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## THE IMPACT OF ECONOMIC CRISIS ON THE CHANGE IN MOTIVATION OF FURNITURE COMPANY EMPLOYEES – CASE STUDY

*This work analyses the level of motivation of workers employed in Ekoltech s. r. o. Fil'akovo in Slovakia in the period till 2008, i.e. before the beginning of economic crisis, and after the crisis' start, i.e. at the beginning of 2009. Using Duncan test, which is a suitable tool for independent choices, the average rates were compared and significance level  $p$  for individual motivational factors was calculated. The result of this work is definition of significant change in average rates of individual motivational factors and the comparison of sequence of importance of motivational factor before and after the crisis. Based on the observations made, it can be said that the world economic crisis caused change in employee motivation in companies. The employees were willing to work even in worse conditions, for they wanted to keep their jobs. Therefore, it was recommended that the management of the analysed enterprise motivate the employees by non-financial motivational factors, which nowadays are critical to maintain sufficient job performance.*

**Keywords:** motivation, motivational programme, change of motivation, economic crisis, Duncan test

### Introduction

Market globalisation, lack of qualified workforce and financial crisis exert permanent pressure on company management who must pay attention not only to creation of a competitive strategy, but also to determination and execution of crisis management aimed at company's survival [Raable 2008]. Any company may have at its disposal a top-level technology, rich financial resources and scarce information, but its success and competitiveness depends only on high-quality and qualified employees. The main goal of human resources management is to attract, develop, properly utilize, assess, motivate, remunerate, and keep a proper number

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of employees at adequate working positions in a company and in this way provide the company with appropriate workforce [Werther, Davis 1992].

## **Problem**

One of the most important and at the same time the most difficult task of human resources management is motivation of employees, which is the basis for human resources management. Without proper level of motivated behaviour and performance of employees it is impossible to determine goals and to meet them as well. This paper deals with analysis of motivation in the period 2007-2009 in Ekoltech, s.r.o. Filákovo, and the impact of the economic crisis on the change in employees' motivation. The analysed enterprise is an important producer of furniture for the distribution network of IKEA Company and it employs more than 800 employees in the area of Novohrad.

Management in the period of crisis requires the use of non-financial remuneration of employees which can be done in several ways: 1) team rebuilding, 2) organisation of educational activities within the company, 3) training of employees, 4) organisation of requalification courses, language courses, managerial and IT courses, expert courses, seminars and trainings or 5) using different outsourcing market tools [Potkány 2008]. Company may also organise sports and other company events aimed at improvement in human relations. The attention should also be paid to internal communication in the company, especially with subordinates.

Another form of non-financial motivation is regular demonstration of appreciation on the part of supervisor and provision of appreciation, so that employee gets more responsibility at work. The employer should let the employees select non-financial benefits. Other form of employees' motivation is self-realisation, i.e. delegation of some competencies and duties. Motivation of employees may be executed even in the change of company management. For some employees benefits and motivational programmes leading to their self-realisation or satisfying their economic requirements may be effective. From the employer's perspective, low-cost tools which help him start utilising the potential hidden in the employees are effective.

Other forms of motivation in the period of crisis include:

- change of internal communication – management more often and openly communicate with employees, determines groups of specialists to solve section problems, create place for non-traditional solutions to proposals and problems, even apart from the official organisational structure of the company,
- enhancement of work – in the period of crisis, due to redesign of some working positions, some jobs may be downsized and part of their workload can be transferred to remaining posts,
- employees' development – this period of fewer orders may be used for employees' development and growth, and in such periods the knowledge poten-

tial “hidden” in the company should be utilised, e.g. lecturers working with the company,

- improvements to company processes and their presentation at wide company forum – this method may also improve team work, if the task is to bring the offer of individual working teams for the benefit of the whole company,
- working hours – if possible, flexible working hours may be introduced (such a possibility is appreciated not only by younger people as it is often believed),
- free days – employees appreciate an additional free day especially before holidays and they like higher number of general holiday as well,
- social programme – a “cheaper solution” than an increase in wages or paying bonuses for higher output or motivational bonuses or extra holiday money or thirteenth salary is an increase in the value of luncheon vouchers, contribution to pension and life insurance, equipping company fitness centre, organising daily camps for employees’ children [Raable 2009].

## Experimental part

It is impossible that one motivational factor motivates employees to work perfectly every day, minimise costs and be reliable. To be able to get answers to questions like: how employees assess their work positions, how they feel at their work, and what the structure of their needs is, a repetitive analysis of motivational structure in a selected group of employees in the period 2007-2009 was carried out. To this end, a general questionnaire, a survey tool, was developed [Hitka 2009a]. In the studied case group sampling of employees was carried out and respondents’ answers to the questions concerning satisfaction with motivation factors applied in the analysed enterprise were discussed. The first part of the questionnaire contained general factual information concerning the respondents’ sex, age, education and number of years worked in the company. The second part encompassed 30 structured questions about motivational factors. The employees were supposed to assign a level of importance based on a scale of motivational factor assessment to each factor. Five options marked by numbers 1-5 (1 – most dissatisfied, 5 – most satisfied) were provided. The analysis of motivational factors was carried out in 2007, 2008 and 2009. Each year 100 questionnaires were delivered to production departments. The total return of the questionnaires was 62%, out of which 92 were answered by men and 94 by women.

Statistical verification by Duncan test, which determines significant rate of change and rate of importance between motivational factors when individual years are compared, was done. Based on the questionnaires interpretation, the conflict between subjective factors and actual situation was illustrated. The interpretation had the following several phases:

- calculation of average rates assigned to the requested state of motivation for a group of analysed employees,

- numerical and graphical illustration of calculated average rates of the requested state of motivation for individual factors of analysed employees,
- numerical illustration of significant rate of change according to Duncan test.

Based on the questionnaires interpretation, it was summarised that in 2007 and 2008 the most important factors of motivation for employees were: good working team, financial remuneration, supervisor's approach, free time, recognition, basic salary and fair employee' assessment. In 2009, after the start of the economic crisis, priorities of the employees' motivation changed. First positions belonged to motivators such as job security, basic salary, good working team, recognition, working process, free time and working environment.

## Results

In spite of the fact that a slow increase in average rates is visible when the levels of motivation in 2007 and 2008 are compared, it can be said that in the analysed enterprise there was no critical change in motivational factors ( $p < 0.05$ ).

When average rates of individual motivational factors in 2008 and 2009 (table 1) is analysed, there are relevant changes in 26 out of 30 items (good working team, financial remuneration, communication at place of work, opportunity to apply own abilities, scope of employment and type of work done, acquaintance with reached working result, working hours, working environment, working output, working process, competences, supervisor's approach, individual decision-making, self-realization, social benefits, fair employee's assessment, stress/elimination of stress at place of work, psychical effort, company vision, region development, education and personal growth, relation of the company to the environment, free time, recognition, basic salary). For 12 factors (financial remuneration, opportunity to apply own abilities, scope and type of work done, working output, supervisor's approach, social benefits, fair assessment, stress/elimination of stress at place of work, company vision, region development, recognition, basic salary) there is zero level of relevance and a critical change of motivation rate can be seen. The employees were willing to work even when working conditions were worse.

Based on the actual surveys of stability of motivational moods in companies [Hitka 2009a, 2009b], it is possible to summarise that in general the level of motivation of employees of production companies remains unchanged in the horizon of 5-6 years. The results of this analysis indicate that under the world economic crisis conditions and economic and social effects of the crisis, there was a relevant change in the level of motivation and employees were motivated by different motivational factors than before the crisis started. The order of motivational factors was substantially changed as well.

**Table 1. The comparison of motivation change significance in 2008 and 2009**  
**Tabela 1. Porównanie istotności zmian w motywacji w 2008 i 2009 roku**

S. n. lp.	Motivational factor Czynnik motywacyjny	Ø state 2008 stan w 2008	Ø state 2009 stan w 2009	p
1.	Atmosphere at work <i>Atmosfera w pracy</i>	4.52	4.34	0.114
2.	Good working team <i>Zgrany zespół współpracowników</i>	4.67	4.40	0.021
3.	Financial remuneration <i>Wynagrodzenie pieniężne</i>	4.69	4.13	0.000
4.	Job physical effort <i>Wysiłek fizyczny</i>	4.14	3.88	0.103
5.	Job security <i>Bezpieczeństwo zatrudnienia</i>	4.50	4.41	0.572
6.	Communication at work <i>Komunikacja w pracy</i>	4.43	4.07	0.011
7.	Company name <i>Nazwa przedsiębiorstwa</i>	4.16	4.07	0.612
8.	Opportunity to apply own abilities <i>Możliwość wykorzystywania własnych zdolności</i>	4.24	3.71	0.000
9.	Scope of employment and type of work done <i>Zakres obowiązków i rodzaj wykonywanej pracy</i>	4.31	3.76	0.000
10.	Acquaintance with achieved work result <i>Znajomość osiągniętych wyników pracy</i>	4.38	3.93	0.003
11.	Working hours <i>Godziny pracy</i>	4.47	3.97	0.001
12.	Working environment <i>Środowisko pracy</i>	4.59	4.18	0.001
13.	Work output <i>Wydajność pracy</i>	4.64	4.15	0.000
14.	Working process <i>Proces pracy</i>	4.52	4.18	0.021
15.	Competences <i>Kompetencje</i>	4.66	3.93	0.011
16.	Prestige <i>Prestiż</i>	4.29	3.93	0.037
17.	Supervisor's approach <i>Podejście przełożonego</i>	4.66	4.04	0.000
18.	Individual decision-making <i>Indywidualne podejmowanie decyzji</i>	4.40	4.00	0.006
19.	Self-realisation <i>Samorealizacja</i>	4.36	3.87	0.001
20.	Social benefits <i>Korzyści socjalne</i>	4.60	3.90	0.000
21.	Fair assessment of employees <i>Uczciwa ocena pracowników</i>	4.66	4.01	0.000

Table 1. Continued  
 Tabela 1. Ciąg dalszy

22.	Stress/elimination of stress at work <i>Stres (jego eliminacja) w pracy</i>	4.45	3.82	0.000
23.	Psychical effort <i>Wysilek fizyczny</i>	4.26	3.82	0.009
24.	Company vision <i>Wizja przedsiębiorstwa</i>	4.57	3.93	0.000
25.	Region development <i>Rozwój regionu</i>	4.55	3.99	0.000
26.	Education and personal growth <i>Edukacja i rozwój osobisty</i>	4.36	3.91	0.006
27.	Company relation to the environment <i>Stosunek przedsiębiorstwa do środowiska</i>	4.38	4.01	0.004
28.	Free time <i>Czas wolny</i>	4.64	4.18	0.001
29.	Recognition <i>Uznanie</i>	4.74	4.22	0.000
30.	Basic salary <i>Wynagrodzenie podstawowe</i>	4.91	4.40	0.000

Source: own survey  
 Źródło: ankieta własna

Managers usually predict that their employees are the most interested in money and they often do not know or do not take into consideration the fact that there are other motivational factors which are even more important for employees. Having done this motivation survey aimed at production workers in the analysed enterprise, it can be summarised that the most important motivational factors are factors of existence, i.e. job security, basic salary, financial remuneration. The next area is described by social factors, i.e. good working team, recognition, working process, communication at place of work, and job factors, i.e. working environment and working output.

## Conclusions

Transition from centrally planned economy to free market economy forced most companies to pay more attention to their employees. The result of this process is that a lot of top companies worked out motivational programmes and really respect their employees. The existence of a company, its competitiveness and prosperity depend at first on the quality of its human resources. Apart from effective way of employees' recruitment, the quality of human resources and increase in performance is assured also by existence of various motivational elements. The system of assessment and remuneration, further education and increase in qualifications, various employee and social benefits and good work organisation,

significantly supports the increase in motivation. A set of motivational factors enables the company to utilise the potential of its employees, so the company scores. The form and intensity of achievement of company's goals leads to growth of work productivity, reduction of costs and general satisfaction of employees.

Based on the observations made, it can be said that the Slovak economy was much influenced by the world economic crisis as well. Not only did it result in high unemployment, decline in performance and drop in sales but also in a substantial change in employees' motivation across Slovakia [Hitka, Vacek 2010]. This is the reason why, in the period of overcoming the crisis' effects, it was recommended that the management of the analysed enterprise motivate their employees especially with non-financial motivational factors which are critical to keeping of job performance.

## Literature

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## WPLYW KRYZYSU GOSPODARCZEGO NA ZMIANĘ MOTYWACJI PRACOWNIKÓW ZATRUDNIONYCH W FIRMIE MEBLARSKIEJ – STUDIUM PRZYPADKU

### Streszczenie

W pracy analizowano poziom motywacji pracowników etatowych w firmie EKOL-TECH s.r.o. Fil'akovo na Słowacji przed kryzysem ekonomicznym do roku 2008 i po jego nadejściu na początku roku 2009. Stosując test Duncana, przydatny do niezależnych wyborów, porównano średnie oceny i wyliczono poziom istotności (p) dla indy-

widualnych wskaźników motywacyjnych. Wynikiem pracy jest zdefiniowanie istotnej zmiany średniej oceny indywidualnych wskaźników motywacyjnych i przedstawienie ich według rangi przed i po kryzysie. Na podstawie naszych obserwacji można stwierdzić, że światowy kryzys gospodarczy ma także wpływ na zmianę motywacji w firmach. Pracownicy są chętni do pracy nawet w gorszych warunkach, gdyż zależy im na utrzymaniu pracy. Oto dlaczego zarządowi badanego przedsiębiorstwa zaleca się motywowanie swoich pracowników innymi niż finansowe wskaźnikami motywacyjnymi, pozwalającymi utrzymać dostateczną wydajność pracy.

**Słowa kluczowe:** motywacja, program motywacyjny, zmiana motywacji, kryzys gospodarczy, test Duncana