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MASTER'S THESIS

**THE MOTIVATION OF EMPLOYEES IN THE PUBLIC SECTOR IN  
BOSNIA AND HERZEGOVINA**

Ljubljana, Januar 2015

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## INTRODUCTION

Successful public organizations look at employees as their primary resource for development. The emphasis is placed on active management of their resources. Motivation and satisfaction of employees are becoming key issues of contemporary organizations. The essential element of the human resources management is primarily a system of employee motivation. Different models and systems of measuring employee satisfaction and motivation are being developed in the context of human resource management.

The common goal of the system/model for measuring satisfaction and motivation of the employees is a tendency to develop a feeling in each individual that all employees share a common destiny / fate with the public organization and to attempt to release the creative potential of employees through tangible and intangible incentives (Aščerić, 2008). The quality of life in the workplace is considered to be the key factor for motivation.

The employees are the ones that give meaning to the organization, because without people - organizations do not exist. The employee is a thinking and conscious being which has his own goals and his own life that takes place outside of the organization (Lukić, 2007). This shows that people are a much more complex resource than other types of resources. A man's working potential cannot be cruelly exploited like a machine's, because a man is a being with emotion, a being that needs the respect for himself and the respect for his personality, so that he is able to give the best he can. If human energy is focused and concentrated in a certain direction, it has the power to overcome every obstacle. Only human resources have the unlimited internal capability for development, and it is the only resource that does not diminish by using it. People bring not only their qualifications into the organization, but also their fears, insecurity, arrogance, complexes, envy, and all that can be transformed into negative destructive energy and may destroy organizational goals (Lukić, 2007).

That is why human resource management (hereinafter: HRM) is very complex work, needs to manage with employees in order to achieve organizational goals. Every successful organization has a department of HRM, which exists in all its functions, and contributes to the organization's performance. A prerequisite for good motivation is the knowledge of people and of the human psychology. For this reason, a manager must spend a lot of time with employees to discover the best ways to encourage them to work.

All public organizations deal with issues of what they have to do to achieve organizational goals. In this context, the organization must pay attention to what is the best way to motivate individuals through initiatives, rewards, leadership, work they obtain, and so on. The goal is to develop a motivational process and a work environment that will help employees to show results in accordance with the organization's expectations. The theory of motivation studies the process of motivation. It explains the behavior of certain people at work. It also describes what public organizations can do to encourage people to invest their effort and abilities in a

way that will ensure the achievement of the organization's goals, as well as to satisfy their needs. Continuous measurement of motivation and satisfaction of employees does not exist in most of our public organizations. Motivation is a process that needs a completely conceptual approach. In support of this claim, the results of research show reduction of salary as one of the motivational factors. In addition, a low level of communication between employees is one of the most common problems in an organization.

According to Kulić (2003, p. 208), motivation can be defined as the process of initiating human activity and directing it towards specific objectives, as well as coordinating these activities - in order to achieve the desired goals. Motivators are the things that incite action. Managers should know all the motivators and how to use them, to combine the min order to satisfy the needs of the employees in many different ways. They have to bear in mind that using the same motivators on different employees may result in different performances. In modern conditions, the number of motivators is increased due to the influence of the wider environmental, social and economic development, general substantive standards, changes in the value system, etc. This is why a large number of motivators today influence the great human potential, but one needs to know which motivator starts it, and at which moment.

**The purpose** of this master thesis is to determine what drives employee to be active in the public sector, more specifically to determine the importance of specific factors in motivating employees in the public sector in Bosnia and Herzegovina (hereinafter: B&H), and to determine the level of motivation of employees in the public sector. **The scope of the study** focuses on providing evidence that, employees in public sector exhibit a low level of motivation, proving that new strategies for motivating public sector employees need to be developed, including both material and non-material motivation.

Discovering answers to these questions would greatly help managers to increase motivation of employees toward achieving company's goals. This study aims to demonstrate that material compensation is not the only, and it certainly is not the most important motivator of employees. Therefore, it is important to check the degree of satisfaction or dissatisfaction with various factors in different companies in public sector, and their motivational value.

**The objectives** of this study are:

- theoretical analysis of the term motivation in the labor market of companies belonging to the public sector in B&H
- to explain the concepts of theory and techniques of motivation
- to identify the factors that affect work motivation the most
- to compare the material and non-material factors of motivation and to determine the most influential ones on motivation
- to determine the relationship between motivation, job satisfaction, and organizational commitment
- to research motivational factors and levels of motivation

- to present the results of the research on motivation
- to give recommendations for better motivation of employees
- the main objective of this research is to check the level of satisfaction / dissatisfaction with certain factors.

Theoretical and empirical research were based on existing literature, publications, various periodicals and statistical sources, as well as online information sources for the public sector of B&H. For exploring the variety of secondary sources, the following research methods were used: inductive and deductive method, analysis and synthesis, comparative method, verification method, classification, description, compilations. The work was based on the available literature in the areas of management, methodology, public sector governance and management. The empirical part of the thesis have basis in collecting and analyzing primary data through own research of motivation in public sector in B&H.

Research was conducted on the sample of 100 respondents in the public sector in Bosnia and Herzegovina. In order to collect the primary data a questionnaire was used, as well as descriptive statistics for data analysis.

The first part of the master thesis defines the motivation, motivational theories, motivational process, and techniques for measuring motivation. The second part presents the difference between public and private sector, public sector employees and their motivation, public sector in B&H in general, motivation in public sector in B&H, and the strategies for increasing motivation in public sector in B&H. The research makes the third part, with methodology and the results of the research. The last part are the recommendations to companies in public sector in B&H. Concluding observations are presented at the end.

## **1 THE CONCEPT OF MOTIVATION AT WORK**

According to Šehić (2001, pp. 153-154), human resources are the most important component of total organizational resources, which is most apparent for service organizations, because their customers usually see their quality through the prism of their relationships with the service personnel, especially in the public sector. That is the reason why employee motivation has an important aim - to deliver the highly demanded quality of service for customers in any service organization. Motivation is also important when employees are operating at a very important position that involves high levels of stress and responsibility. An effective organization will make sure that there is a spirit of cooperation and commitment to the job, and the satisfaction to do the best in order to achieve organizational goals. In order to make employees satisfied and committed to their jobs, there is a need for strong and effective motivation on all levels and in all departments.

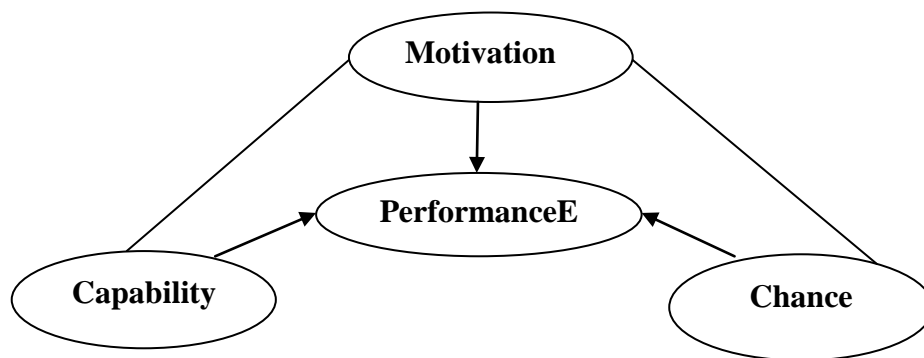
### **1.1 Definition of motivation**

Motivation is one of the most important topics in management, through which company achieves its goals. Motivation helps to improve productivity, efficiency, the quality of life in

organizations, and strengthens competitiveness in organizations. The achieved effects of employees' and managers' work depend on the ability of the employees, of their opportunity to perform, and their will to achieve the effect (Figure 1).

Deželjin (1996) presents motivation as behavior oriented toward a goal that was aroused by the needs caused within the man, and the reason for that behavior is the satisfaction of the need. However, it sometimes happens that the employee is competent and trained to do the job, but not sufficiently motivated, thus not producing the desired effect.

Figure 1. Determinants of staff performance



Source: J. Ivančević, R. Konopaske, & M. Matteson, *Organizational Behavior and Management*, 2005.

Given that different people have different needs, managers should be able to discover and develop them, along with special mechanisms to meet the needs of employees to comply with the organization's goals. Hence, managers should bear in mind that different people have different needs, and that the same people in different life contexts, also have different needs. What is interesting is that what drives and motivates one person does not necessarily do the same for the other. Some people are motivated with a higher salary, while others may be motivated with a more interesting and exciting job.

According to Koontz (1994, p. 462), motivation is a general term that refers to a set of instincts, requests, needs, and desires. Motivated people invest more effort to perform some work from those who are less motivated for the same job. Motivation is also a general term according to Myers (1996, p. 297) who defines motivation as "a need or desire that serves to energize behavior and to direct it towards a goal". The term motivation comes from the Latin word "motes", meaning "motion". Motivation is what encourages people to do their job the best way possible.

Daft and Marcic (2004, p. 404) explain that motivation refers to the person's forces, either internal or external, that arouse enthusiasm and persistence to peruse a certain course of action. According to Rot (2008, p. 86), motivation is a process of initiation of human activities, which have focus on certain objects and regulation to achieve certain goals. Motives are the driving forces that cause activity, direct it and manage it. For Cajringer (2004,



p. 109), motivation is the result of the perception of clear goals, with great dedication and perseverance.

Bahtijarević-Šiber (1999, p. 505), states that understanding the motivation can serve as an important instrument for understanding behavior in organizations, to predict the effects of any managerial action and to direct behavior in order to achieve organizational and individual goals.

Motivation is one of the most important topics in human resource management, where success of an organization largely depends on the successful performance of its employees. Labor productivity very much depends on the motivation of the people. If employees have enough motivation, they will do all in their power to fulfill organization's goals. Great attention is being paid on what the best way to motivate individuals is, through motivators such as initiatives, awards, and leadership. The organization needs to find the best combination of material and non-material motivators.

Motivation has three essential dimensions (Aščerić, 2008) that serve to better understand its impact on work performance of employees:

- the direction of motivation
- the intensity of motivation
- the persistence of motivation.

Motivation of people in the wrong direction can be the result of the influence of bad management in the organization. It is necessary to motivate employees in the right way; their motivation must have a certain direction.

The intensity of motivation determines the amount of effort that employees will invest in a unit of time, while still satisfying their needs. If the intensity of motivation is greater, the employees will invest more effort in the exercise of their duties and their performances will be better.

Finally, the persistence of motivation show the time invested in certain effort in a particular direction. For instance, someone can have a higher motivation level, but for a short period of time, while someone else's motivation is on a lower level, but for a longer period of time. Each of these dimensions has great importance in establishing optimal motivation and requires attention to the process of decision-making and management.

Aščerić (2008, p. 5) considers motivators as elements that encourage people to act on a specific action; the assets by which people are trying to reconcile the conflicting needs or to emphasize one need among the others in a way to get it to take precedence over other needs.

According to Weihrich and Koontz (1994), motivating factors are: a good salary, interesting business, trust, working conditions, and autonomy. De-motivating factors are: a reduction of wages, a boring job, slightly used professional ability, poor working conditions, excessive work, lack of recognition for a job well-done, the lack of feedback about how jobs are done,

the low position of the organization, poor interpersonal relationships, over-controlling, assuming small or no responsibility for the job, and so on.

## **1.2 Motivation theories**

In theory, there is a classification of theories of motivation, with the aim of separating the theories that talk about what motivates people (content models), from the theories that explain how to motivate people and how a man makes decisions in a particular situation (process models).

According to Lukić (2009, p. 15), this classification is important because it explains what each of these theories define. For example, content theories are concentrating on patterns, thus trying to discover WHAT motivates people, while process ones are focusing on HOW to activate the motives. Hence, this is the basic background for research of employee motivation.

### **1.2.1 Content motivation theories**

Aščerić (2008, p. 11) proposes that content motivation theories have aim to discover and present which are the groups of needs or motives that people in the organization drive towards a particular behavior.

The importance of these theories is reflected in the assistance provided by the recognition of need to stimulate people for action in organizations, in order to efficiently and properly motivate employees to make additional efforts to achieve better results in business. Content theories are much older than the process ones, and begin with the instinct theory, theories of compliance to external incentives, and theories of compliance to organic needs.

The most important content theories are:

- Maslow hierarchy of needs
- Herzberg's two-factor theory
- Alderfer ERG theory
- McClelland's theory of needs.

### **Maslow theory**

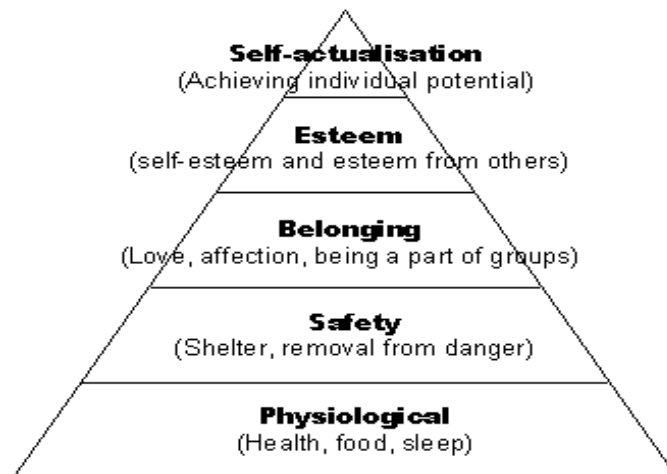
Certainly one of the most popular theories of motivation is a theory of Abraham Maslow's hierarchy of needs. It assumes that each human being has five basic groups of needs that are hierarchically arranged (Figure 2). According to Kotler (2000, p.119):

- physiological needs are the natural needs that each individual possesses. A biological being has needs for water, food, housing, and so on
- security needs include physical safety and job security, but also the psychological security from various types of stress, frustration, attacks

- needs for love or a sense of belonging refer to human need and desire to be accepted and loved by the collective, and to feel like its full member. This group of needs is resulting from human personality as a social being
- need for consideration or esteem, is a need to be accepted, loved and respected by other people in a group, but also by oneself (self-esteem). This group of needs includes the need for status and power
- the need for self-actualization (self-affirmation) is a human desire to achieve success in what he/she does, to achieve the knowledge, skills, and talents. A hierarchical arrangement of these requirements means that there is an order of their satisfaction.

This actually means that the needs that are placed on a higher level of the hierarchical scale of needs cannot be met until the needs closer to the base of the hierarchical pyramid are met. Therefore, if we want to motivate someone, we must first understand which is the current level of hierarchy that the employee stands on, and focus on meeting the needs at that level, or higher.

Figure 2. Maslow theory (theory of needs)



Source: P. Kotler, & G. Armstrong, *Principles of Marketing*, 2010, p.173

Kotler (2010, p.173) states that Maslow split the five needs into needs of higher and of lower order. Maslow ranked needs of higher order (upgrading needs) as following: the need for acceptance, respect, self-realization. These are satisfied through outside things, such as salaries, union contracts, and property rights. The lower order needs (basic needs), are physiological needs and the needs for security, which are met internally. Maslow's hierarchy theory of needs has been the subject of much criticism because of the lack of empirical confirmation, and the lack of its application in practice.

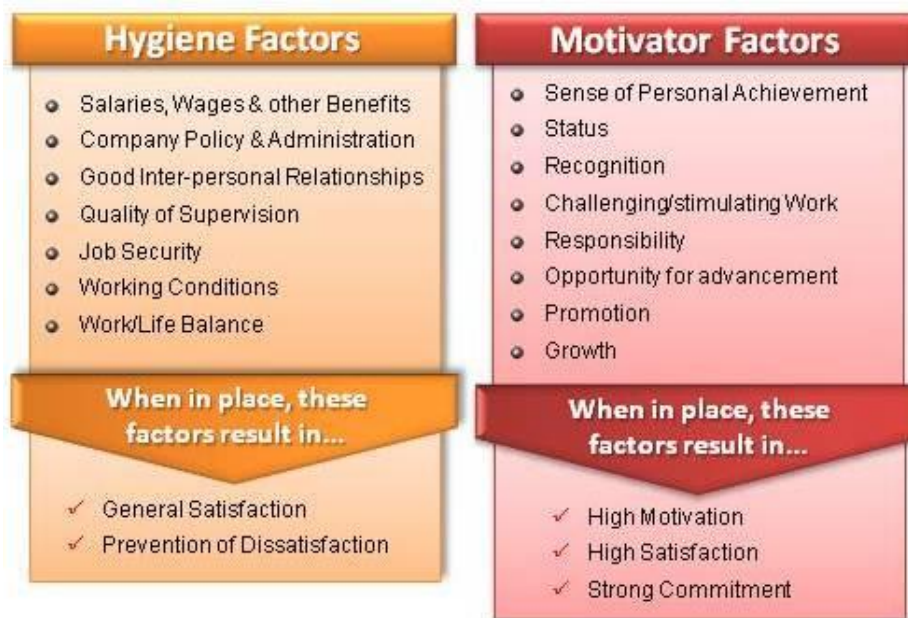
### **Herzberg two-factor theory**

According to Buntak, Droždek and Kovačić (2013, p. 2), psychologist Frederick Herzberg developed a two-factor theory, also known as the theory of hygiene. Herzberg made a study in which the employees were asked the following question: "What do you want from your job?".

This interrogation was based on a belief that the individual's relation to work is fundamental, and that one's attitude toward work can definitely affect the success or failure. From tabulated and categorized responses, Herzberg concluded that the responses that people gave when they felt well doing their jobs were significantly different from the answers given when they felt badly. Based on the results, he noted that two groups of factors, hygiene and motivational factors, effect on the motivation of employees (Figure 3).

According to research data of Accel team in the UK (n.d.), the essence of the contribution of this theory is the discovery that satisfaction and dissatisfaction of the people at work are determined by various factors. The presence or absence of dissatisfaction are determined by hygienic factors, which include wages, working conditions, politics, organization, and relations with superiors and others, while the presence or absence of pleasures are determined by motivational factors or motivators which include achievement, advancement, recognition, work itself, and professional development.

Figure 3. Influence of the hygienic factors on the satisfaction of employees



Source: T. Adams, *Project management. Motivating Teams – “Keeping the Light On”*, 2011.

The implication for managers is that hygienic factors can motivate employees on commitment only up to a certain point. Hence, relying on these factors alone will not employ all of the creative potential and energy of an employee.

Based on this division, it is possible to construct a matrix with four types of jobs or positions in relation to the effect that produces the satisfaction or dissatisfaction with the job as it is presented in Table 1.

Table 1. Matrix of all four types of job

	Low	High
High	<ul style="list-style-type: none"> <li>○ employees have low wages, poor benefits, poor working conditions, and poor relationships with colleagues, the organization is bad, the job is monotonous, there is no possibility for development and progression, and there is no autonomy and accountability</li> </ul>	<ul style="list-style-type: none"> <li>○ employees have low wages, poor working conditions, poor benefits, and poor organization, but have an autonomous position and responsibility, opportunity for learning, advancement and development</li> </ul>
Low	<ul style="list-style-type: none"> <li>○ employees have good wages and working conditions, good organization and relationships with colleagues, but there is a monotonous job that offers no possibility for advancement and development, there is no autonomy and responsibility at work</li> </ul>	<ul style="list-style-type: none"> <li>○ employees are well paid, have good working conditions, good relationships with colleagues, the organization has arranged a job that is challenging, there is the possibility of progress and development and high autonomy and responsibility</li> </ul>

Source: J. Lukic, *Employee motivation in function of improving business performance*, 2009.

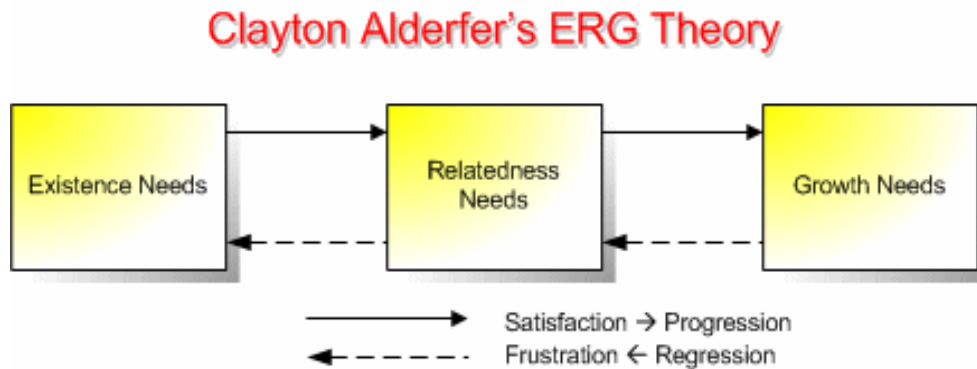
Hygiene factors are on a low level in activities where they cause high dissatisfaction and high employee satisfaction, but they are good motivators, and the employees remain on such jobs despite low wages and poor working conditions, because they think they have the ability to progress and learn. In these situations, managers should bear in mind that a certain period of time, employees could make efforts to perform such tasks for its improvement. That will not last forever, and as soon as they realize that they have learned enough to reach their capabilities, and gained experience that enables them to work somewhere else, employees will leave. On the other hand, some jobs have low levels of satisfaction and low levels of dissatisfaction. Employees have a relatively good working conditions and decent wages, but they have poor motivators, which do not provide satisfaction. Employees in such positions are likely to do the job, but the best ones among them, those who want to learn and to thrive, will be unhappy, and will quickly go away.

### **Alderfer 's ERG theory**

Clayton Alderfer reworked Maslow's theory of needs to make it closer in line with empirical research. Accepting the Maslow's way of thinking about the hierarchy of needs, Alderfer promotes the thesis of the existence of (only) three (not five) groups of needs, which are presented in Figure 4, including:

- E - existence need,
- R - relatedness needs,
- G - growth needs

Figure 4. Clayton Alderfer's ERG Theory



Source: S. Hoffmann, *Classical Motivation Theories - Similarities and Differences between them*, 2007.

According to Lukić (2009, p.12), Alderfer's theory has got similarities and differences with the aims of the theory of Maslow's hierarchy of needs. The idea behind this theory is to identify the needs that drive people to action, which is the same as in Maslow's theory. In addition, there is a great similarity in the definition of need and significant differences that are primarily related to how particular needs activate as motivators. Alderfer claims that certain people may be motivated by a need of a higher order (cultural or personal history), which might be very significant for a person, even though all needs from the lower order were not satisfied.

Also, in contrast to the Maslow's principle of movement through the hierarchical pyramid (through the progression of satisfaction), Alderfer introduces a new principle: the regression through frustration (frustration-regression). According to this principle, if an individual, even after several attempts, does not satisfy a higher order need, he may return to satisfy the needs of a lower order.

Hence, even if people have similar needs, their relative significance for an individual can be different. Managers need to find the best way to fulfill all of the different employee needs.

### **McClelland theory (the theory of value)**

David McClelland and his associates have developed a theory of needs in which they differentiated three types of needs that people meet in the organization. These needs are (Certo, 2008, p. 388):

- achievement needs (need for achievement)
- power needs
- need for belonging (need for affiliation).

The theory of value takes into account the individual's desires, and not just what they need for survival. Therefore, an individual with a large need for power will pay attention to influence

and control. On other hand, individuals with a large need for connectivity are happier when they are loved. The third need is for those which have great desire for success, and at the same time are afraid of failure.

The need for achievement is a human need to achieve success in what people do. Every man, more or less, has need for achievement, but different people express it differently. Due to the existence of these needs, the job itself may be a motivating factor. People want success in business for their personal satisfaction and the feeling of content when the work is done, and not because they are expecting a reward. These employees are seeking the circumstances in the business in which they can grab personal responsibility for finding solutions for problems in which they can receive rapid feedback on their work performance, so that they can easily determine whether they are improved or not. It is important that they avoid tasks for which they realize would be very easy or very difficult to do. They prefer tasks of medium difficulty that will force them to "stretch" a little. It is worth mentioning that the need for achievement can consciously be planned to develop in children during their upbringing, and even in adult period.

McClelland claimed (Pattanayak 2005, p.180) that there is a positive correlation between the level of country's economic development and the percentage of people with a pronounced need for achievement in that country. A group of people with a dominant motive for achievement has great importance for managers, which is very valuable for any organization, so special attention should be given to motivating these employees. Employees with a pronounced need for achievement are always willing to work a lot, to work overtime or on the weekends, even for a smaller salary if the job allows them to achieve more. These people should be adequately rewarded for their efforts. Top awards for these employees are new, challenging and complex jobs and tasks, more autonomy in their work, the possibility for professional development and training, technical literature, special awards. Such people should be under strict control, and they should be given simple or repetitive tasks and should not be stimulated solely with money.

According to Pattanayak (2005, p. 180), the need for power (nPow) represents the desire of individuals to have influence, to control the other, etc. These people generally tend to aim for leadership positions and they are often good speakers, who are prone for discussion. They are furious, open, stubborn, and demanding. They enjoy teaching and love public performances. However, McClelland claimed that most people have this need and that it is particularly important for people in managerial positions. Wanting power is not in itself neither good nor bad, it all depends on the objectives of the use of that power. The need for power is actually necessary for someone who wants to be a good manager, because the definition of this kind of job is having influence on other people.

Finally, all what human beings do is done in the service of belongingness. Human culture is compelled and conditioned by the pressure to belong. According to Varga (2011, p. 10), the need for belonging includes cooperative teamwork on the work rather than competitive

circumstances and relationships in which they have to include a high degree of mutual understanding.

### **1.2.2 Process theories of motivation**

Rašić (2012, p.14) states that process theories explain that people's needs are not a sufficient factor in explaining work motivation, and includes in his analysis other factors such as expectations, perceptions, values and their interactions. Process theories successfully eliminate the main deficiency of the content theories, primarily the lack of explanation on why people often do things they dislike and that are not in accordance with their interests and motives. Process theory of motivation is trying to uncover the process through which individuals are motivated to undertake certain activities. They are trying to answer the question, which is: "How to run human behavior"?

The most important process theories of motivation are:

- Vroom's cognitive model of motivation, theories of expectation
- Adams's theory of inequality in social exchange
- Porter - Lawler's model of expectations.

Common to all process theories is that they stress people's expectations that the realization of the goals given to them will result in certain desired effects, which is why they are often called theories of expectations.

#### **Vroom's cognitive model of motivation**

This is one of the most accepted theories, which is based on the assumption that most of the employee behavior in organizations is a result of their free and conscious choice. Rašić (2012, p.15) believes that individuals can link certain expectations about the results and effects of behavior, and likely achieve goals.

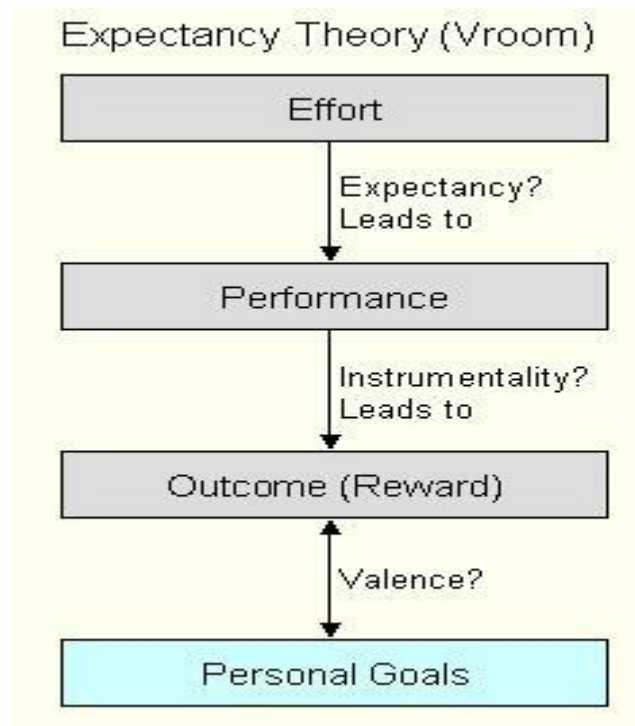
This theory focuses on finding answers to the question: "Why does an individual choose alternative behaviors (e.g. greater effort and better work) in particular situations, while rejecting other alternatives?" Victor Vroom, the author of this theory, believes that the outcome of employee motivation or de-motivation depends directly on his assessment regarding the effort that is invested in the behavior, and depends on the effects of the behavior and the rewards that are expected (Figure 5).

To understand the concept of the theory of expectations according to Aščerić (2008, p. 20), it is important to define three terms, as follows:

- instrumentality,
- valence, and
- expectance.



Figure 5. Theory of expectations



Source: V.H.Vroom, & A.G.Yago, On the validity of the Vroom. Yetton model. *Journal of Applied Psychology*, 1978, pp.151-162.

- instrumentality is a likelihood that has results of the first order (e.g. the produced effects as a result of invested effort), which lead to the results of the second order (award for the invested work in realization effects)
- valence is an individual's preference towards a particular type of reward. Valencia can be high and positive, high and negative, and zero
- the expectation is the belief of individuals that a particular behavior or an effort will bring the results of the first order. Expectation value can range from zero to one.

According to the theory of expectations, employee motivation is explained as the result of a belief in the realization of the three factors described. According to Aščerić (2008, p.17), it is very important for managers to know the following:

- employees must be convinced that their efforts will lead to the target results, and that they will be able to accomplish the tasks
- training increases motivation, because it increases the confidence that the invested effort will lead to results
- employees must be convinced that their work will surely be rewarded; nothing has more “devastating” impact on motivation than unfulfilled promises in terms of awards
- the managers should know their employees and they should know which reward would have bigger value for them.

## Porter-Lawler's model of motivation

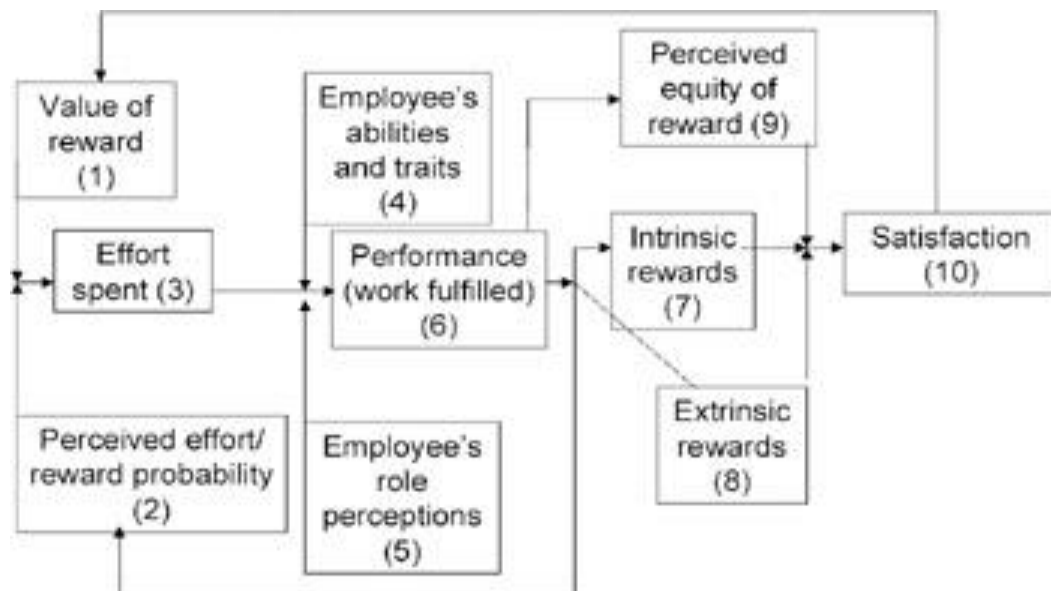
According to Wehrich and Koontz (1994, p. 472), Porter-Lawler's motivation model (Figure 6) represents the extension of Vroom's theory of expectations. This model introduces new variables that are important for understanding motivation.

The first variable is the satisfaction of employees. In almost all theories of motivation, there is a presumption that fulfilling employee's needs leads to their satisfaction, and that satisfaction leads to performance. In the model developed by Porter and Lawler, employee satisfaction plays an important role because it defines the value of the prizes for the individual. Dissatisfied employees will not consider the reward that they receive valuable.

In addition to satisfaction, this model introduces the concepts and competencies of employees, and the perception of the employee function.

Whether the effort will lead to results depends on the competence of the employer who invests the effort, as well as on how he perceives his function, his tasks and duties in the workplace.

Figure 6. Porter-Lawler's model of motivation



Source: S.K. Srivastava, *Organizational Behavior and Management*, 2005.

## Adams' Equity Theory

According to Aščerić (2008, p.17), this theory observes the relationship between the individual and the organization as a specific exchange ratio. It observes the relation of invested effort in the job and awards for performance, comparing employee's efforts and rewards with the efforts and rewards of others in the organization, or outside of it. It has an

important influence on employee motivation. This means that people are motivated through comparison with other people with whom they work.

Firstly, each person in the organization compares their inputs and outputs in order to achieve the perception of their personal relationship input / output. Then each person chooses a reference person with whom to compare. That person may be within the organization, but also outside of it. After that, he assesses the relationship between input and output for the reference person and eventually obtains the relationship compared with his own attitude input / output. In this way, a certain person can draw a conclusion about the fairness of their rewards. If people feel that they are unfairly rewarded they can be dissatisfied, thus reducing the quality or quantity of output, or even leaving the organization. If they feel that the rewards are greater than what they consider to be justified, they will be willing to do more, and it is possible that such awards will be considered like rewards in advance.

### 1.2.3 Motivation process

Motivation process is a process in which managers focus to achieve efficiency in the desired direction, such as the achievement of the company's goals, and the satisfaction of the employee's needs. Self-motivation is setting the desired goals and taking actions to ensure achieving the objectives. Productivity directly depends on the degree of motivation of employees. To achieve the maximum degree of employee's motivation, managers must understand the needs and motives of employees. They have to know how to govern and to ensure their satisfaction. Satisfaction of employees is the only way to ensure a long-term stable situation and it can provide a high level of productivity and creativity of employees. Motivation process consists of three phases (Figure 7):

- the first phase is the formation of a motive, or an initiator of the activities of employees to achieve particular goals. An initiator can be a need, which represents the state of physical or psychological discontent
- in the second phase, activities create certain effect, action that an individual initiates to remove the deficiency
- the last phase represents the result of the action – satisfaction as a reward, which completely neutralizes and removes tensions caused by discontent.

*Figure 7. Phases of motivational process*



Source: T. Aščerić, *Motivation and modified behavior of health employees*, 2008.

The motivation process is shown as a process, which starts with some need, and finishes with satisfaction, like rewards, which create new need, and motivation cycle starts again.

However, motivation cycle can be finished without satisfaction, which is more usual nowadays. Negative motivation can result in many difficulties, if managers constantly use negative motivation instead of positive. The best proposal is to create a balance, for example to use negative motivation two times, and then give a good reward to employees, so they could regain motivation and self-confidence.

#### **1.2.4 Motivational Techniques**

Work motivation has influence on work efficiency of employees and managers and results in work satisfaction. All motivational techniques are divided into two groups: material and non-material reward strategies. The material strategies of motivation (Husremović-Šišić and Dostić, 2008, p. 61) are those that allow individuals direct or indirect material gain, while non-material strategies are trying to meet the needs of a higher order and to create a feeling of respect and recognition at work.

Another division of motivating factors differentiates between the inner motives and external motives. An employee with a predominantly extrinsic motivation shows the desire for an activity because of external pressures, or reward, not because he enjoys it or because he is interested in his job (Aronson, 2005). As Burden (2000, p. 3) claims, extrinsic motivation refers to motivation whose source comes from outside the individual. The motivating factors are external and outside the learner. It can be a reward, like getting a good grade, or a punishment, like failing the exam. The reward provides satisfaction and pleasure that the task itself may not provide. According to Deci and Ryan (1985, p. 5) intrinsic motivation refers to motivation whose source comes from inside the individual rather than from any external rewards or punishments. The motivation comes from the pleasure one gets from the task itself, completing the task or just working on a task. However, it does not mean that one will not seek a reward. Why motivate employees? Motivated employees contribute to the sustainable survival of companies. To make the company function effectively, managers need to understand what really motivates their employees in order to improve the prosperity of their companies. Particularly important and influential of all motivators are salaries. According to Herzberg (2009), the salaries (along with some other factors such as good working conditions, good interpersonal relations, recognition and respect, good organization of work and good organizational culture) are the only necessary condition to activate the internal factors. Internal factors presents motivators, and that can initiate an individual and motivate him to work better in the interest of his company. Beside these factors, which are closely connected with the individual and his personality, promotion, rewards, and benefits are also important to achieve success at work. All motivational techniques are divided into two groups:

- material (financial) reward strategies
- non-material (non-financial) rewards strategies.

### 1.2.5 Material motivational strategies

According to Sikavica (2008 pp.710- 720), material compensation and incentives aim to ensure and improve the material situation of staff and the financial compensation for the work. There are two basic types of financial compensation (Table 2):

- direct material gains, that an individual receives in cash
- indirect material gains that contribute to raising the material standard of the employees (do not depend on performance and efficiency).

Depending on the level and scope of the organization, its distributional organization, material compensation can be the result of individual work performance and can be related to the organizational level.

Table 2. The classification of material compensation of employees

		<b>Direct material compensation</b>	<b>Indirect material compensation</b>
Level	<b>Individual</b>	Salary	Fellowships and scholarships
		Bonuses	Study tours
		Stimulations	Specialties
		Rewards for innovation	Paid permits
		Rewards for improvement in knowledge	Car from company
		Flexibility	Managers benefiting
		Other bonuses	
	<b>Company</b>	Bonuses related to results and profit of the company	Pension insurance
		Share in profit	Health insurance
		Share in ownership	Life insurance
			Unemployment benefits
			Education, Vacation

Source: F. Bahtijarević, *Management of human potential*, 1999.

The most visible characteristic of material rewards according to Butak, Droždek, and Kovačić (2013, p. 5) are:

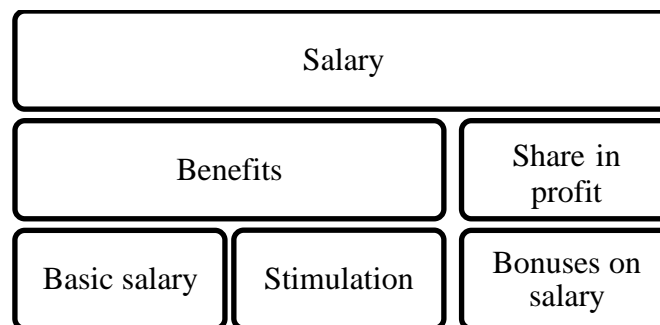
- connection with work performance
- link between results and rewards
- proportional increase between invested effort and increase in material reward
- salaries must directly and immediately follow the increase in performance and improve work efficiency
- differences in salary between good and bad employees must be significant enough to stimulate good work.

For efficient satisfaction of the employees, and in order to achieve overall aims of the organization, it is possible to combine different types of compensation. Karović (2009, p. 17) presents the best combinations:

- system of salaries and stimulations for the work done efficiently
- system of individual rewards and bonuses for special contribution
- system of bonuses and participation in results and success of the organization
- single and special bonuses alongside different programs of stimulation for employees.

Salary is the base for further motivation and satisfaction of an employee. Salary may be a trigger that pushes employees to do the best they can. The work that is done successfully brings more money to the organization. Job evaluation is the process of establishing the value of different jobs in an organization, in order to determine the structure of salaries (Figure 8), and also differences in basic salaries for the tasks that require different request and complexity.

*Figure 8. Basic salary components*



Source: K. Butak, I. Droždek, & R. Kovačić, *Material motivation in function of human resource management*, 2013.

Managers have to be aware that if they have dissatisfied employees, these will leave the organization. Emphasis is on the element where each individual effort has to be awarded; otherwise, the best employees will leave the organization. The best way to avoid leaving is to reward employees based on their effectiveness, not just based on their time spent at work and through group incentives. This may serve as a motivational rule for employees- that hard work pays off, so they will give maximum effort to fulfill the effectiveness of organization aims. Beside all stimulation based on individual bases, there are some new ways to motivate employees, such as contributions. Indicators for contribution can be the below mentioned:

- quality
- relationship with customers and consumers
- flexibility and dissemination of knowledge
- suggestions for improvement, ideas and innovation.

Nowadays, according to Butak, Droždek and Kovačić (2013, p. 6), there are some alternatives for motivating employees, such as including employees in gain sharing, profit sharing, and stocks sharing:

- gain sharing- participation of employees in financial results, which are the result of a decrease in cost, increase in additional value or increase in production and which are the consequence of organizational effort, or individual improvement
- profit sharing- a system in which an employee gets an addition to regular pay, special additives in the form of cash or shares, depending on the profit that the organization achieves.

There are three basic systems for involvement in the profits:

- monetary system - annual cash payments
  - disposal system - in case of incapacity, death, or retirement, employees receive the right to register funds on their behalf instead of cash payments, and
  - combined system - a combination of these two systems.
- 
- stock sharing- employees receive shares based on the achieved profits. The best known systems are:
    - direct and free distribution of shares - the division of shares covered by the profits of the organization,
    - ESOP (Employee Stock Ownership Plan) - collectively acquiring shares from the profits of the organization
    - sale of shares to employees - sales based on terms that are more favorable than on the market
    - stock options - giving employees the option to buy within a certain amount of shares of the organization at a predetermined price
    - investment funds - funds for employees that are formed on a higher organizational level, where the part of the organization's profit is being distributed among individual employees.

Rašić (2012, p.24) presents the benefits, such as different forms of material compensation through which organization in an indirect way incites the motivation of employees. Nowadays, in modern society, benefits to especially those above statutory minimum level are becoming a new way to motivate employees. A difference between the benefits varies depending on the position of the employee in the company, the situation of an industry and the attitude of the employer to the benefits. The organization can provide employees a chance (flexible program of compensation) to choose which compensation they like more, which has a positive effect on evaluation of organization by the employees, and also the reduction of the cost of compensation because employees choose themselves. This has influence on the self-esteem of employees and their perception of the organization, which could reduce stress and absence from work. However, sometimes, employees can make bad decisions about the

selection of programs if they do not pay attention to their basic health, pension and social insurance.

Compensation for health and social insurance (Table 3) relates to the reception of economical and health protection and security during work and pension period. Many private health funds and pension insurances exist in our state alone. State funds are ineffective because of the so-called generational solidarity, which means that the current employees provide the funds for future pensions. This system is very sensitive to employment situation and economic problems, which our country abounds.

Compensation for leisure time (Table 3) is directly related to the payment of legal or organization-planned holidays, for two reasons: employees need a break because of the physical and mental stress of work, and as a form of rewarding the employees that have remained loyal to the company. The number of paid days of vacation for the holidays varies from country to country.

Services to employees (Table 3) have a very diverse range of benefits. Some of these benefits depend on the organizational position and workplace, such as special parking, and special restaurants for meals.

Table 3. Types of benefits

<b>Security and health</b>	<b>Free time</b>	<b>Services to employees</b>
○ pension insurance	○ vacation	○ scholarship
○ health insurance	○ holidays	○ credit for employees
○ sick leave	○ paid absence	○ kitchen services
○ social security	○ paid time for	○ car from company
○ insurance in a case of	professional training	○ professional outfit
an accident	○ paid time for	○ legal consulting
○ severance pay	additional education	○ recreation

Source: L. Karović, *Motivation and motivational techniques*, 2009.

These kinds of recourses can be divided into two groups:

- personal services - which include credit lines, services, consultants, providing assistance to employees who have problems such as stress at work, alcoholism, etc., and other personal services (social and recreational services: resorts, tickets to the theater, the museum, for travel)
- services to help employees do their job more easily. These include subsidies for childcare, elderly care, transport, employment, nutrition, housing charges etc.



### 1.3 Non-material motivation strategies

According to Rašić (2012, p.25) for employees who have a higher order needs such as development and approval, appreciation, status, etc., non-material motivation strategies are more important. They appreciate the types of motivation such as job design, management style, participation, management by objectives, flexible working hours, organizational culture, etc.

The system of motivational strategies increases work efficiency. Job rotations is one of the non-material motivation factors and it prevents monotony and boredom among people, and expanding the number of different tasks and the frequency of the repeating cycle of work. However, according to Butak, Droždjek and Kovačić (2013, p.3) the best motivational trigger is the enrichment of work in which the business is growing vertically, with a lot of different tasks and obligations for operations.

Butak, Droždjek and Kovačić (2013, p.3) present basic characteristics of the work that should be taken into account when designing tasks:

- diversity of skills
- identity and integrity of the task
- importance of the task
- autonomy
- feedback.

People are different; they have different needs, and different ways to satisfy them. Therefore, for some of them, a particular type of job can be interesting, while for other scan be boring, which poses a problem for the organization. Managers have to learn what people need, to impose on them a feeling that they are important to the organization, and that the organization takes care of their employees. Some organizations build motivation on a group level, by determining goal, and employees can divide and determine the tasks and breaks themselves.

Some basic approach to management is based on the personality, motivation of the employee, and style. The duty of the managers is to motivate employees through different types of tasks in order to break down monotony, to encourage a high quality execution of tasks, a high level of responsibility and, in the end, a reward, based on their performance and preferences.

Butak, Droždjek and Kovačić (2013, p. 4) believe that participation is a system of motivation. System that enables employees to give their opinions on something which is important to the organization, gives them an opportunity to resolve a problem, all in the service of exploiting their potential and the quality of their work, to improve their motivation, interest, and identification with the organization.

Participation in problem solving is specific and commonly named as “quality circles”. Managers create a small group of employees (usually 6-12), who regularly have meetings that

aim to improve the quality of performance, to transfer knowledge, and development of employees in general.

Another form of managing with people is a system called MBO-Management By Objectives (hereinafter: MBO), which is a form of participation in management based on determining the tasks and self-control in order to achieve goals which present a base for determination, evaluation, monitoring and rewarding performance.

Butak, Droždek, and Kovačić (2013, p. 4) MBO is a technique based on the analysis of the specific requirements of managerial work and the difficulties that managers encounter, the understanding of actions, motivations and behavior of individuals.

Just like any other technique, MBO also has a list of advantages and disadvantages (Table 4), according to Daft (2008, 179).

Table 4. Advantages and disadvantages of MBO

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>○ to achieve the goals, managers and employees have to make an effort</li> </ul>	<ul style="list-style-type: none"> <li>○ requires a long time</li> </ul>
<ul style="list-style-type: none"> <li>○ improves performance on all organizational levels</li> </ul>	<ul style="list-style-type: none"> <li>○ poor relations between employers and employees reduce the success of MBO</li> </ul>
<ul style="list-style-type: none"> <li>○ minimizes the crisis and improves the management</li> </ul>	<ul style="list-style-type: none"> <li>○ short term (operational) objectives can replace long-term (strategic) goals</li> </ul>
<ul style="list-style-type: none"> <li>○ increases the motivation of employees</li> </ul>	<ul style="list-style-type: none"> <li>○ each person might concentrate only on personal goals and objectives</li> </ul>
<ul style="list-style-type: none"> <li>○ better integration of individual, group, and organizational goals</li> </ul>	<ul style="list-style-type: none"> <li>○ too much "paper work"</li> </ul>
<ul style="list-style-type: none"> <li>○ intensifies communication and coordination</li> </ul>	<ul style="list-style-type: none"> <li>○ objective difficulties in setting up specific and measurable goals</li> </ul>
<ul style="list-style-type: none"> <li>○ enables individual development.</li> </ul>	<ul style="list-style-type: none"> <li>○ potential danger of adopting the logic: "the aim justifies the means".</li> </ul>

Other non-motivating strategies are eligible for the motivation of employees, such as recognition of success, feedback to employees for their work, and organizational culture of the company, motivation and self-motivation.

## **2 MOTIVATION IN PUBLIC SECTOR IN BOSNIA AND HERZEGOVINA**

With the development of society (18th and 19th century), the state took control over interests and needs of the citizens, especially in areas where needs could not be satisfied individually, where they needed a huge and expensive infrastructure (railway and water management, electricity, telecommunications, etc.). It is interpolated between the state and the private sector.

According to Lane (2000), public sector is a set of institutions that coordinate the interests of different groups that ask for public activities of different kinds, and in various ways.

The public sector, as well as the institutions and organizations within the public sector, is based on laws and "rules of certain professions", economic laws and the rules of rational and of scientific organizations. According to Bland and Rubin (1997, p. 4), public sector consists of the institutional units with aim to fulfill their political responsibilities and roles in the economic regulation.

The public sector also has aim to create principles of non-market services (and their good potential), for personal and collective consumption, and for redistribution of income and wealth. The public sector is under-mind and a part of the national economy for which the state has a certain responsibility.

### **2.1 Characteristics of the public sector versus the private sector**

According to Armstrong (2012, p. 102), the **public sector** was first defined by Adam Smith. Smith defined public services as services done by institutions that are of such nature that the profit made by them can never cover the expenses of any individual, or a small group of individuals, who would be willing to provide them, despite the fact that these services have great importance to society as a whole, and which these individuals, or small groups of individuals, cannot be expected to provide and maintain.

This expression is closely related to the notion of social consensus (which is usually expressed through democratic elections), which clearly highlights the statement that certain services should be available to all citizens, regardless of their income.

Even in cases when public services have not been provided or funded by the state, they are still governed by regulations that go beyond the rules that normally apply to the economic sector.

Characteristics of the **public sector** are (Karoliny, Lévai and Poór, 2005):

- public sector organizations cannot be fully exposed to competition in the market, and therefore there are no such strong incentives for reduction of costs and increase in efficiency
- objectives of public sector organizations are badly defined and formulated in the frame of public service
- they are responsible for maintaining law and order, reducing disparities, fighting against poverty, and improving the health status
- strategic planning is demanding, because it often has to adapt to short-term interests of politicians
- public sector organizations are largely responsible to politicians and exposed to pressures of various groups of taxpayers.
- functions of the public sector are usually constrained by laws
- the public sector is based on taxes and is not the billing provider
- the government must provide certain goods: defense, law and order, street lighting. This cannot be left to the market.

According to Škreb (2006, p. 93), public sector consists of:

- general government (central government, regional and local government bodies)
- non-financial public enterprises
- public financial institutions.

Škreb (2006, p. 93) states that public non-financial companies are considered to be companies owned and / or controlled by the government (public companies); financial companies owned and / or controlled by the government are called public financial institutions (central bank). Common to both of them is the limited function of market.

According to Vašiček, Budimri and Letinić (2007, p. 51), a public sector organization is a non-profit organization; it is an organization which needs to satisfy user needs. An organization financed from the budget with strict organizational and professional supervision. However, there is also the possibility of action through a so-called „private initiative”, which must be carried out within the law framework.

According to Tajnikar (2010, p. 11), the volume of public sector can be measured with:

- the volume of state's revenue
- the volume of funds which pass through the state budget
- the volume of different types of services which the public sector provides
- the volume of legislation that determines the public sector
- the number of employees in organization of public sector.

According to Karoliny, Lévai and Poór (2005, p. 30), there are **two models in public sector**, based on Webber's theory: open and closed model, in which a common characteristic is legislative regulation.

The essence of a **closed system** (system of improvement) is hiring qualified personnel; higher expectations apply for them, with different privileges compared to those without privileges. The most important privileges are job security, and professional improvement. This status can be achieved through appointment.

In an **open system** (Karoliny, Lévai and Poór, 2005), employees are hired based on their capability, and for indefinite time. An excellent example of this approach is the privilege that some members of political parties have advantage when seeking employment, based on their membership.

According to Marković (2000, p. 85), **public enterprises** have certain constraints in business that can be divided into four groups:

1. market – Sometimes public enterprises are forced to sell their products and services at lower prices than what the cost price was, which causes certain loss in business. In this case, public enterprises continue to work, hoping that someone else will cover this loss, i.e. the government, while private enterprise would stop doing business
2. production - Increase in the result of production cost is a result of bad management in private companies, while in public ones that would be portrayed as: „the increase of public enterprises achieved social goal that was placed before the State”
3. profit – Profit is not expected from public enterprises. Using their monopoly position to gain a positive financial result is discouraged, even when they think that can result in a loss. The government can cover that loss
4. environment - Public enterprises exist even in a political environment which obviously induces some constraint in function, such as incapability to increase price, or to reduce the number of employees etc.

Public sector **differs** from private sector in following ways, according to Wallace (2001, p.31):

- private sector organizations are owned by private people but public are owned by the country
- private sector organizations are controlled by the people who own them or by managers or directors appointed to do so, but public ones are controlled by the government or a local authority
- in a private sector organization, the capital is invested by private people but in public ones the capital is either borrowed from the Treasury or taken out of the local rents
- in private organizations some of the profits are distributed to the owners and they also bear the losses, but in public sector any profits are handed back to the government and losses are offset by the Treasury. Private organizations aim to maximize profits for their owners, but public ones aim to give service to the people.

Marković (2000, p.84) considers that public organizations are different in certain characteristics, such as:

- normative economic theory of public companies - the main goal of public enterprises is not gaining/maximizing profit, but to produce general welfare (social welfare)
- positivist economic theory of public companies - the main goal of a public enterprise is the achievement of specific political and managerial goals (economic function).

As a solution for many problems, a **public-private partnership** has been formed. According to Sharma (2004, p.15), public-private partnerships (hereinafter: PPPs) are arrangements between government and private sector entities for the purpose of providing services of public infrastructure, community facilities and related services. Such partnerships are characterized by the sharing of investment, risk, responsibility, and reward between the partners. The reasons for establishing such partnerships vary, but generally involve the financing, design, construction, operation, and maintenance of public infrastructure and services.

Regarding the financing of public sector, according to the Wallace (2001, p.38), public sector financing is based on: financing from the budget (education, culture, science), through grants from the Treasury, borrowing from the Treasury, financing through collection through billing service prices, tickets, rules of insurance, establishment of funds, etc.

The control over public sector is organized in a manner that government has overall control with government minister as the chief. Rules are determined within the frame of law, where some states have also defined public responsibilities, which the state transfers to a subject in public sector, through which public authorities have control over legality in areas of their work. With regulations and political affiliations, the state establishes the concept of the relationship between the government, the public sector, and the economy. The state manages the economic relations of these three sectors, then sets standards for satisfying the needs, delivery, and proper execution of the right to public authority, establishes and abolishes the institution, grants licenses, etc.

The aims of the public sector are achieved through administrative apparatus, which is separate from the state apparatus, public services in particular. Public sector operates under constant supervision of the government-series of ministries, which have a sole task of controlling the activity of institutions and branches, and activities from the public sector, regardless of whether they are in private ownership or parts of the state structure.

**Public service** is a term that is commonly used to denote the services provided by the government to its citizens, directly through either the public sector, or by financing private provision of services.

Public services are essential to the functioning of modern society, in such a way that the moral considerations dictate their universal access to all citizens, which is why they can be subsumed under the category of human rights (like the right to water, education, health, police, electricity).

They may be provided by local or national monopolies, especially in areas where there are natural monopolies. The traditional model was the target of strong criticism from citizens and the private sector, but also scholars of organization and governance.

## **2.2 Public sector employees and their motivation**

Biget, Varone, Giaque and Ritz (2010, p. 214) present that combination of extrinsic and intrinsic factors can explain why public sector employees show different levels of motivation. It is common knowledge that people are either selfish or altruistic, so there are two approaches to motivation of public sector employees. The first one is self-interest maximization, and the second one is pro-social orientation. The first approach implies motivation as a way to fulfill the extrinsic needs of employees. The second approach proposes that public employees are stirred by higher order needs. That puts emphasis on the altruistic and socially oriented behavior.

Many theories research the background of motivation in public sector, the effect of motivators and relations between them. According to Biget, Varone, Giaque and Ritz (2010), the basic elements for work motivation are:

- satisfaction (interaction between employees, ratio between expectation and results)
- organizational commitment is a psychological state characterizing the link between an individual and his or her organization, and it is closely related to the decision to stay within the organization or leave it
- organizational identification – the process by which the goals of the organization and those of the individual become increasingly integrated or congruent.

In public sector, employees have motives from environment, values, beliefs, and attitudes that go beyond their organizational, or self-interest. Therefore, it can be concluded that motivation of public sector employees relates to the fulfillment of public sector service through an identification process.

Many studies have proved that there is a big difference between public and private employees in their view of motivation (Biget, Varone, Giaque and Ritz, 2010). Public sector employees have more respect toward intrinsic motivators, than extrinsic. They are dealing with desire to serve the common interest, satisfying social desire. Some studies have proved that an increase in extrinsic motivators, such as payment, have negative influence on intrinsic factors. Performances that relate with payment sometimes even have de-motivating effect on motivation of public employees.

Intrinsic motivators have components such as opportunities, incentives, needs that have to be satisfied. In addition, important motivators are team relations and support (Biget, Varone, Giaque and Ritz, 2010). Team relations are important because of socio-relation between employees and their superiors. Such environment can influence building an individual identity

and can also influence organizational culture, which induces creativity and innovation. All for the benefit of productivity, production, financial results, etc.

For every employee, it is important to receive recognition from his or her colleagues, as well as their superior. According to Biget, Varone, Giauque and Ritz (2010, p. 221), recognition is a reaction expressed within the short term, after a specific or general action or behavior which an individual perceives, to merit a positive and personalized response. Such positive feedback is a determining element of motivation and performance for the members of the working team.

### **2.3 Public sector in Bosnia and Herzegovina**

Public administration reform takes place on all levels of government in Bosnia and Herzegovina. For the past ten years, the public administration in Bosnia and Herzegovina has faced with a massive emigration of skilled personnel (Šehić, 2001). Public sector institutions are not able to attract qualified professionals from private companies and numerous international organizations, because of the lack of quality staff in the market and their non-market offer for payment. Therefore, it is necessary to make some changes to the principles and practices in all areas of public administration, as well as human resource management. Awareness of the highest leaders of the importance of establishing a modern human resource management practices in their daily work is highly questionable. That can be seen through the fact that currently, in B&H, municipalities do not exist as separate units with a separate department for human resources. In some cases, the functions of human resources exist as a group of tasks within a larger service, usually called the Department of General Administration. Policy of the public sector is necessary to guide, correct and to supplement activities of the public sector. Effective government improves people's standard of living by ensuring access to essential services – health, education, water and sanitation, electricity, transport – and the opportunity to live and work in peace and security.

Bosnia and Herzegovina as a state is divided into two Entities (Federation and Republic Srpska), and Brčko district. According to United Nations (2003, p. 2), the wage of territory percentage is following: Republic Srpska (hereinafter: RS) takes 49%, and Federation takes 51%. Each entity has its own political structure and its own administration. Central government exists and it is comprehensive, but it has a weak influence. Defense in Bosnia is unique, because it is in authority of the entities, and not in the authority of the state like in all other European countries.

The central government consists of three parts (United Nations, 2003):

- a Parliamentary assembly, which is divided into a House of Representatives and a House of Peoples
- presidency (rotating tripartite)
- the Council of Ministers with six Ministries.



Document “Public Administration”, United Nations (2003, p. 2), presents the political structure of Federation made of three levels:

- the entity (two-House parliament, the President, a Vice President and a government under a Prime Minister)
- the canton (ten cantons having their own assembly with the power to adopt cantonal laws)
- the municipal level (each municipality has its own assembly).

Regarding the other entity, “Public Administration”, United Nations (2003, p. 2) presents a very different concept of structure of RS.

On the highest level is the state assembly, a President, a Vice President and a government under a Prime Minister.

Public sector in Bosnia consists of legislative institutions, executive and judiciary branch, local government and all activities in which the state, entities, cantons, district Brcko, cities, and municipalities have authority based on legal and ownership rights such as education, health, pension insurance, social protection, public enterprises or societies with public capital, natural and cultural wealth.

**Institutions of legislative branch** are law-making bodies in Bosnia on the state, entity and local level.

In terms of public administration, United Nations (2003, p. 5) parliamentary assembly in Bosnia consists of two houses: the National House of Representatives and the House of Peoples:

- the National House of Representatives is comprised of 42 delegates, 28 elected from Federation (elected directly by the voters) and 14 from RS (selected by the National assembly of RS)
- the House of Peoples is comprised of 15 delegates. Ten members attend from the Federation (5 Croats and 5 Bosniaks), and five members are from RS (Serbs). In the House of Peoples, the quorum is achieved with 9 votes, with a condition that at least three members are present from each group.

The parliamentary assembly acts in situations when it is necessary to implement decisions of the Presidency, or to carry out the responsibilities of the Assembly, provide answers about financing amounts, sources and obligations of Bosnia and Herzegovina. plan and implement the budget, and so on and so forth.

**Executive branch** is represented by a Presidency comprised of three members, with President rotating every 6 months. Each member is formally equal to one another and they have a 4 year mandate.

Responsibilities of the Presidency are the following, according to Public administration (United Nations, 2003, p. 6):

- foreign policy
- appointing ambassadors of B&H
- executing decisions of the Parliamentary assembly
- representing B&H in international organizations, coordination with organizations in B&H
- proposing the annual budget to the Parliamentary assembly
- reporting annually to the Parliamentary assembly on expenditures by the Presidency.

The Chair of the Council of Ministers is nominated by the Presidency, and the House of Representatives have to approve it. The Chair is further responsible for appointment of Foreign Minister, Minister of Foreign Trade. The main obligation of the Council of Ministers is taking care of the implementation of laws on foreign policy, monetary policy, finance, immigration, refugees, asylum, criminality, law enforcement, and regulation with the Interpol, transport, communication facilities, and other matters as agreed by the Entities.

According to Public administration, United Nations (2003, p. 7), **judiciary branch**, the Constitutional Court of B&H consists of three divisions: Administrative, Appellate and Criminal, which have jurisdiction over cases related to state level and appellate jurisdiction over cases on entities level. This court is the final arbiter on legal matters. The structure of the court is as follows: 4 judges from the Federation, 2 from RS, and 3 members are selected by the President of the European Court of Human Rights. Jurisdiction of this court is deciding on any constitutional matter within the territory of B&H.

The territory of B&H is divided into three entities: Federation, RS, and district Brcko. Each entity has municipalities as the local government units. These have their own legislature, ministers, and constitution governors. In total, the Federation has 73 municipalities, with ten subunits called cantons. However, the Federation does not have a Ministry, but a Law on Local Self-Government. The RS entity has 64 municipalities with ministries of local self-government. The third entity called Brcko has a separate status due to arbitrage rolled in 1999. In March of 2000 the High Representative formally established the institution of the district with its own Parliament, Constitution, and Budget. Local government legislation in the entities and consequently cantons is derived from the state Constitution that essentially devolves all issues related to local self-government to the lowest possible level.

Public sector includes several parts:

- manufacturing and the supply of electricity, gas and water
- state department, defense, compulsory and social security
- education
- health and social work.

Nevertheless, during the past two years, economy in B&H has not presented signs of positive improvement: a humble volume of business activities is visible in private sector and a slow recovery of the main economy branches. These branches were the most affected by the economic crisis.

In the last three years, according to UNDP report (2010), the Embassy of Great Britain in B&H (Office for International Development) started to finance the project called: “Strengthening the Relationship between Challenge Fund Models and Key Aid Effectiveness Indicators”. The company INNOVA management consulting, in cooperation with the Center for Promotion of Civil Society guided the project. The main goal is improving transparency and principal management of the budget. The purpose of this project is in joint arrangement of Government of Canton Sarajevo’s with organizations of civil society. The goal of the reform is to improve responsibility and transparency in suggestion of program initiative and in achievement of results. Further, technical support is extremely important in a sense of implementation of reform of public administration and public finance in B&H.

This kind of support was agreed until May of 2013 (two years).The main tasks are the following:

- education (seminars, workshops, analysis of new budget suggestions delivered by non-government organizations, meetings between non-government organizations (hereinafter: NGO) and representatives of relevant ministries)
- development of organizational capacity (NGO) are gathered around a network called “Agreement plus”, on state and cantonal level. Those who would like to learn about the budget process would work on activities for identification of crucial problems for the citizens; make suggestions for some alternative measures or additions on existing public policies, which will be in regular form of new suggestions for budget consumption.
- building capacity of parliamentarians (Parliamentary Assembly and Canton Assembly). The newly elected Minister in the Parliamentary Assembly and the Parliament of Sarajevo Canton, after the 2010 general elections will be introduced through this project not only with the budget cycle and with the essence of program budgeting, but also the importance of citizen participation in public policy. Including the budget as a major public policy, which will increase their responsibility in managing public funds and ultimately result in raising the quality of services to citizens.
- advertisement (introducing the public with the new reforms and activities of NGO in the budget process).

## **2.4 Motivation in public sector in Bosnia and Herzegovina**

Public sector in B&H employs 184.148 employees and has an enormous influence on the entire work market (Đukić, 2010). According to the projections of the International Monetary Fund (2013), the total allocation for the public sector in 2013.is in amount of 3.312 billion KM for salaries and benefits, and 2.833 billion in material costs. That is a total of 6.145 billion or 23% of total GDP.

One of the public sector specifics is its growing relationship with the politics that often gets to battle over economic rational solutions. A new philosophy and approach as to increasing creativity have emphasized the importance and possibility of conscious action on improving the creativity of individuals, teams and organizations of all kinds.

In public companies in B&H, the administration is selected based on political affiliation, rather than expertise in managerial positions. Experts say that the choice of the management of public companies and companies whose majority shareholder is the state should be to depoliticize, or the leaders of these enterprises should be elected through contest.

According to Duraković (2011), in relation to the global success of the company and the development of human resource management functions, the function of human resource management in our public organizations is largely undeveloped. Human Resources Department in most organizations perform the basic activities of a purely administrative function: publication of vacancies for candidates, records of employees, managing vacations, record arrivals at work, organizing training programs for certain employees. The importance of HRM positions on a really low level in many organizations, leading almost to neglecting it.

The entry of many foreign companies on the labor market of Bosnia and Herzegovina, and the competitive environment, leads to changes in organizations and thus functions of human resource management. According to Duraković (2011), that also lead to more important, small but significant shifts, because it raised the awareness of managers and individual organizations, and there are increasing demands for training for both executives and employees of functions of human resource management.

Duraković (2011) states that top management of individual organizations are resorting more to organizational and personnel strengthening, the separation of HRM into separate organizational units, and employment of experts in different fields. His research showed that even cca 70% of the organizations in PD B&H don't have an HRM department, and research also showed that cca 42% of the employees under HRM consider administrative and personnel services (Duraković, 2011).

Another research by Rahimić and Ćar (2004) was conducted in 50 small and medium organizations in public sector. Managers were asked whether they recognize the importance of human resources and the results showed that, for 36% of respondents, HR is an important function for a company, and for the rest of them it is an insignificant function.

The public reform administration (PARCO 2007), was started as a process to improve public administration to be more efficient and effective, to operate with transparent and open procedures, to serve the citizens better and for less money, etc. Additionally, it has to meet all conditions set by the European Integration to become a facilitator for continuous and sustainable social and economic development.

If public sector wants to be more efficient, it needs to achieve the highest quality of human resources, have a good administrative system, the HRM needs to be transparent, fair, supportive, and professional. Legal Framework for HRM exists, but the development of HRM is really slow. The current situation is complex, due to different legal solutions, the lack of unified procedures and requirements. The procedures are often lengthy, cumbersome, and costly. Additionally, HRM tools are not always fully implemented, e.g. performance appraisal, training needs assessment (PARCO, 2007).

### **3 RESEARCH ON MOTIVATION IN PUBLIC SECTOR IN B&H**

The **subject of the research** was employee motivation in public sector in Bosnia. The **purpose of this research** was to examine groups of employees who work in public sector organization, level of their motivation, what motivates them, and what they expect for doing something in a good way.

The **main hypothesis** is: employees in public sector in B&H exhibit low levels of motivation and new strategies need to be developed to motivate public sector employees, including both material and non-material motivation.

To test the hypothesis, different methods were used aiming to satisfy the basic methodological requirements, such as reliability, objectivity, generalization and systematization. Scientific methods used for this test were hypothetical-deductive, and statistical. All methods have equal importance, without giving exclusive benefits to some methods in order to achieve a valid science and social research objectives. Research was conducted on the sample of 100 respondents in the public sector in B&H. In order to collect primary data a questionnaire was used to determine the motivational factors that effect the employees. Several public companies were representatives of the public sector in B&H for the collection of data.

#### **3.1 Research methodology**

Research was based on a structured questionnaire that was held in November and December 2012. Time needed for filling out the questionnaire was approximately 20 minutes. Questionnaire was distributed among all employees. In the questionnaire, respondents were notified through introductory notes that the data will be used for the purposes of this master thesis. The research was completely anonymous and voluntary. During research, a translated Lawler questionnaires were used for calculating motivation. The questionnaires contained three groups of questions regarding different motivational aspect. The following is a description of all measure instruments (questionnaires). The structured interview contains 25 questions in total, divided into three groups (the questionnaire is in Appendix). The three parts represent the following factors:

- the possibility of being awarded for work done successfully
- attraction of reward for the individual
- expectations that something is possible to do better if done with more effort.

The first and the second variable contain 11 questions regarding the expectations with allegations on a scale from 1 to 7, where the value 1 represents the worst negative stand, while the 7 is the most positive stand. The third variable contains three questions related to attraction of reward.

### 3.2 Population and sample

This study used a descriptive survey design. The purpose of descriptive surveys is to collect detailed and factual information that describes an existing phenomenon. The target population of the study was personnel employed in municipality Novi Grad (Sarajevo, public sector B&H). There were 100 participants. Participants voluntarily agreed to fill out the questionnaires. Of the 100 participants, 58 were females, while 42 were males.

Their age ranged from 23 to 56 years old, with mean age of 39.5 years. The research included the employees with different categories, starting on lower level and ending with those on higher level. The total number of filled out questionnaires is 100, which is 40% of the total population of employees in the municipality Novi Grad. The majority of respondents (75%) are 20-39 years old, and the rest (25%), are older than 40. In terms of gender, the majority of the respondents were women (58%).

Table 5. Structure of the sample by age and gender group

Age group	Average value	20-29	30-39	40-49	50 and more
Total	35	39	36	15	10

The results of research on the educational level (Table 6) show that the majority of employees from the sample (84%), have a university degree, which can be observed from two completely different stand points. The first is that employees are well educated, but probably angry for not progressing. Obviously, not all of them can become executives. This can become a huge de-motivational factor after a few years.

Table 6. Structure of the sample by education level

	Frequency	Percent	Valid Percent
High school	14	14	14
Higher school	2	2	2
Faculty degree	84	84	84
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

The sample by work experience (Table 7) shows that the majority of employees (53%) have low work experience, 1-5 years. This just confirmed the above-mentioned fact that these employees are motivated in the beginning of their career, but the question about what will happen in the future remains unanswered.

Table 7. Structure of the sample by work experience

	Descriptive statistics					
	N	Average value	1-5	6-10	11-20	20 and more
Years	100	8	53	14	28	5

### 3.3 Identification of factors that make optimal motivation in public sector

A level of motivation depends on many factors. Research shows that the most influence on motivation exhibit the following factors:

- amount of salary
- feeling of security
- professional growth and development
- self-efficacy
- respect from other employees
- possibility to learn.

Perceived consequences for the job well done are presented in Table 8.

Table 8. Perceived consequences for the job well done

	Descriptive Statistics				
	MIN	MAX	Mean	Std. Deviation	Mod
Good opinion about yourself	2	7	5.16	1.61	7
Feeling of self – efficacy	2	7	4.61	1.57	3
Development of skills and abilities	1	7	4.56	1.64	3
Chance to learn new things	2	7	4.44	1.47	3
Job security	1	7	3.75	1.53	3
Respect from other employees	1	7	3.75	1.32	3
Freedom at work	1	7	3.73	1.44	3
Respect from your supervisor	1	7	3.67	1.36	3
Kindness from other employees	1	7	3.55	1.42	3
Job promotion	1	7	2.81	1.41	3
Bonus or salary raise	1	7	1.95	1.21	1

*Note.* What is likely to happen, if they do their job well, what will they get/have. 1-Not at all important ; 2-Low importance; 3-Slightly important; 4-Neutral; 5-Moderately important; 6-Very important; 7-Extremely important

In the first group of questions, results showed the probability that work done successfully follows a reward. The employees are not satisfied with possibility to get salary raise; as many as 50 respondents said that they are not fully satisfied with their salary. Arithmetic mean value is 1.95, which represents the lowest indicator from all motivators along with the

possibility to get promotion, which has a mean of 2.81 and a standard deviation of 1.41. The mode, the most repeated value is 1 – not at all likely to happen, which means that employees believe that even if they do their job well, there is still a small possibility to get a salary raise, but a little larger possibility to get a promotion. Regarding the chance to learn new things and to develop skills and abilities, there is small possibility. As many as 32 employees said that there is a slight possibility to improve their knowledge if they do their job well, with the mean of 4.44. Mode is 3, so it is somewhat likely to happen. Self-efficacy is a factor that is on a satisfactory level. If the work is well done, the employees will have good opinion about themselves, according to arithmetical value 5.16. As many as 32 employees from the sample are satisfied, and 20 of them said that there is a slight possibility they will be self-efficient. This factor has a higher mean of 4.61, and a standard deviation of 1.57. Closely correlating with this factor is respect from other colleagues and their superiors after a job well done. Means for these factors are 3.75 (colleagues will appreciate), 3.67 (superior will appreciate) and 3.55 (people will be kinder). Mode for all three variables is 3, somewhat likely to happen. Nowadays, in a recession period, job security is a very important factor of motivation. The majority of the employees are not satisfied with job security, with mean of 3.75. It does not necessarily mean that if they do their job well they will have a secure job, but this mean leaves space for negotiation because of the fact that the job in a publicly owned company is less likely to be lost than in a privately owned company. Employees care for their security regardless of their effort and job well done. The second part of the questionnaire shows how much importance employees assign to certain factors (Table 9).

Table 9. The importance of motivational factors

<b>Descriptive Statistics</b>					
	<b>MIN</b>	<b>MAX</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Mod</b>
Amount of salary	4	7	6.27	1.07	7
Good opinion about yourself	1	7	5.89	1.29	7
Development of skills and abilities	3	7	6.31	0.91	7
Job security	4	7	6.39	0.95	7
Chance to learn new things	3	7	6.10	1.12	7
Job promotion	1	7	6.21	1.28	7
Feeling of self – efficacy	2	7	6.03	1.12	7
Freedom at work	2	7	6.11	0.97	7
Respect from other employees	3	7	5.79	1.06	6
Respect from a supervisor	1	7	5.26	1.58	6
Kindness from other employees	2	7	5.31	1.56	6

*Note.* What is likely to happen, if they do their job well, what will they get/have. 1-Not at all important ; 2-Low importance; 3-Slightly important; 4-Neutral; 5-Moderately important; 6-Very important; 7-Extremely important

Results show that the most important motivators are job security with mean 6.39 (63 respondents said that this is an extremely important factor; they gave the highest value on the scale) and the level of salary, with mean 6.27 (frequency – 63 respondents said that this is the most important factor). However, some very important factors are not satisfied, and they should be. Mean for satisfaction with the salary is 1.95, and for job security is 3.75. As many



as 50 respondents from the sample are not at all satisfied with salary. Factors with high level of importance are freedom at work (mean 6.11), opportunity for learning (mean 6.31), and promotion (mean 6.21). For all of these variables, mod is 7.

When speaking of the respect from colleagues and the superior, it is quite important for employees. Mod is 6, and 28 of them said that it is important for their work satisfaction. It can be concluded from the previous statistical analysis that many factors have huge influence on motivational significance, but they are not satisfied (Table 10).

Table 10. Motivational factors that are not fully satisfied

	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
Job security	1	7	3.75	1.53
Respect from other employees	1	7	3.75	1.32
Freedom at work	1	7	3.73	1.44
Respect from the supervisor	1	7	3.67	1.36
Kindness from other employees	1	7	3.55	1.42
Job promotion	1	7	2.81	1.40
Bonus or salary raise	1	7	1.95	1.21

*Note.* What is likely to happen, if they do their job well, what will they get/have. 1-Not at all important ; 2-Low importance; 3-Slightly important; 4-Neutral; 5-Moderately important; 6-Very important; 7-Extremely important

However, there is a significant number of motivators for respondents that are satisfied with good evaluation/score. In the following part (Table 11) are presented the factors of motivation with the highest rank.

Table 11. Motivational factors that are satisfied

<b>Descriptive Statistics</b>					
	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
Good opinion about yourself	100	2	7	5.16	1.61
Development of skills and abilities	100	1	7	4.56	1.64
Chance to learn new things	100	2	7	4.44	1.47
Feeling of self –efficacy	100	2	7	4.61	1.57

*Note.* What is likely to happen, if they do their job well, what will they get/have. 1-Not at all important ; 2-Low importance; 3-Slightly important; 4-Neutral; 5-Moderately important; 6-Very important; 7-Extremely important

The obtained results state that the most important factors for employees in public sector are the factors, which are satisfied the least. For example amount of salary (Q12) as a motivator has mean (6.27), and standard deviation (1.07).

It is highly valued and important motivator for employees, which is slightly satisfied with mean (1.95) and standard deviation 1.21. A half of the employees (frequency 50) in the

sample are not at all satisfied with their salary. Job security (Q15) as a motivator has mean of 6.39, which shows its great importance, but this is also not satisfied (mean 3.75).

The third section of questions presents the relation between investigated effort on the job, and the result of that effort. The result of the effort (Table 12) can be measured with:

- productivity
- efficiency
- quality.

Table 12. The relation between the invested effort and the result of effort

	<b>Strongly strive to the business - to achieve high productivity</b>	<b>Strongly strive to the business - efficiency</b>	<b>Strongly strive to the business –job quality</b>
	Frequency	Frequency	Frequency
Occasionally	6	0	3
Sometimes	30	12	11
Frequently	38	50	27
Usually	14	27	39
Every time	12	11	20
Total	100	100	100

This preview shows that frequently done actions will give the best result overall (38% in productivity, 50% in efficiency, and 27% in quality).

Therefore, respondents show clear dissatisfaction because of the fact that the effort done every time (on a daily basis) gives the lowest result. The majority of the sample shows that invested effort has the following result (Table13):

- every time, in quality of job (mean 5.62)
- frequently, in efficiency (mean 5.37)
- sometimes, in productivity (mean 4.96).

Table 13. The relation of work organization towards employees based on the job effort, productivity and quality

<b>Descriptive Statistics</b>		
	Mean	Std. Deviation
Strongly strive to the business - quality of job	5.62	1.02
Strongly strive to the business – efficiency	5.37	0.84
Strongly strive to the business - productivity	4.96	1.08

### 3.4 Reflection of factors of motivation for professional qualification and work experience

In this research, analysis and comparison of relation between an effort and expecting rewards was used, as well as the level of reward, depending on the level of work experience and level of education.

In relation to the level of education, the respondents were divided between employees with a high-school degree and employees with a university degree (Table 14).

Table 14. Relation of work organization towards employees, based on educational level

If you do your job well	Mean			Std. Deviation		
	High	Higher	Faculty	High	Higher	Faculty
Amount of salary	1.57	1.00	2.04	1.09	0.00	1.23
Good opinion about yourself	4.71	4.00	5.26	1.38	1.41	1.64
Development of skills and abilities	3.50	4.50	4.74	1.91	0.71	1.55
Job security	3.29	2.00	3.87	1.68	1.41	1.48
Chance to learn new things	4.07	3.00	4.54	1.94	0.00	1.38
Job promotion	2.64	3.00	2.83	1.74	1.41	1.36
Feeling of self –efficacy	4.36	4.00	4.67	1.49	1.41	1.59
Freedom at work	3.71	4.00	3.73	1.64	1.41	1.43
Respect from other employees	4.00	3.00	3.73	1.66	1.41	1.26
Respect from the supervisor	3.14	2.50	3.79	1.46	0.71	1.34
Kindness from other employees	4.00	3.50	3.48	1.80	0.71	1.37

It is evident that work organizations treat better those employees that have university degrees and provide greater support in almost all variables (increase in salary, the opportunity to develop skills, freedom to work, a sense of value, chance to learn new things, etc.).

Variables with lower mean and standard deviation are those where employees with high-school education believe that the organization better respects employees with a high-school degree and social factor is more satisfied.

From Table 15. it is evident that employees with a high-school degree mostly deal with issues of financial status. They appraise more the following variables: amount of salary (6.71), job security (6.57), professional improvement (6.36), and respect from the supervisor (5.86).

Table 15. The most important motivators based on educational level

How much do you appreciate?	Mean			Std. Deviation		
	High	Higher	Faculty	High	Higher	Faculty
	Amount of salary	6.71	7.00	6.18	0.47	0.00
Good opinion about yourself	6.50	6.50	5.77	0.65	0.71	1.36
Development of skills and abilities	6.29	6.00	6.32	0.83	0.00	0.93
Job security	6.57	6.50	6.36	0.94	0.71	0.96
Chance to learn new things	5.86	6.50	6.13	1.41	0.71	1.07
Job promotion	6.36	6.00	6.19	1.22	0.00	1.31
Feeling of self –efficacy	5.86	6.00	6.06	1.35	0.00	1.10
Freedom at work	6.36	5.00	6.10	1.01	1.41	0.95
Respect from other employees	5.93	5.00	5.79	0.92	1.41	1.08
Respect from the supervisor	5.86	4.50	5.18	1.41	3.54	1.56
Kindness from other employees	5.71	4.50	5.26	1.59	3.54	1.52

Respondents with a university degree gave higher values in variables: possibility to develop their skills (6.32), self-efficacy (5.77), the chance to learn new things (6.13), freedom to work (6.10), respect from other employees (5.71), and make people nicer to you (5.26). If we look at Table 16, which shows relations regarding work experience where respondents were divided between the ones with lower work experience (1-19 years). Those with higher work experience (20-39), it is evident that work organization has better relations towards respondents who have more years of experience in almost all variables, such as possibility to get bonus, or freedom at work.

Table 16. Relation of work organization towards employees, based on work experience

If you do your job well	Mean		Std. Deviation	
	1-19	20-39	1-19	20-39
	Bonus or salary raise	1.94	2.17	1.22
Good opinion about yourself	5.13	5.67	1.63	1.03
Development of skills and abilities	4.57	4.33	1.65	1.63
Job security	3.84	2.33	1.48	1.63
Chance to learn new things	4.51	3.33	1.48	0.82
Job promotion	2.84	2.33	1.43	0.82
Self –efficacy	4.60	4.83	1.62	0.41
Freedom at work	3.71	4.00	1.40	2.09
Respect from other employees	3.83	2.50	1.32	0.55
Respect from the supervisor	3.67	3.67	1.33	1.97
Kindness from other employees	3.62	2.50	1.43	0.84

Employees with lower work experience appraise more such variables as the possibility to learn/improve, better job security, respect from their colleagues. The results show that

respondents with lower work experience (Table 17) appraise more such variables as: job security, development of skills and abilities, amount of salary. All variables have higher mean and lower standard deviation, except in variables such as: chance to learn new things, professional improvement, when they are doing something worthwhile.

Table 17. The most important motivators based on work experience

<b>How much do you appreciate?</b>	<b>Mean</b>		<b>Std. Deviation</b>	
	<b>1-19</b>	<b>20-39</b>	<b>1-19</b>	<b>20-39</b>
	Amount of salary	6.29	6.00	1.06
Good opinion about yourself	5.91	5.50	1.29	1.38
Development of skills and abilities	6.35	5.67	0.89	1.03
Job security	6.41	6.00	0.94	1.09
Chance to learn new things	6.15	5.33	1.12	0.82
Job promotion	6.26	5.50	1.28	1.23
Feeling of self –efficacy	6.05	5.67	1.13	1.03
Freedom at work	6.17	5.17	0.95	0.98
Respect from other employees	5.84	5.00	1.03	1.26
Respect from the supervisor	5.35	3.83	1.51	2.14
Kindness from other employees	5.39	4.00	1.51	1.90

#### **4 DISCUSSION AND RECOMMENDATIONS TO PUBLIC SECTOR COMPANIES IN BOSNIA AND HERZEGOVINA FOR IMPROVING MOTIVATION**

This research showed that there are certain issues related to employee motivation in public sector in B&H. The basic questions in the functioning of public sector, which this research is based on, are the levels of motivation. More precisely, how much are the employees really motivated?

Results show that public sector does not fully meet the motivational factors which are essential for employees such as: salary raise (mean 1.95), career promotion (mean 2.81), freedom and creativity in the workplace (Table 10). This is, somehow, expected, due to the fact that these companies are at public budget expense, so salary raises are not likely to happen. Freedom and creativity also constitute factors that will hardly ever happen, because they have to realize that they work for companies whose organizational structures are, more or less, fixed, and there is no room for experiments.

Only motivated employees can meet the target goals and give result in the quality of service, together with a satisfied user of public sector services. That's why it is imperative to make a good motivation strategy for employees. Comparisons of desired and obtained results in motivation (Table 18), show that the most important factors of motivation are satisfied the least.

Table 18. Comparison of desired and obtained result in motivation

<b>Desired motivation</b>	<b>Mean</b>	<b>Obtained result</b>	<b>Mean</b>
Amount of salary	6.27	Bonus or salary raise	1.95
Job promotion	6.21	Job promotion	2.81
Kindness from other employees	5.31	Kindness from other employees	3.55
Respect from the supervisor	5.26	Respect from the supervisor	3.67
Freedom at work	6.11	Freedom at work	3.73
Respect from other employees	5.79	Respect from other employees	3.75
Job security	6.39	Job security	3.75
Chance to learn new things	6.10	Chance to learn new things	4.44
Development of skills and abilities	6.31	Development of skills and abilities	4.56
Self –efficacy	6.03	Feeling of self –efficacy	4.61
Good opinion about yourself	5.89	Good opinion about yourself	5.16

For example, the amount of salary is extremely important / desired factor of motivation (mean 6.27), but is on the low level of satisfaction (mean 1.95). The ongoing recession and the war from the end of the previous century are the main causes for the bad financial situation. Employees do not have confidence in the overall system of compensation and its righteousness, because of bad and disbalanced salary policies. Freedom at work, also, represents an important factor with the mean of 6.11, but from a satisfaction stand point it is on a low level (3.73).

In addition, for job security, nowadays may be the most important factor in a recession age, mean is 6.39 and the level of satisfaction is 3.75. In B&H, it is commonly known that a lot of employees work on a contract, only for a specific period of time, with out pension and health insurance, being payed in accordance with their salaries, or not being payed at all. Therefore, it is really important to have a secure job these days, on such turbulent markets. Results show that there is a small possibility to increase the opportunity for a better job with the mean of 2.81.

In addition to salary, which employees receive as compensation for their work, also significant is the compensation which increases the value that employees receive for a given amount of total compensation (a car, insurance, assistance in solving housing problems). Research shows that the amounts of compensation and rewards depend on the qualifications level and seniority, where work organizations treat better employees with university degrees (Table 18), and provide greater support in variables such as: salary raise, the opportunity to develop skills, freedom to work, a sense of valuation, chances to learn new things.

Variables with lower mean are those in which employees with a high-school degree believe that if they do a good job, working organization will appreciate them more, and people will be more kind to them, and they will then believe they can get a better job position. In addition, the results also show (Table 15) that interests and the intensity of motivational factors depend on qualifications. Moreover, respondents with high-school education will have greater value

in the variable: the amount of salary (6.71), job security (6.57), professional improvement (6.36), and respect from the supervisor (5.86). Respondents with a university degree have higher value in variables: development of skills and abilities (6.32), sense of values (5.77), the chance to learn new things (6.13), freedom to work (6.10), respect from other employees (5.79), and kindness from other employees (5.26). In relation to work experience (Table 16) it is evident that work organization has better relation towards respondents who have more years of experience in almost all variables, except in variables: possibility to learn, job security, respect from their colleagues.

Based on the conducted research, the given results present that **employees in public sector in B&H show low levels of motivation**. The most important factors which could motivate them more, like: salary, job security, possibility to get a better job position, are the least satisfied, **and new strategies to motivate public sector employees need to be developed, including both material and non-material motivation, which confirms the hypothesis**.

Based on the analysis of the results relating to levels of motivation, motivational factors and the effects of positive and negative reflection of respondents with different psychosocial and educational status should be selectively used methods, procedures, resources, and motivation strategies that are the most effective. The most influential factors on the level of motivation are good organization in the company, financial incentives and non-financial incentives, from which derives the need on how to make motivational strategies (Aščerić 2008). Many managers are not sure which rewards their employees appreciate the most. Therefore, organizations in public sector need to get to know their employees, and to create a strategy for stimulating their employees in terms of tangible and intangible rewards. In order to make a good strategy to meet the needs of employees, organizational behavior must also be taken into account.

Based on the obtained results, the easiest, the quickest and the cheapest activities, that serve as main recommendations for managers in public sector organizations on how to increase motivation, get better performance and achieve organizational goals are:

1. the first thing that managers should do is to organize meetings with the employees in which they can express their views, opinions, suggestions, and any issues on which they can together identify the path for the solution
2. the cheapest motivator is giving acknowledgment to individual employees / or team. This can help build respect in employees and team pride. Also, this should enable employees to participate in identifying business goals and standards; to ensure that the business objectives admitted and behavior associated with the primary task of the company can inform employees about their progress and achievement of objectives, and consider the possibility of awarding a small prize along with acknowledgment
3. classification of people in workplaces. For example, employees with high performance need to get jobs that enable them to participate in creating challenging goals

4. ensure that the objectives are perceived as achievable. Regardless of whether they are really achievable or not, employees who see their goals as unattainable will reduce their effort under the pretext of "why should I bother"
5. they should not ignore the money. It is easy to be involved in the processes of setting goals, creating interesting jobs and providing opportunities for participation in creating goals, but they should not forget that money is the main reason why they work. That's why the distribution of wages, or a reward per unit of product, are important in determining the motivation of employees. This does not mean that managers need to use the money as the only instrument of motivation. Moreover, they simply need to draw attention to something obvious – if the money is removed as an incentive, people will not show up in the workplace
6. there must not be discrimination between employees. People want their efforts and results to be compared, fairly and objectively evaluated with the others. The emphasis is on the relationship between the organization and the individual. Individual invests something (effort, knowledge, creativity), and in return gets something else (salary, status, recognition). Therefore, individuals compare the ratio of invested and the obtained with the other people.

In the long term, the recommendations for employee motivation are:

1. they can **celebrate the success** of the team. For example, make a pizza party
2. organizing special **training programs** in order to strengthen teamwork (communication, team spirit, resolve conflicts, develop awareness of the role of the team)
3. more investment in **safety and protection measures** in order to eliminate the risk of a possible injury or occupational disease emergency, to organize preventive medical examination for all employees as a form of care about their health and well-being, programs for quitting smoking
4. organizing a large number of **social gatherings**, for example: organizing various humanitarian activities, the rental of sports halls twice a week, which would be particularly attractive to men between 20-30 years of age who showed the least satisfaction in this area. Sports teams for basketball, volleyball, soccer, or tennis can be formed
5. organizing a **joint party** - desirable with partners. For example, organizing a party on the occasion of the New Year, New Year's division packets to children of employees, divisions calendars and promotional materials to employees, and the like.

## CONCLUSION

The literature on which the research was based on shows that motivation and satisfaction of employees is becoming the basis of contemporary management, because the quality of motivational systems can help organizations to increase their competitive advantage and



value. Motivation is a very complex phenomenon that depends on a large number of factors. Understanding the motivation issue is essential for understanding the effects of variations with other complementary factors, such as work place, reward system, system improvement, and leadership style, provided they are relevant to results of operations. To encourage the full engagement on behalf of the employees, it is necessary to determine the proper way for motivating them and determining their interest in the successful work and business.

The formation of the motivation theory is linked to the beginnings of organized labor, it occurs with the development of organizations and organizational theory in the early 20th century. Theoretical interest for motivation caused the immediate, practical needs for understanding the mechanisms of human behavior, in order to find adequate instruments to increase the effort and contribution of employees to achieve organizational goals, but also to improve the quality of working life in the organization. There are many motivational techniques, which are divided into material and non-material. Material compensation is a necessary basis for motivation, but not sufficient, because more important for many people are needs of a higher order such as: the development and validation of their own abilities, autonomy, the respect of personality, status, and more. If something motivates one employee, it does not mean that it will motivate the other. In addition, it is necessary to take into account the individual expectations of employees. However, to identify motivators of individuals or particular social group is not easy.

Without motivation, there is not going to be a successful organization, nor the operational process. The most important things for employees are: job security, and the amount of salary. Technical conditions of work and relationships, resolved housing problems, the principle of distribution, having a certain share in stimulating to work are also present. Among factors that have the character of self-realization is the opportunity for professional improvement, in terms of training and taking responsible and complex operations opportunity to develop abilities and skills, freedom at work, etc. It can be concluded that employees with a personal motivation to work achieve better performance results. Greater efficiency in carrying out the work has multiple influence on employees. The worker who has the opportunity to achieve greater self-actualization, has faster progress. Work success contributes to a better attitude towards work that influences ultimately on the overall work activity. A positive attitude towards work is manifested through an increased motivation to work.

This research of motivation in public sector has an aim to determine the level of motivation of employees, as well as the extent to which different factors affect the motivation of employees. The mean average of the importance of factors affecting motivation is 3.82 out of a possible 5, which shows that the potential to motivate public employees is relatively high. Average evaluations show that the salary, opportunities for learning and development, and job security are the most important factors for motivation to work. Results also show that salary raise, as a motivator of satisfaction for a job well-done is not satisfied; as many as 50 respondents said that they are not fully satisfied with their salary. Other factors such as: respect from the superior and colleagues, feeling of accomplishment are the least satisfied.

Employees with university degrees give greater appraisal to almost all variables (salary raise, the opportunity to develop skills, freedom to work, a sense of valuation, chances to learn new things, etc.). Variables with lower appraisal are those for which employees with secondary school believe that working organization better values employees with a high-school degree and social factor is more satisfied. There are no significant differences in employee satisfaction in relation to the length of service, except in the area of job security, where employees with 1-19 years of work experience feel more safe in terms of keeping their workplace than employees with higher work experience. Women are happier than men in all the above variables. Administration employees are significantly more satisfied than employees outside the administration. Based on the conducted research, it can be concluded that **employees in public sector in B&H show low levels of motivation**. The most important factors that could achieve a higher level of motivation are: salary, job security, possibility to get a better job position are the least satisfied, **and new strategies for motivating public sector employees need to be developed, including both material and non-material motivation which confirms our hypothesis**.

Based on the results of the research, it is necessary to point out some of the possible proposals for improving the motivation of employees. Managers should organize meetings with employees in which the employees would express their views, opinions, suggestions, and any issues on which they want to jointly seek the path to solutions. In addition, the program honors individual disclosure of employees and the program team awards, which are powerful motivators, as well as programs for training in the company or outside it, on different topics.

Also, strong motivators are rewarding employees by the superiors, taking into account the proposals or suggestions from the employees, organizing a number of joint meetings and actions. Organizations creates the preventive medical examination for all employees, as a form of caring about their health and benefits, paid vacation for employees with an increased risk in the workplace (the example of a paid vacation on the mountain for the employee and his/her family members), are all also powerful motivators.

Each individual should be approached as an integral personality, and the manager should find out what are the most dominant needs that drive this individual, which can lead to motivation. The reality of the modern age is the transition from the industrial economy to IT, and all is now exposed to changes, including human resource management skills and systems motivation. However, one fact is unchangeable, and that is the importance of people to the business. Humans are the only active factor in all the past, present, and future changes: as motivators, implementers, and users of these changes.

Therefore, it is important for managers to devote to the study of people, their needs, goals, motives, traits, etc. Human resource has always been, and will remain, the most important factor of business, in all societies. Investment in human resources and the motivation to work is a reasonable cost that is more than repaid afterwards.

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## **APPENDIX**

**Appendix: Lawler questionnaire to calculate motivation**

Work motivation

Gender M F

Year of birth:

Education level: High school

Faculty degree

Master degree

Year of work experience:

**Group 1.** Here are a few things that can happen when people perform their job well. Therefore, what in your opinion is likely to happen, **if you do your job well, you will get/have.**

		Not at all likely		Somewhat likely		Certainly quite likely		Certainly
a)	Bonus or salary raise	1	2	3	4	5	6	7
b)	Good opinion about yourself	1	2	3	4	5	6	7
c)	Development of skills and abilities	1	2	3	4	5	6	7
d)	Job security	1	2	3	4	5	6	7
e)	Chance to learn new things	1	2	3	4	5	6	7
f)	Job promotion	1	2	3	4	5	6	7
g)	Self–efficacy	1	2	3	4	5	6	7
h)	Freedom at work	1	2	3	4	5	6	7
i)	Respect from other employees	1	2	3	4	5	6	7
j)	Respect from the supervisor	1	2	3	4	5	6	7
k)	Kindness from other employees	1	2	3	4	5	6	7

**Group 2. How important is...?**

		Middle or less important			Quite important			Maximum important
a)	Amount of salary	1	2	3	4	5	6	7

b)	Good opinion about yourself	1	2	3	4	5	6	7
c)	Development of skills and abilities	1	2	3	4	5	6	7
d)	Job security	1	2	3	4	5	6	7
e)	Chance to learn new things	1	2	3	4	5	6	7
f)	Job promotion	1	2	3	4	5	6	7
g)	Feeling of efficacy	1	2	3	4	5	6	7
h)	Freedom at work	1	2	3	4	5	6	7
i)	Respect from other employees	1	2	3	4	5	6	7
j)	Respect from the supervisor	1	2	3	4	5	6	7
k)	Kindness from other employees	1	2	3	4	5	6	7

**Group 3** below presents a few terms in pairs, for example:

Your task is to, along with each pair, circle the number that shows what you personally think how often what it says on the left, in your work leading to what is written on the right.

	<b>Strongly strive to the business</b>	<b>Never</b>		<b>Sometim es</b>		<b>Frequentl y</b>		<b>Almo st alway s</b>
a)	Productivity	1	2	3	4	5	6	7
b)	Efficiency	1	2	3	4	5	6	7
c)	Quality	1	2	3	4	5	6	7