UNIVERSITY OF LJUBLJANA
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MASTER'S THESIS

MOTIVATION OF SUPERVISORS IN MAKSTIL – SKOPJE, REPUBLIC OF MACEDONIA

Ljubljana, September 2016   IRENA ARSOVA

AUTHORSHIP STATEMENT

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INTRODUCTION

The concept of employee motivation and its relations to human resources management will be explored. Human Resources Management is a planned approach to managing people effectively for performance. It aims to establish more open, flexible and caring management styles so that staff will be motivated, developed and managed in a way that they can and will give their best to support departments' mission (Armstrong, 2003, p. 216). The most difficult job facing an organization is learning how to effectively motivate and keep employees motivated.

By motivating employees we can boost productivity, which will result in better business results in organizations (Šuklev, 1999). Better results will enable external frameworks for professional development of organization so that such external factors initiate interest and participation of people both in their personal development and the progress of the organization. Many business trends observers (Šuklev & Drakulovski, 1996) have anticipated the problems of reduced production due to the general lack of labour motivation. Many employees still try to avoid tasks, a fact which is in opposition to their managers' desires, therefore, one of the most basic responsibilities of managers is to motivate their subordinates to work, in other words, to want to perform (Syrett & Lammiman, 2002, p.48).

In the new workplace, where new technology brings many new advantages, employees are motivated to perform tasks which are interesting and challenging, rather than only well paid (Armstrong, 2003). If organizations want to survive in the ever-changing environment in today's world of globalization, they must be led by new kind of managers, who must know fully and thoroughly the personality of employees so they can successfully perform their leadership activities and duties (Daft & Marcic, 2004). Technological changes, growth of organizations and usual promotions are key characteristics of the new workplace, but obviously this is not enough. The most valuable asset of an organization is its people. People as the most important resource must be activated with their knowledge and skills, to accomplish this difficult task – surviving or existing. People have needs that must be met in the workplace. The manager role is then to energize, lead, guide and motivate the employee (McNamara, 1997).

As the title suggests, the content of this research is motivation of supervisors in Makstil A.D. –Skopje. Supervisors in Makstil are mostly higher educated, with good knowledge and skills, appropriate for contributing to great performance of the organization. But are they motivated enough to give their best, to be creative and innovative? What do supervisors value the most? Do they feel satisfaction from their job? I believe that they are motivated mostly by extrinsic motivators (money as the most obvious extrinsic reward), and less with intrinsic motivators. Although, this observation is contrary to some studies

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showing that white-collar workers are mostly motivated by: interesting work, opportunities for development, enough authority, resources, helpful co-workers, clearly defined responsibilities and lastly by good pay (Sanzotta, 1977). However, it seems that in Makstil the most important motivational instrument is rewarding people through **salary** depending on monthly output (quantitative and qualitative) as a starting point for rating, and on the other hand, **rewards** based on a subjective decision from superior (non-transparent to other employees). The main problems here are secrecy of data and subjectivity of evaluation. The company is paying little attention on designing a job for motivation (especially on job enrichment and job satisfaction). Also, if we want to be successful and to survive in the new workplace, management should motivate supervisors according to motivation in the new workplace, including: giving meaning to work, empowerment and team work.

The production system of Makstil AD – Skopje (hereinafter: Makstil) is technologically organized as a chain system, so that the contribution of only one man is relatively low. The supervisors work in their own technologic units, and act according to the planned monthly targets, set in annual operational plan for every unit. But still, there is a place for innovation and creativity of people in the technological process that is why motivation is very important issue. Understanding the meaning of motivation in all its aspects and working toward increasing it, will ensure long-term surviving in very competing steel industry and in very demanding quotes of quantitatively production and qualitative points of steel products that exist today.

This issue is in relation to few basic questions:
- **Important motivational factors.** It is known that material safety and providing material existence are crucial only in those cases when result of working is providing only basic existence of the employee and his family. But in most of the cases, combination of more changeable factors in people is present.
- **Conditions** must be given in the organization for better motivation of employees. This considers the role of the organization in motivating and stimulating the work performance through different systems of motivation and stimulation, as well as through job redesigns and job enrichment. The other important issue is job satisfaction and organizational climate (organizational culture).
- **Motivational strategies**. Implementations of strategies for motivating employees can lead to improvement of successfulness of business results of the organization in the market place.
    - Strategies for material motivating (material – financial stimuli)
    - Strategies for immaterial motivating (satisfying higher level needs)

The term supervision has several interpretations. Typically, supervision is the activity carried out by supervisors to oversee the productivity and progress of employees who

report directly to the supervisors (McNamara, 1997). Supervision is a management activity and supervisors have a managerial role in the organization. Motivation of supervisors depends on (Myers, 1971):

- Interpersonal competition
- Meaningful goals
- Existing of appropriate management system.
-

So far, there has been no specific research done in Makstil covering these dimensions of motivation. The purpose of this thesis will be to determine and to give some solid and applicable ideas for supervisors' motivation as they can be supported through theoretical concepts. We will consider theories of motivation with content perspectives on motivation like hierarchy of needs theory, ERG theory, two-factor theory, acquired needs theory, then process perspectives on motivation like equity theory, expectancy theory and finally reinforcement perspectives on motivation with its reinforcement tools.

For the empirical part, few questionnaires will be used, covering the above mentioned aspects of motivation. The purpose of the empirical researches is to identify factors which motivate supervisors in Makstil. These are factors which the organization needs to acquire as conditions for better motivation. The idea is to perceive expectations of the supervisors, regardless of their positions, according to the questions from the questionnaires. The basic issue herein is to show the employees how to fulfil their needs while accomplishing the goals of the organization. Motivated and growth oriented employees are happy, committed and productive, but we must understand that every one of us has different needs and therefore must be motivated in a slightly different way.

The basic hypothesis of the thesis is that Makstil can improve organizational performance through increased motivation of supervisors. The research questions elaborated in this thesis is how Makstil supervisors are motivated, what is enough for achieving organizational goals, what factors motivate them and what can be done to increase their motivation? Do supervisors in Makstil feel job satisfaction from their work? Their qualifications – skills, knowledge, competence for performance is high, but are they willing to give their best in executing tasks? What is the magic solution, is it money or other effective tools to motivate employees? What matters most to supervisors and what should be done to increase their retention? Based on the results gathered through research, measures for improvement will be proposed, including the proposal of employee motivation strategies with or without financial rewards.

The master's thesis will be divided into two parts. The first part of the paper is theoretical and will try to explain the theoretical concepts by using books and academic articles related to the topic of motivation, especially employee motivation, its definition,

importance, concept, foundations and processes. In the first part, elaboration of the motivational theories will be provided.

The second part is empirical in which the method of research will be introduced and the results presented. Quantitative methods rely on big extent on tests, rating scales, questionnaires and psychological measures. The research on motivation has been based on few questionnaires on employee motivation. For some issues qualitative research - interviews were conducted with active role in interacting to produce verbal summaries of research findings. The study used data that was collected from 24 supervisors in selected departments in Makstil. The main method for analysing was basic qualitative analysis of data. Proposal based on findings of the survey for complete supervisor's motivation is submitted.

Results will help managers to secure employee commitment, to develop and manage supervisors to give their best to support departmental goals and objectives and to achieve the ultimate goal of serving the organization by providing quality products. The results will highly motivate employees who are: vibrant, full of initiative and energy, who are also committed to serving the community and practice the company's mission; who want to think for themselves; value acknowledgement, recognition and challenges; seek opportunities to enhance their skills; take proactive and positive actions to solving problems; contributing to make difference and putting challenging and achievable goals for work.

The thesis begins with an introduction to the subject of employee motivation, the objectives of this project and definition of the problem. It also covers short description of the chapters.

The first chapter includes topics of the HRM. Explaining that Human Resources Management (HRM) is a strategic and coherent approach to the management of an organization's most valued assets – people, who work and operate individually but collectively contribute to the achievement of organizational goals. In this chapter the fundamental characteristics of the people as a source of competitiveness are discovered.

The second chapter covers theoretical concepts of motivation including motivational concept, process and factors. Also, this chapter covers two types of rewards: intrinsic and extrinsic.

The third chapter explains the basic theories of motivation, Instrumentality theories, Content theories (Maslow's hierarchy of needs theory, ERG theory, Herzberg's motivation-hygiene theory and Acquired theory), Process theories (Equity, Goal and Expectancy theory), and reinforcement theories with its tools and schedules of reinforcement.

The forth chapter covers the motivation of supervisors, explaining the term; the role of the supervisors in organizations (to coach, to mentor, to stand for organization and strive for employee well-being), the specifics of motivation for supervisors and top ten motivators.

The fifth chapter gives a short background of the company Makstil, its history, production facilities, products, employees' structure and business strategy.

The sixth and seventh chapter include methodology applied for research on supervisors' motivation in Makstil AD – Skopje, research purpose, research design and administration of the questionnaires. Additionally, findings and discussion of the results are included herein.

The eighth chapter gives a proposal for improving motivation. Covering job design for motivation with job enlargement and enrichment; motivating in the new workplace: empowerment and giving meaning to work, teamwork; and rewarding employees, financially and non-financially.

The last part includes final conclusions.

1 PEOPLE AS A SOURCE OF COMPETITIVENESS

The assumptions supporting the practice of human resources are that people are the company's crucial resource, and company performance in big extent depends on them. From competitive advantage perspective, companies rely on employing highly capable employees and then motivate them for high performance by using various HR policies and practices. Several researchers have envisioned HRM models explaining how human resources are linked to company performance and competitiveness. Armstrong (2003) claims that the main role of HRM is to support the attainment of organizational goals and HRM practices should contribute to the development of a high-performance culture. Also, in order to compete in the market, an organization needs to attract, manage and retain talented people, then help them to achieve performance targets, as well. He also reviewed several HRM models which have common characteristics in linking HRM strategy to organizational performance by applying different HR policies and practices. Next, a model by Guest and his colleagues will be presented in more details as it is one of the more encompassing models and was built on data regarding the link between HRM and performance (Guest et al., 2000, p. 88). The broad theoretical framework guiding the analysis is outlined in Figure 1.

As we can see, there is a pattern linking company business and HR strategies on the left wing by the diagram with financial performance results on the right wing. They involve indicators such as quality of goods and services and productivity, as well as performance

of employees in terms of competence, commitment and flexibility. The framework is fused together by a number of HR effectiveness and HR practices covering all common fields of HRM. They include job security, recruitment and selection, induction, appraisal, training and development, teamwork, pay and rewards, harmonization and equal opportunities.

Figure 1: Model of the Link between HRM and Performance
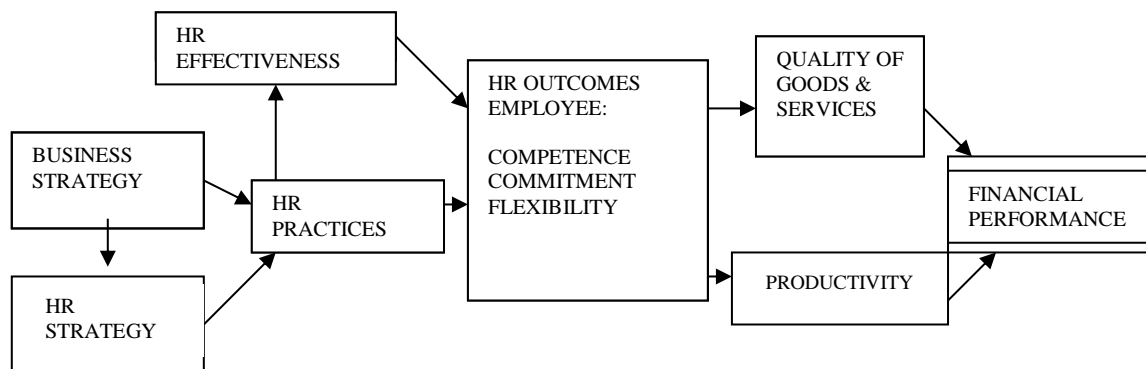
Source: D. Guest, J. Michie and N. Conway, *Effective people management: Initial findings of the future of work survey*, 2000, CIPD, London.

The role of the HR function is to provide companies to achieve their targets by undertaking initiatives and ensuring guidance and support on all issues concerning their employees. The main objective is to provide that management deals effectively with everything about the employment and people development, and the relationships which are between management and employees. Another crucial role for the HR function is to create environment enabling employees to use their capabilities as best as they can and to realize their potential to the benefit of both the company and themselves.

1.1 Characteristics of People as a Source of Competitiveness

To manage people effectively, it is necessary to understand the factors that affect on how people behave at work. This means taking the fundamental characteristics of people into account (Armstrong, 2003):

• **Individual differences** – people differ with regard to their abilities (ability is the quality that makes an action possible), intelligence (capacity to solve problems, apply principles, and process information), personality (aspects of individuals that distinguish them from other people), background and culture, gender and race. The most important, the needs and wants of individuals fundamentally differ, and this affects their motivation. Mischel (1968) classified headings under which personal characteristics can vary as follows:
  - Competencies – people's abilities and skills;

- Constructs –conceptual frame which regulates how people see their environment;
- Expectations – what people expect about their own and others behavior;
- Values – what is important to them;
- Self-regulatory plans – the goals set by them and what they do to achieve them.

- **Attitudes** – causes and manifestations. An attitude is defined as a settled mode of thinking. Attitudes are evaluative. In the companies attitudes are influenced by cultural factors (values and norms), management behavior (management style), policy concerned with pay, recognition, promotion and quality of professional life, as well as the influence of the 'reference group' (the group with whom people identify themselves).

- **Influences on behavior** – personality and attitudes. Personal characteristics of people and conditions in which they operate determine behavior at work. Behavior will be affected by observations of individuals concerning the situation they are in.

- **Attribution theory** – how we make judgments about people. This theory explains the ways how we perceive and make judgments about people at work, concerning the assignments of causes to events. Attribution theory is also concerned with the way in which people attribute success or failure to themselves.

- **Orientation** –people adapt approaches to work. Orientation theory studies the factors that serve as a means, in directing people's choices about work. Orientation is a core organized principle underlining attempts of people to make sense of their lives. This theory highlights the role of the social environment factor as a crucial factor influencing motivation.

- **Roles** – the parts people play in carrying out their work. When faced with any situation, people need to take a role in order to manage that situation ('situation-act model'). Roles identify certain forms of behavior needed to perform particular task or group of tasks contained in a position or job. A distinction is made between a *job description*, (lists the main tasks an individual has to carry out), and the *role profile*, (behavioral aspects of the work and outcomes the individual in the role is expected to achieve).

1.2 Human Resources Management and People Management

Human resources management (HRM) is compared to older types of personal management, a more strategic and integrated approach to the management of people in organizations. The main features of HRM are (Armstrong, 2003):

- The emphasis on strategic people management (the human capital of the company) which accomplishes integration between the business and the HR strategy;

- A comprehensive and coherent approach to ensure mutual support policies and employment practices for human resources, (configuration or bundling);

- The importance placed on the acquisition of commitment to the mission and values of the company – ('commitment-oriented');

- The treatment of people as assets rather than costs. To be invested in human capital as they are a source of competitive advantage, by providing learning opportunities and development;
- An approach to the belief that employees share the same interests as employers (the principle of reciprocity), than these interests will not match;
- Effectiveness and submitting of HRM is a line management responsibility.

Human Resources Management is designed to help an organization to achieve success through people. HRM systems can be a source of organizational capabilities allowing firms to learn and capitalize new opportunities. HRM is concerned with both meeting human capital requirements and the development of process capabilities: in other words, the ability to get things done effectively. The specific goals of HRM (Armstrong, 2003, pp.4-8):

- **Achieving high performance through people**. The general goal of human resources is to contribute to achieving a high level of the organizational performance. Intangible assets are increasingly viewed as a crucial source of power in those companies which can combine people and processes together (culture, skill and competence, motivation and social interaction between people, teams and business units). Performance goals can be accomplished with high performance work systems which take the factors into account affecting individual performance stated below, and promoting flexibility. As defined by Boxall and Purcell (2003), the level of individual performance is a function of ability, motivation and opportunity (AMO). People perform well when:
  - They are able to do so (if employees have the necessary abilities and skills they can do the job that is required);
  - They have motivation to do so (if employees want to and they are properly stimulated to do the job that is required);
  - If their work environment provides necessary support and opportunities for expression (for example, functioning technology and the opportunity to be heard when problems occur).
- **Enhancing motivation, commitment and job engagement.** Motivation, commitment and job engagement are means of improving efficiency and keeping talented employees. So, important task of the HR function is to help to promote them. Motivation is the process of encouraging employees to apply both skills and capabilities in a way that will achieve the objectives of the company as well as satisfying their needs. Commitment is identification with the goals and values of the company, a desire to belong to the company and willingness to show effort on its behalf. Job engagement takes place when people are interested in and satisfied by the work they are doing. Further, HR deals with 'psychological contracting', developing relationship between employers and employees based on a positive psychological contract that defines the mutual expectations of each by establishing a high-involvement climate.

- **Human capital advantage.** The goal is to achieve human capital advantage which results from employing people with competitively valuable knowledge and skills, and means developing the organization's intellectual capital – 'the accumulated stock of knowledge, skills and abilities that individuals possess, which the firm has built up over time as identifiable expertise' (Kamoche, 1996).

- **Knowledge management.** Objectives for knowledge management deals with affecting the way people store and share the knowledge and understanding gathered in company about its processes, techniques and operations.

- **Resourcing.** The aim is to attract and keep skilled, committed, competent, and motivated employees the organization needs. By hiring and developing more talented employees, management will create company which is more intelligent and flexible than other companies (competitors). Company success depends on the talents of employees, including superior performance, productivity, flexibility, innovation, and the ability to deliver high levels of customer service. This means developing recruitment strategies, selection methods and talent management processes which will ensure that the right quality of people join and remain with the organization.

- **Human resources development.** By providing learning and continuous development opportunities of employees, company will increase its capabilities and potential. By ensuring that everyone in the company has knowledge and skills and reaches the level of competence required to carry out his/her work effectively, company will develop in a way which will maximize potential for growth and promotion.

- **Valuing employees.** People must be recognized, valued and rewarded for what they do and achieve, and for the levels of skill and competence they have. By introducing policies and processes regarding these, company will enhance motivation and commitment of employees.

- **Employee relations.** The aim is to create an environment in which more productive and harmonious relations can be maintained through partnerships between management and employees, and teamwork can evolve. This can be achieved by:
  - Introducing management practices: who acknowledge that all employees are valued members of the company and develop a climate of cooperation and mutual trust;
  - Providing employees with an opportunity with their knowledge to affect over crucial decisions;
  - Taking that individual and group into account differs in employment needs, work style and aspirations (managing a diverse workforce);
  - Taking steps to ensure that equal opportunities are available to all employees (employees are managed based on concern for people, fairness and transparency);
  - Accepting responsibility for work-life balance. Providing reasonable balance between the time people spend at work and the time they spend outside work.

2 MOTIVATION

Conscious human behaviour is motivated. The internal needs lead into actions. Motivation refers to the internal or external factors pursuing a certain course of action. Employee motivation affects productivity, and a part of a managers' job is to channel motivation toward the accomplishment of organizational goals (Daft & Marcic, 2004, p. 444).

Motivation is a powerful tool in hands of the leaders. It can persuade convince and propel people to act. People are the most important assets of an organization (Schermerhorn, 2005). People establish different goals to satisfy different needs and take different actions to achieve their different goals. One approach to motivation can't function effectively to all. That is why the assumptions underlying belief in the virtues of performance-related pay as a means of providing a motivational incentive are simplistic. Motivational practices will function effectively if we understand how it works and what is involved.

A manager must know what motivates his employees. An environment must be created and maintained by managers in which employees will work together for accomplishing company's objectives. The building of motivating factors into company's roles, the staffing of these roles and the entire process of leading employees must be built on knowledge of motivation. In different times level of personal motivation varies, as well as level of motivation between individuals. In today's increasingly competitive environment highly motivated employees is the most challenging task management face. Managers must learn how to influence the behaviour of employees towards company's mission, achieving individual as well as organizational goals.

2.1 Concept of Motivation

There are different ways to define motivation. What drives people, what is the reason for people's action, what makes people do things that they do, what is the purpose and direction to human behavior. As far as a formal definition, motivation can be defined as "forces within an individual that account for the level, direction, and persistence of effort expended at work," according to Schermerhorn, et al. (2005). Arnold, Robertson and Cooper (1991) explain three main components of motivation:

- Direction – relates to what we are trying to do;
- Effort – relates to how hard we are trying;
- Persistence – relates to how long we will keep trying.

Individuals differ in their basic motivational drives, depending on their areas of interest. The concept of motivation is situational and its level varies between different individuals and at different times (Šuklev, 1999). The most powerful tool management has at command is dealing with employees (understanding what motivates them).

Motivation is defined as the force that causes an individual to behave in a specific way (Šuklev, 1999). Only a highly motivated employee works hard at a job. Motivation is internal process, so managers face difficulties motivating employees. This process is a result of the interaction between employees' needs, their choices to meet those needs, and the environment allowing these needs to be met and the choices to be made.

Motivation is to inspire people to work, individually or in groups in the ways such as to produce best results (McNamara, 1997). Willingness to act, willingness to put high levels of effort and ability to satisfy company's goals and individual need is motivation. People are motivated by several differing forces from outside. To get someone do something because he wants to do is a key factor in motivation.

Motivation is a general term applied to the entire class of drives, desires, needs, wishes and similar forces (McNamara, 1997). To motivate employees is the most important of management task. It's manager's ability to communicate with people, to give examples, to encourage, to challenge, to obtaining feedback, to delegate, to develop and train, to inform, to involve, to brief and to provide rewards for employees. To make employees act in required manner by doing things which they hope will satisfy drives and desires is crucial how managers motivate their employees.

2.2 Process of Motivation

Motivation refers to the process that causes people to behave as they do. The basic inputs of a simple motivational model are shown in Figure 2 and they are:
- Needs and desires or expectations
- Behaviour or action
- Goals or incentives
- Feedback which intends to modify the inner state of an individual or his behaviour.

This process suggests that individuals possess a many needs, desires, expectations and anticipations with different intensity. These needs create some sort of imbalance within the individuals which in turn gives rise to certain actions and behaviours to restore the equilibrium. These actions and behaviours sets series of reactions, from individuals or from the environment providing feedback that would modify the inner state of an individual or his behaviour. People will modify the present behaviour or pursue the present course of action.

This model is simple, but in reality additional complexities usually exist. For example, motives can only be inferred from behaviour, we can't see them directly. However, making an inference from motives to behaviour is imperfect, because (Daft & Marcic, 2004):

- Behaviours may be results of a number of different motives.
- Motives may be revamped.
- Several motives may result in similar or identical acts.
- Similar motives may result in different behaviour.
- Cultural or individual backgrounds motives.

Figure 2: Basic Model of Motivation

```
┌─────────────────┐      ┌──────────────┐      ┌──────────────┐
│ Need, Desire,   │      │              │      │              │
│ Expectancy,     │ ===> │ Behavior     │ ===> │ Goal         │
│ Anticipation    │      │ Action       │      │ Incentive    │
└─────────────────┘      └──────────────┘      └──────────────┘

            ┌──────────────────┐
            │ Behavior         │
            │ Modification     │
            └──────────────────┘
```
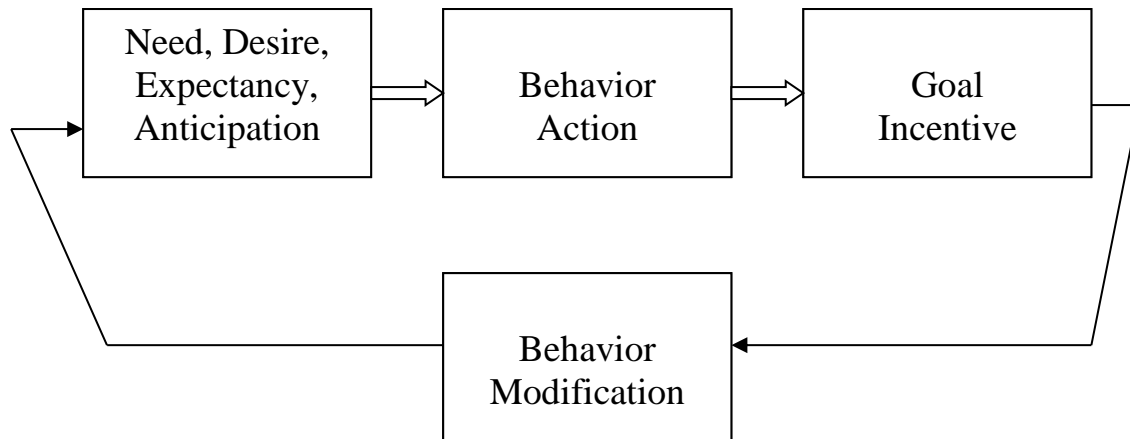
Source: R.L .Daft and D. Marcic, *Understanding management* (4th ed.), 2004 Figure13.1, p.445

The second complexity is that not only do motives change, but they may also be in direct or indirect conflict with each other (Daft & Marcic, 2004). For example, the desire to spend more time with family and the desire to spend more hours at work to complete tasks. The third complexity arises out from differences among individuals in selecting certain motives over others, and the difference in intensity with which they pursue motives (Daft & Marcic, 2004). For example, if a person has a high need for achievement, this need can be satisfied by working very hard to achieve success. The final complication of the model is the likely impact of goal achievement on subsequent motives and behaviour (Daft & Marcic, 2004). When intensity of certain motives is reduced, then other motives become important.

Motivation can be described as a goal-directed behavior (Šuklev, 1999). People are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward – one that satisfies their needs. People with clearly defined goals how they will take action to achieve those goals are well-motivated people. They may be self-motivated (which is the best form of motivation), meaning that they are going to the right direction to accomplish what they have there to achieve. People need to be motivated to a greater or lesser extent. Company can provide within high levels of motivation which can be achieved by providing incentives and rewards, satisfying work, and opportunities

for learning and growth. Managers play key role by using their motivating skills to get people motivated, to give their best, and to use motivational processes provided by the company itself. Managers must understand the process of motivation – how process works and what are the different types of motivation that exists in theory.

Figure 3: A Need-Related Model of Process of Motivation

```
           ┌──────────────┐
           │  ESTABLISH   │
           │    GOAL      │
           └──────────────┘
   ┌──────────┐        ┌──────────┐
   │   NEED   │        │  TAKE    │
   │          │        │  ACTION  │
   └──────────┘        └──────────┘
           ┌──────────────┐
           │   ATTAIN     │
           │    GOAL      │
           └──────────────┘
```
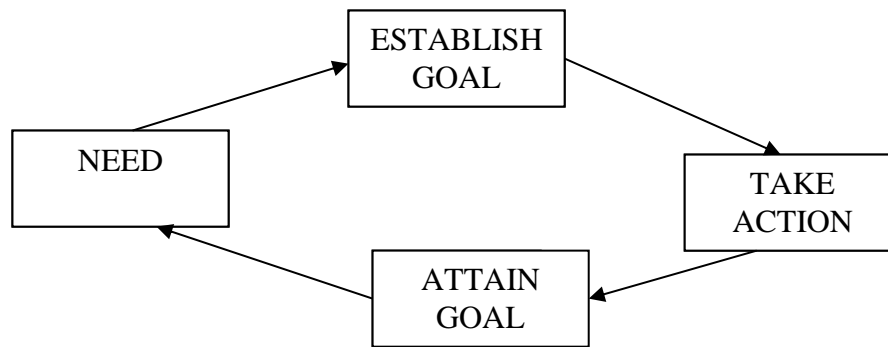
Source: C. Hull, *Essentials of behavior*, 1951, Yale University Press, New Haven, Conn, p. 2

A need-related model of the process of motivation (see Figure 3) suggests that motivation is initiated by conscious or unconscious recognition of unsatisfied needs (Hull, 1951). People's needs create wants, (desire to achieve or obtain something). People establish goals to satisfy these needs and wants and people will select and take action expecting to achieve desired goal. If the goal is achieved, particular need will be satisfied. The next time a similar need occurs this behavior will be repeated. If the goal is not achieved particular need will not be satisfied, so behavior will not be repeated. This process of repeating successful behavior or actions is called reinforcement or the law of effect (Hull, 1951).

2.3 Factors of Motivation

There are many motivation factors that management must consider. In order to properly conduct business employees need to be well trained and motivated. Treating people fairly and with respect is one of the most important employee motivation factors (Makenan, 2008). If you do not respect employees, you will never be able to motivate them. To show respect, employees must be assigned with tasks that are best suited for. Everyone has a unique set of skills and talents. Using talents from employees wisely leads to another set of employees motivation factors. Managers need to develop the leaders around them. Great employee's base is built by correctly combining tasks for them that focus on their strengths but also challenge employees to do better in areas where there are weaknesses. So, employees will take more challenging projects with confidence, which builds employee self-esteem and confidence. By, allowing employees to develop into very productive

individuals management shows respect for their talents. This leads to a very strong and loyal employee base. The best advice on employee motivation factors is to start a cycle of self-confidence and motivation by developing each individual's strengths. The really great thing about this is to build positive energy within the company (Makenan, 2008).

Only by asking employees what motivates them we'll find out what motivates employees truly and as a result of motivational philosophy we will see the changes in work levels. Once we know what motivates employees we can formulate a management style which will help to motivate employees. For many managers this task is simple, but for others this skill is neglected.

2.4 Two Main Types of Motivation

There are two ways of motivation that can take place at work. First, people can motivate themselves by finding out work (or being given work) that satisfies their needs or expecting that their objectives will be reached. Second, people can be motivated by others (managers) through methods as pay, praise, promotion, recognition, respect, etc.

There are two types of motivation as originally identified by Herzberg, Mausner and Synderman (1957):
- **Intrinsic motivation** – the self-generated factors that influence people to behave in a particular way or to move in a particular direction. Intrinsic motivation is internal. It happens when people are forced to do something out of pleasure, importance, or desire. These factors include: having responsibility (employees feel that the work is important and having control over own means), having autonomy (freedom of action), scope to use and develop skills and abilities, having interesting and challenging work and having opportunities for advancement.
- **Extrinsic motivation** – what managers do to motivate employees? Extrinsic motivation happens when external factors force the person to do something. This includes rewards, such as increased pay, praise, or promotion, and punishments, such as disciplinary action, withholding pay, or criticism (Herzberg et al., 1957).

Extrinsic motivators don't last long but they have an immediate and strong influence. The intrinsic motivators have a deeper and longer-term effect; because they are inherent in individuals and not imposed from outside and are concerned with the 'quality of working life' (a phrase and movement emerged from this concept).

Frederick Herzberg who studied motivation back in the 1960s found that feelings of accomplishment, personal challenge increased responsibility and belonging were among the strongest intrinsic rewards in organization (Kanellopoulos, 2003). He showed that

intrinsic rewards were generally much stronger than extrinsic ones (although some individuals are strongly motivated by money and other extrinsic rewards).

An intrinsically motivated employee finds motivation from inside rather than from any external rewards, such as money. The motivation comes from the pleasure he gets from the task itself or from the sense of satisfaction in completing or even working on a task. Employee will work on a solution to a problem because the challenge of finding a solution provides a sense of pleasure and not because there is some reward involved, such as a prize, a payment (Bainbridge, 1994). But this does not mean, that employee will not ask for some rewards. Intrinsic motivation refers to motivation to engage in an activity for its own sake. People are intrinsically motivated work on tasks because they find them enjoyable (Schunk & Pintrich, 2007).

3 THEORIES OF MOTIVATION

There are many motivation theories which are, for better understanding, usually grouped into three types which explain what motivates people (content theories), what is the process of engaging people in motivated behavior (process theories) and how motivated behavior can be sustained (reinforcement theories). All these theories will be explained in some more details in the following sections.

3.1 Content Theories

The basis of this theory is the belief that the unsatisfied need creates tension and state of disequilibrium. To restore the balance, a goal that will satisfy the need is identified, and behavior pathway that will lead to the achievement of the goal is selected (Daft & Marcic, 2004, p.447). Unsatisfied needs motivate employee's behavior. Content theories highlight the needs that motivate people. Employees have basic needs such as need for food, achievement, or monetary rewards, which will translate into an internal drive attempting to fulfill these needs. This will motivates specific employee's behavior. What things employees want and what they will do to get it. Company's reward system can be designed to meet employees' needs toward achievement of company goals to the extent that managers understand these needs. Content theories put accent on people's needs and mark those particular needs that motivate behavior. All of them help managers understand what motivates people. Managers can design work to meet needs and hence elicit appropriate and successful work behaviors.

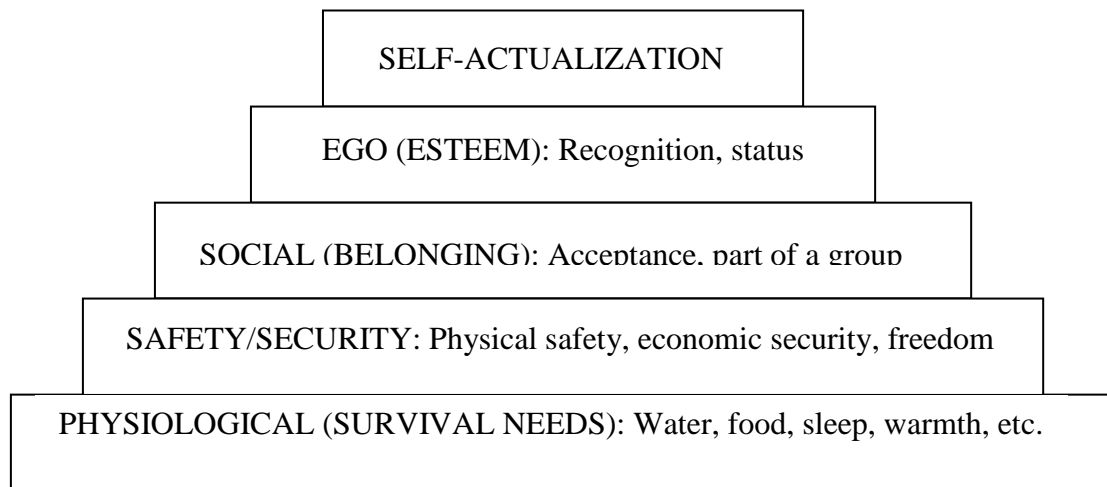### 3.1.1 Maslow's hierarchy of needs theory

The most famous content theory was developed by Abraham Maslow, father of Humanistic Psychology (Daft & Marcic, 2004, p.447). He stated that human behavior is not controlled

by only internal or external forces. Instead, Maslow's motivation theory states that man's behavior is controlled by both internal and external factors. He emphasizes that humans have the unique ability to make choices and exercise free-will. According to Maslow people have certain needs which are unchanging and genetic in origin. These needs are both physiological and psychological and are the same in all cultures. These needs are hierarchical in nature. Some of them are more basic or more powerful than others. As these needs are satisfied, other higher needs emerge. This theory proposes that people are motivated by five categories of needs – physiological, safety, belongingness, esteem, and self-actualization – that exist in a hierarchical order.

Five general types of motivating needs in order of ascendance are listed below (Maslow, 1943, pp.370-396):

- **Physiological needs.** These needs are the basic needs that people need. These include the needs we have for oxygen, water, food, needs to rest, to sleep, to be active, to avoid pain and to have sex. In the workplace, these needs are reflected in the need for adequate heat, fresh air and salary to ensure surviving.
- **Safety needs.** When the physiological needs are largely taken care of, this second layer of needs comes into play. These are the needs for a safe and secure physical and emotional environment and freedom from threats – that is, for freedom from war, pollution, violence and for an orderly society. In the workplace, these needs are reflected in the need for safe jobs, additional benefits, and job security.
- **Belongingness needs**. These needs reflect the desire to be accepted by others, to have friends, to be part of a group, and be loved. In the workplace, these needs are reflected in the need for good relationships with co-workers, clients, participation in a work group, and a positive relationship with supervisors.
- **Esteem needs**. These relate to the desire for stable, firmly based, a positive self-image and to receive attention, recognition, and appreciation from others (prestige). These needs are classified into two sets: first, the desire for achievement, for adequacy, for confidence in the face of the world, and for independence and freedom, and second, the desire for reputation or status defined as respect or esteem from other people, and manifested by recognition, attention, importance or appreciation. In the workplace, these needs are reflected in the need for recognition, an increase in responsibility and high status.
- **Self – actualization needs.** These represent the need for self-fulfillment (education, religion, hobbies, personal growth), which is the highest needed category. These are needs for developing personal potential, increasing personal competence, and becoming a better person. In the workplace, these needs can be satisfied by providing people opportunities to grow, opportunities to be creative, and opportunities to gain training for challenging tasks and promotion. (See Figure 4).

Figure 4: Maslow's Hierarchy of Needs

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                    ┌─────────────────────────────────┐
                    │    SELF-ACTUALIZATION           │
              ┌─────┴─────────────────────────────────┴─────┐
              │    EGO (ESTEEM): Recognition, status          │
        ┌─────┴───────────────────────────────────────────────┴─────┐
        │    SOCIAL (BELONGING): Acceptance, part of a group          │
  ┌─────┴─────────────────────────────────────────────────────────────┴─────┐
  │    SAFETY/SECURITY: Physical safety, economic security, freedom           │
┌─┴─────────────────────────────────────────────────────────────────────────┴─┐
│    PHYSIOLOGICAL (SURVIVAL NEEDS): Water, food, sleep, warmth, etc.          │
└─────────────────────────────────────────────────────────────────────────────┘
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Source: B. Suklev, *Management*, 2004, Figure: 9.1, p. 268

According to this theory, low-order needs must be satisfied before higher-order needs are activated. There is succession in satisfying needs. Physiological (survival needs) come before safety (security) needs, safety (security) needs before social (belonging) needs, social (belonging) needs before ego (esteem) and ego (esteem) before self-actualization needs. Once a lower need is satisfied, it reduces its importance and the next higher need is activated. The need for self-actualization can never be satisfied. According to Maslow only unsatisfied need can motivate behavior and the dominant need is the prime motivator of behavior. One of the implications of Maslow's theory is that the higher-order needs for esteem and self-fulfillment provide the greatest incentive to motivation – they grow in strength when they are satisfied, while the lower needs decline in strength on satisfaction. Jobs that are routine or non-skilled will not satisfy employee needs.

Maslow's needs hierarchy has an intuitive appeal and has been very influential and need theory has received wide recognition, particularly among practicing managers. This theory has been criticized for its evident rigidity, because different people have different priorities. Also it's difficult to accept that people's needs progress constantly up the hierarchy. About the validity of a strictly ordered hierarchy Maslow also expressed his concerns.

In order to satisfy the higher level and lower level of employee's needs, managers in organizations can offer some actions. They can offer more challenging projects, more opportunities for innovation and creativity, learning and creating important projects. By doing so higher level needs of the employees will be satisfied (Some actions are listed in Table 1).

Table 1: Five Levels and Suggestions for Satisfaction of Each Need

Higher Level Needs	To Satisfy, Offer:
Self-actualization needs	Creative and challenging work
	Participation in decision making
	Job flexibility and autonomy
Esteem needs	Responsibility of an important job
	Promotion to higher status job
	Praise and recognition from boss
Lower Level Needs	**To Satisfy, Offer:**
Social needs	Friendly co-workers
	Interaction with customers
	Pleasant supervisor
Safety needs	Safe working conditions
	Job security
	Base compensation and benefits
Physiological needs	Rest and refreshment breaks
	Physical comfort on the job
	Reasonable work hours

Source: R. L. Daft and D. Marcic, *Understanding management* (4th ed.), 2004, Figure13.2, p.448.

3.1.2 ERG theory

Clayton Alderfer proposed a modification of Maslow's theory in an effort to simplify it and respond to criticism of its lack of empirical verification (Alderfer, 1972). This ERG theory identifies three categories of needs:

• **Existence needs**. These needs are for physical well-being.

• **Relatedness needs.** These needs are for satisfactory relations with others.

• **Growth needs.** These needs are for development of human potential. (Desire for personal growth and increased competence).

Figure 5: ERG Theory
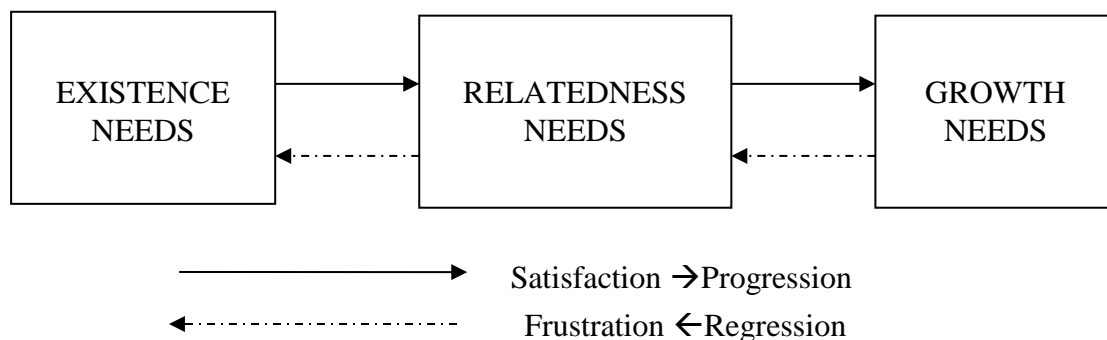
Source: B. Suklev, *Management*, 2004, Figure: 9.2, p. 272

This model is similar with Maslow's need hierarchy. They are both in hierarchical form, assuming individuals move up the hierarchy one step at a time. In ERG Theory motivational needs are reduced in three categories and movement up the hierarchy is more complex, reflecting a **frustration – regression principle**: the idea that failure to meet a high-order need may cause a regression to an already satisfied lower-order need (see Figure 5). Depending on people's ability to satisfy needs, individuals may move down as well as up the hierarchy, making this model less rigid than previous one. (A worker who cannot fulfill the need for personal growth may revert to lower-order need and redirect his efforts toward making a lot of money.)

Need hierarchy theory helps explain why organizations find ways to recognize employees and encourage their participation in decision-making. Employees will feel more valued, committed and motivated when they contribute for ideas at workplace. If their ideas are implemented and recognized, it tends to have domino motivational effect on other employees. It's very motivating for employees if they know that their opinion matters. Many companies create work environment that allows people to reach a balance between work life and personal life. This is high-level motivator.

3.1.3 Herzberg's motivation - hygiene theory

In the 1959 book *The Motivation to Work*, Frederick Herzberg developed the two-factor theories of motivation. He performed studies to determine which factors in the workplace environment caused satisfaction or dissatisfaction to better understand employee attitudes and motivation. Herzberg interviewed hundreds of workers about times when they were highly motivated to work and other times when they were dissatisfied and unmotivated at work (employees were asked what pleased and displeased them about their work). His findings suggested that the work characteristics associated with dissatisfaction were quite different from those pertaining to satisfaction, which prompted the notion that two factors influence work motivation.

The center of the scale is neutral, meaning that workers are neither satisfied nor dissatisfied. Herzberg believed that two entirely separate dimensions contribute to an employee's behavior at work (Daft & Marcic, 2004, pp.451-453):
• The first set is called **hygiene factors** (meaning preventive and environmental). Using the term "hygiene" in the sense that they are considered maintenance factors necessary to avoid dissatisfaction but that by themselves do not provide satisfaction**.** They involve the presence or absence of job dissatisfactions, including working conditions, pay and security, company policies, supervisors, and interpersonal relationships. When these factors are poor, work is dissatisfying. Good hygiene factors simply remove the dissatisfaction; they do not in themselves cause people to be highly satisfied and motivated in their work.

- The second set is called **motivators**, factors that influence on job satisfaction based on fulfillment of high-level needs such as achievement, recognition, responsibility, work itself and opportunity for personal growth. When motivators are absent, workers are neutral toward work, but when motivators are present, workers are highly motivated and satisfied.

The top six factors causing dissatisfaction and the top six factors causing satisfaction, listed in the order of higher to lower importance are presented in Table 2.

Table 2: Factors Affecting Job Attitudes

Leading to Dissatisfaction	Leading to Satisfaction
• Company policy	• Achievement
• Supervision	• Recognition
• Relationship w/Boss	• Work itself
• Work conditions	• Responsibility
• Salary	• Advancement
• Relationship w/Peers	• Growth

Source: R. L. Daft and D. Marcic, *Understanding management* (4th ed.), 2004, Figure13.3, p.452

The two factors (one causing satisfaction and one causing dissatisfaction) can't be treated as opposites of one another. The opposite of satisfaction is not dissatisfaction, but rather, *no* satisfaction. Similarly, the opposite of dissatisfaction is *no* dissatisfaction. Herzberg stated that there are two human needs. First, there are physiological needs that can be fulfilled by money, for example, to purchase food and shelter. Second, there is the psychological need to achieve and grow, and this need is fulfilled by activities that cause one to grow.

Motivation is influenced by hygiene factors and motivators. Hygiene factors work only in the area of dissatisfaction. People will be dissatisfied in unsafe working conditions or in a noisy work environment, but their correction will not lead to a high level of motivation and satisfaction. Employees will be highly motivated to excel at work if motivators such as challenge, responsibility, and recognition are in place before them. Examples of Hygiene factors are: Personal life, security, status, relationship with subordinates, working conditions, salary, relationship with supervisor and company policy and administration. Examples of Motivational factors are: growth, job advancement, challenges, responsibility, recognition and achievements.

The combination of hygiene and motivation factors can result in four conditions.
- Both high, hygiene and motivation is an ideal situation in which employees are highly motivated and at the same time they have few complaints.

- When there are high hygiene and low motivation employees are not highly motivated, yet they have only a few complaints.
- With low hygiene and high motivation, while employees are motivated they also have a lot of complaints. This could be a situation where they like the job itself but salaries and work conditions are not balanced.
- Both low, hygiene and motivation is the worst situation because we have not motivated employees with lots of complaints.

For managers, understanding and applying the two-factor theory gives certain guidelines. They can reduce employee dissatisfaction by providing hygiene factors, but this in itself will not motivate workers for high performance. On the other hand, focusing on recognition, challenge, and opportunities for personal growth are all powerful motivators and will contribute to higher levels of employee satisfaction and performance. But in order to motivate employees, it is firstly important to remove sources of dissatisfaction. This means that they must provide hygiene factors to levels high enough in order to meet basic needs. Then, they can use motivators related to employees' higher-level needs.

Herzberg's theory can also be applied to job design and contributed to the job enrichment approach which maximizes the opportunities to obtain intrinsic satisfaction from work and thus improve the quality of working life. Herzberg argued that job enrichment is required for intrinsic motivation, and that it is a continuous management process. According to Herzberg (1968):

- The job should be challenging so that and employee needs to utilize all of his abilities.
- If an employee develops abilities also increasing levels of responsibility given to him should follow.
- If a job cannot be designed to use the employee's full abilities, then it is better to replace the employee with a less skilled one or even to use automation.

3.1.4 Acquired needs theory

David McClelland proposed a theory that certain types of needs are acquired during the individual's lifetime and that people were not born with these needs (McClelland, 1985). He proposed three types of acquired needs:

- **Need for achievement** relates to the drive to excel, to accomplish something difficult, reach a high standard of performance, master complex tasks, and be better than others. People with such need show these kind of behaviors:
  - They take personal responsibility for finding solutions to difficult problems.
  - They want immediate feedback on their performances so that they can assess if they are improving.
  - They set moderately challenging goals and perform their best when they perceive their probability of success as 50-50.

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- **Need for affiliation** is the desire to form close personal relationships, avoid conflict, and thrive on friendships. For people with these needs the following behaviors are typical:
  - They have more interest in the kind of work allowing them to form good relationships and gain social approval.
  - They want to achieve friendship relationships with people around them.
  - They prefer cooperative situations compared to competitive ones.
  - They prefer relationships being built on mutual understanding.
  - Their desire for social approval and friendship may complicate their managerial decision-making.
- **Need for power** relates to the desire to have influence, authority or control over other people and be responsible for others. These behaviors are typical for people with high need for power:
  - They really enjoy being in charge.
  - They want to influence on others.
  - They prefer competitive situations.
  - They want to get involved in high status-oriented situations.
  - They are more concerned with prestige and gaining influence on others than with effective performance or building lasting relationships.

Experiences from early life will determine whether these needs are acquired by people. A need to achieve will be acquired, if people are encouraged to do things for themselves and receive reinforcement as children. A need for affiliation will be developed if people are reinforced for forming warm human relationships. A need for power will be acquired, if people get satisfaction from controlling others.

McClelland studied human needs and their implication for management. Entrepreneurs are managers with high need for achievement by doing something better than other competitors and taking sensible business risks. Integrators are managers with high need for affiliation. They are managers with excellent people skills, whose job is to coordinate work of several departments in company and are able to establish positive working relationships with other employees (McClelland, 1971). A high need for power is often associated with successful attainment of top levels in the organizational hierarchy, likely to follow a path of continued promotion over time.

Employees who are at top levels have expressed high need for power. Opposite, employees with a high need for achievement but a low need for power are at lower levels. They have tended to peak at the beginning of their careers. The reason for this is that achievement needs can be met through the task itself, but power needs can be met only by ascending to a level at which a person has power over others.

3.2 Process Theories

This theory puts accent on basic needs. The emphasis is on the psychological process or forces that affect motivation. Process theory deals with people's perceptions of their working environment, as well as ways in which they interpret and understand environment. They explain how employees select actions of behavior to meet their needs and if their choices of action are successful. Process theory can certainly be more useful to managers than needs theory because it provides more realistic guidance on motivation techniques.

3.2.1 Expectancy theory

Expectancy theory suggests that motivation depends on individuals' expectations about their ability to perform tasks and receive desired rewards. The concept of expectancy was originally contained in the valency-instrumentality-expectancy (VIE) theory associated with the work of Victor Vroom (Daft & Marcic, 2004, pp.456-458). The theory deals with process of thinking that employees use to achieve rewards, not with identification of types of needs. Valency stands for value, doing one thing will lead to another, and expectancy is probability that action of effort will produce result.

The theory focuses on three things:
- Efforts and performance relationship
- Performance and reward relationship
- Rewards and personal goal relationship

Employees have different sets of goals and they are motivated by particular expectations, according to this theory. Certain expectations are:
- Positive correlation exist between efforts and performance
- Favourable performance will result in a desirable reward
- Important need is satisfied by reward
- The desire of satisfying that need is strong enough to make the effort valuable.

Expectancy theory puts accent on:
- **Valence**. Refers to the emotions that people have in terms of results (rewards). Employees' desire for extrinsic (money, promotion, free time, benefits) or intrinsic (satisfaction) rewards.
- **Expectancy**. Employees have different expectations. Management must discover what resources, training or supervision will satisfy employees' needs.
- **Instrumentality**. Management must ensure that promises of rewards and fulfilled of the same is what employee desires to receive in the workplace. In addition, employees must be aware of this.

Vroom points that Instrumentality and Valence interact psychologically (an employee's beliefs about expectancy). In that way they create a motivational force, so that the employee will operate in a manner that brings pleasure and avoids pain. This force can be calculated via formula:

Motivation = Valence x Expectancy (Instrumentality)

This equation can be used to show and provide things such as: job satisfaction, professional selection, probability of staying at work, and the efforts spent at work.

Major elements of expectancy theory are shown in Figure 6. The theory is based on the relationship among the individual's **effort**, the individual's **performance**, and the desirability of **outcomes** associated with high performance. The keys to expectancy theory are the expectancies for the relationships among effort, performance, and outcomes with the value of outcomes to the individual.

- **E → P expectancy** involves whether putting effort into a given task will lead to high performance. Employees must have the ability, experience, tools, necessary machinery and opportunity to perform. In such a way expectancy will be high, resulting in high motivation. The motivation will be low, if expectancy is low. This happens when employees believe that they don't have ability, experience, tools or opportunity to achieve high performance.

Figure 6: Major Elements of Expectancy Theory
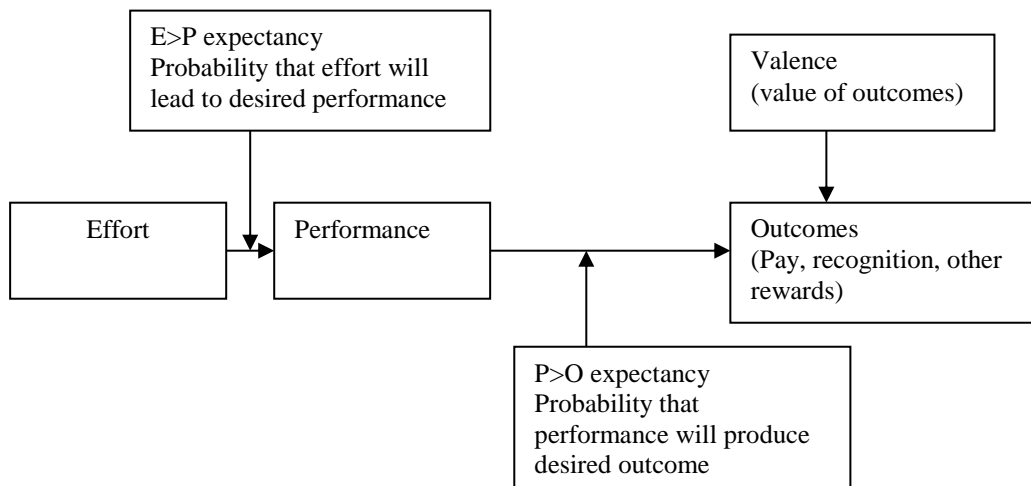
Source: R. L. Daft and D. Marcic, *Understanding management* (4th ed.), 2004, Figure 13.4, p.457

- **P → O expectancy** involves whether successful performance of a task will lead to the desired outcome. When employees are motivated to win a job-related award, this expectancy refers to assumption that high performance will truly lead to the reward. If this

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expectancy is high, employee's motivation will be high. Motivation will be lower, if the expectancy is that high performance will not lead to the desired reward.

- **Valence** is the value of outcomes for the individual. Employee motivation will be low, if the outcomes from high effort and good performance are not valued by employees. But, if outcomes have a high value for employees this will result in higher motivation.

This theory establishes existence of specific types of needs or rewards different for every individual. Some employees want promotions to a position with increased responsibility, but others want good relationships with co-workers. The first ones are motivated to work hard for a promotion and the second for possibility of working with group that will keep them related with the team.

For an employee to be highly motivated, all three factors in the expectancy model must be high (Daft and Steers, 1986). This theory is personalized to subordinates' needs and goals. Responsibility of managers is to help employees meet their needs but at the same time achievement of company's mission and objectives. The match between employee's skills and abilities with the job demands must be found. The goal is to increase motivation, by identifying employee's needs, defining results available in the company, and ensure that every employee has the ability and support needed to achieve results. These principles can be used for designing incentive systems in companies that identify desired results and give the same chance to all for getting the reward. Designing system where employees' abilities and needs are in relationship.

3.2.2 Goal theory

Goal theory as developed by Latham and Locke (1979) states that motivation and performance are higher when individuals set specific goals, when goals are difficult but accepted, and when there is a feedback on performance. Important means of getting agreement to the setting of higher goals is participation in the same. Goals must be arranged and achievement of the same must be enhanced by guidance and advice. For maintaining motivation, feedback is essential particularly towards achieving higher goals. Specific and clear objectives will be achieved faster, rather than giving unclear tasks to employees.

Erez and Zidon (1984) emphasized the need for acceptance and commitment to goals. They found that, goals are more demanding but agreed result in better performance than less demanding ones. Importance of feedback is also important. As Robertson, Smith and Cooper (1992) point out: "Goals inform individuals to achieve particular levels of performance, in order for them to direct and evaluate their actions; while performance feedback allows the individual to track how well he or she has been doing in relation to the goal, so that, if necessary, adjustment in effort, direction or possible task strategies can be made."

Concept of management by objectives is closely linked with the goal theory. But this approach failed because it was solved bureaucratically without gaining the real support of employees involved. Managers were unaware of the significance of the processes of contract, reinforcement and feedback, and were unskilled in their realization.

Goal theory, however, plays a key part in the performance management process which was evolved from largely discredited management-by-objectives approach. Managers must set and develop goals together with their employees. No matter who sets the goal, employees do better when they get feedback on their progress. Four factors influence on the goals-performance relationship (Šuklev, 1999):

- The employee must be committed to the goal.
- The employee must believe that he is capable of performing the task.
- Tasks involved in achieving the goal should be simple, familiar, and independent.
- The goal-setting theory is culture bound and is popular in North American cultures.

3.2.3 Equity theory

Equity theory focuses on individuals' perceptions of how fairly they are treated in comparison with others. This means people should be treated fairly in relation with other people (a reference group) or a relevant other person. Equity involves feelings and perceptions and is always a comparative process. J. Stacy Adams developed this theory. He proposes that people are motivated to seek social equity in the rewards they expect for performance (Adams, 1965).

According to this theory, if people perceive their compensation as equal to what others receive for similar contributions, they will believe that their treatment is fair and equitable. According to equity theory employees will be better motivated if they are treated equitably and fair compared to others and de-motivated if they are treated inequitably. Only one aspect of the process of motivation and job satisfaction is explained, though it may be meaningful in aspect of morale. Adams (1965) suggested two forms of equity: *distributive equity*, concerning with the fairness employee's feels they are rewarded according to their contribution and comparing with others; and *procedural equity*, or justices, concerning the perceptions that employees have about the fairness with company procedures in areas as evaluation, promotion and discipline.

Interpersonal factors are closely linked to feelings about procedural fairness. Factors that contribute to perceptions of procedural fairness are (Adams, 1965):
- Adequate considerations of an employee's viewpoint;
- Suppression of personal bias towards the employee;
- Applying criteria consistently across employees;
- Providing early feedback to employees concerning the outcome of decisions;

- Providing employees with an adequate explanation of the decision made.

By ratio of input to outcomes, people evaluate equity. Job inputs include: education, experience, effort, and ability. Job outcomes include: pay, recognition, benefits, and promotions. The **input-to-outcome ratio** may be compared to another employee in the work group or to a perceived group average. The existence of equity is when the ratio of one employee's outcomes to inputs equals the ratio of other employee's outcomes to inputs. When input/output ratios are out of balance, for exp., when a person with a high level of education or experience receives the same salary as a new or less-educated employee, inequity occurs. Another case of inequity is when employee discovers that he makes more money than others, who also contributes in the same way, will try to correct the inequity by taking lower pay than others, try to work harder or get more education. Perceived inequity creates tensions within individuals that motivate them to bring into balance (Montagno, 1985, p.491).

The most common methods for reducing a perceived inequity are these (Daft & Marcic, 2004, p.455):
- **Change inputs**. Either increasing or decreasing inputs to the company. Underpaid employees may reduce their level of effort or increase their absence from work. Overpaid people may increase job effort.
- **Change outcomes**. Employees may change outcomes. An underpaid employee may ask increment of salary or better office. A union may try to improve salaries and working conditions in order to be in accordance with a union whose members have bigger wages. When employee asks for salary increment, company must use open information.
- **Distort perceptions**. If employees are unable to change inputs or outcomes, they may twist perceptions of equity. In order to bring equity into balance employees will distort others' considered rewards or status attached to their jobs will be artificially increased.
- **Leave the job**. Employees who are inequitable treated will decide to leave their jobs, and won't suffer the inequity of being underpaid or overpaid. They will try to seek favorable balance of rewards in other workplaces.

The equity theory implies that employees really evaluate the perceived equity of their rewards in comparison to other employees. There will be no motivational effect if increased salary or promotion of an employee is perceived as inequitable compared to that of another employee. Unequal salary is such a pressure on employees almost too much to bear it. They attempt to change their work habits, try to change the system, or leave the job (Martin and Peterson, 1987, pp.297-315). Smart managers try to keep feelings of equity in balance in order to keep their workforces motivated. Employees will reduce the quantity or quality of work or change their workplace, if they feel they are not equally rewarded. However, if people perceive that they are rewarded equally, they will be motivated to work even harder.

3.3 Reinforcement Theories

By designing the environment properly individuals can be motivated, propounded B.F. Skinner in his reinforcement theory (Suklev, 2004). People are directed by what happens in the environment external to them, instead of considering internal factors like impressions, feelings, attitudes and other cognitive behaviour. Work environment should be made suitable to the employees, stated Skinner. Also, punishment actually leads to frustration and de-motivation. The only way to motivate employees is to keep on making positive changes in the external environment of the company.

Reinforcement theory considers relations between given behavior and its consequences. It focuses on changing or modifying the employees' on-the-job behavior through appropriate use of immediate rewards and punishments. The reinforcement approach to employee motivation according to this approach sidesteps the issues of employee needs and thinking processes described in the content and process theories.

3.3.1 Reinforcement tools

Behavior modification is a set of techniques by which reinforcement theory is used to modify human behavior (Stajkovic & Luthans, 1997). The basic assumption underlying behavior modification is the *law of effect* − the assumption that positively reinforced behavior tends to be repeated and un-reinforced or negatively reinforced behavior tends not to be repeated. Everything that causes repeated certain behavior or prevented behavior is defined as r*einforcement*. The four reinforcement tools are positive reinforcement, avoidance learning, punishment, and extinction. Each type of reinforcement is a consequence of either a pleasant or unpleasant event being applied or withdrawn following a person's behavior (Daft & Marcic, 2004, p.459). The four types of reinforcement are summarized in Figure 7.

- **Positive Reinforcement**. It is the administration of a pleasant and rewarding consequence following a desired behavior. (Immediate praise for an employee who arrives on time or does a little extra in his work). The pleasant consequence will increase the likelihood of excellent work behavior occurring again. Positive reinforcement helps to improve performance. Non-financial reinforcements such as positive feedback, social recognition, and attention are just as effective as financial incentives (Stajkovic & Luthans, 1999, pp. 49-57).
- **Avoidance Learning**. Desired behavior will be followed by removing unpleasant consequences. Avoidance learning is sometimes called negative reinforcement. Employees by avoiding unpleasant situations will learn to do the right thing. When incorrect behavior has ceased, supervisor will stop criticizing or disapproving that behavior of employee.

- **Punishment**. It's imposing unpleasant results on an employee. Punishment is followed by undesirable behavior. Employee will be criticized for performing a task incorrectly. This way supervisor expects that the negative outcome will serve as punishment, and he will also reduce probability to repeat this behavior. This type of reinforcement is controversial and often criticized because it fails to indicate the correct behavior. Almost all managers' report finding it necessary to occasionally impose forms of punishment ranging from verbal reprimands to employee suspensions or firings (Butterfield & Klebe, 1996).

Figure 7: Changing Behavior with Reinforcement
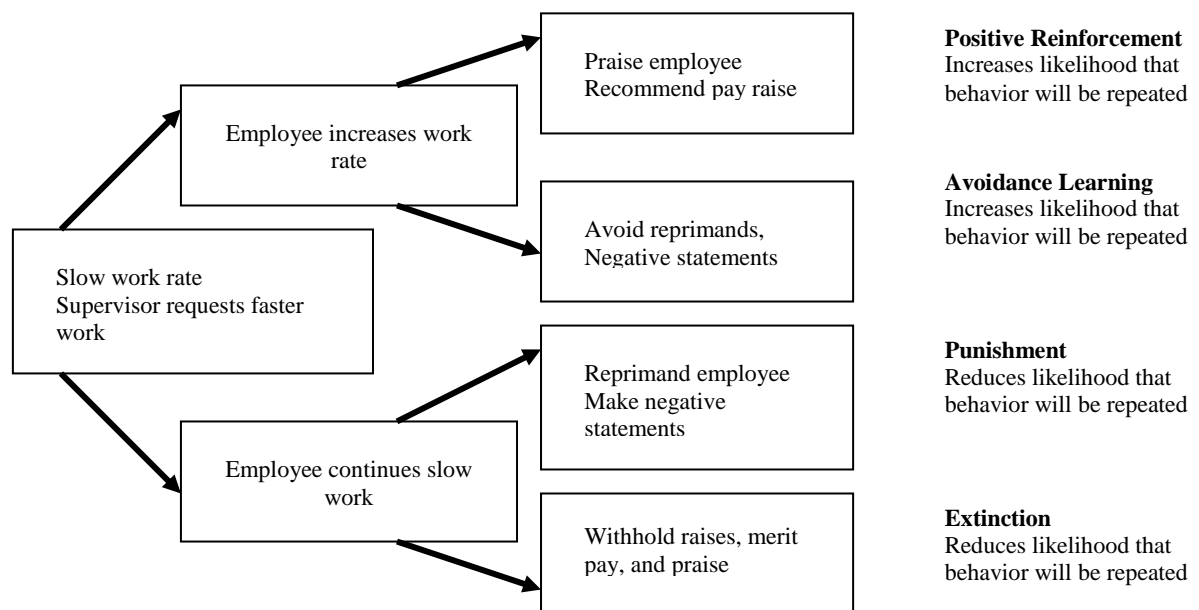
Source: R. L. Daft and D. Marcic, *Understanding management* (4th ed.), 2004, Figure13.5, p.459

- **Extinction**. It is when a positive reward is withdrawn. Supervisor imposes an unpleasant outcome such as a warning; retention pay raises, praise, and other positive results. Behavior that is not positively reinforced will not happen in the future. When certain behavior is not producing desired outcomes, employees will not receive praise and pay raise and that behavior will gradually disappear.

3.3.2 Schedules of reinforcement

Timing of reinforcement has effect on the speed of employee learning. Schedules of reinforcement pertain to the frequency with intervals over which reinforcement occurs (Daft & Marcic, 2004, p.460). A schedule can be selected to have maximum impact on employees' job behavior.

There are five basic types of reinforcement schedules, which include continuous reinforcement and four types of partial reinforcement (Daft & Marcic, 2004, p.460):

- **Continuous Reinforcement**. With this schedule, every occurrence of the desired behavior is reinforced. This schedule is very effective in the early stages of learning new types of behavior, because every attempt has a pleasant consequence. In companies, every correct behavior is impossible to reinforce.

- **Partial Reinforcement**. With this schedule only some occurrences of the desired behavior are reinforced. Reinforcement is applied only after few appearances of correct behavior. There are four types:
    - Fixed-Interval Schedule. It rewards employees at specified time intervals. If an employee displays correct behavior each day, reinforcement may occur every week. Regular paychecks or quarterly bonuses are examples of fixed-interval reinforcement.
    - Fixed-Ratio Schedule. Reinforcement occurs after a specified number of desired responses, (after every fifth). Most piece-rate pay systems are considered as fixed-ratio schedules.
    - Variable-Interval Schedule. Reinforcement is administered at random times that cannot be predicted by the employee. (Random inspection by the manufacturing superintendent of the production floor, at which time he commends employees on their good behavior.)
    - Variable-Ratio Schedule. It is based on a random number of desired behaviors rather than on variable time periods. Reinforcement may sometimes occur after 5, 10, 15, or 20 displays of behavior.

Most effective for establishing new learning is continuous reinforcement. More effective for maintaining behavior over extended periods of time is partial reinforcement. The most powerful is the variable-ratio schedule, because employee behavior will persist for a long time due to the administration of reinforcement only after a long interval (Sarri & Latham, 1982, pp.506-508).

Managers should reward appropriate behavior. They tell employees what they can do to receive reinforcement, tell them what they are doing wrong, distribute rewards equitably, tailor rewards to behaviors, and keep in mind that failure to reward deserving behavior has equally powerful impact on employees. Communication is the important part of effective reinforcement because employees have to know what the rules are for getting rewards. To have clear rules and guidelines for how the bonus is calculated and what an employee must do to receive a bonus (O'Reilly & Pfeffer, 2000).

Reward and punishment motivational practices dominate organizations, using practices that reward performance or merit with pay. But recent report by human resources consulting firm Towers Perrin indicates that incentive systems that reward employees with

bonuses or other rewards for meeting certain goals are becoming increasingly popular. Despite the testimonies of numerous organizations that enjoy successful incentive programs, there is a growing criticism of these so-called carrot-and-stick methods. Today's workplace demands innovation and creativity from everyone – behaviors that are rarely inspired by money or other financial incentives. Do financial and other rewards really motivate the kind of behavior organizations want and need? Here are some opinions (Daft & Marcic, 2004),

- **Extrinsic rewards diminish rewards**. If employees are motivated only by extrinsic reward (bonus, prize or the approval from a manager), they are not focusing on the work but only on the reward they want to achieve. In such way, the intrinsic satisfaction that employees receive from executing their job tasks actually decreases. When performance stays just suitable for achieving the rewards offered, employees lack intrinsic rewards in their workplace. In order to win desired reward employees may cover up their mistakes, for exp., hiding an on-the-line accident.

- **Extrinsic rewards are temporary**. Long-term high performance will not be provided by offering external incentives, but only by short-term success. By focusing only on the reward, employees lose interest in their work. Potential for exploration, creativity, and innovation will disappear without personal interest. Current target can be achieved, but better ways of working will not be discovered.

- **Extrinsic rewards assume people are driven by lower-level needs.** Rewards such as bonuses, pay increase, and even praise presume that the primary reason employees initiate and persist in behavior is to satisfy lower-level needs. Behavior of today's knowledge employees is also based on longing for self-expression, self-esteem and self-worth. Offering extrinsic reward does not encourage myriad behaviors motivated by employee's need to express themselves and realize their higher needs for growth and fulfillment.

Companies need employees who are motivated to think, motivated to experiment, and to search ways to resolve problems that will occur. Alfie Kohn is a strong critic of incentives or the so-called carrot-and-stick approaches and he offers the following advice to managers how to pay employees: "Pay well, pay fairly, and then do everything you can to get money off people's minds." In his view, managers must understand the limitations of extrinsic motivators and rather aim to satisfy employees' intrinsic needs. Following this logic, employees need jobs in which they find self-satisfaction in addition to a yearly pay raise if we want them motivated (Kohn, 1998).

4 MOTIVATION OF SUPERVISORS

The term **supervisor** typically refers to one's immediate superior in the workplace, that is, the person whom you report directly to in the organization (Šuklev & Drakulovski, 1996). Worker reports to the first-line supervisor. The first-line supervisor reports to middle-line supervisor and he to the top manager. Supervisors are typically responsible for their direct

reports and productivity in the company. Supervision comprises basic management skills. They are decision-making, problem solving, planning, delegation and meeting management. Also it includes organizing teams, designing new job roles in the team, hiring new employees, training new employees, employee performance management (setting goals, observing and giving feedback, addressing performance issues, firing employees, etc.) and ensuring conformity to personnel policies and other internal regulations. Supervisors have technical knowledge in developing new products, improving new ones, performing services, etc. Supervisor is managerial position responsible for main function in the company.

4.1 The Role and Responsibilities of Supervisors in an Organization

Supervisors have many different levels of responsibility. They answer to company management, but they are also responsible for the development and activities of their staff members. Typical roles of a supervisor are (McNamara, 1997):

- **Coach.** Coaching employees is important role of a good supervisor. Establishing suitable goals, action plans and time lines is good coaching. Delegating and providing guideline and support for completing tasks is good coaching, too. Job tasks must be established considering other aspects of an employee's life, for exp., time available for training, career preferences, personal strengths and weaknesses, etc. A supervisor is confronted with choice of between being a supervisor and the employee's friend.

- **Mentor.** Supervisor must understand the company itself and the employee's profession. Also, he must give ongoing advice to the employee about work and career. Supervisor must play a role of model for direction and development. Accepting the responsibility of mentorship is required for effective mentor-mentee relationship. A good supervisor can be a priceless addition to the career of an employee.

- **Advocate for organization.** Supervisor must be the first person who will tell employees about new policies and programs in company. Usually employees are confused or frustrated by these new actions and they will need additional explanation and support. To be able to present new programs to employees without their disapproval is major challenge in today's ever-changing environment.

- **Advocate for employee.** Supervisor must represent the employee's requests to management. If the employee deserves a reward, for exp., promotion, the supervisor must justify the case for promotion to other employees and management. If the employee has personal situation requiring special treatment by the rest of the group, the supervisor must explain this situation and how it can be solved. Employees sometimes see the supervisor as a part of "management" and sometimes as a personal friend.

The supervisor's responsibility to the company is to ensure that the work group operates with maximum efficiency. It is up to the supervisor to develop understanding of the skill

levels of each employee and properly apply those skills to maintaining company productivity levels. Typical responsibilities of a supervisor are (McNamara, 1997):

- The supervisor is responsible not only for supervisorial responsibilities, but also for product-line responsibilities, i.e. to get a product or service out of the door. Consequently, the role of supervision sometimes takes a "background" role to the product-line role.

- The supervisor is usually responsible to ensure that employees follow the company's policies and procedures: for sick time, personal leave, overtime, confidentiality for company's information, etc. Policies and procedures for carrying out supervisory responsibilities must be followed by supervisor (policies and procedures for hiring, firing, promotions, etc).

- Supervisors regularly review the need for their employees. The supervisor reviews advertisements for job candidates, reviews resumes and conducts interviews. Who should be hired from job candidates must be recommended. Finally, the supervisor must ensure that the new employee has adequate facilities, e.g., desk, computer, office supplies, etc.

- Supervisors ensure that new employees are oriented to the organization, its policies, facilities, etc. By developing training plan for employees, supervisors will ensure employees that have necessary expertise to carry out their jobs tasks. Supervisors often provide career counseling, as well, to help employees develop and advance in their careers.

- Supervisors ensure that primary responsibilities, qualifications and terms for each job role in company is accurately described. They set performance standards for tasks, jobs and roles of their employees. They also ensure appropriate and realistic job tasks for employees. Employee's performance must be provided as feedback. In addition, supervisors provide rewards for employee accomplishments.

What supervisors need to know (Miller, 2008) is some technical expertise in the area they will be supervising in order to gain the respect and confidence of their work force; delegation; project management; employment law (at least enough to stay out of the biggest bear traps); company policies; time management; team building; employee motivation; report writing; appraisals; discipline and terminations; staffing, to include interviewing; ethics; goal setting; coaching; etc.

4.2 The Specifics of Motivation for Supervisors

Motivated and loyal work team who will perform the work according to management and customers' high expectations, is very hard to create. Companies are no longer satisfied with average employees with desire for lifetime job security as a reward for expected performance and presence. Employees are no longer satisfied with an average salary, enabling them to satisfy basic personal needs. In today's ever-changing environment, companies find themselves in a constant battle for survival, often sacrificing jobs and employees along the way. Employees' strongest impulse is also to survive in a new shifting economy. Trust and loyalty towards employer evaporated into thin air and have

been replaced by economic interests. Employers and supervisors must understand this scenario before attempting to regain employees' trust, dedication and "love for the job" (Belilos, 2008).

Supervisors themselves fear for their jobs and their future. They must prove their worth and manage in reaching company's objectives. Three factors sent out as the most effective motivators of supervisors: **trust**, **respect**, and **caring** (Antonioni, 1999). The amount of effort people are willing to put into their work usually depending on the degree to which they feel their motivational needs will be satisfied. De-motivation occurs when employees believe that something in their company prevents them from achievement good results. The challenge for any organization is to create an environment in which high levels of motivation are maintained and people can re-motivate themselves quickly.

According to a study conducted in 1999 by Antonioni, managers reported that feeling respected is the most important motivator, followed by mutual trust with one's manager. Many other top motivation factors related to caring: participation in decision- making, affecting manager's area, awareness of contributing to company's job results, fairness employees' reward system, feedback about employees' performance, opportunity for self-development and feeling that the job is important. The factors ranked as the least motivating are availability of day care facilities through the company, attention paid to improving working conditions, time off as a reward for high performance, and job redesign to make the position more interesting and challenging (The full results of this study are shown in table 3).

Table 3: The Top 10 Motivators According by D. Antonioni

1	Respect for me as a competent and committed person
2	Mutual trust with immediate manager
3	Participation in decisions that affect my area
4	Enjoyment of the work
5	Opportunity for self-development
6	Feeling that the job is important
7	Upper management's awareness of my job results
8	Fairness in how people are rewarded for work performance
9	Full appreciation for work well done
10	Working on special projects of my choice

Source: D. Antonioni, *Industrial management*, 1999, p. 203

The employee's lack of motivation may result from absence of specific factors. Table 4 lists the areas that show the biggest gaps between the levels of importance managers

indicated and how much these motivators existed in their motivational environments (Antonioni, 1999).

Table 4: Motivation Factors Supervisors Say They Don't Get

1.	Largest gaps between desired and existing motivation factors
2.	Fairness in how people are rewarded for work performance
3.	Participation in decisions that affect my area of responsibility
4.	Receiving timely and specific positive feedback for high performance
5.	Respect for me as a competent and committed person
6.	Full appreciation for work well done

Source: D. Antonioni, *Industrial management*, 1999, p. 203

Supervisors indicated that they were least motivated when they believed that people were not being rewarded fairly for performance. They say they don't get full appreciation for work well done and they don't participate in decisions affecting their responsibility. Finally, they believe there is a gap between their need for respect and the respect they receive. Supervisors want to be respected, to participate in decisions that affect their areas, to experience mutual trust with their immediate managers, to enjoy the work they do, and to get fair rewards and appreciation for work well done. They want managers actively listen to their worries about operations, pay attention to their recommendations, and support substantial proposals. They would like to be involved in the strategic thinking process. Therefore, the best way to motivate supervisors is to give them feedback on their performance.

5 BACKGROUND OF MAKSTIL AD – SKOPJE

Makstil AD - Skopje (Duferco Makstil) is a Macedonia-based company that is principally engaged in the steel industry. It operates a steel plant with an electric arc furnace for production of liquid steel, continuous casting machine for transformation of liquid steel into slabs, a quarto plate mill for rolling the slabs into hot rolled plates, and facilities for shot blasting and priming of plates. The Company's product range includes hot rolled steel plates, coils, strips and sheets, as well as continuous cast slabs in various dimensions. Duferco Skop Investment Ltd., Vaduz, a company incorporated in Liechtenstein, is the major shareholder of Makstil AD-Skopje.

The ownership structure of Makstil is shown in Table 5.

Table 5: Makstil Ownership Structure

Ownership structure	Percentage
Duferco Skop Investment Ltd., Vaduz	62,40
Duferco Skop Ltd, Cyprus	19,40
Other legal shareholders/Individuals	18,20
Total	100,00

Source: Makstil internal documentation – *Makstil personnel evidence,* September, 2015

5.1 History of Makstil

The company Makstil AD was established in 1997 upon privatization and reconstruction of the former Mines and Iron & Steel works Skopje (founded in 1967) as an integrated producer of flat rolled products such as: hot rolled plates, hot rolled coils, cold rolled strips and sheets, galvanized strips and sheets and pre-painted coated strips and sheets with annual production of about 1.200.000 MT. of finished products. During the mid-90s the various production units were divided into 10 independent entities pursuant to the decision of the Government of the Republic of Macedonia. As an independent entity out of the above 10, Makstil runs steel slabs production with EAF steelmaking and continuous casting as well as plates production with Duferco Group as a main partner and major shareholder.

Makstil is an independent and entirely privatized entity with successful export-orientation (as seen by the Duferco Group's acquisition of a majority share in the company in 1997). The involvement of this renowned European trader as a commercial partner represents an important strategic development for Makstil. Makstil has already performed basic reconstruction and modernization of its installed capacities and technological units toward establishing control and rationalization of costs and quality improvement. Its management decisions are based on a modern, integrated management information system and are in line with the principles of European integratory cooperation and international economic principles. A new investment cycle (valued at over 22.000.000 EUR) focused on increasing production and capital improvements are currently ongoing.

Makstil is a socially responsible company that promotes numerous important projects and activities of regional and international significance. Makstil distributes its products independently and through the Duferco distribution system. Makstil's products are present primarily on the markets of EU member countries, as well as in the former Yugoslav Republics, Bulgaria and the countries of the Mediterranean. Makstil's production and sale of Macedonian steel and steel products has an essential and positive influence on the increase of industrial production of the Republic of Macedonia and its macroeconomic

performance. Makstil's success is important for the Macedonian economy and society due to its engagement of local providers of source materials and various services.

Today Makstil is completely privatized company, dominant ownership the Swiss Company 'Duferco'. The framework of Makstil includes the production units:
- Steel Shop (plant CELICARNICA production of liquid steel -steel slabs), and
- Plate Mill (plant VALAVNICA – production of hot rolled heavy plates.

Its world class production of liquid steel (steel slabs) and hot rolled plates meet standards set by: TÜV, British Standard, Lloyds Register of Shipping, American Bureau of Shipping, DET Norske Veritas, Bureau Veritas, Registro Italiano Navale, Germanishen Lloyd, and Croatian Register. Also, Makstil's compliance with ISO EN 9001:2000 (an integrated pilot ecological approval) and numerous certificates earned consistently over time also prove Makstil's respect for environmental and ecological norms.

5.2 Production

The production of Makstil is performed in all-inclusive technological areas located in Industrial zone in Skopje. Scrap mill and rolling plate employ sophisticated technology which main task is to improve both product quality and worker productivity. Computers are essential to improve technological advances in steel production, from production scheduling and machine control to metallurgical analysis and technical control of semi-products as well as the finished products. Makstil keeps responding to international competition by modernising its manufacturing processes, product diversification and consolidation business processes to increase productivity. Makstil makes big efforts to reduce costs and to improve competitive position, aiming to increase market share due to strong competition on the European markets. Table 6 presents the positive effects in productivity and economic growth from 2000 to 2007 and negative effects in production due to world economy crises in 2008 and 2009.

Table 6: Production per Metric Tons per Years

Essential data	MAKSTIL AD - SKOPJE									
Production per year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
SLABS (Metric ton/1000)	353,964	366,258	252,946	270,397	291,884	385,977	216,935	99,689	187,991	121,296
PLATES (Metric tons/1000)	327,079	368,055	342,523	299,765	314,042	351,412	224,174	145,633	196,452	165,191

Source: Makstil - Duferco, *Production report,* 2016

Makstil has been awarded with high honorable prize "Golden Macedonian Sun" by the Government of the Republic of Macedonia, due to successful results in production and export. With the new realized investment projects Makstil has become a leader in the metal industry in the Republic of Macedonia and the region.

5.3 Business Strategy of Makstil

Makstil's **mission** is to make profits, being competitive on the world-wide market, offering high quality products and services, guaranteeing total quality in order to provide customers, employees, shareholders and suppliers with maximum satisfaction, having in mind the safeguard of the environment. And the **vision** is to grow into recognizable, successful company for hot rolled steel plates produced up to the highest standards and quality, and with competitive prices on the markets.

Makstil basic **objectives** according to Makstil Internal Documentation – Makstil Personnel Evidence are:
- Consolidation of traditional production activities;
- Revamping and modernization of the production facilities
- Diversification of the production range;
- Exploitation of new market opportunities
- All activities in quality insurance

As a part of implementation of the above objectives, Makstil has planned, programmed and performed permanently increasing in production units, with continuous investment in modern technology and contemporary equipment. It has also developed own R&D department and prepared research programs.

Figure 8: Revenues in Makstil
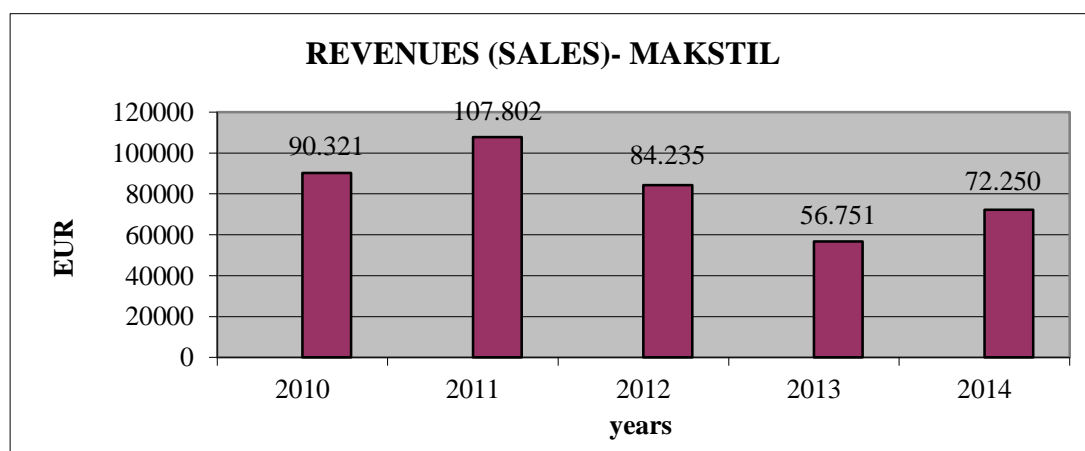
Source: KPMG, *Reports from KPMG Macedonia Ltd,* 2010-2014

The following figures show some financial indicators from the operations of Makstil through years. The main sources are taken from Makstil's Annual reports prepared for the Assembly of Shareholders and from KPMG Macedonia Ltd. Established under Macedonian law, as a member of KPMG International and from internal documents prepared by Financial-Accounting Department and Personnel Evidence of Makstil. The figure 8 measures sales – revenues that Makstil realized during the period from 2010 to 2014 and expressed in thousands of euros. The figure 9 shows trends of gross profit, EBIT and net profit from the income statements over the last five years.

Figure 9: Gross Profit, EBIT and Net Profit in EUR in Makstil
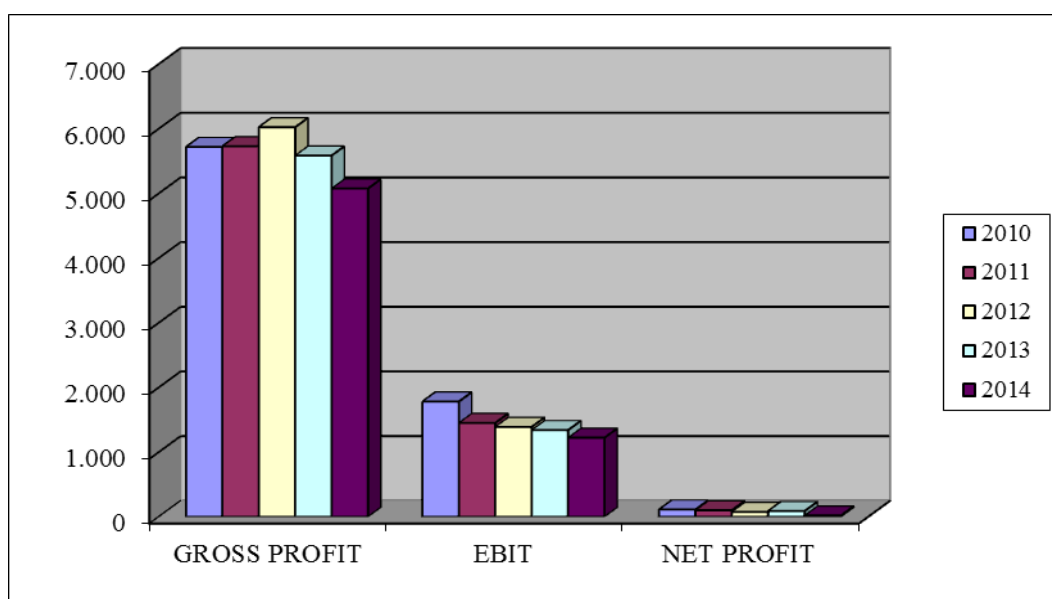
Source: KPMG, *Reports from KPMG Macedonia Ltd,* 2010-2014

In Table 7 we can see trends of the most important profitability ratios, such as return on sales, return on assets, gross profit margin and net profit margin. We can conclude that 2012 was the most profitable year for Makstil. The world economy crises influenced upon the operational results of Makstil.

Table 7: Profitability Ratios for Makstil

Years	GPM in %	OPM in %	NPM in %	ROA in %
2014	6.05	2.81	1.94	0.03
2013	6.02	2.80	1.93	2.61
2012	6.98	3.98	3.74	7.92
2011	4.79	1.20	1.62	1.80

Source: KPMG, *Reports from KPMG Macedonia Ltd,* 2010-2014

During Fiscal Year 2008, Makstil finalised its new investment plan. The investments cover both steel shop and plate mill. These investments are expected to lead to significant savings in the cost of production and to improve the overall production in Makstil of slabs and plates and will be finalised during 2016. The demand of plate remains strong in all consumer sectors, especially in the shipbuilding and energy sector.

5.4 Employees

Total workforce of the Makstil when research process for this paper was performed counted 791 full-time employees. Number of the employees over the years can be seen in Figure 10. The majority of the employees are metallurgical, mechanical and electrical engineers as dominant professional occupation. Engineers and computer specialists are playing an increasing role at steel mills, helping to address a variety of issues. Most of them are involved in and perform production activities and maintenance.

Figure 10: Number of Employees in Makstil
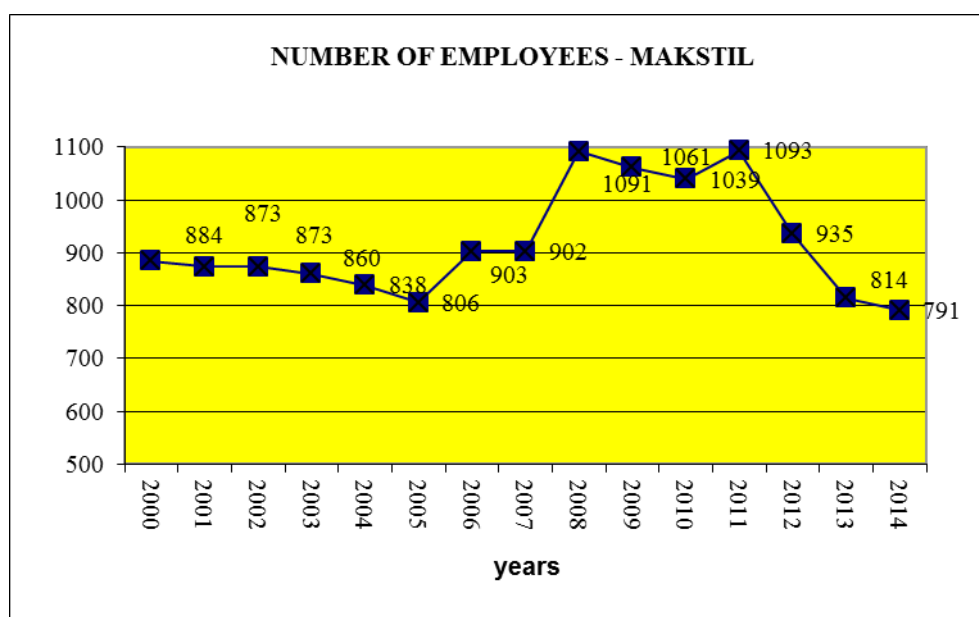
Source: Makstil internal documentation – *Makstil personnel evidence,* September, 2015

The following table illustrates the employees' age and gender structure in 2014. Only 7,5% of the total employees are women, mostly engaged in the administrative sectors. The major part of the employees is at the age between 40 and 59.

Table 8: Age and Gender Structure of Employees in Makstil

Age	FEMALE	MALE	TOTAL	TOTAL (%)
To 19	0	3	3	**0,38**
20 – 29	6	119	125	**15,80**
30 – 39	23	220	243	**30,72**
40 – 49	17	122	139	**17,57**
50 – 59	28	234	262	**33,12**
60 – over	1	18	19	**2,40**
TOTAL	**75**	**716**	**791**	**100,00**
(%)	**9**	**91**	**100**	

Source: Makstil internal documentation – *Makstil personnel evidence,* September, 2015

According to employees structure by Makstil's Organizational Units (see in Appendix C), the majority of the employees (41,72%) is in production occupations and they are directly connected to the core process of production. The second large group of employees are involved in maintenance and repairs (29,83%). The third group are workers from economy department (12,01%), comprising managers, sales representatives, employees from purchasing and financial department, and other clerks and officers from common services.

6 RESEARCH ON SUPERVISORS' MOTIVATION IN MAKSTIL

The majority of Makstil's supervisors are metallurgical, electrical or mechanical engineers and few economists (those from economy department). There are three levels of supervisors (first line of supervisors are responsible for the workers, and they report to second line of supervisors and third line supervisors reports directly to the general manager). Most of them are involved directly to production activities in order to change or improve steel properties or to find new application for it. They work in process of control to make plants more productive and energy efficient by designing and installing the latest technology. Their supervisory and management activity helps to solve any problems on the production line. They are also in charge of designing environmental control systems to maintain quality standards.

6.1 Methodology Applied for Research on Motivation in Makstil

The main goal of this empirical research is to determine and explain what motivates supervisors in Makstil during their engagement in company. The main purpose is to find answers how to increase motivation and work satisfaction among them. Furthermore, to discover what is happening in the company and especially which factors have the biggest influence upon supervisors' motivation.

For that purpose, we use deductive research process with questionnaires based on the literature review. The type of the research is explanatory, analytic research and also in the same times a descriptive one. The research was conducted among supervisors in one of the biggest Joint Stock Companies in Macedonia, for production of hot rolled steel plates – Makstil, AD – Skopje. Collection of data at supervisory staff was carried out with structured questionnaires in random samples simply constructed to discover motivational factors, conditions for better motivation and motivational characteristics of managers.

6.2 Definition of the Problem, Objectives and Goals of Empirical Researches of Motivation

The thesis consists of two parts, theoretical and empirical. Theoretical part presents literature review based on relevant literature and already existing research, by compiling the information developing the conceptual framework, mostly following the Herzberg's motivation-hygiene model published book in 1959 called *The Motivation to Work*, suggesting that the work characteristics associated with dissatisfaction were quite different from those pertaining to satisfaction, which prompted the notion that two factors influence on the work motivation. And also McClelland's acquired need model published in 1985 in the book Human Motivation, which proposes that certain types of needs are acquired during the individual's lifetime. (Need for achievement, affiliation and power).

The empirical part uses results collected through questionnaires. Questionnaires are distributed to supervisors based on Makstil's Personnel Evidence in order to get a representative sample of employees. The aim is to define level of motivation and work satisfaction among supervisors in Makstil – company that represents a system with high hierarchical structure outspreaded in several organizational units.

The research covers few questions in relation to motivation:
- Factors that have influence on employee's motivation during performing their job tasks.
- Conditions that have to be provided in organization for better (increased) employees motivation
- The characteristics of leader, manager that has influence on employee's motivation.

The goals are to determine the attitudes and opinions of supervisors according to work and work conditions and their possible influence on quality of future performance. Furthermore, finding an answer on question what characteristics must leaders and managers have in order to motivate its supervisors and employees. The idea is to realize what employees really need to invest their maximum potential for accomplishment of their own goals, as well as the company's goals.

The results of the research will serve to avoid pattern, by which managers assume and prefer certain factors of motivation, which by their conviction employees lack. As a result we will have authentic (original) information what really employees lack to be motivated. This will help us to get realistic picture in relation to what organization and managers need to undertake to satisfy needs of their employees for higher, stronger motivation.

6.2.1 Questionnaire preparation for supervisors

The following section describes the content and rationale for questions given to supervisors at Makstil. As instruments in the empirical research of this paper, serve questionnaires intended for conducting inquiry on supervisors on different levels in hierarchy in organization. There are five questionnaires distributed among supervisors in Makstil, one basic questionnaire and few other supportive questionnaires. The questionnaires models are modified and adjusted for the purpose of this thesis, from already developed research questions in literature databases. Questionnaires are given as enclosures in the paper, Appendix D. Several questionnaires have been used:

- The basic questionnaire deals with the influence upon the motivation, covering work-related motivational factors, motivational conditions and motivational characteristics that leader or manager must have. I used sample questionnaires which I found in the book *A Handbook of Human Resources Management Practice* (9th edition, 2003).
- The supportive questionnaires determine topics what motivates supervisors according to Herzberg's and McClelland's Theories, work satisfaction among supervisors in Makstil, intrinsic and extrinsic motivators and what Mastil's supervisors value the most. I used sample questionnaires which I found in the book *Managing Motivation (2008)*

The purpose of the questionnaires is to find out the level of satisfaction or dissatisfaction that supervisors experience, as a result of the company's treatment. The feedback mechanism between satisfaction and evaluation of rewards helps the employees evaluate their rewards for future actions. Their goal must be deduction of conclusions concerning the following: how supervisors evaluate the rewards they get as a result of their work. Also to find out, whether supervisors believe that the organization provides them with proper means (technology, systems, material, etc.) they need in order to perform their tasks successfully. The other purpose of the questions is to find out what supervisors believe concerning the connection between performance and satisfaction through internal and external rewards. Also in topic perceived fair rewards, we want to find out if supervisors perceive rewards as fair and equal, if compared to the rewards offered to other supervisors for similar efforts.

For the questionnaires construction we used measurement scales according to which the responders' opinions have been registered in a scale from 1 to 5 (from the least to the most) at the clearly sentences of the questionnaire and also ranking scale from 10 to 1. This

technique was selected because the responders were asked to indicate their level of agreement or disagreement by examining only one description, therefore the expected accuracy of answers is a great and consequently, the survey is reliable.

6.2.2 Administration of the questionnaires

The research was conducted in the premises of Makstil, in both plants (Steel Shop and Plate Mill) and in the Head office of Makstil. The questionnaires were distributed among 24 supervisors from all hierarchical levels in AD Makstil, engaged in production and non-production units according to organizational chart of Makstil. Table 9 covers number of employees in relation to the number of supervisors and number of questionnaires distributed to them.

Table 9: Administration of Questionnaires in Organizational Units

MAKSTIL	Head office	Steel Shop	Plate Mill	Total
Number of employees	89	424	548	1061
Number of supervisors	10	17	19	46
Distribution of question.	5	9	10	24

Table 10 presents distribution of questionnaires to sectors supervisors in three units of Makstil: Steel Shop, Plate Mill and Head office, respectively. Questionnaires were given to the supervisors after a prearranged appointment where there were given explanations about the purpose of the study, as well as the voluntary and confidential nature of the same, within the context of a free dialogue. In most occasions the questionnaires were completed by the responder and returned from the supervisors after one month. The rate of response was 100%, having all of them returned the questionnaires fulfilled. The selection of participants was done by random choice. The limitation in this study is that the measurements in relatively minor sample size, and is that the everyday emotional state of the employees tends to be distorted. Moreover, in a close working environment the so-called weighted value of satisfaction is more valid than the regular value typically registered with EOS (Employee Opinion Survey) standards. In addition to that, EOS faces employees' reservations both for the time they will spend for the survey's needs and for the existing tendency of not being informed on the survey's results (Gosling, 2003, p.32).

Table 10: No. of Questionnaires Distributed to Sectors Supervisors.

Steel Shop Plant	Sectors in Steel Shop Plant						
	Sector for Quality	Production in Steel Shop	Sector for old scrap	Maintenance in Steel Shop	R&D Sector	Protection, Ecology & Insurance	Total
No. of questionnaires	1	2	2	2	1	1	9

Plate Mill Plant	Sectors in Plate Mill Plant						
	Sector for Quality	Production in Plate Mill	Maintenance in Plate Mill	R&D Sector	Protection, Ecology & Insurance	Planning & Programming	Total
No. of questionnaires	1	2	2	1	1	3	10

Head office	Sectors in Head office					
	Sector Sales	Sector Supply	Sector Finance	Planning & Analysing	IT Sector	total
No. of questionnaires	1	1	1	1	1	5

7 FINDINGS AND DISCUSSION OF THE RESULTS

This chapter includes findings and discussion about the results gathered with questionnaires regarding motivation and employee satisfaction at Makstil and the process of derivation certain conclusions about supervisors' motivation and what motivates them. From Makstil personnel administration I can conclude that all supervisors are skilled, trained enough and competent for their working place.

The sources of these findings and results can be seen in the Questionnaires' Analysis in Appendix E. All tables and figures in the following section relate to the combined answers of the questions from the supervisors' questionnaires.

7.1 Results about Influence upon the Motivation

All results can be found in the Appendix E, where analysis with maximum, minimum and average value is indicated. From stated factors in questionnaire (Appendix D), those having influence upon motivation, supervisors are asked to rank them from 1 to 12 on how strong they motivate them in doing their work related to assignment (starting from 1 as the strongest). Also, in their judgment, what is just the thing that the company must develop in order to create better motivating conditions? Supervisors were asked to rank conditions

from 1 to 14, accordingly. And finally, supervisors were asked to rank from 1 to 4 which leaders and managers' characteristics motivate them.

7.1.1 Work – related to motivational factors

Based on received answers from the first group of questions in basic questionnaire: Influence upon the Motivation, in relation to ranking the work-related factors, received results are covered in Figure 11. Supervisors rank factors from 1 to 12 (1 as the strongest motivating factor in doing work-related assignment). The number showed is the sum of placements for all respondents.

Figure 11: Rank of Importance of Work-Related Motivational Factors
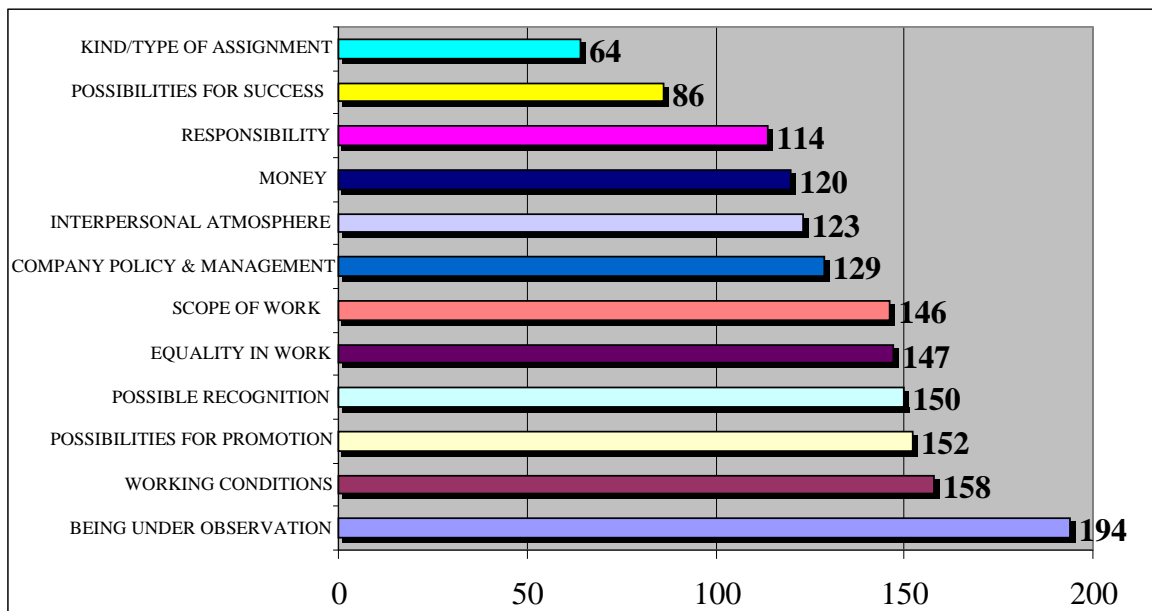
The result shows that three factors with the biggest rank by Makstil supervisors are the factors that appertain in the group of motivational factors from two-factor theory. *Kind of the assignment that supervisors are doing* (is type of the work they are doing important to them), the *possibilities for achieving success* and the *responsibility they have in their activity* are the factors that prevail with the biggest influence upon supervisors motivation.

The next important factor that supervisors give significant meaning is *money*. The succeeding factors are from the group of supporting factors: *interpersonal communication and atmosphere* (competitiveness, assistance, friendship), and the *company policy and management* (how much the company cares of the employees, both for the salary and for the benefits it offers – pension, medical care, annual absences, paid annual holidays, etc.) The factors equally ranked that motivate them are the *scope of the work* that supervisors

are doing (is it important to them how much the work they do is extensive?) and *equality in the work* in relation to the others (how much their work is equal to the other executives).

The least motivating work-related factors with lower influence are: *possible recognition* (praises for the activity well done, confidence, critics), *possibility to be promoted* to a higher level by hierarchy and *working conditions* (hours required for doing the activity, hour breaks, stationary they use in the work, temperature, location, etc). And, as a factor with the lowest meaning upon motivation, supervisors consider *surveillance* that they get under their activity (are they under observation or not in doing activity?).

As a conclusion about work-related motivational factors we can conclude that, for all supervisors (at all levels at supervision), motivating factors prevail, with notice that at some of them responsibility is highly ranked at others, the possibility for achieving success, but summed-up the type of the assignment they are doing pulls ahead before others, ranking first. The factor money is highly ranked (for some supervisors it was the motivator number one), perhaps expected, considering the fact that the wages in principle are not so high enough so that they can satisfy most of their needs. This can also be result of rewarding policy applied in Makstil.

For most of them surveillance is ranked at bottom which is strange since we are talking about production company where certain norms for achievement are practiced and obtained, and the same should be supervised and controlled. This assumption will be correct for companies which offer utilities and services, or companies that are monopoles in their areas (which Makstil is not), so employees wouldn't give surveillance bigger meaning. This means, that in competitive conditions, it would be necessary to control, inspect and superintendence quality of products that this company offers in the market, which according to this survey is not the case, because on the contrary we will lose the costumers and they will buy products at competitive companies.

7.1.2 Motivational conditions

In relation to the second group of questions from basic questionnaire, conditions which company needs to develop or improve with a goal to create better motivating conditions, received results are presented in Figure 12. In their judgment, supervisors rang conditions from 1 to 14 accordingly (1 as the strongest motivating condition). The showed number is the sum of placements for all respondents that were interviewed.

The results show that for supervisors, the most important prerequisite is *introduction of appropriate human resources management* with all its function of recruiting, engagement, training, promotion and benefits for the employees and *to invest more in training and learning*. The next important condition is organization to *follow the new technologies*

trend. Then, *readiness* (capability of the management to response to certain requirements), *climate* (commitment of the management to response to a certain way, such as, welcoming, examined or rejected changes), *improvement of management function* and *accommodation of its organizational structure* as prerequisites to create better motivating conditions in Makstil.

Figure 12: Rank of Importance of Motivational Conditions
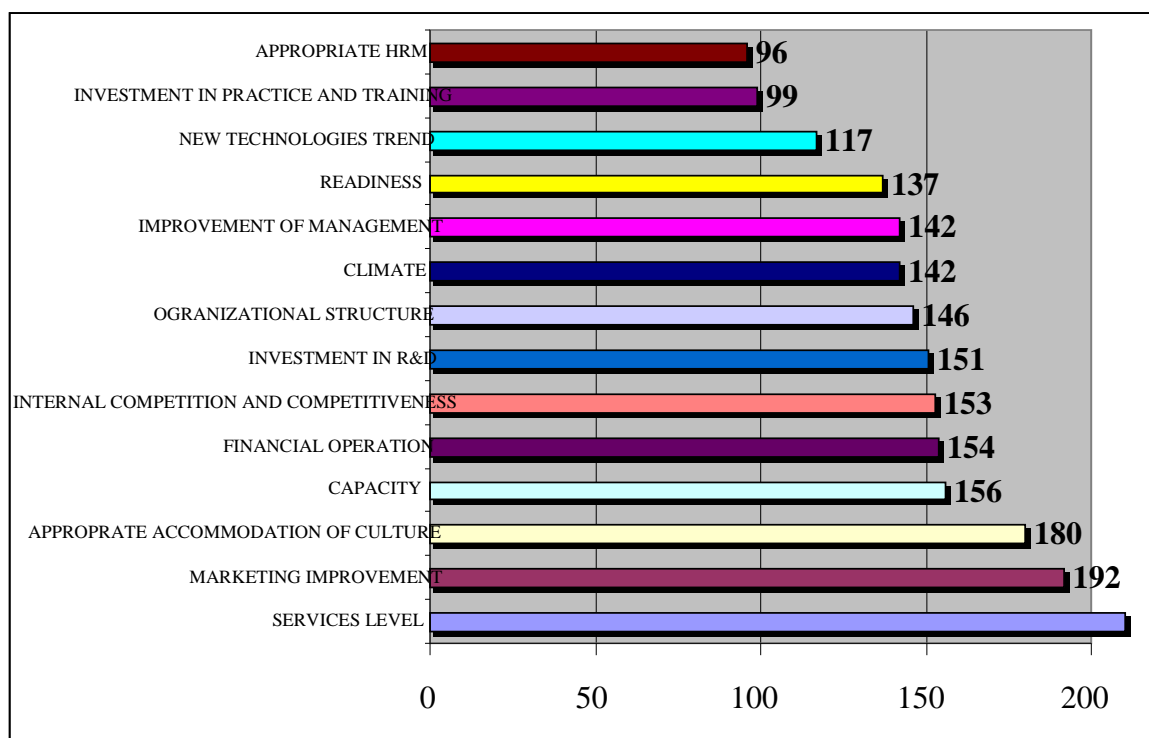
As less important prerequisites supervisors consider: *investment in research and development*, *improvement of the financial operation* (which is unexpected result). Probably the result is that company doesn't have financial problems, so they didn't appear as problem in supervisors' working), *producing conditions for internal competition and competitiveness* and *capacity* (the scope of work that the management is able to perform). As lowest motivating conditions that Makstil needs to develop and improve, supervisors consider it: *making preconditions for appropriate accommodation of the culture* (value changes, attitudes and employees' benefits), *improvement of marketing* and the least important *reviving of the services level given to users*.

As a conclusion about this group of questions we can deduce that, for all supervisors (at all levels at supervision), as a key central point repeats appropriate human resources management with all its activities of recruiting, engagement, training, promotion and benefits for the employees, together with investment more in practice and training, which is precondition for quicker assurance in execution and implementation of supervisors'

thoughts in relation to management function they are performing. In other words, without know-how there are little possibilities for providing innovations and new thoughts.

But some supervisors, especially those working in a production departments have stated new technology trends as the most important condition that Makstil needs to develop and improve for better motivation of supervision. This has its explication in the fact that the appropriate management for human resources will create preconditions for appropriate engaging and relocation of employees, which is the base for solid collaboration, good work and significant results. Supervisors believe they can collaborate with appropriate subordinates who will directly perform tasks, as well as with their superiors from whom they will get tasks. The relation of the new technologies explanation lies in the fact that supervisors believe that in such a way the work will be much easier for employees and this will increase their efficiency. The role of the advanced technologies and the role of know-how in business processes in our business preconditions in working are necessary. This is very expected with reasons that all these factors are directly influencing conduction of supervisors' function.

As the least important conditions supervisors consider reviving of the services level given to the users, which is logical since Makstil is a production company, offering mostly products and less services to the customers, and improvement of marketing, from reasons that in practice it is not area of their interest, and also it is about a company which uses business to business marketing producing steel plates ordered in advance and also since marketing function is the interest of the headquarters in Lugano, so for now marketing does not have big influence, although Makstil is oriented towards customers. Also, they stated accommodation of the culture (values changes, attitudes and employees' beliefs) as less important condition which, on the other hand, brings risks in relation to their tasks performance. There is no logical explanation, except presumption that the company doesn't pay enough attention of this subject, although culture is clue in every company and it is precondition for successful business. As less important condition supervisors in Makstil counted improvement of the financial operation, which unexpected resultant, and probably results from few financial problems that Makstil has faced and the same did not appear as a problem in supervisors' daily working.

7.1.3 Motivational characteristics of supervisor

In relation to the third group of questions related to characteristics of a leader, i.e. a manager who is motivating the employees, received results are covered in Figure 13. Supervisors rank motivating characteristics from 1 to 4, accordingly (1 as the strongest motivating characteristics). The number shown is the sum of placements for all respondents who were interviewed.

Figure 13: Rank of Importance of Motivating Characteristics of Leader/Manager
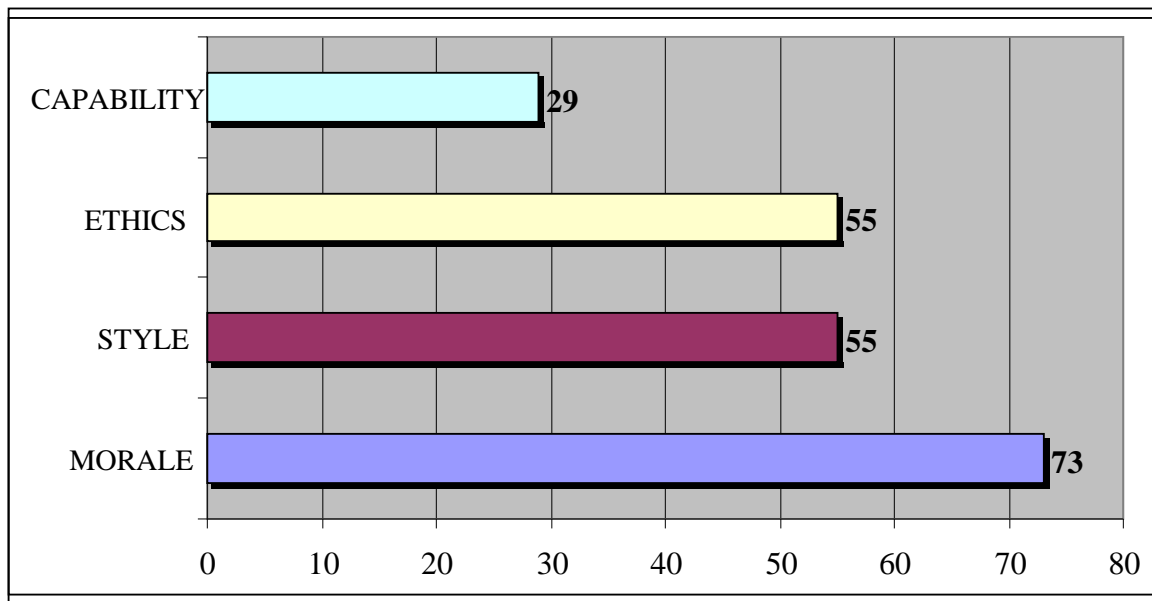
On the first place, supervisors put *capability* as the most motivating characteristics that managers and leaders have. Especially they put accent on human aspect of capability (capability to communicate as well as to work with people) and analytical aspect of capability (capability to use logical and scientific methods in the analyses of the problems). Supervisors point up that conceptual capability (to understand the company as a whole as well as the impact on and from the environment), and communicational capability (to exchange information aiming to achieve the result desired) are important, as well.

On the second place supervisors put *style* that managers have as well as their *ethics* (how managers use principles and behavior standards as well as reasoning in making decisions). Most of them declare that they favor the participative kind of style (allowing the inferiors to participate in making decision), than developing style (active in the inferiors development), and traditional style (supported by intuition they avoid commitment of the reductive style). In the end, supervisors declare that the moral (personal morale behavior) as a characteristic of managers is at least motivating to them.

As a conclusion about this group of questions we can deduce that, for all supervisors (at all levels at supervision), capability appears to be as a key central point. It means that capability – ability to perform actions, of the manager is what motivates all supervisors and what can contribute towards fulfillment of targeted plans and objectives. As it applies to human capital, capability is the sum of expertise and capacity. As the least important characteristic that manager can possess, which appears motivating to supervisors in Makstil is managers' morale, their ability to distinguish right from wrong. This is result of the climate between employees in the company, and also the management style of top

managers in Makstil. We can notice that we still pay little attention on style of managers. This relates to explanation that company has monopolistic behavior, so managers' existence is not endanger, so the way that managers implement their decisions, as well as their influence upon motivation still does not have required importance.

7.2 Results from Supportive Questionnaires

Conclusions that I have got from the basic questionnaire – Influence upon Motivation are confirmed also with the results from few supporting questionnaires distributed to supervisors in Makstil, analyzing what motivates them.

7.2.1 Motivational factors according to Herzberg's theory

According to Herzberg's Theory supervisors in Makstil are motivated with **hygiene factors** which do not give positive satisfaction, although dissatisfaction results from their absence. These are extrinsic to the work itself, and include aspects such as company policies, supervisory practices or wages/salary. And **motivational factors** which give positive satisfaction, arising out from intrinsic conditions of the job itself, such as recognition, achievement or personal growth.

The results of motivational factors are presented in Figure 14. The supervisor's rate job factors according to how important are to them, by placing a number on a scale of 1 (not important) to 5 (very important), to determine their dominant needs and what motivates them. Both groups of factors are equally important to Makstil's supervisors with no meaningful discrepancies, although there is a little prevailing on the side of motivational factors. There were 22 responses. The number is sum of answers (5 or 6, as important or very important).

Figure 14: Hygiene and Motivational Factors According Herzberg's Theory
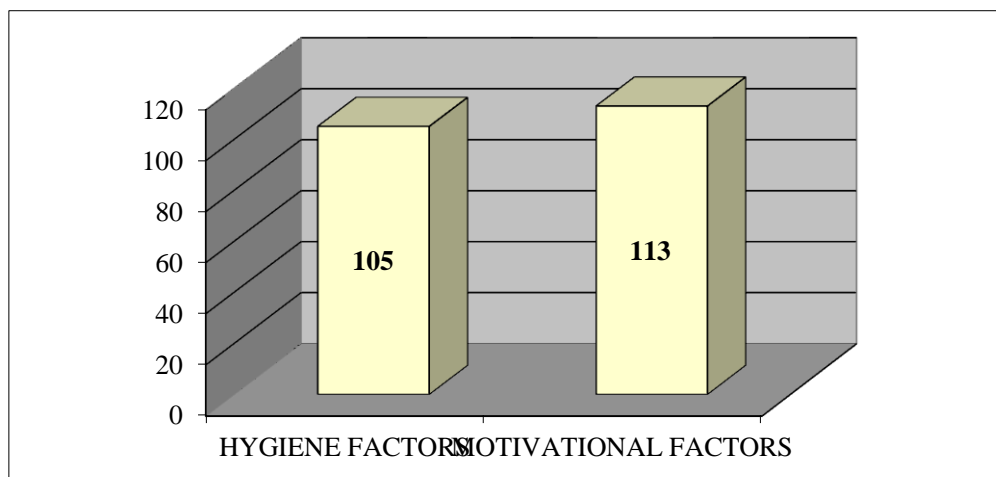
By analyzing separately each group of factors, conclusion will be the following. As very important factors in the group of hygiene factors that supervisors state having a satisfying personal life as well as having sensible company rules, regulation, procedures and policies. These two and having job security are the most job satisfaction factors. The least important factors are having a prestigious or status job or having a good boss (see Figure 15).

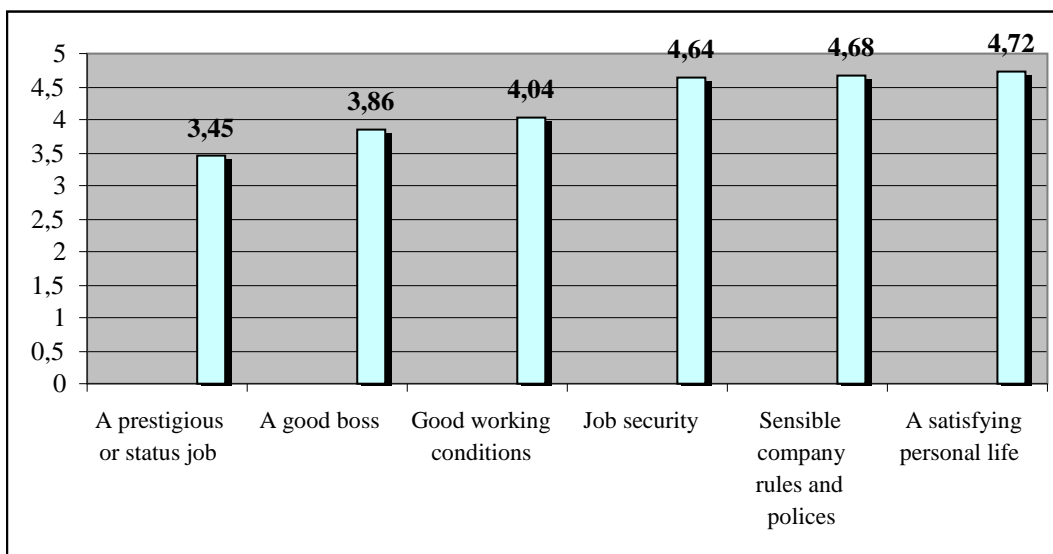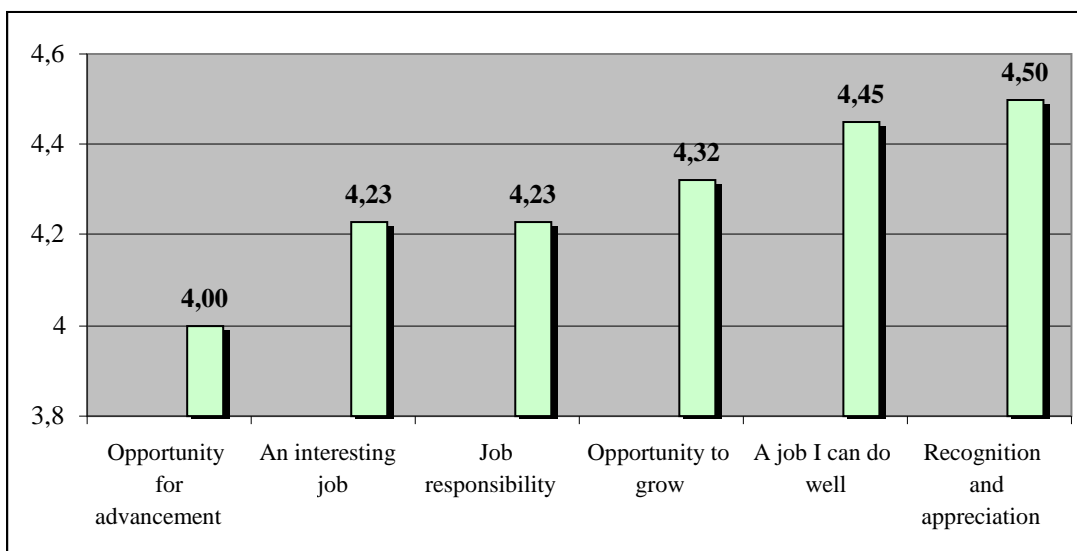Figure 15: Rate of Importance of Hygiene Factors

Figure 16: Rate of Importance of Motivational Factors

By rating the group of motivational factors, as the most important supervisors state having recognition and appreciation of the work they do and also a job they can do well and succeed at. As well as having opportunities to grow through learning new things. The least important factor for them is opportunity for advancement (see Figure 16).

7.2.2 Motivational factors according to McClelland's theory

As David McClelland proposed that an individual's specific needs are acquired over time and are shaped by one's life experience. Most of these needs can be classed as **achievement, affiliation**, or **power**. A person's motivation and effectiveness in certain job functions are influenced by these three needs. Supervisors were asked to determine their dominant needs and what motivated them, by placing number 1 through 5 that represents score for each statement. Summed up all three elements (achievement, affiliation, and power) of McClelland's Theory are covered in Figure 17.

Figure 17: Motivating Needs According McClelland's Theory
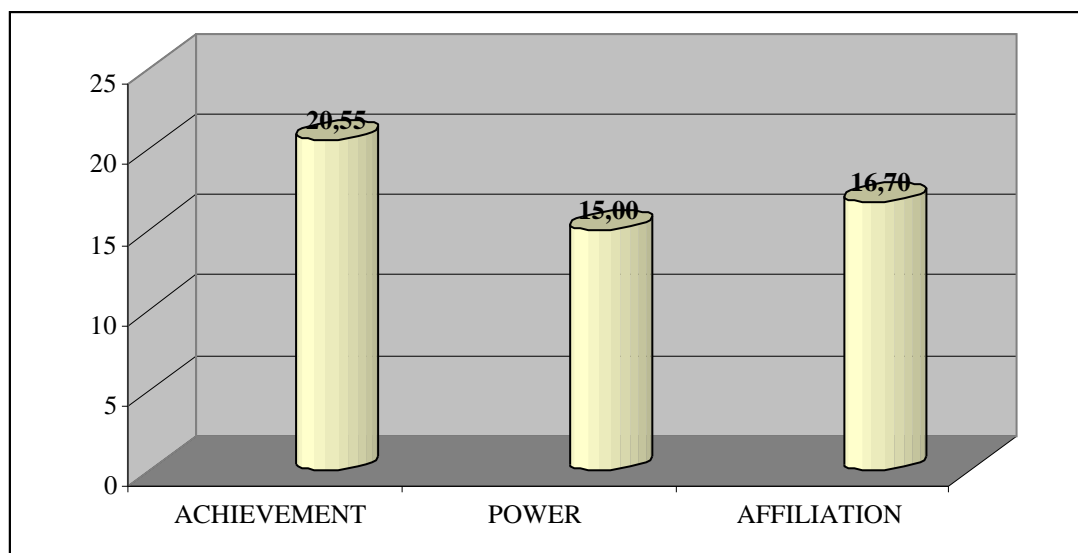
Figure 17 shows that the dominant need that motivates most of the supervisors in Makstil is the need of achievement. People with a high need for achievement (nAch) seek to excel and thus tend to avoid both low-risk and high-risk situations. Achievers avoid low-risk situations because the easily attained success is not a genuine achievement. In high-risk projects, achievers see the outcome as one of chance rather than one's own effort. High nAch individuals prefer work that has a moderate probability of success, and need regular feedback in order to monitor the progress of their achievements. They prefer either to work alone or with other high achievers. The supervisors with a high need for affiliation (nAff), need harmonious relationships with other people and need to feel being accepted by other people. They tend to conform to the norms of their work group. High nAff individuals

prefer work that provides significant personal interaction. Supervisors in Makstil declared that the need for power was the least motivating for them. Need for power (nPow) can be one of the two types – personal and institutional. Those who need personal power want to direct others. Persons who need institutional power (social power) want to organize the efforts of others to further the goals of the organization. Supervisors with a high need for institutional power tend to be more effective than those with a high need for personal power.

By ranking separately factors from each group of motivational needs we will reach the following results. (See Figures 18, 19 and 20)

Figure 18: Rate of Importance of Needs of Achievement
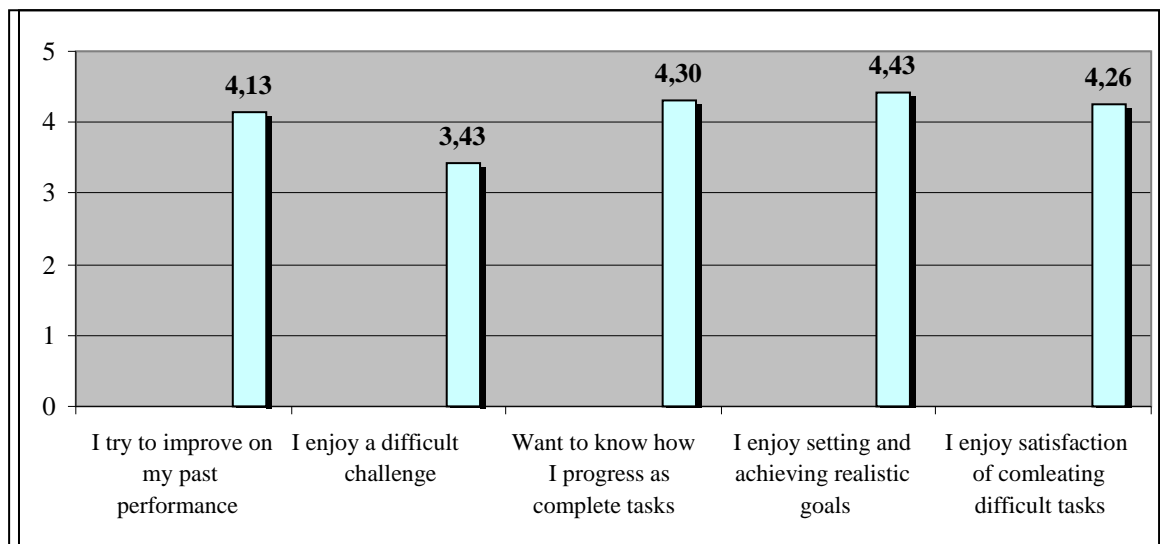
Figure 19: Rate of Importance of Needs of Power
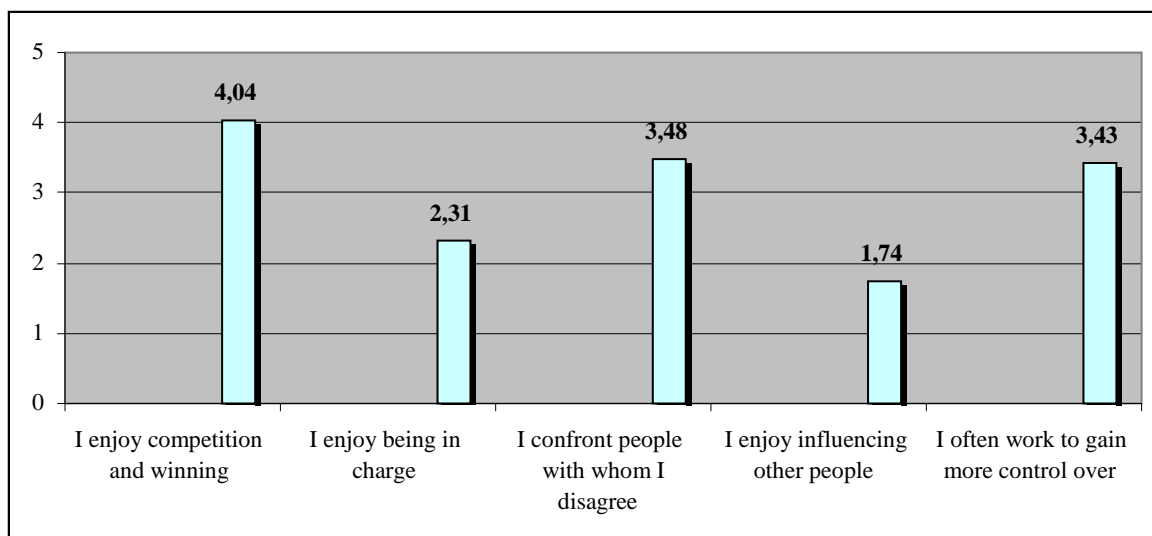
Over 80% of supervisors have pointed out that they enjoy setting and achieving realistic goals, as well as wanting to know how they are progressing as they complete tasks and enjoy the satisfaction of completing a difficult task as highly motivated needs. They least enjoy a difficult challenge.

The most dominant need of power that motivates supervisors in Makstil is that they enjoy competition and winning. Also over 80% of supervisors stated that enjoying influencing other people to get their way is the least motivating need to them.

Figure 20: Rate of Importance of Needs of Affiliation
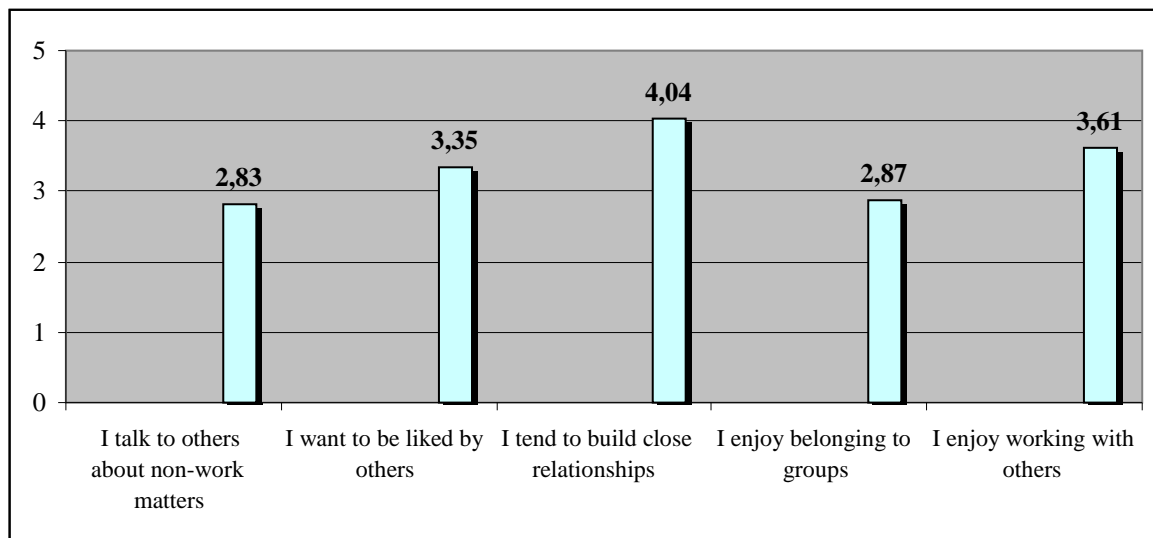
The most dominant need of affiliation that motivates supervisors in Makstil is the need to build close relationships with co-workers, and the least dominant need is talking to those around about non-work matters.

As a conclusion, Makstil's management must have in mind that employees with different needs are motivated differently.
- Supervisors with high need for achievement should be given challenging projects with reachable goals. They should be provided frequent feedback. While money is not an important motivator it is an effective form of feedback.
- Supervisors with high need for affiliation need to perform the best in a cooperative environment.
- Supervisors with high need for power should be provided with opportunity to manage others.

7.2.3 Work satisfaction

The results of conducting work satisfaction survey (see appendix X) composed of five groups of questions are summed up in the following five figures. The supervisors are asked on a scale of 1 to 5 to note the amount of job satisfaction they derive from each items.

The first group of questions deals with the **intrinsic (internal) sense** of achievement at work as motivator. These factors refer to motivation that comes from inside of an individual rather than from any external or outside rewards, such as money. The motivation comes from the pleasure that employee gets from the task itself or from the sense of satisfaction in completing or even working on task. This does not mean that supervisors will not seek rewards. It just means that such external rewards are not enough to keep employees motivated. Results are presented in the Table 11.

Table 11: Results upon Intrinsic (Internal) Sense of Achievement at Work as a Motivator

Item	Intrinsic motivators	Score
1	Feeling I'm a problem solver	107
2	Completing a task well and before deadline	106
3	Feeling I have creative freedom at work	101
4	Feeling my job is secure	99
5	Feeling I have a healthy work/life balance	98
6	Learning, getting training related to my work	93
7	Working independently	86
8	Feeling a sense of social value to my work	86
9	Developing expertise in my work	83
10	Getting a new assignment in an area I haven't mastered yet	64

The results show that Makstil's supervisors derive the highest satisfaction when they can feel that they are problem solvers, as being a part of a larger problem process that will include also problem finding and problem shaping. Completing a task well and before deadline is highly scored among supervisors as a factor providing work satisfaction. The third ranked statement that provides satisfaction is the feeling when they have creative freedom at work. The lowest satisfaction score supervisors derive from getting a new assignment in an area they haven't mastered yet and developing expertise in their work.

The second group of questions deals with **extrinsic (external) motivators** that lead supervisors to a sense of achievement. These factors refer to motivation that comes from outside of an individual. Motivational factors are external rewards such as money, gifts, additional benefits and desirable working relations. These rewards provide satisfaction and pleasure that the task itself may not provide. Results are presented in the Table 12.

Table 12: Results upon Extrinsic (External) Sense of Achievement at Work as a Motivator

Item	Extrinsic motivators	Score
1	Being groomed for bigger things	102
2	Getting regular feedback from my supervisor	95
3	Getting economic rewards; raises, bonuses	93
4	Beating the competition	91
5	Getting public praise from my leaders	86
6	Winning awards	78
7	Getting praise from my leaders privately	71

The results show the most job satisfaction that supervisors get when they feel that are groomed for bigger things; when they get regular feedback from managers and when they get economic rewards, such as raises, bonuses and other additional benefits. The least job satisfaction supervisors derive from getting praise from their leaders privately. Extrinsically motivated employees will work on a task even when they have little interest in it because of anticipated satisfaction they will get from some reward. According to the research, intrinsic motivators prevail over extrinsic motivators in supervisors' motivation.

The third group of questions deals with supervisors' **affiliation and sense of community** at work as a motivator. A central dilemma in many organizations today is integrating the drive for organizational performance with the search for individual fulfillment. Affiliation at its core is a two-way relationship, supported by both the individual and the organization. It is built on the principles of understanding individual needs, providing options and choices, fostering learning and development. Sense of community is created in environments that encourage open and honest communication. Individuals share information and build communities with persons they trust. Creating a sense of community is a critical part of creating a positive attitude in the workplace. When there is a strong sense of community, people are more supportive each other and the goals of the company. Results are shown in the Figure 21.

The result shows that affiliation and sense of community is also very important for Makstil's supervisors. Creating a sense of community in Makstil is a critical part of creating a positive attitude in the workplace. Supervisors derive a great job satisfaction when they have positive relationship with their manager as well as when there is friendship and harmony among colleagues. When there is a strong sense of community, people are more supportive each other and the goals of the company. The lowest satisfaction scores that supervisors give to working as part of a collaborative team and being held in high regard by their colleagues.

Figure 21: Rank of Affiliation and Sense of Community at Work as a Motivator
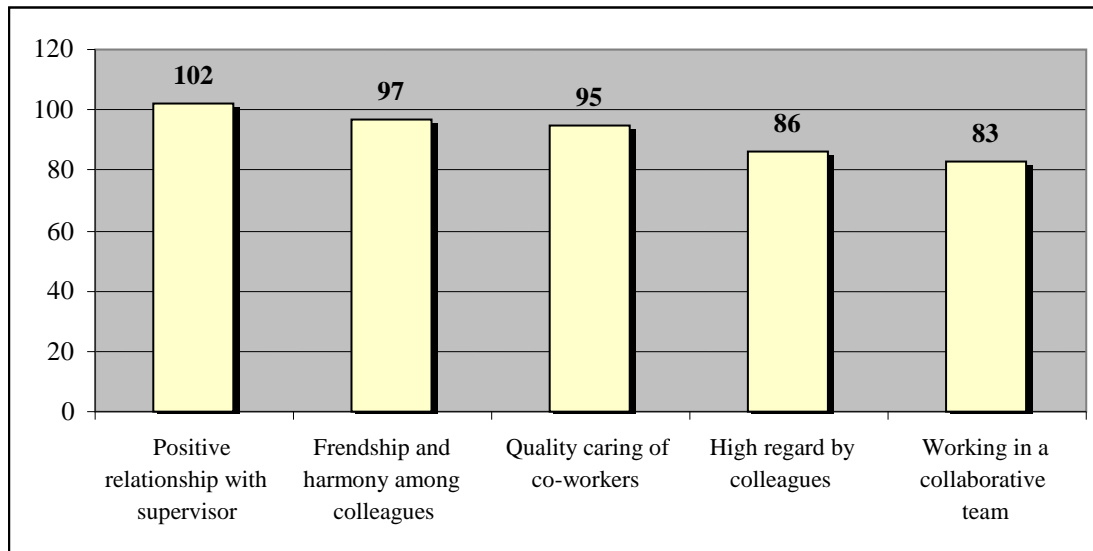
The fourth group of questions deals with supervisors' **sense of power at work** as a motivator. This includes extra responsibilities and power that supervisors get in performing their task and making decisions. Results are shown in the Figure 22.

Figure 22: Rank of Supervisors' Sense of Power at Work as a Motivator
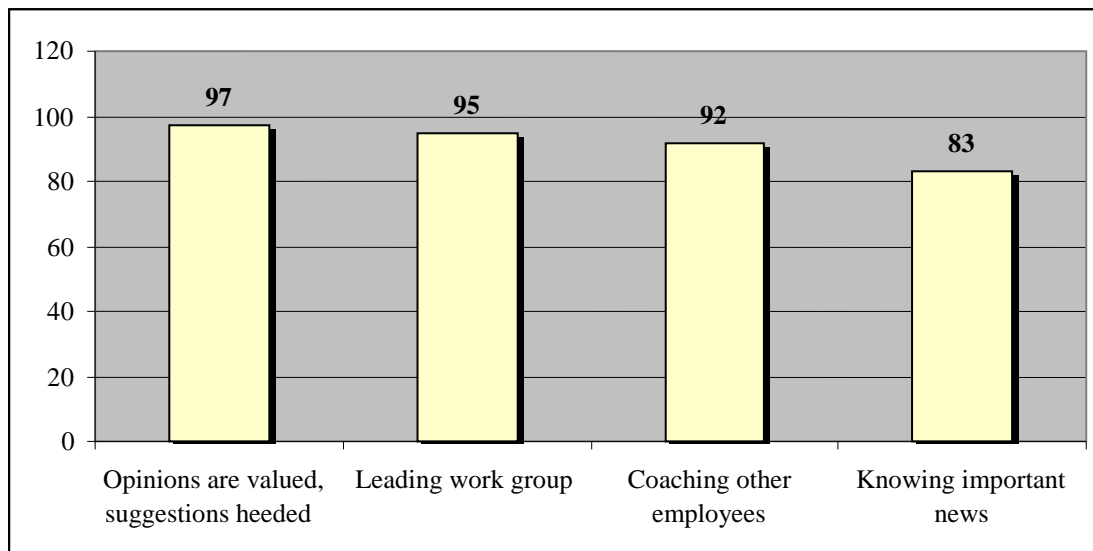
The result shows that the most job satisfaction Makstil's supervisors derive from feeling that their opinions are valued, their suggestions heeded and of having possibility of leading a work group. Employees must be able to feel a sense of power at work, a voice, hope, dignity, respect instead of despair and futility about the issues at work. This is logical step

of empowerment of employees. The least job satisfaction supervisors derive from being "in the top" about important news in the organization.

The fifth group of questions deals with **workplace environment** as a motivator. Creating a good, productive working environment will increase job satisfaction, engagement and retention. It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influence to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and how long they stay in the job. Results are shown in the Figure 23.

Figure 23: Rank of Supervisors' Workplace Environment as a Motivator
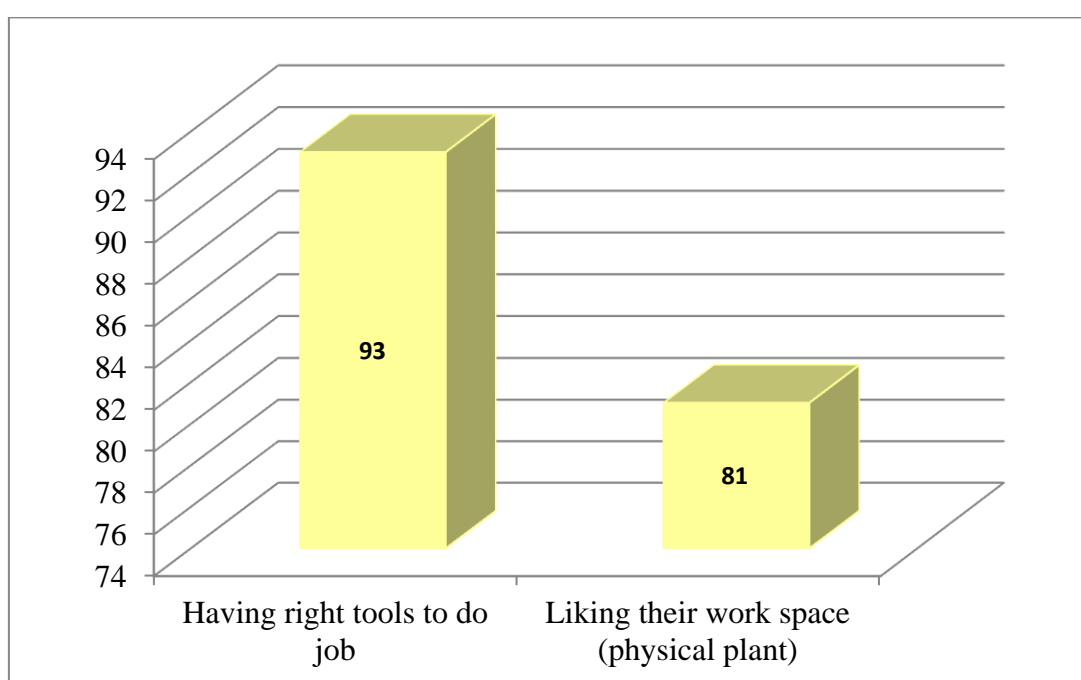
The results show that Makstil's supervisors have given bigger importance to having the right tools to do their job rather than linking their work space, the physical plant as factor to their job satisfactions.

7.2.4 Motivating factors that supervisors' value the most

Analyzed results from the questionnaire – What supervisors' value the most (see appendix E) is summed up in following tables. Respondents are asked to express their opinion how important are certain factors on a three point scale: not important -1, important -2 and very important -3. By gathering motivational factors important for supervisors in Makstil, is that they express opinion whether they exist in the company or not. Column B of Table 13 presents percentage of supervisors who respond to a certain motivational factor as

important and very important to them. Also the column C shows the percentage of supervisors who think whether certain factor important to them exists in Makstil.

The results show that all of the questioned supervisors (100%) declare that good, fair performance measures and working for a company they can be proud of is very important to them. The table 13 indicates some disparities between factors that are important and their existence in Makstil. The six factors in bold indicate the greatest disparity between what supervisors value the most and its availability in their workplace. Those motivational factors need to be improved, so the supervisors won't feel that there is disparity between factors that motivate them and existence of those factors in their workplace.

Table 13: Rank upon Importance of Motivational Factors that Exists in Makstil

A. Motivational Factors	B. % of respondents who declare certain factor as Important or very important	C. % of respondents who believe if certain factor exists at work (in Makstil)
Good, fair performance measures	**100,00**	**41,67**
Working for a company I can be proud of	100,00	79,17
Challenging work	95.80	62.50
Opportunity to learn on the job	95.80	66.67
Clear career opportunities	**95.80**	**37,50**
Job security	95.80	66,67
Recognition when I've done a job well	91.70	58,33
Harmonious relationships with my co-workers	91.70	79,17
Clear performance goals	87.50	58,33
My opinion matters when decisions are made	83.30	75,00
Pay clearly tied to my performance	**83.30**	**33,33**
Autonomy on the job	83.30	70,83
Generous benefit program	**83.30**	**29,17**
Competitive salary	**75,00**	**33,33**
Special incentives (merchandise, travel)	**75,00**	**12,50**

As a conclusion we can say that management in Makstil must introduce **special incentives** in its reward system, since it is very important to 75% of the interviewed supervisors and it

also has the greatest disparity of its existence in the company. According to Stolovitch (2005) tangible work-related incentives such as money, gifts or travel, increase performance by an average of 22%. Makstil's managers need to pay bigger attention to its **performance measurement** by evaluating how well the company is managed and the value they deliver to customers and other stakeholders. Meaning, not only measuring but also making a judgment and knowing the context in which that performance has been achieved as a tool to support decisions (Bocci, 2004). Having **clear career opportunities** is very important to all employees. It is powerful extrinsic motivational tool. As a way to stimulate motivation, Makstil should offer career advancement opportunities that are among the best in the metal industry, by offering a number of options to individuals who want to specialize as professionals in their practice. Management needs to be committed to the continuing career development of supervisors through a number of programs.

Table 14 presents Makstil's supervisors top ten motivators. They are asked to rank the following motivators starting with 1 as the most important. The most important motivator for Makstil's supervisors is enjoyment of the work. Followed by feeling that the job is important and fairness in how people are rewarded for their work performance. Almost every supervisor stated that enjoyment of the work is the top motivator for them. Motivators are ranked summary (score 1 as top motivator, score 10 as last on scale as important motivator).

Table 14: The Top 10 Motivators of Supervisors in Makstil

Score	Motivators
1	Enjoyment of the work
2	Feeling that the job is important
3	Fairness in how people are rewarded for work performance
4	Opportunity for self-development
5	Mutual trust with immediate manager
6	Respect for me as a competent and committed person
7	Upper management awareness of my job
8	Full appreciation for work well done
9	Working on special projects of my choice
10	Participation in decision that affects my area

Considering how they would like to be recognized for their effort, supervisors are asked to choose recognition style preference. More than a half of the interviewed supervisors preferred both: formally recognition by the company and informally recognition by the managers as recognition style for their efforts. Furthermore, they are asked to check items listed below that appeal to them as recognition for an accomplishment. Table 15 presents percentage of respondents who declare certain item as the most valuable recognition.

Table 15: Percentage of Supervisors who Wants to be Recognized by Certain Incentive

%	Incentive	%	Incentive
87	Money	20	Childcare benefits
83	Job promotion	20	Public praise/thanks
79	Professional development/conference	20	Time off
50	Flexible work schedule	12	Increased responsibilities within current job
42	Education/classes or seminars	8	Campus or departmental committee work
42	Autonomy over daily work schedule	4	Thank you note
37	Telecommuting	0	Plaque/certificate

The results show that almost all supervisors want money, job promotion and professional development as recognition for their accomplishment. A half of them are interested in attending classes and seminars, having flexible work schedule and autonomy over daily schedule. None of the supervisors want to receive plaque or certificate as recognition of accomplishment for job well done.

8 PROPOSALS TO MAKSTIL FOR IMPROVING MOTIVATION

Analyzing the data from the Makstil supervisors' questionnaires and the results obtained regarding motivation, certain conclusions are subtracted that go far beyond the subject of "employee motivation", for the company in question. The feedback received from the questionnaires points out particular issues that need to be addressed before any suggestions are made to improve the motivation parameters and to create a positive motivation climate.

The most important, the company needs is to **create a modern Human Resources Department** with essential competences, since the most valuable asset in a company is its people with their knowledge and skills. To apply fundamental wide range of activities associated with management of employees and the employment relationship, including the recruitment, selection, development and retention. HRD in Makstil was established in the beginning of 2009 so in the past all issues concerning the activities of Human Resources Management were assigned to the managers without any specific direction, policy or strategy. This department in cooperation with the supervisors, the administration and the staff, if needed, have to carry out below mentioned actions. Additionally, this department will serve to make sure that the Makstil's mission, vision, values or guiding principles, the company metrics, and the factors that keep the company guided toward success are optimized. Makstil's managers must channel employee motivation toward the accomplishment of goals by tapping into each individual's unique set of talents, skills, interests, attitudes, and needs.

All proposals for improving supervisors' motivation are related with applying modern Human Resources Management as a crucial function in the company:

- **Develop HR policy to attract and retain**. Most important for Makstil in the future is to attract and retain high quality employees. The information from labour market indicates a trend to future shortage of highly skilled workers. This trend is especially evident in metallurgy, affecting also other categories of work with aging of company's workforce. Assessing trends in the workforce are imperative to forecasting possible obstacles and opportunities for the employees. Managers should change the people mentality and perceive the company as a pool of raw human energy, employees as unlimited potential, encourage the personal development of the employees in general and create a positive working climate.

- **Use Job design for motivation.** This technique is designed to enhance motivation and, consequently, job satisfaction and performance. As a way to improve supervisors' productivity and satisfaction, managers in Makstil should consider job design which is the application of motivational theories to the structure of work. This instrument for work arrangement (or rearrangement) aims at reducing or overcoming job dissatisfaction and employee alienation arising out from repetitive and mechanistic tasks. Through job design, Makstil can raise productivity levels by offering non-monetary rewards to supervisors such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of their work. From job design techniques Makstil can use **job rotation** to increase interest and motivation. In such a way supervisors will gain a broader and more complete understanding of the company by moving from one specialized job to another. The result is to have flexible workforce, because it gives greater flexibility, shifting supervisors among jobs, helping Makstil to be more competitive. Especially, this is useful for the first-line supervisors who can perform several jobs, thereby reducing labor costs and giving employees opportunities to develop new skills. Makstil should also introduce **job enlargement** as response to dissatisfaction of supervisors with oversimplified jobs as means for overcoming boredom at work with all its associated problems. This will provide variety of job and greater challenge for supervisors, by being responsible for three or four instead of only one job in both production system (including machine setting and inspection). As the most appropriate technique Makstil should apply **job enrichment** which incorporates high-level motivators into the work, including job responsibility, recognition, and opportunities for growth, learning, and achievement. Enriched jobs may improve employee motivation and satisfaction, so Makstil will benefit from higher long-term productivity, reduced costs, and happier employees. In such a way, supervisors will have control over the resources necessary for performing, make decisions on how to do the work, experience personal growth, and set their own work pace. With job design the company will create greater opportunities for individual achievement and recognition, including greater worker autonomy, increased task identity and greater direct contact with workers performing tasks (according to results all supervisors feel lack of these).

- **Use of the job characteristic model** as one approach to job design for improving both the quality of supervisors' work experience and their productivity. In relation to the core characteristics of this model, Makstil should: increase the number of skills that supervisors use while performing work, enabling them to perform a job with recognizable beginning and ending, also providing work that has direct impact on the company or consumers, increasing the degree of decision-making and freedom to choose how and when work is done and increasing the amount of recognition for doing a job well and communicate the results of supervisors' work (let them see the outcomes of their efforts). In this way, supervisors will be motivated and the performance, quality and satisfaction will be higher.

- **Create job satisfaction**. Ensure that supervisors are challenged and then rewarded for being successful, Makstil should: introduce flexible work arrangements, possibly including telecommuting, allow training and other growth opportunities, increase work that offers variety and challenge, allowing supervisors' opportunity to "put signature" on the finished job, use talents and be creative and responsible as well as secure work environment that includes job security/continuity where supervisors are supported by leader that provides timely feedback. Makstil should also use flexible benefits, such as child-care and exercise facilities, up-to-date technology and competitive salary and opportunities for promotion. Empirical findings by Ting (1997) show that job characteristics such as pay, promotional opportunity, task clarity and significance, and skills utilization, as well as organizational characteristics such as commitment and relationship with supervisors and co-workers, have significant effects on job satisfaction.

- **Build a learning organization**. This is popular motivational strategy for new workplace in a way that each person can learn, contribute, and grow. The learning organization is characterized by a horizontal team-based structure, open information, decentralized decision-making, empowered employees, and strong adaptive culture (Daft and Marcic, 2004). An important management challenge for Makstil in the new workplace is to build learning organization by creating organizational climate that values experimentation and risk taking, applies current technology, tolerates mistakes and failure, and rewards non-traditional thinking and sharing of knowledge.

- **Invest in practice and training.** Create educational programs, taught by qualified teachers, which will be strictly designed to provide supervisors with requirements but also with the knowledge needed for their scope of work. Makstil should also specify the knowledge and skills required for each position encourage learning (by urging employees to follow studies and attend seminars) and encourage the personnel development of employees in general. The skills for which supervisors are mostly interested in developing are: learning or improving knowledge of foreign languages, new informatics know ledges, corporate management, new know ledges and techniques related to their work, techniques of human resources management, practical applicability of managing the human resources, etc.

- Also HRD must include **career of job planning** creating enough room for growth, (where Makstil's weakness was detected by analyzing results from questionnaires) with

possibilities for advancement in career. Possibilities for achieving success is highly ranked work-related motivational factor for supervisors. Makstil should create rules and principles for career evolution. Company should let employees know what the name of the game is and what company appreciates for successfully good career path.

- **Shift to a team-based structure.** Makstil's management must use teams both to achieve coordination as a part of formal structure and to encourage employee involvement. Teams have positive impact on both the output productivity and satisfaction of members. Working in teams increases the individual motivation and performance. Employee teams will enhance flexibility because workers can be reorganized and employees reassigned as needed. People work closely together, learn a variety of skills, and can exchange jobs as needed to accomplish the team task. Thus Makstil will be able to rapidly respond to changing customer needs.

- **Apply empowerment of employees** by unleashing the power and creativity of employees by giving them freedom, resources, information, and skills to make decision and perform effectively. Empowerment can be reflected in self-directed work teams, quality circles, job enrichment, authority, training, and information so that people can perform jobs without close supervision. Makstil should provide competitive wages, good working conditions, and opportunities for personal and professional development. In addition, the company should provide a sense of employee ownership by sharing gains in productivity and profits. Empowering supervisors in Makstil will mean giving them four elements that will enable them to act more freely to accomplish their jobs: information (they must have access to all financial and operational information of company performance), knowledge (training programs for acquirement skills to contribute to company goals), power (authority to directly influence work procedures and to make substantive decision), and rewards (supervisors must be rewarded based on company performance and results).

- **Introduce employee participation**. It is a process of employee involvement designed to provide employees with opportunity to influence and where appropriate, to take part in decision-making on matters which affect them (Farnham, 1997). Makstil should give employees a voice in making decisions about their own work. Supervisors in Makstil must be involved in decision-making processes, rather than simply acting on orders. Thus, supervisors will be encouraged to take responsibility for quality in terms of carrying out activities, which meet the requirements of our customers - internal and external (buyers and users inside and outside of the organisation). This motivational tool should include: project teams in which supervisors will work on projects or tasks with considerable responsibility being delegated to the team; suggestion schemes in which supervisors are encouraged to suggest new ideas to managers within the company and delegation of responsibility because supervisors are dealing with customers on a day-to-day basis in novel situations. Makstil should introduce multi-channel decision-making processes where decisions are not only made in a downward direction, but they are also result from communications upwards, sideways, and in many other directions within the company.

- **Development of open-book management** and open information policy. Makstil should establish open-book policy as a way to create a stimulating work environment and to increase motivation. Formal data about budgets, profits, and departmental expenses should be available to everyone. Also, managers should encourage employees to share information and reward them for their willingness to absorb and share knowledge. The goal of open-book management is to get every supervisor thinking and acting like a business owner by providing him with the same information that the owner has. This tool will allow supervisors to see for themselves – through charts, computer printouts, meetings, and so forth – the financial condition of the company and will also show them how their job fits into the big picture and affects the financial future of the organization.

- **Improve working conditions.** Almost all stressed out that the positive work climate is very important. Supervisors like teamwork (creating team-based structure as mentioned before). Since personal relationships with colleagues are also important to them, Makstil should create conditions for informal gathering out of the company like organizing sport events.

- **Improving rewarding management** with implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. Supervisors' rewards should be tied to the company's overall success. If they are rewarded according to performance, they become motivated to take responsibility for their entire team or function, rather than merely their individual jobs. The main elements of supervisors' remuneration should be basic pay, short and long-term bonuses (expressed as a percentage of base salary) or incentive schemes, share option and share ownership schemes, benefits and service contracts (Armstrong, 2003).

- **Introduction of bonus schemes** to provide supervisors with cash sums based on measures of the company, and frequently individual performance. These schemes will enable: to increase supervisors' motivation, and therefore, business performance; to reward individual contribution, to focus the attention of supervisors on the company's critical success factors and on the achievement of defined objectives, to ensure that total remuneration levels are competitive and to enable supervisors to share in prosperity of the business. Makstil can use short-term or long-term incentives as bonus schemes. With STIs it can reward individual supervisors on the basis of some measures of the company and, often, individual performance. Cash payments are usually made annually. LTIs are related to performance over three years or more. Such schemes can motivate supervisors to concentrate themselves on longer-term strategic objectives and so to be less influenced by the short-term negative aspects of investment decisions which should pay off in longer term. Longer-term incentives may be provided in the form of cash and/or shares.

- **Introduction of share options** to provide the supervisors with the right to buy a block of shares on some future date at the share price ruling when the option is granted. They are a form of long-term incentive on the assumption that supervisors will be motivated to perform more effectively if they can anticipate a substantial capital gain when they sell their shares at a price above that prevailing when the option is granted.

- **Introduction of benefits polices and practices** as elements of remuneration given in addition to the various forms of cash pay. They also include items that are not strictly remuneration, such as annual holidays. With their introduction in reward management, Makstil will provide an attractive and competitive total remuneration package which both attracts and retains high-quality employees. Also, it will increase the commitment of supervisors to the company by providing personal needs of employees. Although Makstil provides some benefits like pension schemes and personal security (regarding illness, health, accident), it should also apply new types of employee benefits, such as:
  - Financial assistance (loans, house purchase schemes, relocation assistance);
  - Personal needs which are entitlements that recognize interface between work and domestic needs or responsibilities (holidays or other forms of leave, child care, career breaks, retirement counseling, financial counseling and personal counseling in times of crisis, fitness and recreational facilities).
  - Other benefits which improve the standard of living of supervisors (company cars and petrol, subsidized meals, clothing allowances, and refund of telephone costs, mobile phones and credit card facilities).
  - Intangible benefits: characteristics which contribute to the quality of working life and attractive and worthwhile place to be employed in.

- **Create various types of reward strategies** to ensure that pay levels remain competitive. Develop reward processes that provide for equitable pay and are fair, consistent and transparent. Makstil should provide rewards that attract, retain and motivate supervisors and also help to develop a high performance culture such as:
  - Competitive pay (by monitoring market rates to ensure pay remains competitive);
  - Job evaluation (by developing new computer-based schemes to cover all employees);
  - Grade and pay structure (by exploring alternative approaches to the design of a new grade and pay structure taking job evaluation and competitive pay intelligence into account);
  - Performance management (by reviewing operation of performance management processes to ensure that they support the development of a performance culture by clarifying performance improvement requirements and development needs, helping to motivate staff and informing decisions on rewards);
  - Contribution pay (by exploring alternative approaches to rewarding contribution);
  - Total reward (by developing ways of motivating supervisors through right mix of non-financial as well as financial rewards); and
  - Reward processes (by examining all policies and procedures for managing reward, bearing in mind the need to achieve equity, fairness, consistency and transparency at an affordable cost).

These programs can be effective if they are used appropriately and combined with motivational ideas that provide employees with intrinsic rewards and meet higher-level needs. Managers should realize that increased motivation of employees will bring benefit

to increasing of the work satisfaction, higher performance, productivity and efficiency, which are very important for profit increase and company development. Goals can be fulfilled by combination of the above mentioned proposals. Highly motivated and skilled employees create loyalty, commitment, productivity and produce excellent work performances.

CONCLUSION

Managers at all levels and in different types of organizations find it harder than ever to create a loyal and motivated work team, who will perform according to management and customers' high expectations. The days have gone when organizations were content with average employees who were rewarded with lifetime job security as a reward for expected performance levels and good attendance. And gone are the days when employees were content with an average wage, enabling them to satisfy basic personal needs. Reality has created a new set of rules. In today's shifting economy, organizations and businesses find themselves in a constant struggle for survival, often sacrificing jobs and employees along the way. As a result, employees' strongest drive has also become one for survival. Trust and loyalty towards employer evaporated into thin air and have been replaced by economic interests.

Motivation, is an assumption about someone's intentions, and it is usually expected those intentions (purposes) to be seek out, in someone's direct clear goal, such as money, security, or prestige. The ultimate motivation is to make the self-concept real, to live in a way that is adequate of preferred role of someone, to be treated in a way corresponding to preferred position of someone, and to be rewarded in a way which reflects estimated own capabilities of someone. Motivation affects individuals differently, so managers must understand the process, theories and fundamental components of motivation in order to motivate effectively (Frunzi, 1997, pp.139). A manager requires creating and maintaining environment in which individuals work together in groups towards the accomplishment of common objectives. Today in the increasingly competitive environment maintaining a highly motivated workforce is the most challenging task.

To sum up, there are no impassable obstacles for harmonization of individual motivation with efficient organization of the company. The question remains, whether management should amuse to make the work more satisfying for its employees. There are at least three reasons why management should do that:
- **First**, because this can lead towards more profitable operations or towards bigger flexibility in adjusting to changes, which will lead to bigger profitability.
- **Second**, because this is the best possible prevention for changing resistance, restriction of the results and strike.

- **Third** reason is that effective deployment of human resources is central problem of the management. That is why; good managers will not avoid this challenge.

In the end we can draw some conclusions.
- Every behaviour is motivated, and people have reasons to do things or to act in a certain way. Every human behaviour is oriented towards accomplishment of certain goals. One unsatisfied need is a point of beginning in the process of motivation. That is shortage of something in the person which provokes spark of initiations in the chain of events leading towards behaviour. One unsatisfied need provokes tension, leading that person towards certain kind of behaviour to satisfy that need, by which the tension will be reduced. We should notice that this activity is aimed towards the goal; when goal is achieved the need is satisfied and the process of motivation is completed.
- Motivation for work is very complex and dynamic, and the possibilities of managers and directions of their activity upon motivation are wide and diverse. Indispensable presumption for successfully acting upon motivation is constant analysing and tracking the needs, aspirations and preferences of peoples, for what is most important for them. Thoroughly assumption is to ask people what is really important to them, and not to make conclusions instead of them.
- Employees, who will be prepared to perform their duties in a tomorrow's world, must count on frequent changes in their surroundings, if they want to survive. The companies will be managed by new kind of managers, who must know the personality of the employee fully and thoroughly, so they can motivate them more successfully for performing their jobs. Technological changes, companies' growth and usual promotions will absorb part of those changes, but when that will not be enough, management must really activate human resources with their skills and knowledge.
- In relation to factors which motivate employees, it is known that material safety, procuration of material existence, are crucial only in the cases when result from the work provides only basic biological existence of employee and his family. In most of the employees exist combination of more factors, which can change gradually or depending on case to case. Every person has own priorities in relation to valuation of motives, and the role of a manager is to find them, feel and stimulate exactly those priorities. Motivation is a spinning force for achieving personal goal of the employees through achieving the goals of the organization.
- Type and character of job are very important factors influencing on how the employee will react. If the employees feel that job provides satisfaction of their purposes- goals and at the same time offers pleasure while working, it is normal that they will keep or even increase effort. On the contrary, it is logical to expect that employees will reduce effort in performing tasks; from reasons that there is difference in relations to their moral attitudes and the way they refer to work. Therefore, significant role plays job enrichment that employee performs. Positive effects from appliance of job enrichment through employee motivation can be seen in raising the amount of performed task, reducing mistakes,

reducing absenteeism, improving attitudes to work, personal growth, increasing satisfaction from work, etc.

• Money is factor of motivation. In the past, money was fundamental motivational force and it played dominant role in employee motivation. Lately, the tendency has been to reduce the importance of money in motivation. But still, money remains as very important but complex motivator. Money plays different role in satisfying needs of people. It plays the role of buying food, clothes and similar, i.e. satisfaction of physiological needs. From economical significance money can secure safety, status or can be used in valuation of performance. The most proper perspective to see money is as instrument for getting other desired results. Money itself is not important; it gets relevance in sense of accomplishment of needs. In case of satisfaction of physiological and security needs, the role of money is stronger, rather than in satisfaction of higher levels of needs such as need for respect and self-realisation. Generally, money is important only if employee treats it as means for some wanted end, but money itself is not single moving force for satisfaction of all needs of a person.

• Organizations that treat motivation and rewarding as strategic perspective, take into consideration company efficacy as a sublime criteria for efficacy of strategic decisions for motivation and rewarding. Inadequate motivation, stimulation and rewarding individual performance and success may lead to resigning of the best employees.

• One of the elementary preconditions for successfulness of one organization is the climate that exists in the same. Climate presents predisposition of management to respond in a certain way for example welcomed controlled or rejected changes. Conditions set by the management, its ability and willingness to create preconditions for free accomplishment of company goals, characterize the company climate. In addition, we must take a notice that individual's goals must not be forgotten. Management has supporting responsibility for setting parameters of favourable climate in the company. Management should and must not only create favourable preconditions for favourable climate, but also to control and maintain the same.

• Different from the developed countries, where as a rule, motivation factors are located internal at the highest ranks (intrinsic motivators), in our case, as we can take a notice from the research, significant meaning is given also to external, supporting, factors (extrinsic motivators). Among them, money, as we can see from the research, is ranked first, which is reflection of concern for existence at part of supervisors. This research did not support Herzberg's Theory as a whole that motivators are internal factors, and non-motivators are external factors. That kind of tendency exists, and mostly is verified with empirical research. Still, if we take into consideration that money which is extrinsic motivator, is ranked at first place, we can conclude that external factors have great influence upon supervisors' motivation. For that reason, we can refer to the circumstances that exist in the company as well as to surrounding in which the companies in Macedonia do business. In other words, due to material problems that most of the employees faced, only money will

serve to satisfy many basic needs. Because of that, money has big influence upon supervisors' behaviour and their motivation.

- In relation to managers behaviour, we can notice that future competition will make managers to think and behave in a way that imply application –use of style, morale and ethics, which directly will have influence upon stronger employee motivation, for accomplishment of their goals, as well as accomplishment of targets of the company. As we can see from the research, capability of a manager / leader is the most important factor for motivation of supervisors. Managers are responsible for creation of surrounding that will lead towards accomplishment of desired goals. In any company, managers must be mindful of motivators and what's more to be inventive in their usage. Managers must try to change surroundings rather than the individuals. All factors related with motivation, influence connected, so the approach of managers towards motivation must cover all aspects, if they want knowledge, intelligence and enthusiasm of the employees to be directed into channels that will lead to higher productivity. Personal characteristic of a manager is very important for how he will influence upon employees and their motivation. Sometimes, some characteristic can reflect upon employee motivation very negatively – badly.

- For supervisors in Makstil, motivational factors as responsibility, possibility for achieving success, possible acknowledgements and type of assignments they perform, prevail. Money is the next factor that supervisors pay great importance. As a factor with least meaning, supervisors stated surveillance. This is unexpected since Makstil is production company where certain norms for achievement exist, and the same should be supervised and controlled. On contrary, Makstil will lose its clients, who in that case will turn to the competitive companies. In relation to the conditions that company should create for better motivation, the most important precondition for supervisors is introduction of appropriate human resources management (recruiting, engagement, training, promotion and benefit of the employees). Followed by readiness, investment in practice and training, the management must create climate and trend for new technologies. As least important conditions, supervisors consider reviving of the services level given to the users, which is logical since Makstil is a production company, offering mostly products and less services to the customers, and improvement of marketing, from reasons that in practice it is not area of their interest, and also it is about a company which uses business to business marketing producing steel plates ordered in advance, so that now marketing does not have big influence, although Makstil is oriented towards customers. In relation to characteristic of a manager, supervisors ranked capability as something most important for their motivation. Followed by style and ethics and at the end morale.

The purpose of this thesis was to discover the meaning of motivation and motivational concepts important to supervisors in Makstil. The results seem to provide support for the hypothesis. It states that 85% of supervisors classed themselves as not being well motivated. From my results I have found that supervisors think that job satisfaction is the

single most important factor that motivates in the workplace. This can be linked to the need for a high self-esteem. Recommending certain proposals for improvement of motivation in Makstil can contribute to future successful existence of the company. Also, it offers help to management and owners to take proposals as recommendations into consideration for future increasing of supervisors' motivation. Aiming to secure employee commitment, to develop and manage supervisors to give their best to support departmental aims and objectives and to achieve the ultimate aim of serving the organization better by providing quality products. The proposals are pulled out from the process of analyzing findings from research questionnaires for complete employee motivation and their comparison with the theoretical model. The study has its limitations and imperfections, but still is a pioneer attempt to define supervisors' motivation in Makstil with main purpose to improve and implement novelty from literature and worldwide practice. Finally, it is good to remember that people work in companies for certain reasons, e.g. salary and promotion possibilities. From that point of view, companies expect certain things (for ex. performance and creativity) from employees in order to pay them well and give them promotions opportunities (Montana & Charnov, 2003).

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APPENDICES

LIST OF APPENDICES:

Appendix A: Group Profile (Duferco S.A.)

Duferco was established in 1979 by Bruno Bolfo, Chairman of the Board, and a group of other steel professionals to exploit the advantages of "emerging markets" steel production. At its inception, Duferco was based in New York, NY, and Sao Paulo, Brazil. The Company, through its relationship with local steel producers, quickly became the leading independent exporter of Brazilian steel throughout the world. Duferco's growth and profitability was based upon close relationships with key Brazilian producers (Cosipa/CSN/CST/Acominas and Usiminas) and the establishment of a small sales network, predominately in the US and in the Far East (Duferco's first office in the Far East was in Thailand, which opened in 1980). In the early 1980's, using its success in Brazil as a springboard, Duferco began to source steel products from other countries. First, Duferco concentrated on other South American countries, with its largest success in Argentina, Venezuela and Mexico. Leveraging on that success, Duferco began to develop purchasing operations in North America and Europe, with its first European office opening in London in 1981. Duferco then proceeded to open a chain of offices in the Pacific Rim that came on line in the late 1980's. After Thailand, the Company opened offices in Taiwan, the Philippines, Singapore, Hong Kong, China and
South Korea.

In the mid 1990's, the Company opened a large number of offices in Eastern Europe, putting in place an infrastructure in anticipation of the growth of the area as an export market. Duferco also launched ancillary trading operations in the field of raw materials primarily related to the steel industry, such as coke, coal, iron ore, scrap, pig iron, D.R.I., and related products, maximizing its contacts with steel producers throughout the world. In the mid 1990's, two occurrences in Europe presented an opportunity to Duferco. The first was the beginning of a consolidation in European steel, which caused severe financial hardship for smaller European mills. This presented opportunities for Duferco in Italy (Duferdofin), Belgium and Eastern Europe. The second was the restructuring of the Italian steel industry, which caused many steel professionals to enter pre-pension at an early age (50). This permitted Duferco to create an experienced industrial team to manage its properties. Duferco's acquisition of all assets from Ferdofin Siderurgica in receivership (now Duferdofin) was the first step in 1996, followed by many other opportunistic participations/acquisitions, such as Duferco Clabecq (1997), Makstil Skopje (1998), Duferco Farrell Corp. (1999), Duferco La Louvière (1999) and various distribution centers in Europe. Today, Duferco is considering new projects that comply with its culture and strategy for low cost production and niche market providers of steel. Duferco intends to focus on the highest level of service to its suppliers and customers wherever located in the world in combining the steel production/processing activities with the global trading knowledge for the benefit of its customers.

Appendix B: Duferco System Key Data
(in Thousands Metric Tones)

	2007	2008	2009
Total Sales Volume	29,343	33,491	18,418
Trading Activities	17,539	21,006	11,485
Steel Products	11,258	11,620	8,127
Raw Materials	6,282	9,387	3,357
Production Activities	6,910	7,626	4,235
Long Products	1,442	1,539	781
Flat Products	5,469	6,087	3,454
Distribution Activities	4,893	4,858	2,698
Long and Tabular Products	1,303	1,155	624
Flat Products	3,591	3,703	2,074

Source: *Makstil AD Duferco (2010).* – Official web site of Makstil: www.makstil.com

SALES
(In Thousand Metric Tons)

Distribution Long Products
Distribution Flat Products
Production Long Products
Production Flat Products
Trading Steel Products
Trading Raw Material
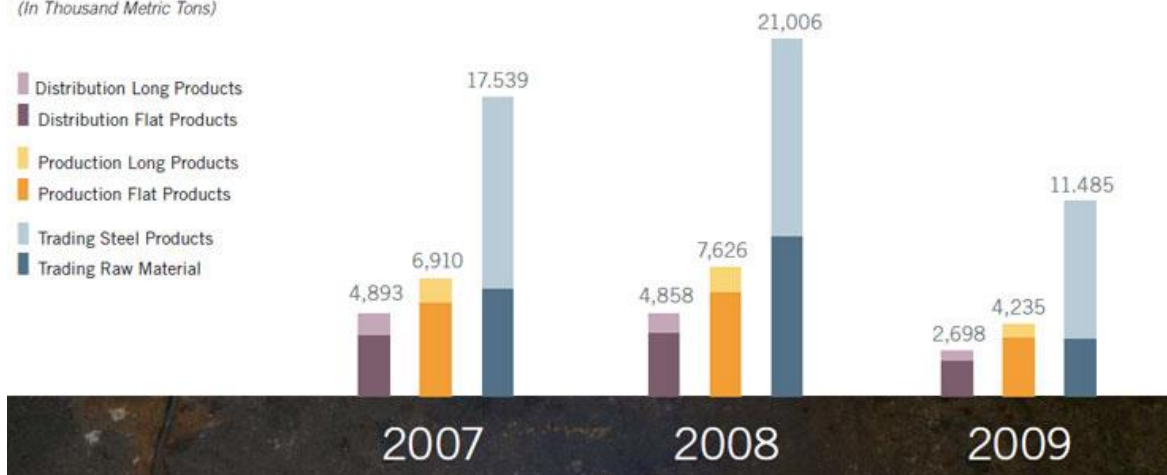
Source: *Makstil AD Duferco (2010).* – Official web site of Makstil: www.makstil.com

Appendix C: Organizational Chart of Makstil

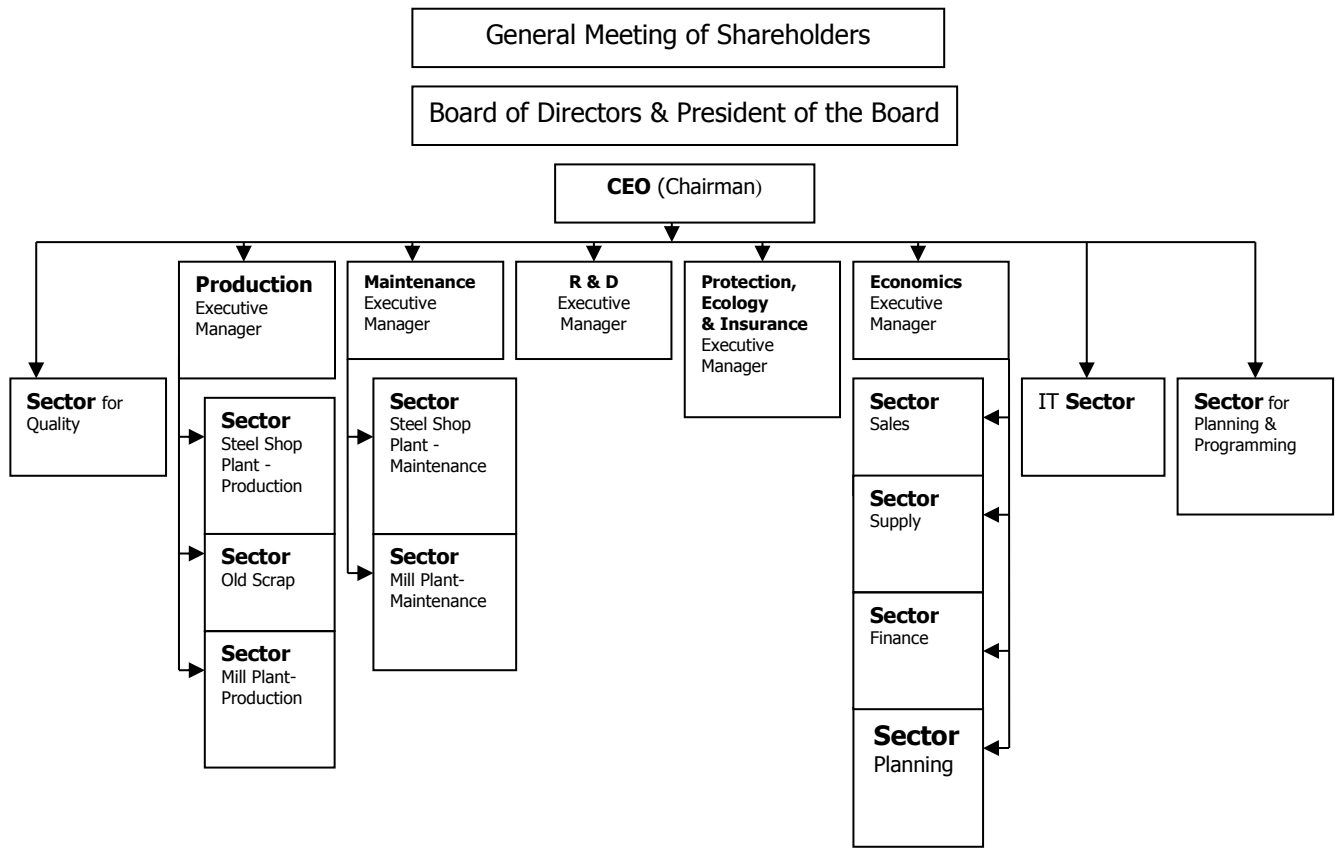Organizational structure in Makstil represents the set of formal tasks assigned to individuals and departments; formal reporting relationship, including lines of authority, decision responsibility, number of hierarchical levels and span of managers' control the design of systems to ensure effective coordination of employees through departments. In Makstil the set of formal tasks and formal reporting relationship provides a framework for tall structure and vertical control of the organization. Makstil has eight major work units: Production; Maintenance; R & D; Protection, Ecology and Insurance; Economic Unit; Control of Quality; Informatics Technology; and Planning and Programming.

Every work unit is consisted of sectors if it is needed, such as economic unit is divided in few sectors: sales, purchase, finance and planning sector. Makstil as a steel-industry and capital intensive organization and has a tall organizational structure (hierarchical pyramid) and overall narrow span of management (span of control shows how closely supervisor can monitor subordinates). Hierarchical levels are shown in organizational chart. Decision authority for important strategic decisions in Makstil is centralized, located near the top of the company (tall organizational structure). Decentralization of the decision making is pushed downward to lower organizational levels, for less important or regular daily decision. Authority in Makstil flows down the vertical hierarchy from the top to the bottom. Position at the top of the hierarchy is vested with more authority than management levels at the bottom.

EMPLOYEE STRUCTURE BY MAKSTIL'S ORGANIZATIONAL UNITS

CEO (Chairmen)……………………………………………………………11 employees
Production……………………………………………………..……..330 employees
       Sector Steel Shop Plant – Production…….140
       Sector Old Scrap…………………………...70
       Sector Mill Plant – Production……………170
Maintenance………………………………………………………….236 employees
       Sector Steel Shop Plant – Maintenance ….116
       Sector Mill Plant – Maintenance………….120
R&D………………………………………………………………3 employees
Protection, Ecology & Insurance…………………………………….6 employees
Economics……………………………………………………..…..95 employees
       Sector Sales………………………….....70
       Sector Supply…………………..………10
       Sector Finance…………………………12
       Sector Planning…………………..………3
Sector for Quality……………………………………..……..30 employees
IT Sector…………………………………………..…………10 employees
Sector for Planning & Programming………………….…………70 employees
                  TOTAL……………....791 employees

ORGANIZATIONAL CHART OF AD MAKSTIL – SKOPJE

General Meeting of Shareholders

Board of Directors & President of the Board

CEO (Chairman)

Production Executive Manager	Maintenance Executive Manager	R & D Executive Manager	Protection, Ecology & Insurance Executive Manager	Economics Executive Manager

Sector for Quality

Sector Steel Shop Plant - Production

Sector Old Scrap

Sector Mill Plant- Production

Sector Steel Shop Plant - Maintenance

Sector Mill Plant- Maintenance

Sector Sales

Sector Supply

Sector Finance

Sector Planning

IT **Sector**

Sector for Planning & Programming

5

Appendix D: **Questionnaires**

Questionnaire 1: **INFLUENCE UPON THE MOTIVATION**

1.   From bellow stated labor factors, those having **influence upon your motivation**, rang them from 1 to 12 on how strong they are motivating you in doing your work-related assignment – starting from **1 as the** **strongest:**
(Write the number in the rectangle in front if the question)
☐ Kind of the assignment you are doing (Is the type of the work you will be doing important to you?)
☐ Scope of the work you are doing (Is it important to you how much the work you should do is extensive?)
☐ Equality in the work in relation to the others – (how much your work is equal to the other executives).
☐ Possibilities for achieving success
☐ Possibility to be promoted to a higher level by hierarchy
☐ Responsibility you have in your activity
☐ Possible recognition (praises for the activity well done, confidence, critics)
☐ Money
☐ Interpersonal communication and atmosphere (competitiveness, assistance, friendship)
☐ Working conditions (hours required for doing the activity, hour breaks, stationary you use in the work, temperature, location, etc.)
☐ The company policy and management (how much the company cares for the employees, both in relation to the salary and in relation to benefits it offers – pension, medical care, annual absences, paid annual holidays, etc.)
☐ Are you under observation or not in doing your activity.
☐ Other factors

(State if you think there are other factors not covered by this questionnaire but are important for you as motivators and rang the same ones accordingly)

2.   In your judgement, what is that your **company** must develop in order to create **better motivating conditions** – Rang them from 1 to 14 accordingly:
(Write the number in the rectangle in front if the question)
☐ Climate: commitment of the management to response to a certain way, such as, welcoming, examined or rejected changes;
☐ Readiness: capability of the management to response to certain requirements;
☐ Capacity: the work scope the management is able to perform;
☐ Following the new technologies trend;
☐ Improvement of management function;
☐ Marketing improvement;

☐ Introduction of appropriate human resources management (recruiting, engagement, training, promotion and benefit of the employees);

☐ Producing conditions for internal competition and competitiveness;

☐ Improvement of the financial operation;

☐ Reviving of the services level given to the users;

☐ To invest more in research and development;

☐ To invest more in practice and training;

☐ To accommodate its organisational structure;

☐ To make preconditions for appropriate accommodation of the culture (values changes, attitudes and employees' beliefs)

☐ Other factors;

(State it if you think that there are other factors not covered with this questionnaire but are important for you as motivators and rang the same ones accordingly)

3. Which **leader's** and/or manager's **characteristics** are motivating you? Rang them from 1 to 4 accordingly:

(Write the number in the rectangle in front if the question)

☐ The style that might be:

○ Participative – allowing the inferiors to participate in making the decisions;

○ Autocratic – he makes minor decisions, the employees do not have any influence upon making the decisions;

○ Developing – active in the inferior's development;

○ Reductive – commitment to decreasing of positive expression of initiation and creativity;

○ Traditional – supported by intuition they avoid commitment of the reductive style;

☐ Capability, which might be:

○Technical – he has specialized knowledge applying methods, procedures and techniques for realization of the assignments;

○ Human: capability to communicate as well as to work with people;

○ Conceptual – capability to understand the company as a whole as well as the impact on and from the environment;

○ Communicational – capability to exchange information aiming to achieve the result desired.

○ Analytical – capability to use logic and scientific methods in the analyses of the problems;

○ Capability to decide – capability to choose an alternative among some other in order to solve a specific problem.

☐ Ethics: principles and behaviour standards as well as reasoning in making decisions;

☐ Morale: his personal moral behaviour;

☐ Other characteristics:

(State it if you think that there are other factors not covered by this questionnaire but are important for you as motivators and rang them the same ones accordingly).

Mention: This questionnaire is anonymous, so for the usefulness of bigger validity of poll and its possible practical application, please answer the questions according yours personal believes and convictions, for which we will consider as objective and sincere.

Questionnaire 2: **WHAT MOTIVATES SUPERVISORS?**

Consider your answer in the context of your current job or past work experience.

1. I try very hard to improve on my past performance at work ……………1 2 3 4 5

2. I enjoy competition and winning ……………………………………..1 2 3 4 5

3. I often find myself talking to those around me about non-work matters ..1 2 3 4 5

4. I enjoy a difficult challenge …………………………………………...1 2 3 4 5

5. I enjoy being in charge ………………………………………………..1 2 3 4 5

6. I want to be liked by others …………………………………………...1 2 3 4 5

7. I want to know how I am progressing as I complete tasks ……….……...1 2 3 4 5

8. I confront people who do things I disagree with ………………………...1 2 3 4 5

9. I tend to build close relationships with co-workers ………………....…1 2 3 4 5

10. I enjoy setting and achieving realistic goals ……………………………1 2 3 4 5

11. I enjoy influencing other people to get my way ………………..……1 2 3 4 5

12. I enjoy belonging to groups and organizations ………………………...1 2 3 4 5

13. I enjoy the satisfaction of completing a difficult task …………………1 2 3 4 5

14. I often work to gain more control over the events around me ...……….1 2 3 4 5

15. I enjoy working with others more than working alone…………....……1 2 3 4 5

To determine your dominant needs and what motivates you, place the number 1 through 5 that represents your score for each statement next to the number for that statement.

ACHIEVEMENT – 1, 4, 7, 10, 13

POWER – 2, 5, 8, 11, 14

AFFILIATION – 3, 6, 9, 12, 15

Add up the total of each column. The column with the highest score tells you your dominant needs and what motivates you more.

WHAT DO YOU WANT FROM YOUR JOB?

Rate the following job factors according to how important each is to you. Place a number on a scale of **1 (Not important)** to **5 (Very important)** on the line before each factor.

_____ 1. An interesting job

_____ 2. A good boss

_____ 3. Recognition and appreciation of the work I do

_____ 4. The opportunity for advancement

_____ 5. A satisfying personal life

_____ 6. A prestigious or status job

_____ 7. Job responsibility

_____ 8. Good working conditions

_____ 9. Sensible company rules, regulation, procedures, and policies

_____ 10. The opportunity to grow through learning new things

_____ 11. A job I can do well and succeed at

_____ 12. Job security

This questionnaire deals with the two dimensions in Herzberg's motivation-hygiene theory.

HYGIENE FACTORS score – 2, 5, 6, 8, 9, 12

MOTIVATIONAL FACTORS score – 1, 3, 4, 7, 10, 11

Total each column. Which factor is most important to you?

Questionnaire 3: **WORK SATISFACTION SURVEY[1]**

On a scale of 1 – 5 (one representing the least; five the most) please note the amount of job satisfaction you derive from each of following:

1. Developing expertise in my work. _____

2. Completing a task well and before deadline. _____

3. Feeling I'm a problem solver. _____

4. Getting a new assignment in an area I haven't yet mastered. _____

5. Learning, getting training related to my work. _____

6. Working independently. _____

7. Feeling I have creative freedom at work. _____

8. Feeling a sense of social value to my work. _____

9. Feeling I have a healthy work/life balance. _____

10. Feeling my job is secure. _____

11. Beating the competition. _____

12. Getting regular feedback from my supervisor. _____

13. Being groomed for bigger things. _____

14. Getting public praise from my leaders. _____

15. Getting praise from my leaders privately. _____

16. Winning awards. _____

17. Getting economic rewards; raises, bonuses. _____

18. Working as part of a collaborative team. _____

19. Being held in high regard by my colleagues. _____

20. Having friendship and harmony among colleagues. _____

21. Believing my co-workers care as I do about quality. _____

22. Having positive relationship with my supervisor. _____

[1] The Poynter Institute, Jill Geisler, Group Leader, Leadership and Management Programs

23. Leading a work group.   _____

24. Being asked to coach other employees.   _____

25. Feeling my opinions are valued; suggestions heeded.   _____

26. Being "in the top" about important news in the organization. _____

27. Liking my work space, the physical plant.   _____

28. Having the right tools to do my job.   _____

Take a look at the items which you gave the highest and lowest satisfaction scores.

1 – 10 deal with your intrinsic (internal) sense of achievement at work as a motivator.
11 – 17 deal with extrinsic (external) motivators that lead you to a sense of achievement.
18 – 22 deal with your affiliation and sense of community at work as a motivator.
23 – 26 deal with your sense of power at work as a motivator.
27 – 28 deal with workplace environment as a motivator.

Questionnaire 4: **WHAT SUPERVISORS VALUE THE MOST?**

FACTOR	NOT IMPORTANT (1), IMPORTANT (2) OR VERY IMPORTANT (3)	EXISTS AT WORK / DON'T EXISTS AT WORK
1. CHALLENGING WORK		
2. MY OPINION MATTERS WHEN DECISIONS ARE MADE		
3. RECOGNITION WHEN I'VE DONE A JOB WELL		
4. PAY CEARLY TIED TO MY PERFORMANCE		
5. WORKING FOR A COMPANY I CAN BE PROUD OF		
6. GOOD, FAIR PERFORMANCE MEASURES		
7. AUTHONOMY ON THE JOB		
8. COMPETITIVE SALARY		
9. CLEAR PERFORMANCE GOALS		
10. OPPORTUNITY TO LEARN ON THE JOB		
11. CLEAR CAREER OPPORTUNITIES		
12. HARMONIOUS RELATIONSHIPS WITH MY CO-WORKERS		
13. JOB SECURITY		
14. GENEROUS BENEFIT PROGRAM		
15. SPECIAL INCENTIVES (MERCHANDISE, TRAVEL)		

TOP 10 MOTIVATORS

Rank the following motivators starting with 1 as most important.

	Feeling that the job is important
	Enjoyment of the work
	Full appreciation for work well done
	Respect for me as a competent and committed person
	Working on special projects of my choice
	Upper management's awareness of my job
	Mutual trust with immediate manager
	Fairness in how people are rewarded for work performance
	Opportunity for self-development
	Participation in decisions that affect my area

Questionnaire 5: **DIRECT INTERVIEW**

Career

1. What skills are you interested in developing?
2. What would you like to be doing in five years?

Business

3. What do you like best about the work environment?
4. What changes could be made in the work unit to improve your working conditions or job satisfaction?
5. What changes could be made to improve the products/services we provide to customers?

General

6. How do you like to be recognized for your efforts? Choose your recognition style preference:
   a. formally recognized by the company
   b. informally recognized by the manager
   c. both
   d. other: _____
7. In what hobbies or special activities, if any, do you like to participate?

Please check all items that appeal to you as recognition for an accomplishment:

Money		Job promotion	
Professional development/conference		Plaque/certificate	
Time off		Childcare benefits	
Thank you note		Flexible work schedule	
Public praise/thanks		Autonomy over daily work schedule	
Education/classes or seminars		Telecommuting	
Increased responsibilities within current job		Campus or departmental committee work	

Other:
_____

Please rank order your top five of the incentives listed above:
   1.
   2.
   3.
   4.
   5.

Thank you for completing the survey!

Appendix E: **Results from Questionnaires**

Results from Questionnaire 1: **INFLUENCE UPON THE MOTIVATION**

1. From bellow stated labor factors, those having **influence upon your motivation**, rang them from 1 to 12 on how strong they are motivating you in doing your work-related assignment – starting from **1 as the** **strongest:**
(Write the number in the rectangle in front if the question)
☐ Kind of the assignment you are doing (Is the type of the work you will be doing important to you?) – **Total points = 64**
☐ Scope of the work you are doing (Is it important to you how much the work you should do is extensive?) – **Total points = 146**
☐ Equality in the work in relation to the others – (how much your work is equal to the other executives). – **Total points = 147**
☐ Possibilities for achieving success – **Total points = 86**
☐ Possibility to be promoted to a higher level by hierarchy – **Total points = 152**
☐ Responsibility you have in your activity – **Total points = 114**
☐ Possible recognition (praises for the activity well done, confidence, critics) – **Total points = 150**
☐ Money – **Total points = 120**
☐ Interpersonal communication and atmosphere (competitiveness, assistance, friendship) – **Total points = 123**
☐ Working conditions (hours required for doing the activity, hour breaks, stationary you use in the work, temperature, location, etc.) – **Total points = 158**
☐ The company policy and management (how much the company cares for the employees, both in relation to the salary and in relation to benefits it offers – pension, medical care, annual absences, paid annual holidays, etc.) - **Total points = 129**
☐ Are you under observation or not in doing your activity? – **Total points = 194**
☐ Other factors - **none**

2. In your judgement, what is that your **company** must develop in order to create **better motivating conditions** – Rang them from 1 to 14 accordingly:
(Write the number in the rectangle in front if the question)
☐ Climate: commitment of the management to response to a certain way, such as, welcoming, examined or rejected changes; - **Total points = 142**
☐ Readiness: capability of the management to response to certain requirements; - **Total points = 137**
☐ Capacity: the work scope the management is able to perform; - **Total points = 156**
☐ Following the new technologies trend; - **Total points = 117**
☐ Improvement of management function; - **Total points = 142**

☐ Marketing improvement; **- Total points = 192**

☐ Introduction of appropriate human resources management (recruiting, engagement, training, promotion and benefit of the employees); - **Total points = 96**

☐ Producing conditions for internal competition and competitiveness; **- Total points = 153**

☐ Improvement of the financial operation; - **Total points = 154**

☐ Reviving of the services level given to the users; - **Total points = 210**

☐ To invest more in research and development; - **Total points = 151**

☐ To invest more in practice and training; - **Total points = 99**

☐ To accommodate its organisational structure; - **Total points = 146**

☐ To make preconditions for appropriate accommodation of the culture (values changes, attitudes and employees' beliefs) – **Total points = 180**

☐ Other factors; - **none**

3. Which **leader's** and/or manager's **characteristics** are motivating you? Rang them from 1 to 4 accordingly:

(Write the number in the rectangle in front if the question)

☐ The style that might be: - **Total points = 55**

○ Participative – allowing the inferiors to participate in making the decisions;

○ Autocratic – he makes minor decisions, the employees do not have any influence upon making the decisions;

○ Developing – active in the inferior's development;

○ Reductive – commitment to decreasing of positive expression of initiation and creativity;

○ Traditional – supported by intuition they avoid commitment of the reductive style;

☐ Capability, which might be: - **Total points = 29**

○Technical – he has specialized knowledge applying methods, procedures and techniques for realization of the assignments;

○ Human: capability to communicate as well as to work with people;

○ Conceptual – capability to understand the company as a whole as well as the impact on and from the environment;

○ Communicational – capability to exchange information aiming to achieve the result desired.

○ Analytical – capability to use logic and scientific methods in the analyses of the problems;

○ Capability to decide – capability to choose an alternative among some other in order to solve a specific problem.

☐ Ethics: principles and behaviour standards as well as reasoning in making decisions; - **Total points = 55**

☐ Morale: his personal moral behaviour; - **Total points = 73**

☐ Other characteristics: - **none**