

IMPORTANCE OF MOTIVATION AND DEMOTIVATION FACTORS IN THE PERFORMANCE OF EMPLOYEES AND MANAGERS IN SME

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Abstract: Employee motivation helps enterprise survival, as people in the enterprise play a very important role and are the main source of an organization. Motivated employees are more productive, while when employees are demotivated their performance drops, and consequently the performance of the company in general. Employees' needs differ from each other as they are driven by different motivating factors, therefore identifying employee needs and the factors that really motivate them is the primary task of managers to maximize organizational performance. For enterprises to be effective and have a continuous increase in profit, employees are required to be engaged in achieving the goals of the organization. In order to orient the employees in the desired direction, a stimulus or incentive system must be created. Employees will realize the objectives and visions of the company, only if the realization of these objectives will lead to the reward of their work.

This study aims to identify and analyze the importance of motivating and demotivating factors based on the perception of employees and managers on the degree of importance of these factors in SMEs in Kosovo. Data were collected using a questionnaire addressed to 230 employees and 25 managers.

The feedback from the respondents had been analysed using the RII test - Relative importance index, which enables to rank the most important factors based on the answers of the respondents.

In addition, this study is important for entrepreneurs and SME managers, knowing that based on the identification of motivating and demotivating factors from the two groups taken in the study and the findings of this study, it can be contributed to the application of different methods of motivation of employees in SMEs in Kosovo.

From the results achieved in this paper, it is recommended to pay attention to the factors which are ranked as the most important by the perception of the two groups taken in the study.

Keywords: Motivation, Demotivation, Perceptions, SME, Performance.

1. INTRODUCTION

The private sector in the Republic of Kosovo consists mainly of small and medium enterprises. They generate the largest number of new jobs and represent the backbone of the local economy. In most countries in transition, small and medium-sized enterprises have been the front line of the transformation towards a free market economy. The SMEs have created new jobs and absorbed the workforce that has been left jobless during the transformation of social/public to private property. Being essential for the overall economic and social development, the SMEs have been the focus of studies of many scientists, researchers, and public and non-public institutions. In Kosovo, research related to SMEs dates back to before 1999. The researches mainly focus on identifying factors that affect the SME's business, development trends, various institutional and non-institutional barriers, and various significant issues for SMEs (IDIEC, 2014). The private sector's growth and development are essential components for the overall socio-economic development in a country. The development of the private sector is closely related to the country's economic development. In this regard, the motivation of employee at work is one of the most important issues for achieving organisational success. As in a dynamic global environment, competition between organisations becomes increasingly intense. The vital task of human resource management remains to attract and retain a skilled workforce. Employees who are motivated to work harder are more productive than employees who are not motivated (Daniels & Radebaugh, 2006). Successful organisations focus on motivating their employees for several reasons. It includes reducing turnover, improving the quality of products and services provided, strengthening employee loyalty, reducing employee shortages, and cultivating a willingness to accept ideas presented by management for improved productivity (Shahzadi et al., 2014). Over the last two decades, theories of motivation have changed. At first, they were broader in dealing with issues, while later they focused on theoretical and practical issues of real work problems.

According to the author (Kressler, 2003), motivation is often related to behavior, and includes striving for a goal, where needs and motives are among the essential elements of motivation that push our behaviors to achieve these goals. Motivation includes several areas that target the behavioural side, which is the business and work world's

primary concern. Motivation promotion is based on motivating factors, where their non-fulfilment leads to a decrease in this phenomenon's motivation. Concerning this issue, Elliot has asserted that the motivational approach is the energizing of behaviour or the direction of behaviour versus positive stimuli (Elliot, 2008). According to the authors (Bush & Middlewood, 2013), motivation and satisfaction in different institutions have significant importance, as job satisfaction and motivation are closely related. The motivated workforce is a powerful asset in the enterprise, and in any workplace, a team of people motivated, positive and enthusiastic about their work makes a tremendous difference in the atmosphere, quality of work, and level of productivity in the enterprise (Pfeffer, 2005). The organisation's essential potential lies in its motivated and satisfied employees, who continuously contribute to its goals and objectives. Contemporary Human Resource Management practices can help keep employee morale high (Kumar and Garg, 2011).

2. MATERIALS AND METHODS

2.1 Perspectives on motivation theories

Researcher Frederick Herzberg, who studied employee behaviours at work, proposed a two-factor motivation theory in 1959. This study model or theory is also known as Herzberg motivation theory, a fundamental theory of employees' motivation. The theory has influenced a generation of managers and researchers in their work in the field of motivation. The Herzberg model says that some factors in the workplace cause job satisfaction, such as: achievement, recognition, responsibility, opportunity for advancement, the job itself, etc., while several different factors cause dissatisfaction, such as: working conditions, interpersonal relationships, salaries, job safety, management system, business policy, etc. In essence, this theory distinguishes between motivating factors that raise the level of motivation and so-called hygiene factors that affect employees' demotivation (Herzberg, 1966). Abraham Harold Maslow proposed a theory describing five hierarchical needs that could also have been applied to an organization and the performance of its employees: *Physiological needs* - These are biological needs that consist of the need for oxygen, food, water and a relatively constant temperature of the body. *Security Needs* - When all physiological needs are met, and thoughts and behaviours are no longer controlled, security needs can become active. Human beings are interested in protecting physical dangers, economic security, and preference for family and the desire for an orderly and predictable world. *Needs for love, affection* - When physiological security and well-being are met, another class of needs for love, affection, and belonging may emerge. Maslow states that people seek to overcome feelings of loneliness and alienation. *Needs for evaluation* - a need for self-evaluation and evaluation of others, including self-confidence, achievement, competence, knowledge, autonomy, reputation, status and respect. *Needs for self-fulfillment or self-actualisation* are the highest level in the hierarchy; these are the individual's needs to realize his potential for self-development and continuous creativity in the broadest sense (Gordon, 1965). Alderfer, who elaborated, modified, and simplified Maslow's hierarchical scheme of needs by introducing a new model of motivation, Alderfer (1972) Model known as the "Three Needs Theory (ERG)".

The theory of human needs includes only three separate groups such as: existence (E), relatedness (R), and growth (G), known as the ERG theory. The need for existence is about providing necessary materials similar to Maslow's physiological and safety needs. *Relatedness need*- refers to a personal connection similar to Maslow's belonging and appreciation needs. The need for growth is related to the inner desire for personal development, which is similar to Maslow's need for self-actualisation (Messick & Cook, 1983). Equilibrium theory, enabled by the contribution of J. Adams, states that motivation at work is influenced by equitably distributed (equitable) reward. This fairness in awarding the reward comes from the subjective judgment that the individual makes of awarding the reward for the work performed. The perception as right or wrong of reward leads to giving a judgment that turns out to be decisive in the individual motivation (Adams, 1965). Equality is not only related to the amount of salary they receive, but the amount they receive in terms of skills, their work experience, and comparing themselves with other colleagues at work (Robinson, 2014).

3. RESULTS

In this paper has been applied a combination of primary data with secondary sources using data of studies that have been conducted for small and medium businesses. A questionnaire was designed to collect the data from the sample and complete the analyses identifying the importance of motivating and demotivating factors in the performance of employees and managers in the SMEs in Kosovo. In most questions, the answers are graded according to Likert scores, with a five-point rating, with the lowest score representing (1) highly insignificant, and the highest score representing (5) highly significant (Likert, 1932). The questionnaire included 15 motivating factors and 15 demotivating factors. The list of motivating and demotivating factors were based on the theories of Abraham Harold Maslow, Frederick Herzberg, Alderfer's theory of ERG (ERG), the theory of equilibrium, enabled by the contribution of J. Adams, and previous research by the authors (Konul & Ślusarczyk, 2019). The questionnaire was

addressed to 25 managers and 230 employees in small and medium businesses in Kosovo; the questionnaires were distributed in person. The results were extracted using the test on factor analysis, RII - Relative importance index, which enables the ranking of the most significant factors based on the answers of the respondents.

Table 1. Motivator Factors - Employees

		RII
1	Good salary	1.00
5	Lack of bonuses and benefits	1.00
3	Safety at work	0.98
12	Long-term employment contract	0.98
4	Work evaluation/rewards	0.94
7	Sufficient rest days	0.88
13	Promotion opportunities	0.86
10	Appropriate conditions in the workplace	0.84
14	Decent and respectful job	0.84
2	Periodical salary increase	0.82
8	Good rapport with colleagues	0.82
6	Good atmosphere at work	0.80
9	Efficient method of management	0.78
15	Professional education and training	0.76
11	Participation in decision-making	0.70

The respondents' results showing the ranking of employee motivators are given in Table 1, which presents the list of factors that motivate employees where the question was, motivational factors as perceiving their importance: 1-Highly Insignificant, 2-Insignificant, 3-Neither, 4-Significant and 5-Highly Significant. Table 1 shows the answers of employees listed by importance. The results are as follows: Good salary (RII = 1.00), Bonuses and benefits (RII = 1.00), Safety at work (RII = 0.98), Long-term employment contract (RII = 0.98), Job evaluation (RII = 0.94). Whereas, the employees have listed the participation in decision-making with (RII = 0.70) as essential but not as a primary motivator.

Table 2. Motivator Factors - Managers

		RII
5	Lack of bonuses and benefits	1.00
9	Efficient method of management	1.00
12	Long-term employment contract	1.00
13	Promotion opportunities	1.00
3	Safety at work	0.98
4	Work evaluation/rewards	0.96
11	Participation in decision-making	0.96
15	Professional education and training	0.96
2	Periodical salary increase	0.92
7	Sufficient rest days	0.92
10	Appropriate conditions in the workplace	0.92
1	Good salary	0.90
6	Good atmosphere at work	0.88
8	Good rapport with colleagues	0.86
14	Decent and respectful job	0.84

The findings show the ranking of motivators given by managers in Table 2, which presents the list of factors that motivate managers where the question was, list the motivating factors as you perceive their importance: 1-Highly Insignificant, 2-Insignificant, 3-Neither, 4-Significant and 5-Highly Significant. Table (2) shows the managers' answers to the motivating factors listed by importance. From the tests performed, the results obtained are: Bonuses and extreme benefits (RII = 1.00), Efficient management method (RII = 1.00), Long-term employment contract (RII = 1.00), Promotion opportunities (RII = 1.00). While Decent and respectful job, managers have listed it with (RII = 0.84) as essential but not as the primary motivator

Table 3: Demotivators Factors – Employees

		RII
3	Low safety at work	1.00
8	Bad treatment by supervisors	1.00
12	Short-term employment contract	0.98
4	Lack of evaluation of efforts	0.96
14	Lack of cooperation with colleagues	0.96
2	Stagnation in salary increase	0.94
10	Unsafe work conditions	0.94
13	Lack of promotion	0.94
7	Lack of rest days	0.92
15	Lack of professional education and training	0.92
1	Low salary for the work performed	0.90

11	Lack of participation in decision-making	0.90
5	Lack of bonuses and benefits	0.86
6	Poor working conditions	0.84
9	Poor management	0.82

The results show the ranking of workers' demotivators given in Table 3, which presents the list of factors that demotivate employees, ranking the significance of factors as 1-Highly Insignificant, 2- Insignificant, 3- Neither, 4-Significant and 5-Highly Significant. Table

(3) shows the answers of the employees listed by importance, from which the tests performed the results obtained are: Low safety at work (RII = 1.00), Poor treatment by supervisor t (RII = 1.00), Short-term employment contract (RII = 0.98), Lack of evaluation of efforts (RII = 0.96), Lack of cooperation with colleagues (RII = 0.96). While Poor Management has been listed with (RII = 0.82) as an important factor but not as the primary demotivator.

Table 4: Demotivator Factors - Managers

		RII
6	Poor working conditions	1.00
8	Bad treatment by supervisors	1.00
9	Poor management	1.00
11	Lack of participation in decision-making	1.00
2	Stagnation in salary increase	0.98
1	Low salary for the work performed	0.96
15	Lack of professional education and training	0.96
3	Low safety at work	0.94
13	Lack of promotion	0.94
10	Unsafe working conditions	0.92
4	Lack of efforts evaluation	0.90
14	Lack of cooperation with colleagues	0.90
5	Lack of bonuses and benefits	0.84
7	Lack of rest days	0.84
12	Short-term employment contract	0.84

The results of the respondents showing the ranking of workers' demotivators are given in Table 3, which presents the list of factors that demotivate employees where the question was, list the demotivating factors as perceiving their importance: 1- Highly Insignificant, 2- Insignificant, 3- Neither, 4-Significant, and 5-Highly Significant. Table (3) shows the answers of the employees listed by importance, from which the tests performed the results obtained are: Low safety at work (RII = 1.00), Poor treatment by supervisor t (RII = 1.00), Short-term employment contract (RII = 0.98), Lack of evaluation of efforts (RII = 0.96), Lack of cooperation with colleagues (RII = 0.96). While Poor

Management has been listed by the employees as essential (RII = 0.82) but not as the primary demotivator.

Table 5: Rank difference between employees and managers for motivation factors

	EMPLOYEES		MANAGERS		RANK DIFFERENCE
	RII	RANK	RII	RANK	
Good salaries	1.00	1	0.90	12	11
Periodical salary increase	0.82	10	0.92	9	1
Safety at work	0.98	3	0.98	5	2
Evaluation of work/rewards	0.94	5	0.96	6	1
Extreme bonuses and benefits	1.00	2	1.00	1	1
Good atmosphere at work	0.80	12	0.88	13	1
Sufficient rest days	0.88	6	0.92	10	4
Good relationships with colleagues	0.82	11	0.86	14	3
Efficient method of management	0.78	13	1.00	2	11
Appropriate conditions in the workplace	0.84	9	0.92	11	2
Participation in decision-making	0.70	15	0.96	7	8
Long-term employment contract	0.98	4	1.00	3	1
Promotion opportunities	0.86	7	1.00	4	3
Decent and respectful job	0.84	8	0.84	15	7
Professional education and training	0.76	14	0.96	8	6

Table 5 identifies differences in the ranking of motivating factors listed by importance by employees and managers. From the test performed the results show the differences in the perceptions of motivating factors: In the motivating factor: (Good salaries), there are significant differences between employees and managers with a difference in ranking (11), also in the factor: (Efficient method of management) for (11), then to the factor: Participation in decision-making (8) positioned in the ranking, to the factor: (Decent and respectful work) positioned (7) and the

factor: (Professional education and training) with (6) places. While for other factors, there were differences but not large differences in the ranking.

Table 6: Rank difference between employees and managers for demotivation factors

	EMPLOYEES		MANAGERS		RANK DIFFERENCE
	RII	RANK	RII	RANK	
Low payment for work done	0.90	11	0.96	6	5
Stagnation in salary increase	0.94	6	0.98	5	1
Low safety at work	1.00	1	0.94	8	7
Lack of evaluation of efforts	0.96	4	0.90	11	7
Lack of bonuses and benefits	0.86	13	0.84	13	-
Poor working conditions	0.84	14	1.00	1	13
Lack of rest days	0.92	9	0.84	14	5
Bad treatment by supervisors	1.00	2	1.00	2	-
Poor management	0.82	15	1.00	3	12
Unsafe working conditions	0.94	7	0.92	10	3
Lack of participation in decision making	0.90	12	1.00	4	8
Short-term employment contract	0.98	3	0.84	15	12
Lack of promotion	0.94	8	0.94	9	1
Lack of cooperation with colleagues	0.96	5	0.90	12	7
Lack of professional education and training	0.92	10	0.96	7	3

Table 6 identifies differences in the ranking of demotivating factors listed by importance by employees and managers. From the test performed the results showed the differences in the perceptions of the motivating factors: the factor (Poor working conditions), there is a big difference in the ranking according to the importance evaluated by the two groups where the employees evaluated it as the factor of (14) according to the importance while managers as the most important factor number (1), thus there is a difference in ranking for (13) positions by importance, and the factors, (Poor Management) and (Short-term employment contract) have a difference of (12) positions in the ranking by importance, there are differences in other factors, but these differences in the ranking are less, while in the factors (Lack of Bonuses and Benefits) and (Bad treatment by supervisors), there was no difference in the ranking, these two factors were evaluated the same in importance by the two groups.

4. DISCUSSION

Human resources are considered the most valuable asset of the organization, but only a few organizations can fully utilise the full potential of the human resources. An issue constantly seen in human resource management is that a proper combination of human resource policies, properly applied, is needed to achieve high performance (Ahmad & Schroeder, 2003). Human resources can be the best source of core competencies that can lead to competitive advantages (Pfeffer & Jeffrey, 1994). “The quality of human and intellectual capital that organizations possess is treated as a key factor in differentiating themselves from competitors to achieve the highest results” (Armstrong & Baron, 1998). Job satisfaction is an expression of meeting employee expectations or optimism, taking into account their respective activity. Organizations today have realized the importance of motivated employees who feel satisfied at work and who play an important role in meeting the organisation's long-term objectives. Therefore, organisations today care about employees' expectations and needs and thus can expect similar responses in terms of meeting objectives. The motivation positively affects performance at the individual and group level, ultimately affecting organizational performance (Risambessy et al., 2012).

5. CONCLUSION

Motivation and satisfaction of employees affect the work ethic and the overall success of the enterprise. They are different and distinct from each other. The findings of the study proved that the employees' common motivators are good salaries (RII = 1.00), bonuses and benefits, safety at work, long-term employment contracts, job evaluation, etc. The demotivating factors are low safety at work, bad treatment by supervisors, short-term employment contracts, lack of evaluation of efforts, lack of cooperation with colleagues, etc. Employees in Kosovar SMEs context, to be successful, must feel important, be involved in the activities of the working group and within it realize mutual support relations, create a favourable atmosphere for work, and be satisfied with the job and activities aimed at realizing the effects of covering their needs, expectations, and satisfaction. At the same time, managers need to be

more oriented by employees, given the motives and quality inside and outside the organisation. Professional competence is demanded, a higher ability to qualify and motivate employees, know how to adapt effectively to change, and be more flexible and adaptable in an environment where competition is becoming increasingly present in the Kosovar SMEs.

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