and managers.

Random 100 employees were asked to participate in the questionnaire survey. We asked both the administrative and management staff and we got 63 fulfilled questionnaires back out, from which all 63 were completed correctly. The respondents were addressed via internal e-mails. Determination of the current situation in the company was carried through questionnaire survey which took place in February 2015. The questionnaire comprised 23 questions in total, out of which 18 questions were focused on the field of motivation, leadership or leadership styles. The first 5 questions were related to demographic and basic characteristics of the respondents (age, gender, years working in the company, achieved education and position in the company).

Results and Discussion

Introduction to Human Resource Management and Motivation

Generally, personnel or human resource management (HRM) is one of the inseparable parts of business management. The content of HRM create personnel functions which help to fulfill the key role of HRM. They are directly related to employees and management, acquisition, selection, deployment, training and further development, remuneration, information and specifying jobs and working conditions. In addition to these functions, certain rules are created which form the very essence of the right guidance of staff. Such rules or measures, reflecting the perception of the employees, create personnel company policy.

Legge (1995) helped to clarify HRM concept when he distinguished human resource and material resources and argued that the human resource is the most important resource of company. He also emphasized people should assign to human resource the same level of importance as to other economic resources. As Paauwe et al. (2013) claims, one of the basic aims of the HRM is increasing the performance of companies. On the other hand, it is pretty difficult to define and conceptualize the concept of performance. Therefore, instead of using the term performance, Guest (1997) suggested using the concept of outcomes. Dyer and Reeves (1995), divided outcomes into three different groups. The first one, financial outcome deals for example with profit, market share and others. Next, organizational outcome is connected with productivity, quality or efficiency. Into the last category – HR outcomes, they assign for example employee's attitude and behavior. Following Huselid (1995), most of academics and practitioners have believed that the individual performance of employee has certain implications for the outcomes on the firm level.

Following Vojtovič (2008), HRM is the specific work or are specific workflows associated with the implementation of HR activities. Many times "personnel work"

is being used as the synonym. The dominant range of personal work or personnel is the personnel administration - collecting, processing, storing information about jobs, employees and their movements, pay, education, social welfare, computer or paper records, filling necessary forms of various kinds, communication with potential and actual employees, their familiarity with the procedures and rules of behavior in organizations and so on. According to Walton (1972, pp. 71), *"employees want challenge and personal growth"*.

Situation in the Selected Company

The company ZKW Slovakia Ltd., is a member of Zizala Lichtsysteme Kirchdorf based in Austria. Generally, it is a major manufacturer and supplier of automotive headlamps. The company also deal with the development and production of lighting systems for passenger cars, trucks and motorcycles. The history of the group dates back to 1938, in Slovakia since 2006. As a sector leading company, the ZKW Group employs about 4,000 people in total at its sites in Austria, Slovakia, the Czech Republic, China, India, Mexico and the USA. Number of employees currently stands at 1,477 (March 2015). In the few years, company is planning further construction works and thus an increase in the amount of employees in both production and development. The company ZKW Slovakia, Ltd. has an extensive organizational structure, in which it is possible to find clearly defined individual departments and sub-departments and also the company's management or management staff. Under this organizational structure, all employees can easily define all departments and they also find it easier to cooperate with other departments. Group or team leaders are responsible for their departments and also for all the processes that the departments implement.

Based on the directed interview with management staff, who provided us with information about the motivation and evaluation of ZKW Slovakia employees, we analyzed and assessed the situation as follows:

Motivation is necessary for the development and efficient performance of staff, thus proper guidance and motivation of staff is an essential activity for the management of the ZKW. Motivation is also related with the evaluation of each employee what contributes to the knowledge of job performance, evaluation of administrative work carried out or to identification of any deficiencies incurred in the process of work.

Company ZKW Slovakia Ltd. tries to motivate their employees financially as well as non-financially and is doing so by increasing the variable and fixed components of wages that apply after fulfilling the requirements and criteria. However, most frequent motivational actor is salary altered by the premium for overtime, work done in deleterious environment or for the extra work that is not in the employment contract.

1. Financial compensation:

- Overtime wage increase
- 25% of average earnings for overtime work during working days (Monday - Friday)
 - 35% of average earnings for overtime on Saturdays
 - 50% of average earnings for overtime on Sunday
- Wage increase for work on public holidays
 - 100% of average earnings for overtime
- Wage surcharge for night work
 - For work during the night shift in time between 22:00 and 06:00, the employee shall earn the benefit of: 0,40EUR / hour

2. Benefits:

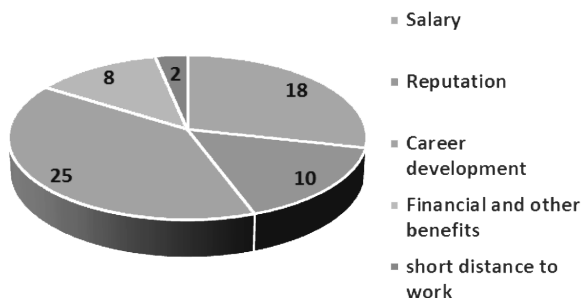
- extra payment for work in continuous operation
- extra payment for work with chemicals
- transport allowance – received by all those who do not reside in Topoľčany
- free transfer of employees within the city Topoľčany - is intended only for production personnel

According to the management, very interesting factor of motivation for their employees are discount vouchers or coupons from its trading partners and other sport and recreation centers. These centers provide a vouchers for sport, wellness and other activities. Employees have the opportunity to use these services individually or with their family members. The company also organizes events and activities that are open to all employees of the company, regardless of age, competence, or position of the employee. Unfortunately, this form of motivation is not very popular among employees. They consider it useless and unnecessary. Company organizes Family Day (all employees are allowed to bring their family members with them to work), Christmas party and teambuilding or various sport events (i.e. Business Run in Vienna – organized by Austrian branch, runners are allowed to leave the work at 13 o'clock on the day of the event).

Evaluation of Motivation and Leadership in ZKW Slovakia

Through following questions we tried to find out motivation level, personal staff attitudes to the motivation from supervisors and their own vision of motivated workers and the most convenient type of leadership for them, which would lead to their better performance. Our analysis also consisted of examining the kinds of incentives or motivators such as career development, interpersonal relations, salary and other benefits, but also overall satisfaction and the level of engagement in the decision making within the company.

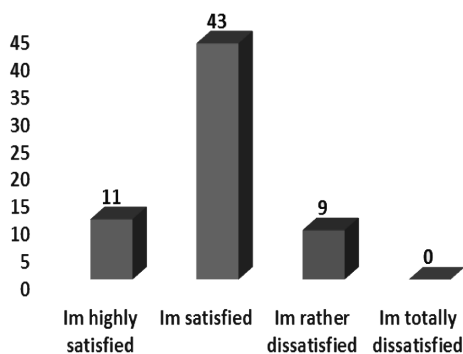
Figure 1 What was the reason why you chose to work this company?



Source: Own data processing.

By this question we wanted to detect the main influencing factors for decision to work in this company. We expected, that money will play crucial role in decision-making and we were right. Surprisingly, the biggest influential factor for choosing this company was option of career development with 40% of total amount. As we mentioned above, salary played important role as well and 29% of respondents decided to work in this company based on offered salary. Following, 16% of respondents stated, that company's reputation was the most convincing reason for them. 13% of employees decided based on financial and other benefits offered by the company and only 3% of respondents were convinced by short commuting distance from home to work. Nobody specified the other reason for choosing this company.

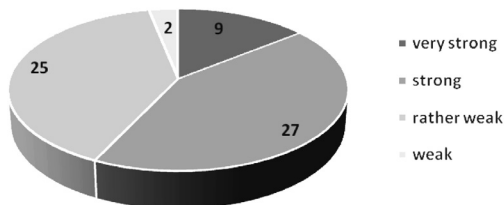
Figure 2 What is your level of satisfaction in this company?



Source: Own data processing.

As we can see on the Figure 2, the biggest proportion of employees is significantly, satisfied in the firm i.e. 43 employees (68%). The rest of the respondents can be divided on those who stated they are highly satisfied, i.e. 11 employees (17%) and rather dissatisfied, i.e. 9 employees (15%). Nobody chose option they are totally dissatisfied, which in overall conclusion suggests that the ZKW Slovakia takes care of its employees and the overall situation is satisfactory.

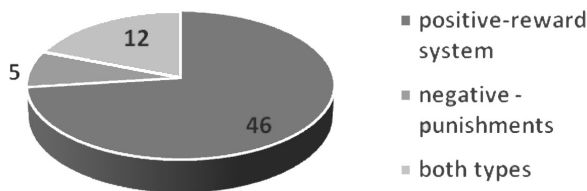
Figure 3 How do you assess the level of motivation by your manager?



Source: Own data processing.

Out of 63 respondents, 27 of them (i.e. 43%) answered that they feel strongly motivated by their supervisor. Rather weak level of motivation from the boss was marked by 25 employees (i.e. 40%). Very strongly motivated feel 9 respondents (i.e. 14%) and the rest 2 (i.e. 3 %) miss motivation from the side of their direct boss. We can conclude that amount of employees who feel motivated is proportionally higher than those who feel not motivated, or feel poor motivation.

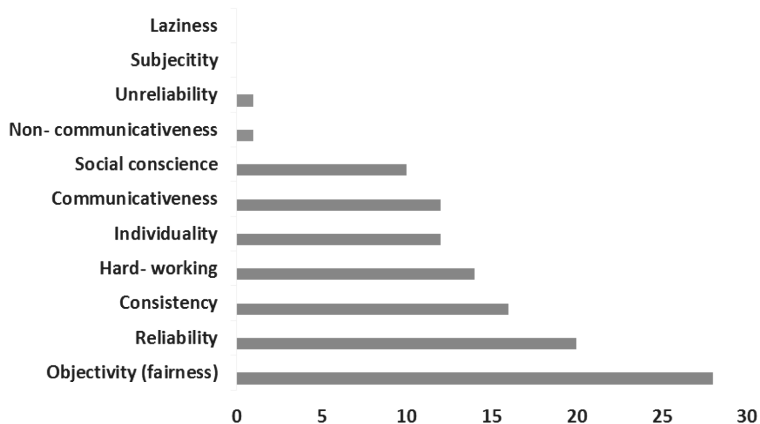
Figure 4 What kind of motivation does your supervisor use?



Source: Own data processing.

Based on the results, it is possible to clearly see that most of the respondents, i.e. 73% think their supervisor uses only positive reward system in the form of oral recognition. Only significantly small portion, i.e. 8% of the respondents consider the boss as aggressive type of leader who uses punishment as one of the methods. The rest, 19% of asked employees believe their boss combines rewards with punishment in the form of oral warnings as this is the only negative form of punishment being applied in this company.

Figure 5 Which of the listed leadership qualities do you think fits your superior the best?



Source: Own data processing.

Respondents were asked, *inter alia*, to identify characteristics of their manager/superior. They could choose more than one option. Figure 5 contains ranking properties created of the points assigned by respondents. Objectivity is a characteristics that, based on the number of points from respondents, ranked on the first place (28 points), followed by characteristics such as reliability (20 points), consistency (16 points). Hard-working received 14 points and communicativeness and individuality got identical 12 points. Interestingly, respondents labeled mostly positive features of their superiors. Unreliability and non-communicativeness got 1 point each from respondents. Features such as laziness and subjectivity were not selected by any respondent.

Conclusion

It should be noted that human resources can be considered as the greatest asset of any company. Therefore, personnel departments should have an important role, good credibility and authority within the company. However, the personnel department's credibility, authority and prestige is often missing because of the various causes. Its importance as well as the importance of human resources within organization is usually still unrecognized or even underestimated. According to Alfred Sloan, human resources management or so called decisions about people is the most important. The only thing you can do is to place people in the right place and then they discharge a real job. Human resource management is not limited to a personnel director and other staff of the personnel department, but virtually it concerns all managers within the company. Human resources have a close follow-up to the management of the organization.

Since we have investigated work motivation, leadership and compensation system of the selected company, in the questionnaire survey, we focused on information such as: *"what is the most motivating factor influencing your work performance?"*, *"what is your level of satisfaction in the company?"*, *"do you feel appreciated by the company?"* or *"what is the level of motivation from your supervisor and supervisor willingness to support you and talk to you?"*. However, like in other businesses, ZKW Slovakia has its strengths that could be developed as well as weaknesses that need to be eliminated to minimum level. Following the results, we came with following recommendations and suggestions:

- to reward employee for work performed outside of an employment contract or job description - in current reward system of the company such a compensation does not exist;
- recommendation to superior workers and management to review the job description of the employees so that they can assess or evaluate its intensity;
- use of non-financial motivation of employees through public or individual accolades- again such a reward system is missing in this company;
- ensuring the language courses are more frequent and with higher level of quality - most of the employees agreed on dissatisfactory level of current language courses and they also expressed a desire to increase importance of English language -employees must deal with English speaking clients more often and they feel insecure;
- changes in financial remuneration - although most of the respondents believe their salary is adequate, the main motivating factor for them is still the money and therefore increase in wages, if it is of course possible, would be highly

welcomed or for example something such competition as the best worker of the month or best team which could change regularly according to actual data. This sort of motivation would be appreciated by the employees as they feel highly satisfied and motivated but there is always place for improvements.

- to organize regular meetings – based on the talking to employees and their ideas we suggest to organize regular meetings, not just within teams but all teams together. Currently there are not any regular meetings organized by the management.
- to keep the leadership style – as the employees are satisfied with the current democratic leadership style there is no need to change anything. However, there are some factors causing stress to the employees such as workload, noise, a lot of side work, time pressure, pressure from other teams, non-objective escalations or missing guidance and employees would be more than happy if these factors could be changed
- teambuilding activities – any sort of teambuilding activities are unwelcomed among employees of the company from the simple reason and it is cost of these activities. So, company could try to organize teambuilding activities which are not necessarily expensive or in the case of events such as Business Run in Vienna (4 km run), which is sort of representation of the company, employees would appreciate higher support from the management, maybe in form of coverage of entry fee or free day in work, not just afternoon.

Resources

1. DYER, L. – REEVES, T. 1995. Human Resource Strategies and Firm Performance: What Do We Know and Where Do We Need to Go? In *International Journal of Human Resource Management*. Vol. 6, no. 3, pp. 656 – 670.
2. GUEST, DE. 1997. Human Resource Management and Performance: A Review And Research Agenda. *International Journal of Human Resource Management*, vol. 8, no. 3, pp. 263 – 276.
3. HUSELID, Mark. A. 1995. The Impact of Human resource Management Practices on Turnover, Productivity, and Corporate Financial Performance. In *Academy of Management Journal*, vol. 38, No. 3, pp 635 – 672.
4. PAAUWE, J. – GUEST, DE - WRIGHT, P. 2013. *HRM and Performance: Achievements and Challenges*. UK: Wiley Press.
5. VOJTOVIČ, S. et al. 2008. *Riadenie personálnych činností v organizácii*. Bratislava: IRIS, 2008. pp 369. ISBN 978-80-89256-17-4.
6. WALTON. 1972. How to counter alienation in the plant. In *Harvard Business Review*, vol. 72, no. 6, pp. 70-81.

Contact address:

Prof. Ing. Iveta Ubrežiová, CSc. Department of Management, Faculty of Economics and Management, Slovak University of Agriculture in Nitra, Tr. A. Hlinku 2, 94972 Nitra, Slovakia. E-mail: iveta.ubreziova@uniag.sk

Ing. Kamila Moravčíková. Department of Management, Faculty of Economics and Management, Slovak University of Agriculture in Nitra, Tr. A. Hlinku 2, 94972 Nitra, Slovakia. E-mail: kami.moravcikova@gmail.com