WORKFORCE MOTIVATION
AS A FACTOR OF PRODUCTIVITY

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Abstract
This paper aims to point to the possibility of increasing the productivity of companies without increasing their operating costs. Most of the identified incentive factors that affect productivity require a certain increase in costs for the company. However, concerning employee motivation, certain exemptions from the “rules” were found: productivity growth inevitably precedes the increase in costs. The complexity regarding the motivation of the workforce is explained by a simple fact: the motivation of the workforce is directly linked to a human - thus far the most complex being created, who creates, consumes, feels, yearns and suffers ... Only an (economic) organism composed of healthy, satiated cells (happy, motivated workers) can be healthy and productive, and, as such, sustainable over the long term period. Results of the research suggest that the company’s management, by introducing the “SM” model presented in this paper and by conducting a simple analysis of the employees’ satisfaction with the income level could determine, in accordance with their capabilities, the optimal way to increase the motivation of the employees without necessarily increasing the operating costs and, implicitly, increase productivity, which is the main contribution of this work, both from the scientific and practical point of view.

Key words: satisfaction, motivation, productivity, (non)economic status.
Although a large number of scientific papers examine productivity issues, both at the macro\(^1\) - and the meso-level\(^2\), the fact is that the comprehensive research on productivity at the micro-level\(^3\) is scarce, given the significance of the employee productivity as an essential resource of every company and the entire economy. Also, there is not enough examinations of the employee motivation as one of the incentive factors of partial productivity\(^4\), where its complexity hasn’t been ignored, more or less, at the same time. As businesses and organizations are globalizing, researchers and practitioners must find ways to help managers and organizations engage diverse employees (Gagne et al., 2015, p. 193).

In order to adequately conduct a detailed analysis of the workforce motivation and produce a proper answer to the key question “Is the creation of a satisfied, motivated and productive worker, as a rule, an activity that requires a prior increase in costs for the company?”, as well as to emphasize the power of the multiplicative and positive effect generated by increasing the employees’ satisfaction, the author offers solutions to these issues and contributes to filing the above mentioned identified gaps in the scientific literature, which also reflects the main scientific contribution of this paper.

In general, production process can be defined as the process where inputs (labor, land, capital) are transformed into outputs (products and services). Efficiency and effectiveness of such transformation are expressed by the term productivity. In other words, productivity reflects how effectively labor and capital are utilized in production, and how efficiently inputs are transformed into outputs (Eicher, 2007, p. 123). Therefore, the total productivity of enterprises is determined by the sum of the partial productivity of each input separately. Most of the identified incentive factors that affect productivity, either having the effect on the productivity of all

\(^1\) At the level of the economy.
\(^2\) At the company level.
\(^3\) At the individual level.
\(^4\) Labor productivity.
three groups of inputs (particularly the technical progress as the most important one) or the productivity of only some of them, require a certain increase in costs for the company (due to various inevitable investments). However, concerning employee motivation, certain exemptions from the “rules” were found: productivity growth inevitably precedes the increase in costs. Motivation usually involves the manipulation of values that motivate individuals to work for organizational ends (Michaelson, 2005, p. 235). Also:

"An employee, for instance, wants to believe he or she is being fairly treated in comparison to another person perceived as being in a similar position” (Wildes, 2008, p. 288).

Work motivation depends on the overall satisfaction of the employees.

"Job satisfaction is closely related to the performance and quality of work performed by an employee and, consequently, translates into the success of an organization, because a satisfied employee builds and participates in the success of any organization” (Sypniewska, 2014, p. 57).

So, the primary variable of interest is – job satisfaction – a construct with theoretic roots in the organizational science (Massey, & Elmore, 2011, p. 672) which can be influenced by various situational job characteristics (Drabe, Hauff, & Richter, 2015, p.784).

There are two determinants of the overall employee satisfaction - economic status and non-economic status of employees - which can also be perceived as motivation factors, and implicitly, as factors of labor productivity. The improvement of economic and/or non-economic status of employees leads to an increase in the overall job satisfaction, thus increasing work motivation and labor productivity and, ultimately, results in the growth of the overall productivity of the company. The reward and recognition programs serve as the most contingent factor in keeping employees’ self esteem high and passionate (Danish, & Usman, 2010, p. 159). But, is the price of each of these options always justifiable in every company and every situation? Is the cost of improving the economic status of employees, as a rule, necessary and unavoidable for a company that wants to increase work motivation and productivity? Is there a low-cost option for achieving identical results? The answers to these questions are particularly important for small and medium- sized enterprises (the enterprises of small and medium-sized economic power), where with fewer financial resources, human resources may be the key to a small firm's ability to compete (Greer, Carr, & Hipp, 2015, p. 1).

**METHODS**

In terms of the possibilities of generalizing the conclusion of the paper, this is an operational research since it uses a relatively small sample (250 respondents) and the conclusions of some earlier, fundamental
research (Maslow's hierarchy of needs, methods of defining the factors of production, classifications concerning total factor productivity, partial productivity and motivation of the workforce). Concerning the research methodology, two methods were used: scientific analysis (more precisely the functional analysis, since the relationships between the elements of the defined unit were analyzed - the motivation of the employees) and explicative research method (more precisely the empirical-experimental research, because field-work was used for data collection). As far as a research technique is concerned, a survey containing closed-ended questions was used.

**Flexibility of the Workforce Motivation**

The complexity of the motivation of the workforce is reflected in the coexistence of its two qualitatively quite different aspects: economic and noneconomic (social) aspect. When analyzing the motivation of the workforce, it is essential to always pay equal attention to both mentioned aspects, and in the case when only one of these aspects is analyzed, never to ignore the significance and the effect of the other. The complexity regarding the motivation of the workforce is explained by a simple fact: the motivation of the workforce is directly linked to a human - thus far the most complex being created, who creates, consumes, feels, yearns and suffers. Therefore, it is no wonder that a large number of very different concepts is attributed to man - *homo religiosus, homo sapiens, zoon politikon, homo faber, homo prak-sisus, homo libertacus, homo economicus, homo istoricus, homo turisticus, homo konzumericus, homo ludens, homo cyber* – these concepts have been used by the greatest minds in the world, from the ancient times to the present, in order to define the man in the best and the most comprehensive way.

"Humans are continuously endeavoring to live and be well. They seek to find happiness in life and work and attempt to prosper despite the challenges that life and work bring” (Jones, Hill, & Henn, 2015, p. 297).

**Hypothesis**

Pursuant to the long established fact concerning the complexity of the human nature, the hypothesis of this paper was derived which presumes that a man - an integral part of every production process – is a very complex resource whose productivity depends on nonetheless complex factors:

After reaching a certain - reference “null”- level of job satisfaction\(^5\), the motivation of the workforce shows greater flexibility in

\(^5\) This is a level of satisfaction when the basic needs are met: needs for food and clothing (i.e. lower-order needs - according to the Maslow’s hierarchy of needs).
relation to changes in the factor of non-economic status\(^6\) of the employee compared to the changes in the factor of his/her economic status\(^7\).

An organization’s capacity to balance its resources, competences and supplies to market demands is vital for survival (Urtasun-Alonso, Larraza-Kintana, García-Olaverri, & Huerta-Arribas, 2014, p. 303) and employee engagement is a key business driver for organizational success (Kumar, & Swetha, 2011, p. 232).

"The concept and processes of strategic human resource management developed in the late 1970s and the 1980s a way of managing employees in an increasingly turbulent and fast-changing, uncertain environment" (Kramar, 2014, p. 1069).

Traditionally, human resource department has served as support for operations and was viewed as a funnel to provide workers (Taylor, & Finley, 2008, p. 83).

The confirmation of this hypothesis points to the fact that the company management could carry out simple analysis of the employees’ satisfaction with their income level to determine the optimal way to increase work motivation and, implicitly, to increase productivity in the given business conditions by doing the following: (1) improving the economic status of the employees through the growth of wages, salaries, awarding prizes in cash and bonuses and/or (2) improving non-economic status of the employees through the creation of business environment in which it is possible to satisfy the “higher-order” needs.

Therefore:

"Managers must understand that employees will be motivated by unmet needs and that once a need is satisfied, it is no longer a motivator” (Fisher, 2009, p. 351).

Whatmore, leaders should pay attention to the needs of employees step by step to raise their satisfaction to current job (Ding, Lu, Song, & Lu, 2012, p. 213).

Such approach will provide a more effective and sustainable response to health workforce development needs (Bates, 2014, p. 90).

RESULTS

In order to test the hypotheses set out in this paper, a “SM” model (employees’ (non)economic Status - Motivation) was created, which shows not only different levels of work motivation, but also different “sensitivity”

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\(^6\) The non-economic factors, according to the author, are: the conditions at work that provide to a lesser/greater extent the meeting of the needs related to security, belonging, respect and self-realization of the employee (i.e. higher-order needs - according to Maslow’s hierarchy of human needs).

\(^7\) The factor of the economic status, according to the author, is the level of the personal income.
(elasticity) of work motivation in terms of changes in the economic and non-economic status of employees at various achieved levels of income satisfaction (see: Figure 1). This suggests that the work motivation as a factor of labor productivity is a very dynamic and complex category.

![Figure 1. "SM" model. Elasticity of work motivation in terms of changes in economic and non-economic status at different levels of income satisfaction](source: the Author)

Different levels of employee satisfaction with the level of personal income are marked on the horizontal axis by the values ranging from I to V: the following is assumed: the level of satisfaction corresponding to the value I indicates very dissatisfied employees (the level of income does not cover the food expenses), the value II indicates relatively dissatisfied employees (the level of income covers the food expenses), the value III indicates relatively satisfied employees (the level of income covers food and clothing expenses), the value IV indicates satisfied employees (the level of income covers expenses for food, clothing, housing and heating), the value V indicates very satisfied employees (the level of income covers expenses for food, clothing, housing, heating, hygiene, education, health, sports, leisure and etc.).

Different levels of work motivation are represented on the vertical axis and marked by values from A to E, where the following is assumed: the value of A marks very unmotivated employees, while the level E stands for highly motivated employees. Curves Motivation’ and Motivation’’ on the Figure 1, represent changes in “sensitivity” (elasticity) of work motivation to changes in economic and non-economic status of employees.

The hypothesis defines this as the reference “null” level of the employee satisfaction.
at various levels of their satisfaction with the income level. The curve Motivation’ depicts the effect of changes in the economic status, while the curve Motivation” illustrates the effect of changes in the non-economic status of the employees on their work motivation at different levels of satisfaction with the income level. The curve Overall Motivation shows different levels of overall work motivation of the employees at various levels of their income satisfaction. In this respect, the following can be concluded: up to reaching the level of satisfaction corresponding to the value III, work motivation is significantly sensitive to changes in economic status of the employees (curve Motivation’ lies above the curve Motivation”). At the moment when the level of satisfaction matching the value III is reached, work motivation is equally sensitive to changes in both economic and non-economic status of the employees (curves Motivation’ and Motivation” intersect). Beyond the level of satisfaction marked by the value III, work motivation can be increased by improving both the economic and non-economic status. However, at such high levels of employee satisfaction with their income level (levels of satisfaction matching the values IV and V), work motivation is much more sensitive to changes in the non-economic status of the employees (the curve Motivation’ lies above the curve Motivation”). After reaching the level of satisfaction corresponding to the value V, work motivation becomes completely inelastic in terms of changes in economic status (curve Motivation” reaches its peak on the graph), therefore, achieving the level of satisfaction which exceeds that marked by value V, i.e. any further increase in work motivation, can only be ensured by improving the non-economic status of the employees.

**DISCUSSION**

The research was carried out in May 2015 on a sample of 250 respondents who were, at the time of the research, employed in various sectors of the Serbian economy. The aim of the survey was to determine the degree of the employee satisfaction with the level of income in Serbia, as well as to estimate the significance of the factors related to work motivation (improvement of economic and non-economic status of the employees) at various levels of satisfaction with the income level. The survey was completely anonymous, which added to the greater honesty and objectivity of respondents who provided their answers and, thus, certainly contributed to the significance of the research and the quality of the results. The survey included two distinctive groups of questions: the first group of questions referred to gender, age and education level of the respondents. The second group of questions referred to determining the degree of employees’ satisfaction with the level of income and assessment of the significance of the factors related to work motivation and its further improvement. After processing the obtained data, the following results were obtained: the sample consisted of 163 women (65.2%) and 87 men (34.8%). Data on the age and education level of the respondents are presented in Table 1.
Table 1. Respondents’ age and level of education

<table>
<thead>
<tr>
<th>Age</th>
<th>No. of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>25</td>
<td>10.0</td>
</tr>
<tr>
<td>30-39</td>
<td>92</td>
<td>36.8</td>
</tr>
<tr>
<td>40-49</td>
<td>111</td>
<td>44.4</td>
</tr>
<tr>
<td>50-59</td>
<td>17</td>
<td>6.8</td>
</tr>
<tr>
<td>60-69</td>
<td>4</td>
<td>1.6</td>
</tr>
<tr>
<td>70 and above</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Education

<table>
<thead>
<tr>
<th>Education</th>
<th>No. of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>6</td>
<td>2.4</td>
</tr>
<tr>
<td>Secondary</td>
<td>112</td>
<td>44.8</td>
</tr>
<tr>
<td>College degree</td>
<td>68</td>
<td>27.2</td>
</tr>
<tr>
<td>Bachelor</td>
<td>52</td>
<td>20.8</td>
</tr>
<tr>
<td>Master</td>
<td>8</td>
<td>3.2</td>
</tr>
<tr>
<td>Doctorate</td>
<td>4</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research results

Data on the respondents’ degree of satisfaction with the level of income and the estimated importance of the factors affecting work motivation and its further improvement are shown in Table 2:

Table 2. Employee satisfaction with the income level and estimated importance of the factors affecting work motivation

<table>
<thead>
<tr>
<th>How satisfied are you with your monthly income?</th>
<th>Number of respondents</th>
<th>%</th>
<th>Number of respondents</th>
<th>%</th>
<th>Improved economic status</th>
<th>%</th>
<th>Improved non-economic status</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very dissatisfied</td>
<td>110</td>
<td>44.0</td>
<td>94</td>
<td>85.45</td>
<td>16</td>
<td>14.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relatively dissatisfied</td>
<td>82</td>
<td>32.8</td>
<td>48</td>
<td>58.54</td>
<td>34</td>
<td>41.46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relatively satisfied</td>
<td>52</td>
<td>20.8</td>
<td>22</td>
<td>42.31</td>
<td>30</td>
<td>57.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied</td>
<td>4</td>
<td>1.6</td>
<td>1</td>
<td>25.00</td>
<td>3</td>
<td>75.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very satisfied</td>
<td>2</td>
<td>0.8</td>
<td>1</td>
<td>50.00</td>
<td>1</td>
<td>50.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
<td>100.0</td>
<td>166</td>
<td>66.40</td>
<td>84</td>
<td>33.60</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research results

9 Increase in wages, salaries, benefits, awards, contributions, vacation allowance and etc.
10 Feeling; physical security, job security, feel free from different types of stress, feeling of belonging to a collective, being respected by the co-workers, self-esteem, as well as the possibility to express one’s talents, abilities, knowledge and skills.
11 Level of income does not cover the food expenses.
12 Level of income covers the food expenses.
13 Level of income covers food and clothing expenses.
14 Level of income covers expenses for food, clothing, housing and heating.
15 Level of income covers expenses for food, clothing, housing, heating, hygiene, education, health, sports, leisure and etc.
The majority of the respondents, 66.4% identified the economic and 33.6% the non-economic status as an important factor in increasing work motivation, which is explained by the fact that most of the respondents in the sample declared that they are very dissatisfied (44%) and relatively dissatisfied (32.8%) with the level of their income. Out of 110 respondents who said that they were very unsatisfied with the level of their income, 85.45% of them chose economic and 14.55% non-economic status as the important factor. Out of 82 respondents relatively dissatisfied with the level of income, 58.54% identified economic and 41.46% non-economic status as being important for the work motivation. Concerning 52 relatively satisfied respondents with the level of their income, 42.31% of them chose the economic and 57.69% non-economic status. Among 4 respondents satisfied with the level of their income, 25% of them chose the economic and 75% non-economic status. Finally, out of 2 respondents who replied that they were very satisfied with the level of their income, 50% considered that economic status was an important factor of work motivation improvement and 50% opted for non-economic status.

Although, according to a study of Saxena employing diversified workforce is a very essence for every organization and its productivity (Saxena, 2014, p.77), the results of this study do not describe the relationships between these elements (i.e. between diversity and productivity of the workforce). The differences in gender, age and education level of the respondents did not affect the occurrence of significantly different answers to the question “How satisfied are you with your monthly income?” and “What would enhance your work motivation?”.

In order to get a better picture of the existing, different effects of the economic and non-economic status on work motivation at different levels of employees’ satisfaction with the level of their income, the results are presented graphically (see: Figure 2).

A group including “very dissatisfied” and “relatively dissatisfied” respondents with the level of their income preferred the economic aspect (please note that this preference was drastically lower in the group of “relatively dissatisfied” respondents). A group of “relatively satisfied”, “satisfied” and “very satisfied” respondents with the level of their income preferred the social aspect (such position was the strongest in the group of “satisfied” and, quite surprisingly, there wasn’t any preference in the group of “very satisfied” respondents\(^\text{16}\) identified).
CONCLUSION

Based on the research findings presented above, it can be concluded that the main hypothesis of the paper is confirmed. Namely, the majority of respondents who were at least relatively satisfied with the level of their income (the 'null' level of satisfaction is met or exceeded - in Figure 1, this level of satisfaction is marked by the value III and above) chose the improvement of the non-economic status as an important factor of work motivation.

After determining the achieved level of the employee satisfaction with the income level, the company management can be faced with the following two scenarios:

Scenario 1: A reference 'null' level of satisfaction has not been achieved in a given company (in Figure 1: the level of satisfaction corresponds to the value II or below). In such circumstances, the only way to increase work motivation is to improve the economic status of the employees (increase their salaries);

Scenario 2: A reference 'null' level of satisfaction has been achieved/exceeded in a given company (in Figure 1: the level of satisfaction matches the value III and above). In these circumstances, there are three possible alternatives to increase work motivation that are available to the management of the company:
Alternative A (improving the economic status of the employees) – A company increases the income of its employees which results in: a) a certain increase in work motivation which is lower than the growth instigated by the alternative B; b) increase in operating costs;

Alternative B (improving the non-economic status of the employees) – A company provides the conditions for meeting the needs of the 'higher order'. This is the optimal alternative for small and medium-sized enterprises and results in: a) increase of work motivation which is higher than the growth instigated by the alternative A; b) operating costs remain the same;

Alternative C (simultaneous improvement of both the economic and the non-economic status of the employees) – A company increases the income of its employees and at the same time provides the conditions for meeting the needs of the 'higher order', which results in: a) full effect of the factors affecting the work motivation and its biggest growth, b) increase in operating costs. This alternative is only recommended to the economically sound companies.

Given the research findings and the geographical origin of the respondents (people working on the territory of the Republic of Serbia), the optimum alternative for increasing the productivity of companies (previously: to increase work motivation) is the alternative B. This is additionally supported by the fact that Serbian economy is a relatively weak one, without great opportunities for investment in new technologies and with a high share of small and medium-sized enterprises. Certainly, the same (or at least similar) conclusion could be drawn for the neighboring countries concerning the similar mentality, the common past and similar characteristics of business activities, as well as the overall social systems.

"Considering that the reward for the work is money, many researchers considered the impact of money amount on work and performance. The conclusion point out that motivation by higher payoff is temporary, even sometimes too big amounts lead to a higher stress level which decreases productivity" (Škare, Kostelić, & Jozičić, 2013, p. 311).

In this respect, the present “SM” model can serve as a means of finding the optimal way to increase satisfaction, motivation and productivity of the workforce, which generates multiple and almost incommensurable positive effect, both from an economic, as well as the sociological, cultural, political and psychological aspect and at the macro-, meso- and micro-level.

"When people are unhappy in their professional lives, there may be negative impacts not only on their employer’s bottom line, but also on their personal lives, negatively affecting their emotional and physical well-being and their relations with family and friends" (Moreland, 2013, p. 57).
Quite the opposite, only a satisfied employee can be useful to himself/herself, to the economy and the overall social system. Only an (economic) organism composed of healthy, satiated cells (happy, motivated employees) can be healthy and productive, and, as such, sustainable over the long term period.

REFERENCES


МОТИВАЦИЈА РАДНЕ СНАГЕ КАО ФАКТОР ПРОДУКТИВНОСТИ

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Резиме

Полазећи од одавно утврђене сложене човекове природе, изведена је и хипотеза рада где је човек – неодвојив део сваког процеса производње – представљен као врло сложен ресурс чија продуктивност зависи од ништа мање сложених фактора. После достизања одређеног „нултог” – степена задовољства на посту, мотивација радне снаге показује већу еластичност у односу на промене фактора (не)економског статуса него у односу на промене фактора економског статуса запосленог. У циљу тестирања постављене хипотеze, конструисан је модел „СМ” ((не)економски Статус запослених – Мотивација), који показује како различите нивое радне мотивације већ и различиту „осетљивост” (еластичност) радне мотивације у односу на промене економског и (не)економског статуса запослених при различитим нивоима достигнутог задовољства запослених висином дохотка (вида График 1). Ово наводи на закључак да је радна мотивација као фактор продуктивности радне снаге врло динамична и сложена категорија. Истраживање је извршено у мају 2015. године, на узорку од 250 испитаника, а који су у тренутку истраживања били запослени у различитим секторима привреде Србије. Задатак анкете био је утврђивање степена задовољства запослених висином дохотка у Ср-
бији, као и оцењивање значаја датих фактора радне мотивације (побољшање економског и некономског статуса запослених) при различитим нивоима задовољства висином дохотка. Група „врло незадовољних” и „релативно незадовољних” испитника висином дохотка дала је предност економском аспекту (уз нагласак да је та предност драстично мања код групе „релативно незадовољних” испитника висином дохотка). Групе „релативно задовољних”, „задовољних” и „врло задовољних” испитника висином дохотка дала су предност друштвеном аспекту (уз нагласак да је та предност највећа код групе „задовољних”, а изненадујуће неидентификована код групе „врло задовољних” испитника висином дохотка). На основу изложених резултата, може се закључити да се постављена хипотеза потврђује. Наиме, већина испитника који су најмање релативно задовољни висином свог дохотка (код којих је достигнут или прекорачен „нулти” степен задовољства – на Графику 1 то је ниво задовољства вредности III и више) означила је као значајнији фактор радне мотивације побољшање некономског статуса.