

# Increase Employee Motivation in Romanian SME'S

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## *Abstract*

*Irrespective of their size, all companies in Romania face difficulties in motivating their working staff. This leads to employees' work dissatisfaction, instability and disinterest in the company they are working for. An efficient system will bring about the working staff's satisfaction. Work satisfaction represents the employee's desired state of being that fully meets their conscious and unconscious needs and expectations. The factors underlying work satisfaction are as follows: the work itself considered a multitasking job, opportunity to learn about and carry out a particular activity, all forms of remuneration, promotions and career opportunities, recognition and rewarding of great achievements, social advantages, working conditions, management styles, interpersonal relationships as well as teamwork, organizational culture and politics, location as to the working place, organizational prestige.*

**Keywords:** *Motivational factors, Romanian SME's, work satisfaction, motivational system*

**JEL classification:** M10, M12

## **Introduction**

Within SME's, motivation is, paradoxically, a sore point, still, complex and effective. Similarly, with previous management roles, the enterprising type of manager plays an important role in motivational processes. The way the enterprising type of persons work and behave has a powerful decisive impact on the degree of SME's members' motivation and work commitment. The power of personal example becomes the prerequisite of employees' motivation within SME's. Their powerful personal motivation that has made them undertake risks, intense efforts taken in setting up and running the company as well as the enticing financial gains prove them a catalytic factor of effort, quality and performance within the organization. In an organization, human resources are a proactive factor in achieving effective activity. To operate, the organization needs people, the right people. People perform their task within the organization, waiting for the leader to establish the route, the purpose, to guide them. (Horga & Hotaran, 2010) The owners and managers of SMEs see differently the success of their activities. The most often mentioned criteria are: the survival and continuity of the enterprise, the profit obtained, the profitability, the quality of the products and services offered, the knowledge obtained, the possibility of hiring members of the family (Petre & Radu, 2009).

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**The main motivational trends** within SME's are the following:

- Moderate diversification of motivational means as a result of an increase in the entrepreneurs' managerial training and professional development;
- A certain decrease in both informal and moral and spiritual aspects in view of motivating the employees due to changes in the social value system and patterns of behaviour and in the nature of human relationships. Hence, there is a certain drawback, a low level of empathy and affection within people corroborated with an advent of sensibility and reasoning, financial and professional interests, both employees' and stakeholders' focus on renewal and performance.

**Table 1. Distribution companies and number of employees by size of SMEs**

Class size	Number of companies	Weight %	Number of employees	Weight %
1 - 9	603.735	91,2	569.696	28,79
10 - 49	47.465	7,17	643.050	32,5
50 - 249	10.857	1,64	765.711	38,7
<b>Total</b>	661.990	100	1.978.457	100

Source: National Institute of Statistics

**Table 2. Average number of employees by size of firms in 2012**

Group of companies	Average number of employees
1-9	1,37
10-49	19,70
50-249	102,61

Source: National Institute of Statistics

All this becomes requirements of survival even within traditional small manufacturing type of enterprises. Hence, there is a great effort undertaken in strongly motivating small enterprises so as to foster social survival and development, given the current hot-race. Likewise, the main domains of corporate social involvement at the European level (environmental, social, educational and cultural) are also promoted in Romania, especially through the activity of multinational companies. (Iamandi & Munteanu, 2011)

## **2. Proposals for motivational improvement**

Some of the **proposals for motivational improvement** within Romanian SME's are listed below:

### **a) Heads of department and CEO's involvement in the motivational process**

The manager is the first and the most important factor in achieving a motivational system. The manager must get to know the employees better and

understand their personal needs. Firstly, the head of the department must become aware and admit that people working for him/her are not motivated. Then, he must identify the causes of the reasons underlying their lack of motivation, their weak achievements and deal with them accordingly and understand each individual's needs. The head of department can start working on motivating their personnel by meeting their basic needs, if not, motivation becomes impossible. However, he/she must take into account the fact that meeting basic needs does not necessarily ensure work improvement. The manager's attitude is extremely important and he/she must stick to the objectives set and not make sudden changes, keep calm no matter the circumstances and challenges in order to ensure a firm control over the situation.

#### **b) Creation of a motivational organizational environment**

The next step is to establish a motivational organizational atmosphere for the employee. It is advisable that the manager should ensure the employees the necessary conditions to achieve the expected performances, to make them achieve the objectives. In order to encourage people to work more efficiently and be more creative, a congenial working environment must be created. Task delegation and appropriate working climate must be based on the employees' needs. People with various priorities need different working conditions. Moreover, one cannot take into consideration all working conditions, it is possible, though, to provide your personnel with the opportunity to meet these particular requirements and needs.

#### **c) Delegating appropriate responsibilities**

Work must offer employees satisfaction and this can be achieved when they fully come to understand the importance and usefulness of their work. The manager must give the employee the chance to assume the responsibility for the work he/she carries out and, thus, they will have a greater sense of control and contribution to achieve outcomes. Responsibility must be for those who want to make a progress and, furthermore, one must ensure that the employee is capable of accomplishing the tasks. Nothing motivates people more than appropriate responsibilities. An appropriate responsibility must be in accordance with the employee's competences and abilities. Hence, the manager must be fully aware of the circumstances likely to provide the expected incentives and prepare accordingly, adapt each employee's work as much as possible to meet their needs. In the case of poor achievements, the manager must not critique the employee – a demotivation factor.

#### **d) Use of participatory management**

Objectives represent motivational elements as long as they are clear, stimulating and accepted by all members of the organization and ensure feedback on whether the goals have been achieved. The members of the organization can easily observe those goals jointly set rather than those fixed by their superiors. What is more, taking part in fixing the objectives reveal data on how realistic goals can be set in order to enhance performance. The objectives must be compatible with any remuneration system commensurate with the performance. The managers must support their employees and assist them in accomplishing their targets and, if needs be, „tailor” them so as to fit realistic purposes. The objectives prove

incentive provided a permanent feedback that allows employees to compare the outcomes of their work with the target in view. Nevertheless, the manager must encourage the employees to set their own targets.

Lack of power proves a highly inhibiting factor. Employees must be convinced they hold control over the situation. This means encouraging people to get involved in the decision making process. The manager should diminish the use of power, create a democratic management system that fosters the employees' motivation and proactive participation. Anytime legal threats are invoked, the rules and punishment will certainly bring about demotivation. Threats and punishment are negative, they sustain non-proactive attitude. Moreover, the consequences are often unpredictable and ambiguous.

The manager must clarify the personnel's expectations and make sure they have got them right. A vague idea may trigger some demotivation and, consequently, frustration. The employees must be encouraged to ask for assistance and help any time when needed to avoid frustration. Asking for assistance is rather a sign of interest in fulfilling their tasks than a sign of weakness.

Likewise, the manager must be sure that people can access information, identify those fields that register low levels of expectation and try to sort out the situation by motivating them. In order to ensure a motivating working environment, the manager must consider each individual's personal ambitions so that tasks should be delegated appropriately and focused on the competences and abilities that people would like to acquire and provide them with professional development opportunities.

#### **e) Granting financial rewards commensurate with achievements**

Salary is a powerful incentive when commensurate with achievements. Despite its attractiveness, financial rewards may pose a series of problems. As a rule, financial rewards increase productivity. Nevertheless, rewarding is personal, it differs from one person to another. Likewise, rewards must be commensurate with the achievements, otherwise, they will be useless. Incentives must be offered as soon as the expected outcomes have been achieved. In this case, the personnel is more likely to associate rewards with achievements.

Extrinsic rewards are rarely enough to continuously motivate people. The employees also need to obtain intrinsic satisfaction in their work. Intrinsic satisfaction is the result of interesting, varied competitive and short-term goals.

Furthermore, the manager must become aware of the fact that the use of extrinsic rewards, such as prizes, may overcome the intrinsic ones. Rarely will extrinsic rewards be sufficient to motivate people.

As for the measures to be taken in order to achieve a real and completely efficient employees' motivation, we will present the advantages of working with motivated people: work according to fixed standards and within the time given, people will enjoy their work, feel appreciated and all this will be noticed immediately in their performance; high morale that will maintain a productive working environment, outcomes will be monitored by people already involved and the employees will achieve performance willingly. No matter what method is used,

generally there are two approaches regarding the evaluation of job satisfaction: a holistic approach that measures the global satisfaction of the employees through general questions, as “Are you satisfied with your work?”; a factorial approach of the evaluation that measures the facet satisfaction bringing into attention the fact that job satisfaction is influenced by different aspects of the job, named facets, two persons being able to have the same level of global satisfaction but influenced by totally different reasons.

Another means of developing the rewarding system is the implementation of non-financial rewarding systems that may ease the pressure exerted on the growth of net income. Currently, net income is the most significant perk of the salary package for most of the employees.

Furthermore, we can motivate our personnel if we focus more on their personal professional development plans.

Career planning is not only a significant component of career management but also a prerequisite for the personnel’s systematic planning and development process that allows a better understanding of their mobility. In case there is no such a planning, however, the elaboration of a career policy must be possible so as to guide the development and training process for human resources and bring about personal performance.

The evolution and choice of career are influenced by a series of personal and professional success such as self identity, interests, personality and social environment. Career effectiveness implies a personal and organizational understanding of the main characteristics or criteria in view. In this sense, James L. Gibson advocates some possible connections between the characteristics of career effectiveness and criteria of organizational effectiveness.

As far as career development plans are concerned, there is another important policy regarding personnel’s development. Such a significant policy is the implementation of continuing training programs that aim at increasing employees’ performance and loyalty.

Internal training may provide a bank with qualified personnel capable of holding high positions, at lower costs whereas recruiting people from the working market may prove wrong. In addition, internally trained personnel has already learned about organizational culture and established ties with the working team. On the contrary, a new comer in the company will have to work on this.

On the other hand, the employees will capitalize on these courses as an investment in their professional development that may help them promote. Thus, their loyalty to the organization will grow, the employee will feel useful. Nevertheless, all this must also be expressed financially (remuneration) or professionally (position) – as the main factors of career performance.

At present, such training programs are meant only for the management staff (starting from an intermediate level), where leadership skills are mostly required. Besides, this leads to a low number of people holding leading positions as compared to the rapid growth of offer on the labour market and thus, these employees will never stay for too long in the company.

As a consequence, a wider qualification request for management staff may provide professionals for management vacancies.

**f) Focus on managers' psycho-sociological qualification**

Nowadays, almost all training programs focused on qualifying people for top positions consist of topics on psychological and sociological aspects of management, highlighting personnel motivation.

**g) Setting up psychological and sociological departments within SME's**, whose employees are in charge of investigating the personnel's mental state and, as a result, closely work with managers to take decisions regarding the selection, motivation, promotion, development, work organization of all the employees in the company. Such departments, endowed with qualified, well prepared employees, and appropriately organized, characterize competitive SME's.

**h) Elaboration of special motivational policies for personnel, based on indepth researches on their psychology, organizational culture and the most effective incentives.**

Likewise, general or global strategies and policies of the modern companies bear a motivational aspect which guarantees their effective implementation. It is noteworthy that, in the case of motivational procedures and methods, all competitive companies resort to the positive type of motivation that ensures employees' work satisfaction due to achievements.

**i) Dissemination of managerial methods and techniques that aim at capitalizing on human potential.**

We mean delegation of tasks, meetings, management by objectives, management by projects etc., by means of which high personnel's motivation can be ensured.

**j) Enlarging on the motivation area beyond employees**

The whole process of motivation is based on stakeholders. Hence, the interests of the main groups in the company are considered, starting with owners (co-owners, shareholders etc.), managers, supervisors, clients/customers, suppliers, bank affiliations, community and local authorities. A wide range of methods and techniques is required to fulfil various interests and perceptions. Stakeholders' motivation is based on identifying their particular expected type of motivation. Thus, possible clash of interests that may trigger organizational disfunctionalities is avoided.

## **Conclusion**

Although there are few precise motivational factors – except the salary-employee's motivation is due to the manager's role – as an enterpriser and example setter. Within family SME's, motivation is triggered by members of the family, strongly committed to the company and motivated by prospective financial outcomes. In conclusion, within SME's, there are numerous moral and spiritual motivational factors such as: praise, verbal critique, group celebration of special events, face-to-face discussions between the manager and the employee, constant

swapping of opinions regarding problem solving, flexitime etc. Likewise, intuitively, the enterpriser pays more attention to some of the main SME's stakeholders. There are few managers –enterprisers who do not personally know their clients or at least the most important ones and who act so as to keep them or make them purchase more from the company. Similar relationships are established with the main suppliers provided few selection opportunities. Enterprisers who focus on development almost always manage to establish sound rapport with the bank so as to facilitate access to the necessary funds. As a rule, this group of enterprisers are keen on local administration relationships, local community and certain service providers for SME's.

All these aspects bring about a strong motivation for the SME's employees and some stakeholders, which is rendered by high effectiveness in carrying out the professional activities.

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