DEVELOPMENT AND EVALUATION OF COMPANY STAFF MOTIVATION SCHEME: MEAT PROCESSING COMPANY CASE STUDY

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Recently employers have been encountering and tackling the problem of employee motivation, since only motivated workers are capable to work more efficiently, to ensure effective operations of the company and to create a healthy climate in the team. Furthermore, adequately chosen motivation measures help to retain good specialists at the enterprise and to reduce the staff turnover. Thus the attention and costs of the top management aimed at the increase of motivation always pay back. Staff motivation should be incorporated into the general strategy of an enterprise. One of its key objectives should be consolidation of the company staff with a view to achieving a common goal. The article explains the scheme of employee motivation tools, which meet the scientific requirements prescribed by human resource management science and the modern conditions of production enterprise operations. Furthermore, it offers methodological solutions for its practical application.

Key words: staff, motivation, incentives, motivation scheme.
JEL code: M12

Introduction

In order to accelerate integration into the global economy, organizations have to find the ways for increasing staff motivation and using the existing potential more efficiently.

Staff motivation problems have been investigated by many foreign researchers: F. Taylor (1915), A. Maslow (2006), C. Adelfer (1972), M. Rose (1998), and others. Theoretical and empiric research of motivation was also conducted by Lithuanian scientists: I. Bučiūnienė (1996), V. Šilingienė (2002), L. Marcinkevičiūtė (2006) (2008), J. Žabtorius (2007), and others. Motivation is a specific phenomenon, since abstract motivation of an abstract employee does not exist. Different motivation tools should be applied to different employees in different situations. Moreover, motivation depends on the situation, i.e. it should change together with the changing situation. Motivation tools affect employees' motivation and, at the same time, their behavior. Therefore employers should choose motivation tools that could impact employees' behavior at work. For this purpose it is necessary to know the employees' expectations and motives influencing their behavior.

While developing the corporate motivation tool scheme, the wages should be linked to the goals of the organization and the job performance (job results). The employee incentive scheme should be harmonized with the internal culture of the organization, reflect the available technological and organizational tools, convey the management style and general managerial attitude. Development of the incentive scheme requires relevant identification of parameters and mechanisms (i.e. an employee should know what he/she would be rewarded for); moreover, it is necessary to control whether the incentive scheme brings the expected results. If not, it is necessary to change the scheme.

Research aim: to substantiate the corporate staff motivation tool scheme, which complies with the scientific requirements laid down by the human resource management science (tangible and intangible incentives, unconventionality, application of former research results, etc.) and with the current conditions of production company operation.

Research tasks:
1) to evaluate the national and foreign experience in staff motivation;
2) to identify staff motivation tools in the changing environment;
3) to pilot the effectiveness of the staff motivation scheme in practice.

Research object: corporate staff motivation tool scheme.
Research methods: the article was based on the methods of scientific literature and statistical analysis, questionnaire survey, generalization, and logical abstraction.

Development of corporate staff motivation tool scheme: methodological aspects

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Almost all researchers agree that a set of certain needs makes a person move forward (Maslow, 2006; Gomez-Mejia, 2007; Shalley, 2009, and others). Staff motivation is related to an attempt to influence their needs, and consequently motives and behavior. In current situation, to motivate staff means to pay them salaries proportionate to their input; however, it is no less important to help them realize and develop the subjective benefits of work. In view of this it is necessary to evaluate the manifestation of mental factors at work.

People are positively seeking organizational objectives when they are sure that their needs will be satisfied. Therefore, in order to motivate the subordinates to pursue organizational goals, the management should apply measures that would satisfy the needs of their employees.

Motivation tools could also be attributed to the hierarchy of human needs. Those measures are very diverse, since reward is usually logically related to the Maslow's pyramid of human needs (Fig.1).

![Maslow's hierarchy of human needs](image)

**Maslow's hierarchy of human needs**
- **Self-actualization**: Education and personal growth, involvement into management, work satisfaction
- **Esteem**: Recognition, performance appreciation
- **Social**: Team work, socializing among staff
- **Safety**: Additional benefits of insurance, pension funds
- **Tangible needs**: Wages, bonuses

**Fig.1. Human needs and wages (by Jensen; McMullen; Stark, 2008)**

According to management and administration theoreticians and other specialists, it is impossible to achieve organizational goals without a long-term commitment of the members of an organization. The goal of company managers and owners is to ensure that each employee knowingly seeks personal goals as well as those of his/her organization, to accomplish congruity of those goals, and to make certain that the work at the organization brings the employee moral and spiritual satisfaction and the employee expects personal needs to be reasonably satisfied.

With respect of an employee's work motivation, and in attempt to influence the same, the top manager of a company shall apply a valid scheme of motivation tools: to pay wages, bonuses and other perks, to offer social guarantees, to improve working environment and corporate culture, to organize team work, to involve employees into the decision-making process, to provide opportunities for developing professional career and qualification, to delegate more tasks and responsibilities to the staff, to inform employees about their work objectives, the position in the performance of the company and work quality, and to evaluate employees. For the most part, this staff motivation tool scheme agrees with the staff motivation models suggested by the authors (Marcinkevičiūtė, 2006). The same incentives cannot be applied in all cases, since their choice depends on the specifics of a company’s business, the internal rules and procedures, interrelations among the employees, and other factors (Žabtorius, 2007).

**Wages.** Tangible incentives are among the most popular job motivation factors. It is an important motivation factor for both, individual and collective work (Delfgaauw R., 2007). The amount of money required to motivate effective staff performance has been an object of discussions for many years. Money motives people in so far as the main – physiological and security – needs are satisfied. If employees have enough money, additionally earned amounts generate less motivation and social motives gain in importance. However, wages is still an important motive, since insufficient remuneration has become one of the most frequent factors of staff dissatisfaction. According to the universal quality management theory, which is attributed to the modern management school, an increase in work remuneration as such is not a key motive for a better work quality. Employees will perform better (ideally - without mistakes) only when wages are fixed in a way to make them the key motive to seek ideal performance results. Firstly, the top management shall realize the stages and benefits of human resource management, the advantages and disadvantages of different work remuneration forms, including the need for motivation, in order to produce the most effective work remuneration system in the company, based on an assumption that corporate goals must coincide with the goals of the employees (Žabtorius, 2007; Avižonienė, 2003). In the developing countries remuneration for individual work prevails. It is based on the principle „everyone is paid for completed job“. It is best revealed by the piece-rate form of payment. It clearly embodies social justice, i.e. the dependence between work productivity and wages; however, under current conditions the focus is placed on personal development and the ability to perform new and more complex tasks. To a certain extent this is also implemented in the piece-rate payment schemes, when employees are offered additionally incentives for qualification upgrading, language skills etc., however those requirements are best satisfied by using a time-based form of payment. With this form of payment actual results and performance data have an indirect impact on
the earnings and the calculations of earnings are simplified. It also facilitates evaluation of individual qualities which the company would like to develop. However, if the employees are not predisposed to work efficiently and the company cannot ensure a high production and work organization level, the efficiency of the employees will not be high (Klupšas, 2008b).

In the present production environment, to motivate the staff to seek the best possible performance their pay should consist of two parts: fixed and variable. The amount of the fixed earnings should depend on the difficulty of performed tasks, which determines the employee’s qualifications required in a certain job position: nervous and physical strain, level of responsibility, etc. The variable part shall be aimed to reward for individual achievements. This portion should be determined in view of the personal and professional qualities of and behavior at work, i.e. performance, timekeeping, initiativeness, versatility, etc.

**Bonuses and perks.** Bonuses should be awarded for specific and unique achievements relevant for a company that increase its profit or improves the quality of operations. Bonus payments shall not be habitual and regular. Perks could be both individual and collective. Frequently a newly recruited employee fails to be informed of available perks, although this should not be the case. During the very first interview the employer should list the perks the employee is entitled to (Ranonytė, 2006).

**Social guarantees.** Each employee is entitled to social guarantees provided by the state. Employers should attend to the future of their employees and thus they should not only see to security provided from outside (social pension insurance, medical services, etc.) but also secure additional social guarantees to their staff (pension funds, accumulative insurance, preventive care, etc.) (Benz, 2009 and others).

In terms of the system of organizational behavior, a person can only be motivated by one's inner imperative, whereas one’s own values recognized within personal social experience provide the meaning to one's existential abidance, where work plays an important role. The strength of motivation and its nature in the working environment is directly proportional to a personal system of values. A far-sighted manager shall be able to demonstrate interest in the people employed by the company and to realize that meeting the needs of the staff means increase in productivity and a continuous development of the company, etc. Social-psychological methods related to human relations in organizations become increasingly more important in Lithuania and globally. Recognition of psychological qualities of employees, identification of group and team social characteristics, and personal qualities of managers (personal example, standing, persuasion, criticism, rituals) affect the staff and individual employees. Thus, today the above methods play the key role in developing a corporate motivation system. Qualification upgrading possibilities, development of the relationship between the manager and a subordinate, opportunities of promotion and inclusion into the decision-making process are essential conditions in pursuance of higher staff motivation (Žilinskas, 2007).

**Corporate culture.** In order to make employees feel full members of a team, each of them shall receive a great deal of attention. Since the very first day of employment, it is necessary to accelerate the integration of the employee into the team, to make him/her feel as part of an enterprise as a totality, i.e. become a full member of the company. In view of that companies should apply different methods: the company and its workers should be introduced to the new employee. The data on operational indicators and achievements of individual units shall be placed in a prominent place.

In order to consolidate all the employees of an enterprise, various events, festivities, sports games are organized. Employees are invited with their families leading to socializing of its members outside the working environment. Open communication can also do miracles. Employees refer to it as one of the most important factors motivating them to improve their efficiency. Suppressed information directly related to the employees or their work environment might end not only in distrust in the top management but also can substantially reduce work motivation (Hiam, 2006).

**Involvement into the decision-making process.** In order to motivate employees, it is necessary to involve them into all the decision-making stages and to acknowledge their right to make independent decisions. Thus, when a problem is relevant to an employee’s activities and he/she is able to make it independent decisions, the employee is entitled to define the objectives, and to make a final decision. It also means assigning the responsibility, since the employee is fully responsible for the decisions (van Riel, 2009).

**Career opportunities.** Global practice shows that effectively operating organizations are interested in the professional development of their employees. They take care of their career and propose various development programs. It is beneficial not only to the employees but also to the organization, since career planning relates professional development plans to the employees to the objectives of the organization. When the staff career is directly related to the organization, the employees are more concerned about the problems, they participate in their resolution, and they are interested in the success of the entire organization. Successful career planning provides for meeting the professional development needs of the employees, continuous recruitment of qualified professionals, effective use of the staff skills, boosting employees’ self-confidence and loyalty to the company, as well as the grounds for respectful relationship between the top management and the subordinates (Childs, 2009).
**Professional development.** Employees shall be educated by increasing their competence and their ability to adjust to changes by providing relevant knowledge, developing skills, experience and by anticipating and correcting potential mistakes. Usually education of employees is related to industrial needs; however, if employees fail to see real growth perspectives, they do not see why they should improve their knowledge in their field (Sherwood, 2006, Grant, 2008). The employee education system shall be directed towards the future and related to the qualifications required to perform future tasks; its goals shall be set with consideration of the interests of companies and their employees. Staff development shall take place within the daily work routine rather than during single training courses only (Colakoglu, 2009).

**Work environment.** Motivation of employees can be increased by adequate work conditions facilitating the development of their skills and professional progress. The working environment is also extremely important to an employee (team microclimate, relations with associated and superiors, their support and understanding) as well as the nature of their job stipulating purposeful and interesting work, accepting responsibility, possibilities to be involved in the decision-making process, etc. Employees shall also be provided with a possibility to deal with their personal needs matters without leaving the workplace. This could involve deliveries of certain medicines, foodstuff, laundry, car repair or other services to the company’s office. Thus, employees could save time and get more satisfaction in their workplace (Westman, 2009).

Furthermore, it is important that the workplace is not harmful and complies with all safety, hygiene and other requirements stipulated by the legislation.

**Delegation and control.** Delegation is one of the key conditions for an efficient operation of an organization, since no single manager is capable of making all the decisions alone. Therefore, delegation first of all reduces the work load of the manager and saves time for more important tasks. Furthermore, it provides for a broader use of the experience and competence of the colleagues. Subordinates are given more freedom of action and the right to make independent decisions. Thus employees become more motivated, incentive-driven and unclose their capacities. Consequently, the supreme employees’ needs – self-actualization, creativity and esteem – are satisfied.

The relevance of delegation measures increases since in the rapidly changing environment managers often have to decline anticipated actions or procedures applied under centralized management and to delegate more tasks and responsibilities to the employees. In practice this means that staff management becomes more directed toward the establishment and control of the knowledge synergy in different fields with a view of creating an environment empowering the use and expansion of the existing competence base (Leonienė, 2009; Kochar, 2008; Dewettinck, 2006).

There are three main types of control to be used by a company. They include office control when each manager shall be assured that the employees seek the assigned goals and apply adequate methods, including coaching and assistance to their employees; control of results including the compliance of the achieved and planned results; and self-control which becomes efficient only subject to mutual trust between the manager and the subordinates when the employees are interested in the corporate goals, there is efficient communication between the manager and the subordinates, and the employees are able to make an objective evaluation of their work.

**Information and communication.** For employees it is instrumental to be informed on their work objectives, their position in the corporate results, and work quality. The more individuals are unhappy with their job, the more important this information is and the greater motivation it produces. Employees shall have access to information on the company’s status and plans. Regular relations with the managers and associates is also increases the informativeness of an employee; thus, communication between the manager and the subordinates, the possibility to express one’s opinion, and identification of possible dissatisfaction factors at work and elimination of these factors are very important (van Riel, 2009).

**Team work.** It provides for the increase of working activity, improvement of information exchange, and psychological climate. Employees are offered new development and growth opportunities, involved into the joint decision-making process, are more satisfied with their job, and their job satisfaction grows. Organization of team work in particular provides attending to different views and attitudes and implementing adopted decisions since employees are more motivated when they can participate in making the decision. It helps to solve problems outside the competence any subdivision, to make a more efficient response to changes and coordinate employees’ activities (Ros, 2003).

**Evaluation of employees.** It is necessary to evaluate employees for three reasons (Dessler, 2001). Firstly, important information is obtained during the evaluation process; it forms the basis for employee promotion or increase of their wages. Secondly, the evaluation of employees can facilitate the elaboration of a plan to eliminate shortcomings which became apparent during the evaluation process and to disclose the advantages. Thirdly, appraisal could be useful in planning the employee’s career. It can encourage a required level of the employee’s performance and help to identify staff suitability for certain job positions, to fairly organize their job remuneration, to identify existing shortcomings, and to promote professional and moral development of the employees (Klupšas, 2008a).
In view of the above, an effective employee motivation scheme including all relevant elements has been produced (Fig. 2).

**Analysis of the company staff motivation scheme empiric research results**

Theoretical aspects of staff motivation are extensively analyzed in scientific literature. Whereas practical development of motivation schemes in changing economic conditions, their functioning and evaluation are yet under-investigated. Especially in Lithuania, which has only recently realized that staff motivation is much more than a simple use of incentives. However, a complex approach towards staff motivation is yet a rare phenomenon at the Lithuanian companies. Therefore the practical aspect of implementing a systematic approach towards motivation is particularly relevant for Lithuanian enterprises (Šilingienė, 2002).

An empiric research of the evaluation and improvement of the staff motivation scheme was performed at the meat processing enterprise AC (agricultural limited company) “Nematekas”, (hereinafter referred to as the Company). Established in 1994, the Company was engaged in sales of meat processing systems produced in Germany. For the purpose of in-site testing of the machinery, a small model meat processing shop was established to produce only 900kg of meat products per day. In the course of time it grew into a meat processing company. Today it produces more than 80 tones of meat products every day. It has launched state-of-the-art technologies complying with the EU requirements and thus it is capable of offering more attractive prices to the consumers and can rapidly respond to market changes. For several years, the production volumes of the Company have been markedly increasing. In 2008, Nematekas employed 500 people. During the empiric research 240 questionnaire forms were distributed among the employees; 226 forms were filled in and returned to researchers.

The empiric research aimed at evaluation of the staff motivation scheme practically applied by a specific company and formulating its improvement strategy at the Company.

A qualitative method – a questionnaire survey – was chosen for the research. The questionnaire contained 15 questions. The first question comprised 24 statements (motivating factors) specified for each motivation tool (Fig. 2). The motivating factors are given in Table 1. This question sought to find out which motivation tools have the greatest impact on employees and their performance. The Likert
Scale was used by the employees to rate each factor. According to this scale the respondents expressed their attitude towards the presented statements by choosing one of the scale values that were prepared in advance (Mokslinio..., 2009). Respondents were provided with answer alternatives ranging from "Very important" to "Unimportant". Accordingly, the answers were rated from 1 to 5 points: 1 – totally unimportant; 2 – unimportant; 3 – neither important nor unimportant; 4 – important; 5 – very important.

Question 2 of the questionnaire aimed to discover the employees’ opinion of the use of motivating factors at their workplace. The employees also rated each factor using the Likert scale. Answer alternatives ranged from "Very poor" to "very good". Accordingly, the answers were rated from 1 to 5 points: 1 – very poor, 2 – poor, 3 – satisfactory; 4 – good; 5 – very good. Other 13 questions were structured using the nominal scale.

An average importance and implementation point was calculated for each motivation tool rated in points (Fig.3).

Table 1. Staff motivation tools and factors (compiled by the authors)

<table>
<thead>
<tr>
<th>Motivation tool</th>
<th>Factors</th>
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<tbody>
<tr>
<td>1. Wages</td>
<td>1. Wages</td>
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<tr>
<td>2. Bonuses and perks</td>
<td>2. Cash bonuses</td>
</tr>
<tr>
<td></td>
<td>3. Additional remuneration tools: reimbursement of mobile phone, fuel costs, etc.</td>
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<tr>
<td>3. Social guarantees</td>
<td>4. State guarantees</td>
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<td></td>
<td>5. Additional guarantees (pension funds, accumulative insurance, preventive care, etc.)</td>
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<tr>
<td>4. Corporate culture</td>
<td>6. Mixing socially with associates after working hours (different outings, celebrations, leisure activities).</td>
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<td></td>
<td>7. Good relationship with associates and top management.</td>
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<td></td>
<td>8. Fast and easy adaptation in team</td>
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<tr>
<td>5. Involvement in the decision-making process</td>
<td>9. Listening to other opinions in joint decision making.</td>
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<td></td>
<td>10. Trust in employees’ competences and capacities.</td>
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<td></td>
<td>12. High job position</td>
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<td>7. Professional growth</td>
<td>13. Possibility to upgrade qualification during training courses and seminars.</td>
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<tr>
<td>9. Delegation and control</td>
<td>16. Part of responsibility is delegated to an employee.</td>
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<td></td>
<td>17. Employees can work independently.</td>
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<td></td>
<td>18. Control of performance results.</td>
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<td></td>
<td>20. Information on the company’s standing and goals.</td>
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<td></td>
<td>21. Open and sincere communication with top management and associates.</td>
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<tr>
<td>11. Team work</td>
<td>22. Pursuit of common goals via team work.</td>
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</tbody>
</table>
As indicated in Fig. 2, wages have the greatest impact on the staff motivation, with the average point of 4.82 (very important); the average point of bonuses and other perks was 4.61 (very important); career opportunities – 4.83 points (important), and staff evaluation – 4.25 points (important). The following motivation measures are best applied at the Company: social guarantees - 4.30 points (good), working environment – 3.98 points (good), delegation and control – 3.40 points (moderate), and wages – 3.14 points (moderate).

To conclude, it can be maintained that wages remain the most important factor leading to staff motivation. This could also be resultant from the unfavorable economic situation in the country, however, according to the empiric research, the employees are concerned not only about the tangible incentives, but also about intangible ones, such as staff evaluation, corporate culture, and career opportunities. The survey also revealed the most successful motivation factors implemented by the Company include work environment, delegation and control, information of employees and communication.

Once the empiric research was completed and the obtained results were systematized, the weakest points in the Company’s motivation scheme were identified. Possible problem resolution directions and ways for improving the existing motivation tools were proposed (Table 2).

**Table 2. Application of staff motivation tools and suggested improvement strategy**

<table>
<thead>
<tr>
<th>Motivation tools</th>
<th>Evaluation of application efficiency</th>
<th>Improvement directions and measures</th>
</tr>
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<tbody>
<tr>
<td><strong>Wage</strong></td>
<td>1. According to the employees, wages is the most important motivation tool. However its realization at the Company is only satisfactory. 2. Most of the employees think that their wages do not match their actual work contribution.</td>
<td>1. To start paying not only fixed wages but also a variable part of the pay. 2. To apply validated performance evaluation methodology.</td>
</tr>
<tr>
<td><strong>I. Bonuses and other perks</strong></td>
<td>1. It is a very important tool for strengthening staff motivation; however, its implementation at the Company is rated below satisfactory. 2. Unclear bonus and perk criteria, employees doubt about their fairness.</td>
<td>1. To start implementing bonus and perk schemes; to use the schemes on a regular basis; 2. To define clear bonus and perk criteria.</td>
</tr>
<tr>
<td><strong>II. Social guarantees</strong></td>
<td>1. The Company applies only the security measures prescribed by the law and regulatory enactments. 2. Lithuania has only recently started applying additional social tools for staff motivation. This might have determined a relatively low need for further guarantees – 2.8, whereas its satisfaction is even lower – 2 (bad).</td>
<td>1. To apply additional social guarantees in order to increase staff motivation (accumulation of professional pensions, reimbursement of life/car third party liability insurance costs, etc.).</td>
</tr>
</tbody>
</table>
To assess the reliability of the obtained empiric research results, a similar research of staff motivation scheme at meat processing company UAB Grimeda was conducted. This company produces over 10 tons of 150 types of meat products per one shift. It employs 150 people. The results of the said research substantially confirmed the results of the earlier study.

Often managers have limited possibilities to satisfy certain needs of their employees, since most of them require substantial financial resources. Identification of staff needs might help to find appropriate measures to meet those needs with respect of the available resources.

**Conclusions**

1. The corporate motivation scheme shall be based on the need analysis and the possibilities of meeting them. Most importantly, top management shall be aware of the staff needs and choose appropriate motivation tools to meet them. The motivation scheme shall be appropriate for both, the organization and the employees (i.e. closely related to the performance results, accommodated to different employees, reflecting the management style and organizational structure, etc.).

2. In order to influence an employee’s work motivation, the manager should apply a motivation tool scheme comprising all possible staff motivation factors: wages, bonuses and other perks, social guarantees, improvement of work environment, development of corporate culture, team work, inclusion into the decision-making process, establishment of career opportunities, qualification upgrading, delegation and control, information and staff evaluation. All the above measures facilitate staff motivation for work and their loyalty.

3. According to the results of the empiric research, in the present situation employees are mainly motivated by wages, bonuses and other perks. Evaluation of personal and performance results is also of great
importance for employees. This and other companies, which have chosen to establish or improve the existing motivation schemes, shall direct their activity towards complex and universal staff motivation rather than individual incentive tools. In view of this, it is worth while evaluating the staff motivation and the applied motivation scheme structures, and to create and apply in practice improved models of motivation schemes under changing conditions, which would include a combination of tangible and psychological motivation tools.

References