

MOTIVATION SYSTEM AT A TELECOMMUNICATIONS COMPANY IN LATVIA

Kitija Kirila¹, Dr.oec.; Aksels Indrijaitis², Bc.oec.

^{1, 2}Latvia University of Life Sciences and Technologies

Abstract. Motivating employees in business is a matter of concern for any company. It is in the interest of each manager of a company to find the most successful incentive tools that would be effective for specific employees of a particular company. The study selected a telecommunications company to not only determine whether the incentive system in place in a given company has delivered the desired results, but also to allow for experience on current and significant motivational elements in such companies.

The aim of the study is to describe the theoretical aspects of the incentive system and to carry out a research on the incentive system at the telecommunications company "X".

It was found that the working environment at the company and the most important motivation factors (the working environment, working conditions, relationships with colleagues, company events etc.) exceeded the expectations of the employees. The motivation system functioned effectively, providing high financial remuneration and recognition, various bonuses and professional growth opportunities.

Keywords: motivation, motivation system, employee motivation.

JEL code: M12

Introduction

In business, a motivation system for the workforce is an urgent problem at all times. The urgency of the problem is due to the fact that there are differences between the wishes and needs of employees, which relate not only to the remuneration and its amount but also to various other motivational tools in place at the company that create employee well-being, which is important for employee satisfaction with their work and working conditions, thereby leading to increased employee loyalty and work efficiency.

When introducing and maintaining a motivation system, it is important for the employer to identify the wishes and needs of the employees regarding their work and working environment, as well as the opinions of the employees about the motivation system at the company in order to identify problems and gaps, if any, in a timely manner so that adjustments could be made to the motivation system, if necessary.

The research selected a large and well-known telecommunications company as a case study and denoted it as "X"; the company was one of the market leaders in this field in Latvia. Such companies typically have developed a motivation system based on both classical and proven values and methods for motivating employees, as well as current trends in business and in motivating employees. However, research is always able to distinguish an expected situation from a real one, providing opportunities to identify problems and find solutions thereto. The company wanted to remain anonymous; therefore, it was denoted as company X.

The research aim is to give insight into the theoretical aspects of a motivation system and enhance the motivation system for telecommunications company X.

The following specific research tasks were set:

- 1) to analyse the concept of motivation and the aspects of a motivation system based on theoretical information sources and research findings;
- 2) to describe the motivation system of company X;
- 3) to empirically identify the opinions of employees about the motivation system and their satisfaction with working for company X.

Research object: the motivation system of company X.

1 kitija.kirila@llu.lv
2 akselsindrijaitis@gmail.com

Research subject: employees of company X.

To perform the research tasks set, the following methods were employed: a theoretical research method – scientific literature review; an empirical research method – questionnaire surveying.

Research questions:

- 1) What the motivation system at company X consists of?
- 2) What are the opinions of the employees about the motivation system of company X and their satisfaction with various motivational elements.

The research put forward **a hypothesis:** the motivation and hygiene factors rated the highest by the employees of company X are the working environment and relationships between the colleagues, whereas the lowest rated factor is remuneration.

Research studies on employee motivation at telecommunications companies operating in Latvia are almost not available, as such research is most often done within the company and the results are not disclosed. The company within which the present research was conducted also wanted to remain anonymous; therefore, the research had a limitation – it was impossible to compare the research results with the those for other companies not only due to a lack of relevant research but also due to the anonymity requirement of the company researched.

The research results will help company X to assess the performance of its motivation system and identify the weaknesses and shortcomings in order to improve it in the future, if necessary. The research results will help the company to identify the wishes and needs of its employees, which is very important for its motivation system to function effectively for the particular employees of the company.

Research results and discussion

Theoretical aspects of motivation

Motivating employees represents a dynamic process. Motivating employees involves their stimulation by applying psychological, social, economic and legal methods and means so that they choose one of the alternatives to act to achieve corporate and personal goals. The employee's internal needs and related personal goals are referred to as motivation factors (Dombrovskā, 2009; Praude, 2012).

The concept of motivation refers to endogenous factors that stimulate action and to exogenous factors that can act as stimuli for action. The three aspects of action that motivation can affect are direction (choice), intensity (effort), and duration (perseverance). Motivation can encourage individuals to build up their skills and abilities, as well as affect the extent to which they use their skills and abilities (Locke, Latham, 2004).

For the process to be more successful, the goals of the company and the goals of employees need to be linked. In order for employees to work effectively to achieve the goals of the company, the most appropriate way to incentivize employees need to be chosen in each situation. The objective of a good manager is to identify motivators for employees and shape employee behaviour to achieve certain company goals (Kozaka, Vinovskis, 2007).

The authors agree that it is very important for an employer to be aware of the needs of employees to be able to provide them with a favourable working environment, which is a motivation factor for the employees. Being aware of the needs of employees makes it much easier to implement a more targeted and effective motivation system.

In developing motivation theories, the main goal is usually to answer a question: why employees perform "poorly" and how it could be changed. In the foreign literature, a lot of research studies on the

problem of motivating employees are available. According to statistics, only a small proportion of managers are satisfied with their employees and their performance. Any company, even the most successful one, always has something to strive for (Grencikova, Guscinskiene, Spankova, 2017). Personnel specialists and researchers have identified several key reasons why employees avoid fulfilling their responsibilities or are unmotivated:

- lack of interest in the work itself; consequently, there is no desire to go to work in a good mood and do the best, and most importantly, the employee does not feel his/her importance in the team (Schaufeli et al., 2019);
- no clear understanding of how wages are determined, how the bonus is calculated and what factors an additional bonus depends on (Kulikowski, Sedlak, 2020);
- lack of professionalism in the team (employees need to be trained and have the skills to communicate with customers). Therefore, a motivation system should be introduced after the manager has identified the reasons why the team does not work intensively. Besides, it is no secret that monetary motivation is the most effective (Kumar, Ganguly, 2020).

It should be emphasized that motivating personnel is one way to increase labour productivity. Personnel motivation is the main priority of personnel policy for any company. Motivating personnel involves a set of incentives that determine the behaviour of the employee at a particular company. Accordingly, motivating personnel represents a set of actions on the part of the company management, which are aimed at increasing the working capacity of the employees, as well as ways to attract and retain qualified specialists (Fiaz, Su, Ikram, Saqib, 2017). The purpose of taking actions to motivate personnel is to increase the competitiveness of the company. Personnel are motivated taking into consideration the interests of the company and its employees. This means that the company needs work done at high quality and the personnel need decent wages. However, this is not the only goal of motivating employees.

When motivating their employees, managers seek to focus on:

- retaining the personnel and reducing the employee turnover;
- hiring qualified personnel;
- setting goals and guiding the personnel;
- achieving results in a timely manner;
- rewarding the best employees (Liewendahl, Heinonen, 2020).

The main ways of motivating employees could be divided into four categories: financial remuneration, other supplements, professional skills development and career opportunities. The third category represents encouragement and involves removing obstacles. The fourth category represents relationships within the team, as personnel policies make significant and various influences. Team-building measures have been popular in recent years, yet the trend is changing (including due to the epidemiological situation). The authors believe that it is now possible for employers to focus on the introduction of new motivational elements at the companies because, given the global events of recent years, a lot of employees work remotely; therefore, it is important to retain the current effective personnel motivational systems, as well as new research studies need to be conducted to identify employee opinions about the current motivation system and what is relevant in their lives to make the working process more effective.

When examining the problem of effectiveness of motivating personnel as one of the most important factors in the success of the company at the current stage of economic development, it is useful to consider motivation theory and the practice of motivating personnel at a company, which reveal that the company

should focus on two priorities: increasing financial motivation and increasing social and psychological motivation. Improving the proposed personnel motivation system allows companies to create a favourable team atmosphere, thereby increasing the "capacity" of the personnel (Sycheva et al., 2019).

To identify the best motivational tool, scientists have researched individuals, their interaction with the work they do and what increases their performance as well as improves the psyche and the inner world. In total, there are four groups of motivation theories, based on which scientists have further explored some specific regularities:

- content-related – the internal needs of individuals that make them act (Abraham Maslow; David McClelland; Frederick Herzberg) (McClelland, 2013; Kovach, 2018);
- process-related – the motivation process, as well as the factors driving and determining motivation (Lyman Porter, Edward Lawler) (Porter, Lawler, 1965);
- incentive-related – the role of remuneration and punishment in the current and future behaviour of individuals (positives, avoidance, punishment, ignorance) (Logan, 1968);
- achievement-related – everyone has motives that encourage them to succeed or avoid failure (David McClelland's Achievement Motivation Theory) (McClelland, 2013).

After summarizing the theoretical and empirical findings, the authors conclude that employee motivation is a complex process that needs to be incorporated in both the strategy and the personnel management policy of the company, as well as be in line with the values of the company. No matter how different the opinions of various authors are about who and how, as well as to what extent one can influence and predict employee motivation, everyone unequivocally recognizes that the individuals themselves, their wishes and needs are primary.

Assessment of the motivation process at company X

Company X operates in the telecommunications industry. The company operates in an industry that periodically changes and experiences competition and rapid technological progress. When planning strategic development, the management of the company need to take into account also the economic situation in the country, including the situation concerning the workforce.

A survey was conducted to achieve the research aim.

The company examined is a large one having a complex organizational structure. The company has designed and since its inception has implemented an employee motivation system that is adapted to new market conditions and the latest research findings on employee motivation. The motivation system includes a so-called "package of benefits" – various benefits for employees to cover the costs related to health care, education, sports activities, personal mental balance and pleasure as well as telecommunications. Surveys are conducted regularly to identify employee satisfaction; therefore, the company was also interested in conducting such a survey in the spring of 2021.

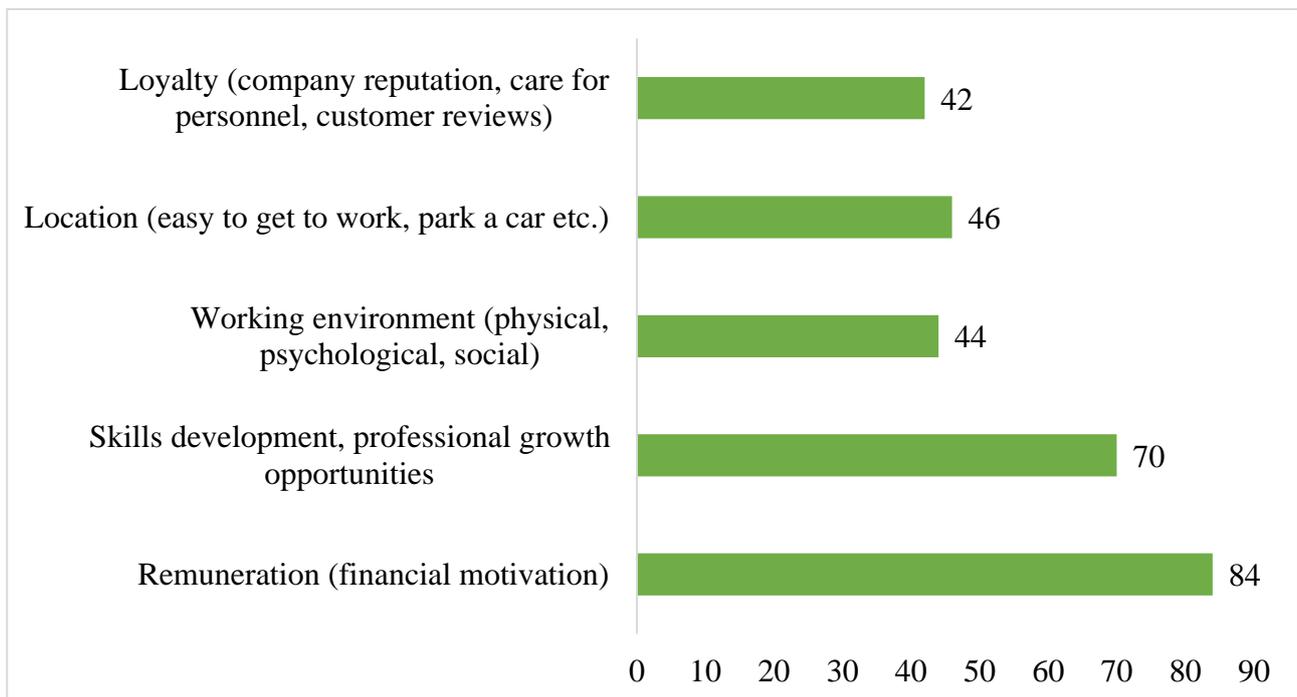
After summarizing the information obtained in the survey, it could be concluded that the motivation system of the company consisted of remuneration and various supplements, financial bonuses, as well as social benefits and entertainment and cultural events. The **package of benefits in place at company X was based on Frederick Herzber's two-factor theory**, which suggests that there are hygiene factors and motivation factors. Hygiene factors enable an individual to perform well in the long term: working conditions, a management style, remuneration and a good atmosphere at the company. Motivation factors represent the nature of work done and work as a value that creates a sense of responsibility as well as develops the individual. If the factors yield positive results, this leads to job satisfaction.

A questionnaire survey was conducted to identify the opinions of employees about the motivation system in place at company X and the effectiveness thereof. The questionnaire was designed based on the theoretical literature. The number of respondents N=100.

Of the total respondents involved in the survey, 55% were men and 45% were women. The age of the respondents was in the range of 19-44 years, while the average age was 28 years. The education of the respondents was as follows: 14% had secondary education, 26% had professional education, 21% had incomplete higher/professional education and 39% had higher education. Of the total, 25% work for the company for up to 1 year, 56% for 1-5 years, while 19% for more than 5 years.

The survey period was January-April 2021. The survey respected anonymity and research ethics.

The survey identified the **level of employee satisfaction with their jobs**, which on average was 77%.



Source: authors' construction based on the survey data

Fig. 1. **Percentage breakdown of the respondent replies regarding their motivators to work for company X (n=100)**

As shown in Figure 1, the key **motivators** for the respondents to **work for the company** (multiple replies were possible) were as follows: financial motivation (84%) and skills development and professional growth opportunities (70%). Of the total, 42-44% respondents pointed to other motivators such as the working environment, the location of the company and loyalty, including care for employees.

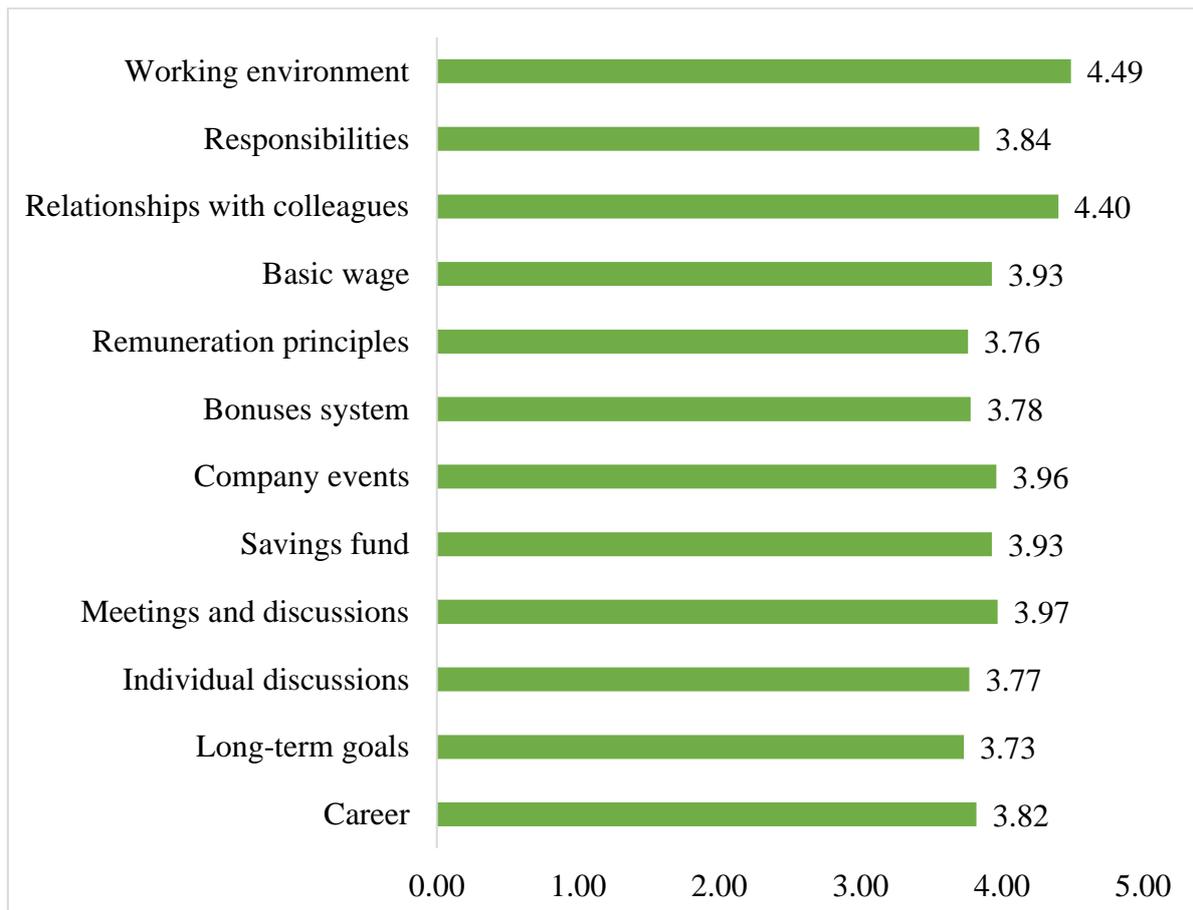
Replying to a question about whether the respondents felt **appreciated** overall, 65% gave an affirmative reply, 23% indicated that it was observed sometimes, 10% indicated they did not feel appreciated. Of the total, 2% gave no reply. As regards other aspects, 56% replied that the work, duties and responsibilities were equally assigned at the company. Of the total, 19% indicated that it was not the case, 20% indicated that the work, duties and responsibilities were partly assigned equally, while 5% did not have an opinion on this issue.

Replying to a question about whether the **remuneration was adequate for the job position, workload, duties and responsibilities**, 61% indicated that it was adequate, 18% indicated that it was not, 16% that it was partly adequate, while 5% did not answer this question. The authors believe that despite the fact that 61% respondents considered that the remuneration was adequate for the work, duties

and responsibilities, it is important to note that the reply options "partly adequate" and "inadequate" were chosen by a total of 34% respondents.

Replying to a question about **employee relationships and interpersonal communication** at the company, 54% indicated that the employees were friendly and responsive, 28% indicated that the relationships were business-like and result-oriented, and 12% replied that they were unpleasant and often stressful, while 6% indicated that the employees at the company were mostly competitors.

The questionnaire ended with a request to rate motivation and hygiene factors suggested by Herzber's two-factor theory. The motivation factors were rated on a 5-point Likert scale (Figure 2).

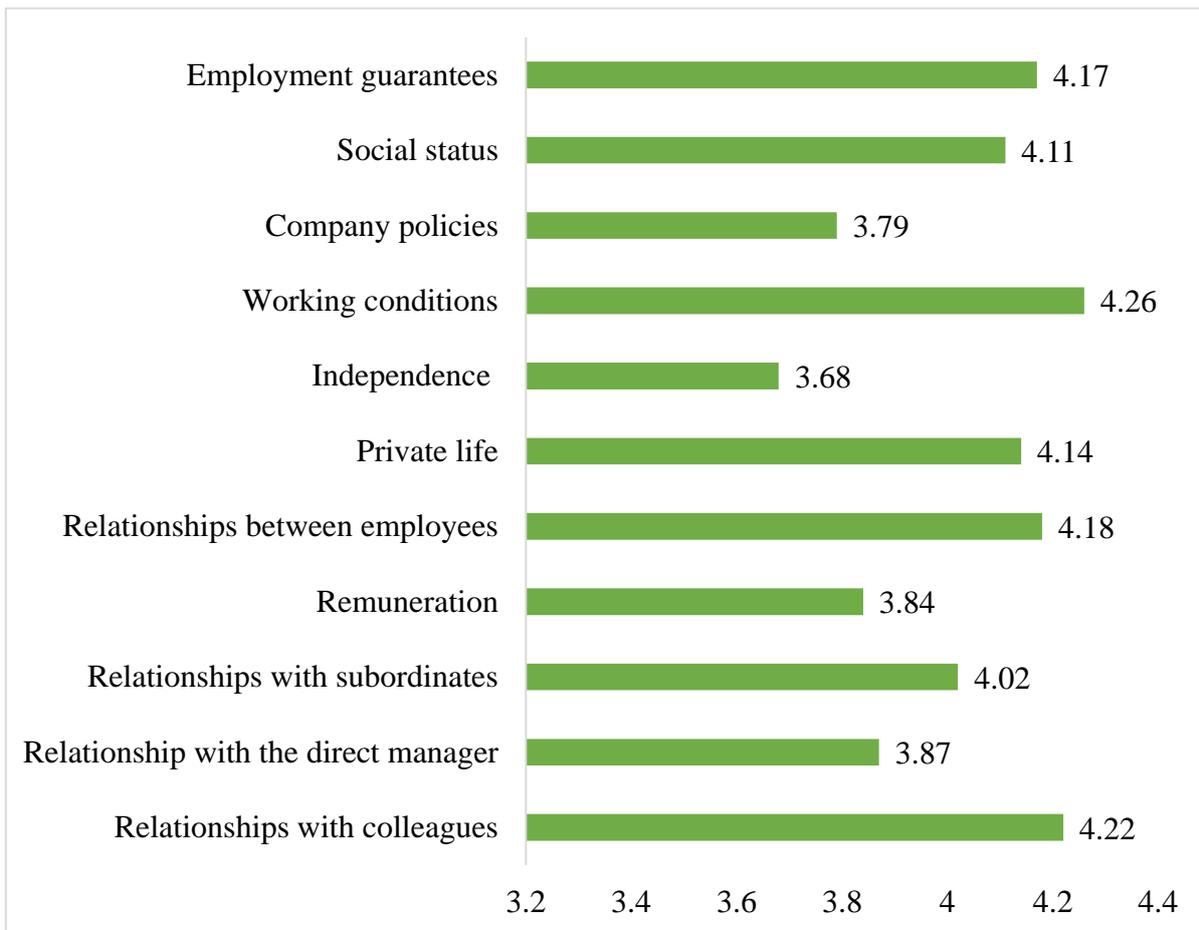


Source: authors' construction based on the survey data

Fig. 2. Respondent ratings of motivation factors at company X, averages

As shown in Figure 2, the working environment (4.49), relationships with colleagues (4.40), the basic wage, the savings fund (3.93), company events (3.96), meetings and discussions (3.97) were rated the highest. The lowest ratings were given to company long-term goals (3.73), individual discussions (3.77) and remuneration principles (3.76). However, the ratings of all the motivation factors were well above average and varied in the range of 0.76 points; therefore, it could be concluded that actually all the motivation factors were rated equally high.

As regards the hygiene factors (Figure 3), the ratings of them were more different. The following hygiene factors: working conditions (4.26), relationships with colleagues (4.22), relationships between employees (4.18) were rated the highest. The following hygiene factors: independence in job responsibilities (3.68), company policies (3.79) and the wage were rated the lowest (3.84).



Source: authors' construction based on the survey data

Fig. 3. Respondent ratings of hygiene factors at company X, averages (n=100)

It could be concluded that the ratings of motivation factors by the respondents were very similar, and actually all the motivation factors were rated highly. However, the ratings of hygiene factors varied more. This means that according to psychology theories, individuals are influenced by similar motivation factors, yet at the workplace, hygiene factors, which are more individual, can vary significantly.

At the end of the questionnaires, the respondents gave several recommendations that still needed to be implemented in relation to the motivation system and which current factors more attention needed to be paid to. The recommendations were as follows: more bonuses, shorter working hours, higher wages, paid lunches, less pressure on employees from the company management, more company events, more frequent training on how to serve customers remotely as well as on new products.

After analysing the recommendations, the authors concluded that despite the positive ratings of the motivation system, the company still had employees who did not feel appreciated, and additional motivators were needed.

Overall, it could be concluded that the working environment at the company and the most important motivation factors exceeded the expectations of the employees. The motivation system functioned effectively in all aspects: high financial remuneration and recognition, various bonuses and professional growth opportunities.

Conclusions

- 1) The personnel motivation system is based on several basic principles, which involve financial aspects: remuneration and bonuses. Although the theory suggests various ways of motivating

personnel, scientists almost agree that the primary motivation of an employee to work is still remuneration.

2) Company X has introduced a motivation system that is based on typical employee benefits (wages and social insurance contributions, social guarantees) and a special set of motivators (motivational portfolio for the well-being of employees at the company) that provides the employees with various benefits, including physical and emotional ones.

3) It was found that working for this company was motivated by professional growth opportunities, the working environment, the location and loyalty, including care for employees. Of course, the most respondents indicated that wages were an important motivator. Of the total, 65% felt appreciated overall, 56% replied that the workload, duties and responsibilities at the company were assigned equally.

4) As regards the motivation factors, the working environment (4.49), relationships with colleagues (4.40), the basic wage, the savings fund (3.93), company events (3.96), meetings and discussions (3.97) were rated the highest. However, all the motivation factors were rated equally high. The ratings of hygiene factors were more different. The following hygiene factors: working conditions (4.26), relationships with colleagues (4.22), relationships between employees (4.18) were rated the highest. The following hygiene factors: independence in job responsibilities (3.68), company policies (3.79) and the wage were rated the lowest (3.84).

5) The working environment at the company and the most important motivation factors exceeded the expectations of the employees. The motivation system functioned effectively, providing high financial remuneration and recognition, various bonuses and professional growth opportunities.

6) Despite the positive ratings of the motivation system, the company still had employees who did not feel appreciated and believed that their remuneration was not adequate for their responsibilities, and additional motivators were needed. The authors recommend that the management of the company place a special focus on the problem when conducting an annual employee satisfaction survey in order to enhance the motivation system at the company and increase employee satisfaction, which would result in higher quality and performance.

7) The hypothesis proved to be true in part because the lowest rated hygiene factor was independence. The research found that the employees believed that they did not have enough opportunities to make independent decisions. This requires an additional research study to be done within the company to identify why the employees gave such ratings, what exactly did not satisfy them and what changes and improvements are possible to improve the situation, thereby increasing employee satisfaction with the company's personnel motivation system.

Bibliography

1. Dombrovska, L. R. (2009). *Cilvekresursu kapitāla vadība*. Rīga: Zvaigzne ABC, 212 lpp.
2. Fiaz, M., Su, Q., Ikram, A., Saqib, A. (2017). *Leadership Styles and Employees' Motivation: Perspective from an Emerging Economy*. The Journal of Developing Areas, January 2017, 51(4), 143-156. Retrieved: https://ej.uz/publication_Leadership_styles. Access: 02.02.2021.
3. Grencikova, A., Guscinskiene, J., Spankova, J. (2017). *The Role of Leadership in Motivating Employees in a Trading Company*. Journal of Security and Sustainability Issues 7(2), 247-255. Retrieved: https://ej.uz/Grencikova_The_role_of_leadership. Access: 02.02.2021.
4. Kovach, M. (2018). *A Review of Classical Motivation Theories*. Journal of Interdisciplinary Studies in Education, 7 (1), 34-53. Retrieved: <https://doi.org/10.32674/jise.v7i1.1059> Access: 02.02.2022.
5. Kozaka, G., Vinovskis, G. (2007). *The Analysis of Motivation to Work at the Enterprise*. Retrieved: <file:///C:/Users/User/Downloads/pub3557.pdf>. Access: 10.02.2022.
6. Kulikowski, K., Sedlak, P. (2020). *Can You Buy Work Engagement? The Relationship Between Pay, Fringe Benefits, Financial Bonuses and Work Engagement*. Current Psychology, 39 (1), 343- 353. Retrieved: https://ej.uz/Can_you_buy_work_engagement. Access: 10.02.2022.

7. Kumar, N., Ganguly, K. K. (2020). *Impact of Professionalism of Workplace Learning Support Team on Learning Outcome*. Journal of Workplace Learning. Issue October 2020. Retrieved: https://ej.uz/kumar_ganguly_Impact_of_professionalism. Access: 02.02.2022.
8. Liewendahl, H. E., Heinonen, K. (2020). *Frontline Employees' Motivation to Align with Value Propositions*. Journal of Business and Industrial Marketing. Vol. 35 No. 3, pp. 420-436. Retrieved: https://ej.uz/Frontline_employees_motivation. Access: 02.02.2022.
9. Locke, E. A., Latham, G. P. (2013). *Goal Setting Theory: The Current State*. In E. A. Locke, G. P. Latham (Eds.), *New Developments in Goal Setting and Task Performance*. Routledge/Taylor and Francis Group, pp. 623-630. Retrieved: <https://ej.uz/Goal-Setting>. Access: 02.02.2022.
10. Logan, F.A. (1968). *Incentive Theory and Changes in Reward*. Psychology of Learning and Motivation Volume 2, pp 1- 30 Retrieved: [https://doi.org/10.1016/S0079-7421\(08\)60420-X](https://doi.org/10.1016/S0079-7421(08)60420-X) Access: 02.02.2022.
11. McClelland, J. L. (2013). *Incorporating Rapid Neocortical Learning of New Schema-consistent Information into Complementary Learning Systems Theory*. Journal of Experimental Psychology: General, 142 (4), 1190. Retrieved: https://ej.uz/Learning_Systems_Theory. Access: 02.02.2022.
12. Porter, L. W., Lawler, E. E. (1965). *Properties of Organization Structure in Relation to Job Attitudes and Job Behavior*. Psychological bulletin, 64 (1), 23-51. Retrieved: https://ej.uz/Properties_Organization_Structure. Access: 02.02.2022.
13. Praude, V. (2012). *Menedzments*. Riga: Burtene, 496 lpp.
14. Schaufeli, W. B., Shimazu, A., Hakanen, J., Salanova, M., De Witte, H. (2019). *An Ultra-short Measure for Work Engagement: the UWES-3 Validation Across Five Countries*. European Journal of Psychological Assessment, 35 (4), 577. Retrieved: https://ej.uz/An_Ultra-Short_Measure. Access: 02.02.2022.
15. Sycheva, I. N., Voronkova, O. Y., Kovaleva, I. V., Kuzina, A. F., Bannikov, S. A., Titova, S. V. (2019). *Motivation in Personnel Management of a Trading Enterprise*. International Journal of Economics and Business Administration, Volume VII, Special Issue 1, 570-582.