

NEW MOTIVATION APPROACHES DURING THE CRISIS

Ec. PhD Loredana Iordache
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania
Lecturer PhD. Radu Criveanu
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania

Abstract: The economic crisis has brought significant changes not only in the organization but also in the way of thinking and perception of employees. There are a few cases in which, for a significant number of employees, motivation meant more than physiological or secure needs (according to Maslow's theory). Nowadays, as a result of the existing economic situation, some of those for which motivation meant recognition and professional development, are returning to the basic levels of motivational theories especially to those related to job security.

JEL classification: M12, M19

Keywords: motivation, communication, performance, economic crisis

Developing strategies to motivate staff during this period becomes a difficult work and almost impossible to realise especially for those organizations that have focused only on financial motivation. Generally the concept of motivation have been associated to a number of factors that were intended to obtain satisfaction in order to have performance. The concept of motivation was associated by the most organisations with the motivation based on particular aspects of materials. From this, there have appeared a number of issues related to employee turnover, and their loyalty. Few companies have realized that financial motivation not exclude the non-financial. Instead while meeting the needs of employees it is necessary to support some non-financial motivating strategies in which employees feel emotionally involved in projects and organizational development. That is the only way in which you can win their loyalty without risking to lose them when they receive the first better offer from the competition.

While during the period of economic growth, extrinsic motivation strategies strengthened their position in the market, having as main role the employee retention and the fluctuation rate decrease, employees being willing to change their careers frequently taking in serious consideration the opportunity of a broader package of

benefits, in the current period some changes have occurred on both the companies' availability for this perception and the employees in determining career options. It is obvious that we can not dispute the role that this type of motivation had over employees or any acquired magnitude of this phenomenon, in which organizations raced to provide compensations and benefits packages as various as possible, from significant wage, raw meal tickets to private medical insurances, life insurances or various types of subscriptions.

The crisis' appearance determined the rethinking of the system in the overall.

In difficult times, employees are worried about their financial and professional future, so they become unsure/uncertain; and this is damaging for the company because it can lead to performance decrease. The company future depends on the commitment and loyalty of employees. Normally, companies' concerns should include more than program reorganization and company and staff restructuring, they should orient their attention to the remaining employees within the company. Stability has become the main motivating factor at this time.

Motivating staff become more important and more difficult, companies have limited budgets and staff face financial difficulty during the economic recession. According to Maslow's pyramid, the top needs is self-fulfillment that was a natural need in the previous period. Now, because of the crisis, more people are going towards lower levels of the pyramid and safety becomes the main concern. Surviving need rises above moral values and motivational strategies should take this into account

With over 160,000 made redundant only in the USA, plus dozens of thousands on the European continent, both people on the labor market and their employees would have to recover their HR policy and strategy, giving priority to an cultural organisation focused on employee safety¹.

Stopping wage increase and bonuses and frequent restructurings are some common problems faced by the organizations. In crisis situations, the accent shifts from emphasis on factors extrinsic to the intrinsic motivation of, namely: job security, involvement in projects that ensure the survival of the company, appreciation for the work done or using empathy for personal problems. However nowadays many organizations neglect reasoning/motivational strategies. Although we have no information on the evolution of the crisis, the emotional and material state of the employee could have a major impact on the motivational environment, on the fidelity of employees and not least on the climate organizational (a number of human resources consultants).

The managerial style of leadership during the crisis ranges from disregard over economic issues to the other extreme, in which the manager overestimates the effects of the crisis and tries a radical change in human resources policy. A common/frequent mistake managers make is that they assumpt what is the mood of the employees like in times of crisis and build their scenarios on these assumptions. We have to admit that some employees are more open and others are more introverted.

In these conditions, the role of HR specialists is to provide advice to all employees. In this sense we consider it very important to ensure a climate-based organizational communication in which to be exposed all the problems faced by the organization. In general, in times of crisis, managers tend to hide or limit the employees

¹ ¹ <http://www.wall-street.ro/articol/Careers/51516/Cum-conduci-forta-de-munca-pe-perioada-crizei-economice.html>

access to information, which creates a state of nervousness and anxiety within the organizational climate. We believe that individual meetings between managers and employees have a great motivational value, since people are undergoing a tense period. Through personal discussions between managers and subordinates, the latter feel more secure and valued.

In order to reduce the uncertainty of internal communication is very important, because employees need reliable information about the company's future as it is in direct connection with their future. They must be constantly informed about company goals and strategy and have an overview of them. Within the management communication process, non-formal leaders have extremely important roles. Harmonizing, the informative communication will become more credible for the employees, increasing the stability of confidence. At the moral level, leaders should look confident to speak to employees about the solutions and future plans.

The most managers consider that employees have to have a higher efficiency during the crisis. In practice, Twitter influences the efficiency and the level of performance and creativity will be diminished because of the variety of the reactions that the employees display. It is a paradox, while it soothes the surface fluctuations, employees are increasingly willing to remain with the company, but at the same time they are making increasingly less work for the company. This is because it is difficult to remain motivated and proactive fearing for their future.

Companies should protect their managerial employee from exhaustion. Coaching and special training programs can be very useful in order to avoid negative consequences.

Another important issue is talent management and programs made for key people within the company. Those companies which have already begun such programs before the start of the crisis are now privileged, they are not forced to face the crisis and begin new programs at the same time. In the opposite case, they can implement this gradually and in this case, HR outsourcing would be useful because it helps define the necessary skills, talents criteria and to assess staff in these respects. After a careful evaluation, the motivating factors will be clearly highlighted. As in this period companies have limited budgets, HR departments should be more creative in identifying the right motivating factors.

Staff restructuring, workplace improvement, tasks sharing within a project, changes in functional level may be useful for keeping staff motivated. The main problem is that the company future and the employees are so closely related so that the employees should be involved not only in the strategic changes but also in the managerial ones. Therefore we believe it is very important for employees to actively participate in the changes expected by the organisation and not just to be informed about expected changes.

Studies show that there are some red flags that indicate when companies can not raise the employees to submit their efforts during the crisis. Although they want to be heard, involved and consulted, only 38% of employees consider that their suggestions and ideas are taken into consideration by top managers of companies, 19% of them believe that top managers do not consider them as a valuable asset of the company and 14% accuse top managers of not considering their interests when making decisions. Only 46% of employees feel they are well informed when

organizational changes occur, while 45% believe that top management communicates openly and honestly about the company's future.

Even if survival is the main reason for people at the moment, companies must not forget about the financial bonuses and motivation. During the crisis, previous targets and goals should be changed because when employees fail to reach them because of the global financial situation, this can become frustrating. The motivating system should be harmonized to contextual changes and to guide employees to achieve corporate objectives.

A study made in the European companies shows the main challenges faced by HR professionals and crystallizes the action plan to be adopted by corporations in order to face global recession. The development of the leadership capacity, talent management and the capitalisation of the brand image of the employers are the three main concerns of Romanian HR's in the crisis period.²

Seven out of the 21 challenges identified by human resources specialists from Europe, are considered to be critical in the current economic context: talent management, leadership skills development, strategic workforce planning, employee involvement and motivation, employee performance evaluation, changing management and strengthening of organizations focused on continuous learning processes.

According to the study, unlike Romania, Bulgaria has to recover about talent management and, especially, in the struggle to transform the human resources department into a strategic partner for top management. The situation of Spain, Italy and France is similar to that of Romania. Corporate capabilities in these three countries have improved as far as the talent management and the leadership skills development is concerned. Still, in a lot of Romanian companies, there is a wrong approach on human resources strategy during the crisis. This is related to the restructuring determined by the wages reduction in the organisation, without making a detailed analysis of each department activity.

According to the study, recruitment costs reduction, internal events, and performance-based bonuses are the most common actions that the HR professionals (out of the 22 already mentioned) would apply to offset costs during the recession.

Layoffs based on individual performance significantly increased employee involvement and removed the "trafustru" culpability symptom that the remained employees feel when their colleagues are forced to leave work. More than one third of respondents agreed that dismissing fulltime employee is one of the best measures adopted during the economic contraction. In Europe, the automobile industry recorded the highest rate of dismissal 46% followed by FMCG (with 45%), industrial goods 44% and ICT (with 41%). Concluding, this report shows that organizations must reconsider their human resources strategy, starting from the current objectives of the organization, and to reconsider a new job analysis in order to use their existing employees as much as possible. Even if a company has a policy that implies cost reduction in all respects, including the employees, it has the opportunity to manage their careers and thereby motivate them further. Redesigning jobs, so that they become motivating through responsibilities involved, may represent a first step in motivating company policy. What should employers consider when thinking about jobs as a reason

in itself, are the following: level of responsibility, degree of autonomy, job significance for employee, skills diversification through various tasks. There are different ways towards job redesign: rotations on different jobs, job enlargement and job enrichment. The latter option refers not only to increase the number assigned job tasks, but also implies an increase in complexity. This approach addresses to the need for implementation / development of employees and is desirable to be integrated into a management career process. But, in a lot of Romanian companies, there is a wrong approach on human resources strategy during the crisis. This is related to the restructuring due to lower wages funds in the organization, without making a detailed analysis of the activities of each department.

It is well-known that during crisis time, one of the measures that companies take is either reducing wages or cutting bonuses and last but not least restructuring. These measures have a demotivating influence over some employees because in any organization, the contribution that everyone brings is different. So, no matter how difficult it is, it is recommended that the measures taken to consider these issues.

Moreover, stress and fear of losing their job are factors that not only help growth performance, but in many cases even decreases it. It is known that only a small number of employees respond better to stress and punishments and can adopt an active attitude towards the work they carry out so as to achieve expected performance. Uncertainty and lack of strategies for overcoming the crisis period are factors that contribute to employee dissatisfaction.

Meanwhile, we meet quite frequently employees that do not need the motivation came from the employer, and manage to find their own internal resources to determine them to do their job successfully by setting personal goals which are striving to achieve, no matter what actions they need to take to achieve them in a certain period of time. Despite all disadvantages brought by crisis, we cannot yet remark and thing that we consider to be positive. Rewards and benefits packages offered by employers before crisis were extremely attractive and not all companies could afford them. Many of them were over the power of medium and small companies and we think quite exaggerated. More than that, there were and still are discrepancies between different areas of the country for the same type of job.

If until recently was associated with performance growth was associated with salary increases - with financial bonuses and material rewards - this transaction proves to be insufficient and valid only on short term. Arguments refer to the new economical context in which organizations need involved employees, to share their company values and to make greater efforts to recover the performance gap generated by the crisis.

The economic crisis has managed to somewhat stabilize the price of labor. We can find similarity with real estate market, where gradually, the prices began to settle. If before the crisis the demand for certain items exceeded supply and hence the very attractive rewards system, along with restructured during this period, situation was reversed and compensation for the same type of item dropped.

Once out of the crisis, employers will be more cautious at permanent employment. It is known that our country's legal system provides a series of steps to follow when restructuring and financial benefits for people who leave the organization as a result of the restructuring plan. In these conditions, many employers prefer fixed-term employment to no longer have to face the financial effort imposed by restructuring. This employment type will probably reconsider the position of those who probably will get a job and, probably we expect a reduction in personnel fluctuation.

During the crisis the role of human resources department is summarized in a significant number of companies to communicate decisions with negative impact on employees. This is largely due to lack of involvement of this department into the overall strategy of the organization.

We believe that there are some solutions that the top management of an organization should take into account:

a) Firstly, the company leaders must show moralaty to the employees and apply layoffs as a last solution to save the company, only after he exhausted all other cost reductions. Yet an important part of companies start reducing costs with layoffs. The economic crisis has highlighted another aspect regarding the number of employees. In very few companies it is practiced real job analysis and often, during periods of economic growth, employment has been made without taking account of correlation of economic indicators, which has repercussions on the situation.

b) The good quality of the relationship between employees and their superiors is a motivating factor during the crisis. A relationship that bears the imprint of an open attitude of respect, honest, transparent, is a matter that does not cost money and can play a very important and motivating role for the employee. Now more than ever, the employees must feel they have a healthy relationship with their boss. Furthermore it should be a transparency to openly discuss problems facing the company and even to request employees to find solutions. Change can be achieved only with employees, and not seldom even solutions can come from them.

Therefore we believe it is necessary for organizational objectives and strategies to be discussed openly with employees not only in terms of relations of cooperation but also in terms of creating a sense of security and the belonging to the organization.

c) Another issue is related to the recognition of merit employees. Objectives that change do not diminish less the employees merit who contribute to their achievement. It must not be perpetuated idea that employees must work better work not to lose their job. They must be publicly held for their contribution. Fear, as previously said is not a motivating factor. It can increase the capacity of concentration, can discipline, but will certainly diminish creativity and learning ability.

The economic crisis has fired a warning sign of reconsidering the reasoning/motivating strategies developed by organizations. Such strategies should be reconsidered non-financial issues and consequently increase their importance since the recruitment and selection phase by changing the behavior of prospective and current employees. In an environment of increasingly complex and ambiguous, leaders will have to find new ways to mobilize and get people actively involved in their transformation, to motivate and create value.

REFERENCES:

1. G. A Cole Managementul personalului, Ed. Codecs, Bucuresti 2000
2. J. M. Peretti Ressources humaines , CPI ,Paris Cedex, 2009
3. .L. Mathis, P. Managementul resurselor umane, Ed. Economica, București 1997
Nica , C. Rusu
4. * * * www.wall-street.ro
5. * * * www.business-news.ro