

The changes of employee's motivation in the crisis conditions: the case of a telecommunication company¹

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Summary: 1. Introduction – 2. Research method and methodology – 3. The analysis of the factors – 4. The analysis of the research results on reward equity – 4. Conclusions - References

Abstract

The paper focuses its attention on changes of employee's motivation in the crisis conditions and in the context of recession. The research, developed in 2009, used a questionnaire: its first part was grounded on F. Herzberg's theory, who, as known, distinguished between *Hygiene factors* and motivation ones, in order to put in evidence what factors influence satisfaction or dissatisfaction. The second part of the questionnaire aimed at the determination of the employees' attitude to the equity of reward accomplished and their respective potential actions. The research has been realized in one of the biggest Lithuanian telecommunication companies.

After the description of the research methodology and of its results, the paper presents some conclusions in order to the central questions. Exactly, the comparative analysis of the research results enables the following conclusions about employees' motivation changes in the situation of crisis. In the conditions of recession, the employee motivation has a tendency to increase and job dissatisfaction to decrease on average, as well as according to individual factors distinguished in F. Herzberg theory. Moreover, the number of non-influential factors has also decreased, and the employees are more inclined to attribute them to motivating.

¹The paper has been presented and discussed in the occasion of the congress on "Management horizons in changing economic environment: visions and challenges", 10th International Scientific Conference, Kaunas, Lithuania September 24-26, 2009, p.p. 1007-1015. ISBN 9789955125044.

1. Introduction

The analysis of publications on employee motivation discloses a frequent issue for managers - how to achieve their employees' satisfaction with work, organization and managers. Researchers have given a substantial amount of attention to the survey and evaluation of these theories (Jensen, McMullen, Stark, 2007; Latham, Pinder, 2005; Steers, Mowday, Shapiro, 2004; Locke, 1997). Still many of them do not analyse the peculiarities of employee motivation and the relevance of motivation theories in the conditions of crisis. Surely, employee motivation becomes topical when the labour force supply is low and managers are striving to retain employees in the companies. When there is labour force surplus in the labour market, it seems that managers do not need to bother about employee motivation. It is difficult to find research confirming or disproving such attitudes. Thus, there is a scientific and practical problem – what changes take place in the employees' motivation in the conditions of economic crisis, when it is hard for them to change the job, i.e. how the influence of motivation factors changes in connection to employee job satisfaction, their attitude to reward equity and relative behaviour.

So, the aim of the research is to evaluate changes of employees' motivation in the context of recession and we develop the object of the research – the motivation of sales employees – dealers- in one of the biggest Lithuanian telecommunication companies.

The choice was determined by the following reasons:

- There was research accomplished in this company in the period of economic growth (2007-2008), thus there was an opportunity to compare the changes.
- The results of the company under research has not significantly worsened currently, therefore an assumption could be made that there are no internal reasons for the employee motivation changes.
- The turnover of sales employees has increased from 10-15% in 2007-2008 to approximately 50% in the first quarter of 2009. It has partly been determined by the company's policy to optimize the expenditures, the number of employees included. It could also be assumed that the employees are not satisfied with motivation tools applied in the company (see table 1). It can also be presumed that employee job dissatisfaction has increased, that is why they are leaving the company in spite of the situation in the labour market when it is hard to find job elsewhere.

Table 1 - The sales employees' motivation program in a telecommunication company

Direct and indirect financial tools	Nonfinancial motivation tools
<ul style="list-style-type: none"> • Salary • Fixed bonus • Training 	<ul style="list-style-type: none"> • The best month salesperson award • Award for the best ideas • Sales competitions • Competition among retail outlets • Festive events

Source: our work

The research methods used questionnaire, comparative analysis, MS Excel computer program.

About the research methodology to perform the survey, the adjusted questionnaire from the 2007-08 research was used. The first part of it presents 16 factors distinguished in F. Herzberg's theory:

- *Hygiene factors*: company policy and administration; supervision; relationship with supervisor; work conditions; salary; relationship with peers; personal life; relationship with subordinates; status and security.
- *Motivation factors*: achievement; recognition; work itself; responsibility; advancement; growth.

The factors in the table are displayed in the sequence of importance on the basis of F. Herzberg's research (1987), without naming the factor group. The respondents were asked to mark those of the given factors that cause job dissatisfaction, job satisfaction and those having no influence to their work. In order to achieve higher validity of the answers, the factors in the questionnaire table were not only named, but also given the following explanations:

- *Achievement* – a good feeling after a well-accomplished job.
- *Recognition* – naming of personal achievements, the manager's commendation, company acknowledgement, etc.
- *Work itself* – the job done is interesting and pleasant.
- *Responsibility* - the responsibility given for the accomplished job.
- *Advancement* – promotions.
- *Growth* – training and opportunities for development, etc.
- *Company policy and administration* – the company values, ethical norms, required behaviour, etc.
- *Supervision* – the attitude to the individually applied supervision.
- *Relationship with supervisor* – the manager's behaviour with the employee.
- *Work conditions* – available work tools, safe and comfortable workplace, etc.
- *Salary* – financial reward - everything that is paid out in money.
- *Relationship with peer* – rules of behaviour with colleagues.
- *Personal life* – the significance of personal life for work.
- *Relationship with subordinates* – behaviour rules with subordinates (to be filled in only by managers).

- *Status* – position in the company.
- *Security*- guarantees to be in work in the future.

The second part of the questionnaire aimed at the determination of the employees' attitude to the equity of reward accomplished and their respective potential actions. As previous research in the company showed certain problems in this field, the 2009 research was meant to have more detailed analysis of these problems. Therefore, the questionnaire presented the additional statements disclosing the respondents' opinion on the internal and external reward equity, main reward groups – financial (salary) and non-financial payment – and related behaviour. The following statements have been formulated for that purpose:

- My salary corresponds with my input to work and with salaries of other employees of the company for their input to work.
- My salary corresponds with my input to work and with salaries of other employees in the same positions in similar companies for their input to work.
- Having noticed salary inequity, I will see the manager about this question.
- Having noticed salary inequity, I will change my input to work.
- Having noticed salary inequity, I will look for better work and leave the company.
- Other motivation tools correspond with motivation tools applied to other employees of this company.
- Other motivation tools correspond with motivation tools applied to other employees in the same or similar positions in other companies.
- Having noticed the inequity in the application of other motivation tools, I will see the manager about this question.
- Having noticed the inequity in the application of other motivation tools, I will change my input to work.
- Having noticed the inequity in the application of other motivation tools, I will look for better work and leave the company.

The respondents were asked to express their approval/disapproval in the scale 'I agree', 'I disagree', 'I have no opinion'.

Research organization. In the 2009 research period, the questionnaire was distributed to all employees of the company retail outlets. To ensure the respondents' convenience and confidentiality, the questionnaire was distributed through e-mail. Every respondent had to connect to the electronic questionnaire form and having given the answers send it to the database. The number and completeness of the received questionnaires, as well as the comparison of the actual number of the employees enabled the calculation of the coefficient – the respondents' percentage -28% - of the total coverage. The above percentage proves that the coverage is sufficient and research results reflect the actual changes in the company. In order to evaluate the changes in the employee motivation, the results of the last research were compared with analogous previous research (2007, 2008) average results.

2. The analysis of the factors, influencing employees' job dissatisfaction and motivation, change results

The generalized data on factors influencing employees' job dissatisfaction and job satisfaction are presented in table 2. The distribution of the respondents' opinions allows the analysis of factor importance degree and show exact employee motivation changes in 2007-2009.

Table 2 - Respondents' opinion about the influence of F.Herzberg's theory factors on their job satisfaction

The name of the factor	Part of respondents, having evaluated the factor as leading to job dissatisfaction (%)			Part of respondents, having evaluated the factor as neutral for their work(%)			Part of respondents, having evaluated the factor as motivating to work better (%)		
	change	2009	average of 2007-8	change	2009	average of 2007-8	change	2009	average of 2007-8
Motivating factors									
1. Achievement	-0,5	0	0,5	-12	0	12	12,5	100	87,5
2. Recognition	-4	2	6	-12,5	0	12,5	16,5	98	81,5
3. Work itself	-4,5	2	6,5	-6	5	11	10,5	93	82,5
4. Responsibility	-6	4	10	-9,5	9	18,5	15,5	87	71,5
5. Advancement	0	2	2	-10	9	19	10	89	79
6. Growth	-5	0	5	-4	5,5	9,5	9	94,5	85,5
Hygiene factors									
1. Company policy and administration	-3	11	14	0	27	27	3	62	59
2. Supervision	17,5	33	15,5	-16	24	40	-1,5	43	44,5
3. Relationship with supervisor	1	9	8	-7,5	14	21,5	6,5	77	70,5
4. Work conditions	-7	13	20	-8	5	13	15	82	67
5. Salary	9,5	27,5	18	-2	3,5	5,5	-7,5	69	76,5
6. Relationship with peers	0	2	2	7,5	20	12,5	-7,5	78	85,5
7. Personal life	-2	6	8	12	59	47	-10	35	45
8. Relationship with subordinates	-5	0	5	10,5	50	39,5	-5,5	50	55,5
9. Status	-3,5	0	3,5	11	29	18	-7,5	71	78,5
10. Security	0	16	16	-42,5	4	46,5	3,5	80	76,5

Source: our work

The analysis of the respondent evaluations presented in table 2 enables the conclusion that in 2009 the employees are significantly more inclined to assign all the named factors (with exception of supervision and personal life) to motivating – the mean of assignment to this group is 75,5%. The data about the changes allow to distinguish the following tendencies – the employee motivation in 2009, in comparison with 2007-2008, has increased on the average by 3,9%. Even 13 factors out of 16 were evaluated as more motivating. Job dissatisfaction according to the answers has been reduced to 10 out of 16 factors, but average job dissatisfaction in percent has changed very slightly - 0,78%. In 2009, the employees' opinion about factors that do not influence their job has also changed, in comparison with the years 2007-2008. The number of such respondents decreased on the average by 5,56%.

A more detailed analysis of the 2009 research motivation factors discloses the fact that the respondents are inclined to name all of them as more motivating in comparison with the previous years (average change 12,35%). The most significant motivating factor is that of achievement, defined as a good feeling after a well-performed job. All respondents evaluated this factor as motivating for better work. In addition, there were no respondents left, maintaining that the achievement factor has no influence on their work. The factors motivating employees more than the total mean of opinions (which is 93,6% in 2009) are:

- Recognition, defined as naming of personal achievements, the manager's citation, company acknowledgement, etc. 98% of respondents consider this factor motivating for better work.
- Growth - training and development opportunities, etc. – motivates 95,5% of respondents.
- Work itself – interesting and pleasant work – was distinguished as motivating by 93% of respondents.

When comparing the results of this research with the average results of 2007-2008, it is observable that the influence of certain factors has increased more than the average (12, 3%), namely recognition (16,5%), responsibility (15,5%) and achievement (12,5%).

A more detailed analysis of "hygiene" factors in the 2009 research results (table 2) shows that the employees' dissatisfaction with the supervision (33%) and financial reward (27,5%) has increased significantly in comparison with the average (7,97%). The comparison of this research results with the mean of 2007-2008 proves that the above mentioned areas require exceptional attention as the respondents' dissatisfaction in them has increased respectively by 17,5% and 9,5%.

The analysis of the respondents' opinions on factors having no influence on their work supplies with important information. The data in table 2 show that the number of factors having no influence on work has significantly decreased.

The distribution of the answers allows to maintain that there is no need to pay attention to such fields as employee personal life (59%) and relationship with subordinates (50%), because almost half of the respondents find them neutral for their work. Meanwhile, the employees' wishes in connection to all motivating

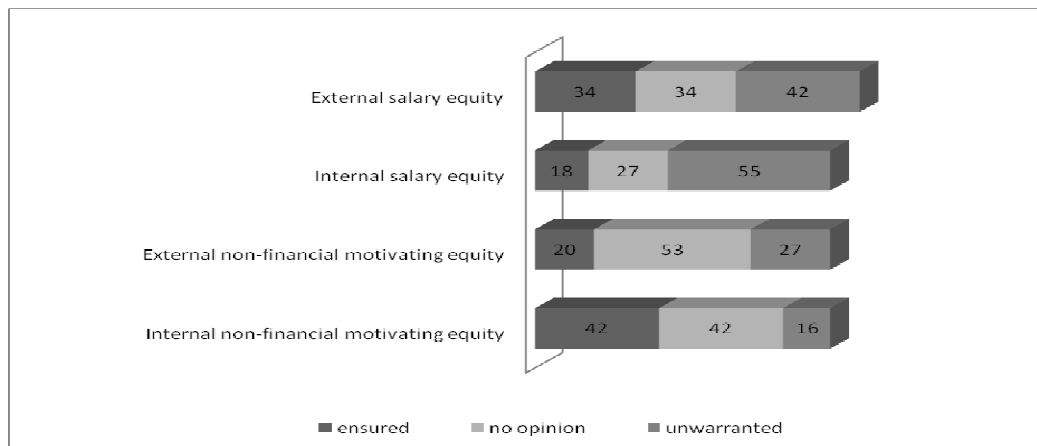
factors, as well as those of salary (3,5%), security (4%), work conditions (5%) need attention.

The analysis of changes in the respondents' evaluations of 2009, in comparison with 2007-2008, also shows that the number of employees considering future job guarantees (security factor) to be non-influential for their work has decreased by 42,5%. The number of respondents who find that such motivation factors as recognition, achievement, advancement and responsibility have no influence on work has decreased. The number of respondents maintaining that relationship with peers and subordinates, personal life and status have no influence on their work has increased.

3. The analysis of the research results on reward equity

The distribution of opinions reflecting the respondents' attitude to internal and external equity of reward in the company and their potential actions is demonstrated in figures 1 and 2.

Figure 1 - Respondents' attitude to reward equity, %



Source: our work

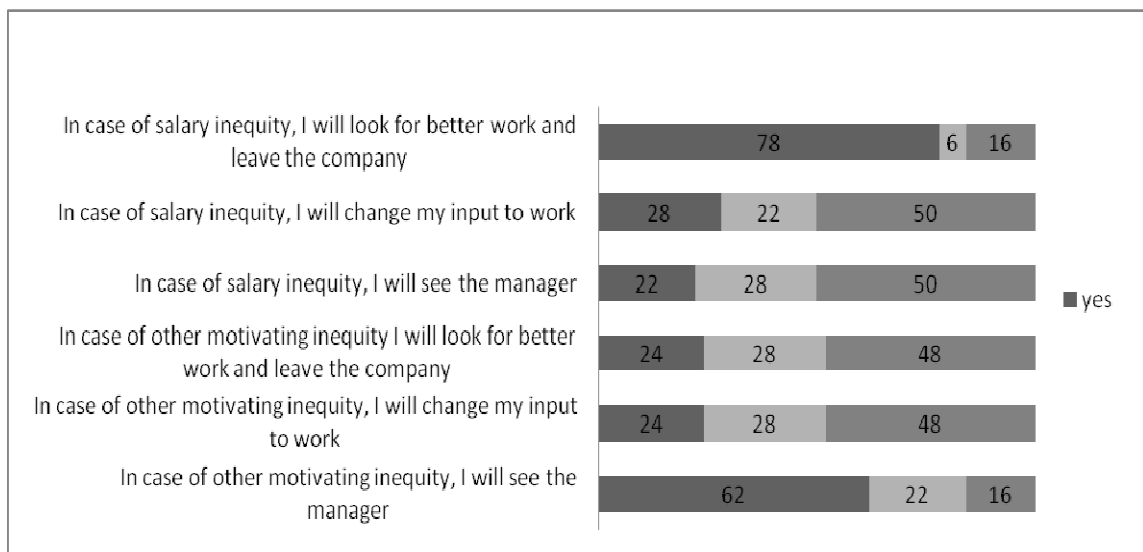
The data presented in figure 1 suggest the following conclusions:

- 42 % of respondents are determined in their opinion that their financial reward – salaries - do not correspond with the salaries of the employees who are in the same positions in similar companies. It shows that the salaries paid out for the sales employees in the company do not ensure external equity. The absence of opinion on this question (34%) may mean that people are not informed about it.

- The distribution of the answers to the question if the salaries correspond with salaries of the other employees of the company show that only 18 % of sales employees think that the financial reward they receive ensures internal equity.
- The answers to the questions on external equity of non-financial motivation tools show that an even bigger part of the employees (53%) may not have the information about the motivating tools in other companies. Only 20% of respondents know and think they correspond to the motivation tools applied to employees in analogous positions in similar companies.
- The distribution of opinions on internal non-financial motivating equity show that only 16% of the respondents think that they correspond with the tools applied to other employees in the company, i.e. ensure internal equity.

Figure 2 displays the distribution of respondents' opinions in percent, about their behaviour in connection to the inequity of financial reward and other motivation tools. It shows that.

Figure 2 - Respondent behaviour alternatives in connection to reward inequity, %



Source: our work

- Even 78% of respondents are inclined to change the company having noticed salary inequity and only 24% would do the same if the other motivation tools applied would not be adequate. It shows that there are only 16% of people in the company, who are not ready to leave if the occasion arises. Thus, the employees find financial reward exceptionally important.
- The respondents' determination to talk to the manager about unfair salary allows to make assumptions about the relationship with supervisor. 50% of

sales employees would not address the manager if they observed the cases of unfair salary, while even 62% of them would see the manager in the case of the inequity of other motivation tools. Such answers may prove that their managers have more power in decision making about non-financial motivating than in the case of salary issues. The strength of connection between fair salary and work accomplished is backed by the respondents' inclination to change their input to their work. The distribution of answers shows that half of the respondents find financial and non-financial reward equity to have no influence on their work.

Thus, the respondents' opinion about the salary equity in the company shows that crisis conditions also require special efforts in the financial reward area, in order to create a equal payment system, that would be connected with the input and work results of an individual employee.

4. Conclusions

The comparative analysis of the research results carried out in the telecommunication company enables the following conclusions about employees' motivation changes in the situation of crisis. In the conditions of recession, the employee motivation has a tendency to increase and job dissatisfaction - to decrease on average, as well as according to individual factors distinguished in F.Herzberg theory. The number of non-influential factors has also decreased, and the employees are more inclined to attribute them to motivating.

A more detailed analysis of the factors according to separate groups allows the assumptions that in the conditions of crisis:

- increases the motivational power of motivation factors, as the employees are inclined to name all of them as more motivating;
- the most significant motivation factor is achievement , as well as recognition, growth and work itself;
- the employees dissatisfaction with supervision and financial reward increases;
- the number of factors that the employees find to be neutral for their work significantly decreases and managers may not pay attention to such spheres as employee personal life and relationship with subordinates;
- it is necessary to take into consideration the employees' wishes connected with all motivation factors, as well as the areas of salary, security and work conditions.

The comparison of 2009 research results with the average of 2007-2008 according to separate factors groups discloses the following changes:

- the influence of recognition, responsibility and achievement factors has increased;
- employee dissatisfaction has increased in such areas as supervision and financial reward;

- the number of employees considering future job guarantees (security factor) as non-influential for their work has significantly decreased;

The analysis of research results the company sales employees attitude to reward equity and related behaviour shows that:

- the bigger part of the employees think that their financial reward and non-financial motivating do not ensure internal and external equity;
- the bigger part of the employees are inclined to leave the company on the basis of unfair payment;

These results suggest a conclusion that even in the crisis conditions, it is significant to make every effort in the creation of an equitable payment for work system, that would be connected with the input and work results of an individual employee.

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