

Analysis of Employees' Motivation in the Company Vipax, a.s.

Katarína Borovská

Bachelor Thesis
2011



Tomas Bata University in Zlín
Faculty of Humanities

Univerzita Tomáše Bati ve Zlíně
Fakulta humanitních studií
Ústav anglistiky a amerikanistiky
akademický rok: 2010/2011

ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

Jméno a příjmení: **Ing. Katarína BOROVSKÁ**
Osobní číslo: **H08274**
Studijní program: **B 7310 Filologie**
Studijní obor: **Anglický jazyk pro manažerskou praxi**

Téma práce: **Analýza motivace zaměstnanců ve firmě Vipax, a.s.**

Zásady pro vypracování:

Teoretické poznatky z oblasti motivace zaměstnanců
Analýza motivace zaměstnanců ve firmě Vipax, a.s. pomocí dotazníkového šetření
Zjištění předností a nedostatků systému motivace pracovníků ve firmě
Návrh na zlepšení systému motivace

Rozsah bakalářské práce:

Rozsah příloh:

Forma zpracování bakalářské práce: **tištěná/elektronická**

Seznam odborné literatury:

Armstrong, Michael. 2003. A Handbook of Human Resource Management Practice. 9th ed. London and Philadelphia: Kogan Page.

Armstrong, Michael. 1996. Employee Reward: People and Organisation. 1st ed. London: Institute of Personnel and Development.

Gregar, Aleš. 2007. Personální řízení I : Vybrané kapitoly. 4th ed. Zlín: Univerzita Tomáše Bati.

Jakoubka, Jaroslav. 2008. Zákoník práce : k 1.1.2008 : včetně vybraných částí důvodových zpráv. 3rd ed. Olomouc: ANAG.

Vedoucí bakalářské práce:

Ing. Petra Kressová, Ph.D.

Ústav managementu a marketingu

Datum zadání bakalářské práce:

1. února 2011

Termín odevzdání bakalářské práce:

6. května 2011

Ve Zlíně dne 1. února 2011



prof. PhDr. Vlastimil Švec, CSc.
děkan



doc. Ing. Anežka Lengálová, Ph.D.
ředitelka ústavu

PROHLÁŠENÍ AUTORA BAKALÁŘSKÉ PRÁCE

Beru na vědomí, že

- odevzdáním bakalářské práce souhlasím se zveřejněním své práce podle zákona č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, bez ohledu na výsledek obhajoby ¹⁾;
- beru na vědomí, že bakalářská práce bude uložena v elektronické podobě v univerzitním informačním systému dostupná k nahlédnutí;
- na moji bakalářskou práci se plně vztahuje zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, zejm. § 35 odst. 3 ²⁾;
- podle § 60 ³⁾ odst. 1 autorského zákona má UTB ve Zlíně právo na uzavření licenční smlouvy o užití školního díla v rozsahu § 12 odst. 4 autorského zákona;
- podle § 60 ³⁾ odst. 2 a 3 mohu užít své dílo – bakalářskou práci - nebo poskytnout licenci k jejímu využití jen s předchozím písemným souhlasem Univerzity Tomáše Bati ve Zlíně, která je oprávněna v takovém případě ode mne požadovat přiměřený příspěvek na úhradu nákladů, které byly Univerzitou Tomáše Bati ve Zlíně na vytvoření díla vynaloženy (až do jejich skutečné výše);
- pokud bylo k vypracování bakalářské práce využito softwaru poskytnutého Univerzitou Tomáše Bati ve Zlíně nebo jinými subjekty pouze ke studijním a výzkumným účelům (tj. k nekomerčnímu využití), nelze výsledky bakalářské práce využít ke komerčním účelům.

Prohlašuji, že

- elektronická a tištěná verze bakalářské práce jsou totožné;
- na bakalářské práci jsem pracoval samostatně a použitou literaturu jsem citoval. V případě publikace výsledků budu uveden jako autor.

Ve Zlíně 3. 5. 2011



1) zákon č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, § 47b Zveřejňování závěrečných prací:

(1) Vysoká škola nevydělčně zveřejňuje disertační, diplomové, bakalářské a rigorózní práce, u kterých proběhla obhajoba, včetně posudků oponentů a výsledku obhajoby prostřednictvím databáze kvalifikačních prací, kterou spravuje. Způsob zveřejnění stanoví vnitřní předpis vysoké školy.

(2) Disertační, diplomové, bakalářské a rigorózní práce odevzdané uchazečem k obhajobě musí být teč nejmeně pět pracovních dnů před konáním obhajoby zveřejněny k nahlížení veřejnosti v místě určeném vnitřním předpisem vysoké školy nebo není-li tak určeno, v místě pracoviště vysoké školy, kde se má konat obhajoba práce. Každý si může ze zveřejněné práce pořizovat na své náklady výpisy, opisy nebo rozmnoženiny.

(3) Platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.

2) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 35 odst. 3:

(3) Do práva autorského také nezasahuje škola nebo školské či vzdělávací zařízení, užije-li nikoli za účelem přímého nebo nepřímého hospodářského nebo obchodního prospěchu k výuce nebo k vlastní potřebě dílo vytvořené žákem nebo studentem ke splnění školních nebo studijních povinností vyplývajících z jeho právního vztahu ke škole nebo školskému či vzdělávacímu zařízení (školní dílo).

3) zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, § 60 Školní dílo:

(1) Škola nebo školské či vzdělávací zařízení mají za obvyklých podmínek právo na uzavření licenční smlouvy o užití školního díla (§ 35 odst.

3). Odpirá-li autor takového díla udělit svolení bez vážného důvodu, mohou se tyto osoby domáhat nahrazení chybějícího projevu jeho vůle u soudu. Ustanovení § 35 odst. 3 zůstává nedotčeno.

(2) Není-li sjednáno jinak, může autor školního díla své dílo užít či poskytnout jinému licenci, není-li to v rozporu s oprávněnými zájmy školy nebo školského či vzdělávacího zařízení.

(3) Škola nebo školské či vzdělávací zařízení jsou oprávněny požadovat, aby jim autor školního díla z výdělku jim dosaženého v souvislosti s užitím díla či poskytnutím licence podle odstavce 2 přiměřeně přispěl na úhradu nákladů, které na vytvoření díla vynaložily, a to podle okolností až do jejich skutečné výše; přitom se přihlédne k výši výdělku dosaženého školou nebo školským či vzdělávacím zařízením z užití školního díla podle odstavce 1.

ABSTRAKT

Cílem této bakalářské práce bylo zjistit současný stav motivačního systému zaměstnanců ve firmě Vipax, a.s. a navrhnout zlepšení. Práce je podložena v první části teoretickými poznatky z oblasti řízení lidských zdrojů a motivace.

Ve druhé části je provedena analýza současného stavu systému motivace, zjištění kladů i nedostatků. Informace pro průzkum byly získány dotazníkovou metodou mezi cílovou skupinou zaměstnanců, konkrétně mezi dělníky ve výrobě.

Na základě vyhodnocených dotazníků, rozhovorů se zástupci společnosti a vedením autorka navrhla řešení jednotlivých problémů motivačního systému.

Klíčová slova: motivace, odměny, prémie, výroba, zaměstnanci, pracovní výkon

ABSTRACT

The aim of this bachelor thesis was to analyse the current motivation system of employees in the company Vipax, a.s. and to suggest improvement in the system. The thesis is supported by the theoretical information about Human Resource Management and motivation.

In the second part is realized the analysis of the current motivation system of employees and the detection of positives and deficits. The survey information was reached by the questionnaire method focused on the target employees' group, especially workers in the production department.

The author suggested improvements and solutions of particular problems in the motivation system according to the results from questionnaires and personal interviews with representatives and the head of the company.

Keywords: motivation, rewards, premium, production, employees, work performance

ACKNOWLEDGEMENTS

I want to thank to advisor of my bachelor thesis Ing. Petra Kressová, Ph.D. for her leadership, valuable comments, expert advice and her patience during tuitions.

And also I want to thank to the company Vipax, a.s., especially the head of economic department Mrs Miroslava Jadrníčková and Ing. Pavel Jadrníček for provided information, practical advice, time and ideas.

CONTENTS

INTRODUCTION	10
i. THEORY.....	11
1 HUMAN RESOURCE MANAGEMENT	12
1.1 MANAGEMENT.....	12
1.2 HUMAN RESOURCE MANAGEMENT ACTIVITIES	13
1.3 HUMAN RESOURCE MANAGEMENT GOALS	14
2 MOTIVATION.....	15
2.1 DEFINITION OF MOTIVATION	15
2.2 THE PROCESS OF MOTIVATION	15
2.3 TYPES OF MOTIVATION	17
2.3.1 Intrinsic Motivation	18
2.3.2 Extrinsic Motivation.....	18
2.4 MOTIVATION SCHEME OF AN ORGANIZATION	19
2.5 MOTIVATION AND MONEY	19
3 MOTIVATION THEORIES.....	21
3.1 INSTRUMENTALITY THEORY	21
3.2 CONTENT (NEEDS) THEORY.....	22
Maslow's Hierarchy of Needs.....	22
3.3 COGNITIVE THEORY	23
Expectancy Theory.....	24
Goal Theory.....	24
Equity Theory.....	24
3.4 HERZBERG'S TWO-FACTOR MODEL.....	25
4 CONCLUSION OF THEORETICAL PART	26
ii. ANALYSIS.....	27
5 COMPANY'S PROFILE.....	28
5.1 THE SUBJECT OF BUSINESS	28
5.2 HISTORY AND PRESENT OF THE COMPANY	28
5.3 ANALYSIS OF THE INTERNAL ENVIRONMENT OF THE COMPANY	29
5.3.1 Visions and Goals of the Company	29
5.3.2 Information about Employees	30
5.3.3 Economic Indicators	31
5.4 ANALYSIS OF THE EXTERNAL ENVIRONMENT OF THE COMPANY.....	33
5.4.1 Customers of the Company Vipax, a.s.	33
5.4.2 Suppliers of the Company Vipax, a.s.	34
5.4.3 Competitors of the Company Vipax, a.s.....	34
6 ANALYSIS OF PRESENT SITUATION OF EMPLOYEES' MOTIVATION SYSTEM IN THE COMPANY VIPAX, A.S.....	36
6.1 THE GOAL OF ANALYSIS AND METHODS OF DATA COLLECTION.....	36
The Questionnaire	37

6.2	MOTIVATION SYSTEM.....	37
6.2.1	Basic Wage	38
6.2.2	Premium	39
6.2.3	Special Reward	39
6.2.4	Overtimes and Holiday	39
6.2.5	Christmas Reward	40
6.2.6	Non-financial Bonuses	40
6.3	THE SURVEY IN THE COMPANY VIPAX, A.S.	41
6.4	SUMMARY OF THE ANALYSIS OF THE CURRENT MOTIVATION SYSTEM	50
7	RECOMMENDATIONS FOR IMPROVING MOTIVATION SYSTEM.....	52
7.1	NEW SYSTEM OF DISTRIBUTION OF PREMIUM	52
7.2	THE CONFRONTATION WITH THE PERSONAL COSTS OF EMPLOYEES.....	52
7.3	THE IMPLEMENTATION OF VENTILATION.....	53
7.4	THE MEETING OF EMPLOYER AND EMPLOYEES	53
7.5	THE COMMUNICATION OF THE CRITICISM AND THE PRAISE.....	54
	CONCLUSION	55
	BIBLIOGRAPHY	56
	LIST OF ABBREVIATIONS	57
	LIST OF FIGURES	58
	LIST OF TABLES	60
	APPENDICES	61

INTRODUCTION

Motivation as an important part of daily working life is the main topic of this bachelor thesis. The aim of this bachelor thesis is to analyse the current motivation system in the company Vipax, a.s. and to suggest some improvements for the motivation system of the company.

The company deals with ensuring of fire safety in construction, especially the production of fireproof doors, locking devices, inspection doors and fireproof constructions. Vipax, a.s. is also a supplier of fire safety systems and systems of fireproof ventilation. The production in the company covers manufacturing with steel and other metal sheets and materials by employees.

Employees are paid appropriately to their work as the employer mentioned but for employees it is supposedly still not enough and they are not so much interested in their work. It is reflected in the work production and performance. This problem is connected especially with employees in the production department so they are the subject of the analysis.

In the first part of the bachelor thesis will be theoretical information which supported the analytical part, like the theory of human resource management and motivational theories.

In the second part of the bachelor thesis the author will perform the analysis of the motivation system of workers in the company and find positives and deficits in it. At the end the author will suggest improvements that would help the company to solve the problems with motivation of employees.

I. THEORY

1 HUMAN RESOURCE MANAGEMENT

Motivation, as a main topic of this bachelor thesis, is a part of human resource management. Every employee can be understood as a human resource that is practicing a certain kind of job. There is human resource management as an operative instrument which manages and cooperates with employees in effective way. So therefore it is important to mention here at the beginning also an area of human resource management.

Human resource management has various definitions. According to Armstrong it is defined like: *"a strategic and coherent approach to the management of an organization's most valued assets: the people working there who individually and collectively contribute to the achievement of its objectives."* (Armstrong 2003, 3)

Other valuable definition of HRM from slightly different point of view is in accordance with Hendry: *"Human resource management has different connotations for different people and does not yet constitute a unified theory. It is about matching employment practices to an organization's strategy. Another connotation is to present HRM as having a distinctive philosophy underpinning it, not just any set of values."* (Hendry 1999, 3)

Hendry also mentioned a comparison *"of people as a valuable organizational asset"* according to the theory of human capital. E.g. human resources as people can be enhanced by the additional input of learning and training, it is similar as the physical capital of a company which can be upgraded or modernized. (Hendry 1999, 4)

1.1 Management

From the general point of view human resource management can be perceived basically as management which is described by activities like leadership, coordinating, organization, controlling or layout. Management can be connected usually with a group of people (employees) or with a process (manufacturing process in the company) and thanks to that Bratton and Gold see management as a science or as an art. And management can be also seen as a politics or a control, for example the company is like *"a purposive miniature society"* so management is in the role of power and politics. This perception of management is shown in clearly way in the picture. (Bratton and Gold 1999, 13)

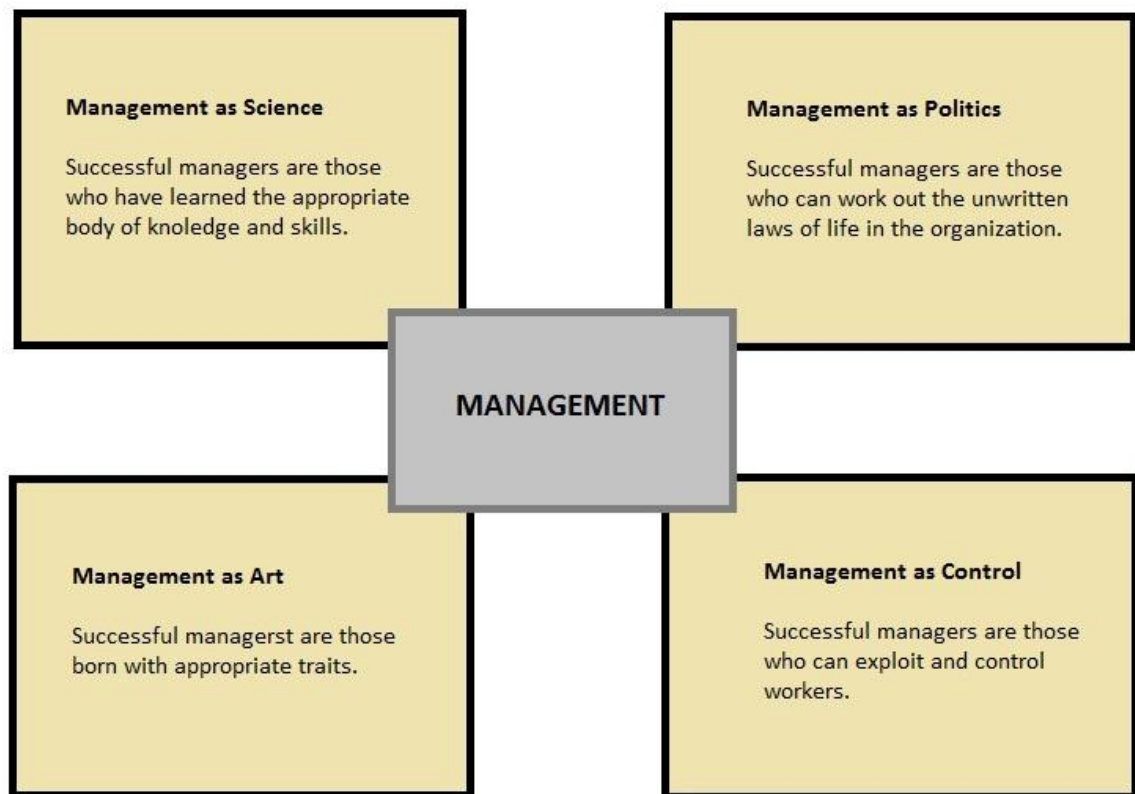


Figure 1. Management as science, art, politics and control.

Source: Bratton, John, and Jeffrey Gold. 1999. Human resource management: Theory and practice. (New Jersey: Lawrence Erlbaum Associates, Inc.), 13.

1.2 Human resource management activities

There are five main functional areas of HRM activities according to Bratton and Gold. HRM deal with relationship between employees and the company and it might be influenced by aspects as the size and structure of the company.

Staffing: the recruiting employees with required skills, knowledge and abilities for certain job position in the company. Appropriate activities here are "*human resource planning, job analysis, recruitment and selection.* "

Rewards: the suggestion and management of reward systems. Activities include "*benefits, job evaluation and performance appraisal.* "

Employee development: to assessment "*training requirements*" to make sure that employees do their job well with appropriate skills and knowledge. Activities in this area are about "*identify employee key skills and competencies*".

Employee maintenance: the managing and "monitoring of workplace safety", welfare and health policies to provide workable manpower and keep with "statutory and standards and regulations. "

Employee relations: Employees can participate in union in their workplace and HRM deal with union representatives about various aspects of employment relationship or employment contract. (Bratton and Gold 1999, 14-15)

1.3 Human resource management goals

One of the most important aims of human resource management is to provide effectively a success to the company by the human capital. Armstrong suggests that high level of organizational performance can be achieved by the company through people. He also says that "the integration of HR and business strategies will generally focus on this goal." Employees perform well when the workplace brings them the support for doing their job satisfactorily (for example appropriate technology or good communication with the boss), they are able to do their job because of their appropriate skills and when employees are motivated. Very important goal is to enhance motivation and job engagement. Motivation is about encouraging employees to put their efforts and skills in appropriate way which helps company's aims and also employees own needs. Employees should be identified with aims of the company and company's values and enthused by their work.

Resourcing is other valuable goal of the HR in the company. The aim is to catch and keep the skilled, useful and motivated employees as the human capital of the company. Company's success depends on employee's talent and productivity. Therefore is beneficial to develop recruitment strategies in human resource management in the company.

It is also good for prosperous running of the company to support and maintain a friendly or peaceful atmosphere and relationship between management and employees, it means proper communication between them and supporting and enhancing of teamwork. As Armstrong says, it is good to "when employers take into account that they are managing a diverse workforce, which means recognizing individual and group differences in employment needs, work style and aspirations. " (Armstrong 2003, 7)

2 MOTIVATION

2.1 Definition of Motivation

Employees' motivation is one of decisive ways how to manage employees' performance. Gregar says that motivation is also one of basic elements from group of Human Resource Economy activities which includes **work organization, reward system and motivation**. Human Resource Economy (HRE) is one part of Human Resource Management and manages previous mentioned areas. Second part of HRM is Human Resource Development which deals with forecasting and planning employees' needs, recruiting employees and their training, creating good working conditions and covering safety workplace, public relations and so on. (Gregar 2007, 56)

As Armstrong says that companies deal with a question how *"to achieve sustained high levels of performance through people"*? It means to pay attention to how employees can be motivated in the best way thanks rewards, incentive, the work they do and leadership. *"The aim is to develop motivation processes and a work environment that will help to ensure that individuals deliver results in accordance with expectations of management."* (Armstrong 2003, 215)

According to Bruce and Pepiton motivation is a drive *"that move us to do what we do."* Employees are motivated to do something what should be their best interest. When it is focused from a management perspective as Bruce and Pepiton say *"You cannot motivate other people. You can only influence what they are motivated to do."* Managers' goal in the company should be to support employees identify their benefit with that of the company. When they are identified, employees will certainly feel motivated to work hard, it will be in their best interest. (Bruce, Pepiton 1999, 2)

2.2 The Process of Motivation

Motivation can be described according to Gregar as a process of mobilization of employees' energy and focusing his/her behavior on the certain aim. From the psychological point of view there are terms like need, motive and incentive. **Need** is a lack of something what has a value for employee. **Motive** is inner cause or reason for behavior of employee which influences his/her behavior. **Incentive** is outer impulse which comes from external environment of employee and stimulates his/her activity. There is a picture which describe a formation of motivated behavior. Motive is created due to awareness relationship between need and incentive. (Gregar 2007, 57)

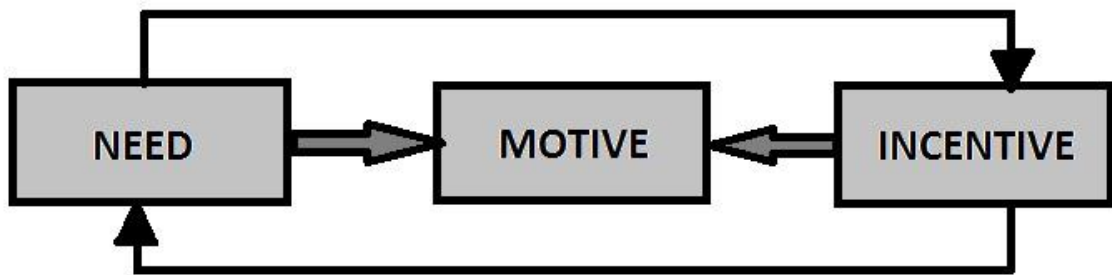


Figure 2. A formation of motivated behavior.

Source: Gregar, A. 2007. Personnel Management 1 - Selected Chapters. (Zlín: Thomas Bata University in Zlin). 57.

In the literature are a lot of descriptions of motivation. Another one which is good to mention is from Armstrong who says that *"motivation can be described as goal-directed behaviour. People are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward – one that satisfied their needs. "*

Well motivated employees have clearly defined aims and do the job or activity in the company in the appropriate way which brings them to achieve those aims. The company can motivate employees by providing them rewards and incentives, trainings and other ways of learning and growth in the company and a job which is satisfied for their employees. Motivation is provided by managers who have motivating skills and clearly understand the process of motivation. (Armstrong 2003, 216)

Armstrong also shows and explains this process of motivation in the Figure 03. He says that motivation is *"initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which are desires to achieve something. Goals are established which it is believed will satisfy these needs and wants. If the goal is achieved, the need will be satisfied and the behaviour is likely to be repeated the next time a similar need emerges. If the goal is not achieved, the same action is less likely to be repeated. "* (Armstrong 2003, 216)

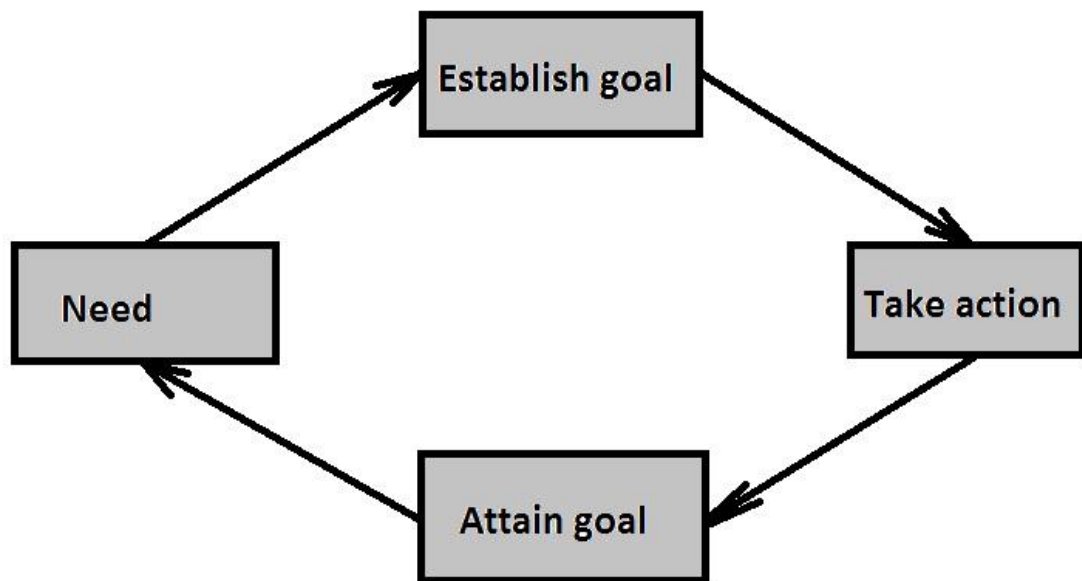


Figure 3. The process of motivation

Source: Armstrong, M. 2003. *A Handbook of Human Resource Management Practice*. (London: Kogan Page Limited). 217.

2.3 Types of Motivation

Employees can work hard because of two main reasons. First one is that they are interested in their work itself (intrinsic motivation) and second reason is because they are paid for their work (extrinsic motivation). And these two types of motivation are interlinked in the company. One of the most important processes is to keep the right form of motivation and *"the most appropriate combination of intrinsic and extrinsic motivation."* (Frey, Osterloh 2002, 5)

Motivation is generally internal process. According to Bruce and Pepiton it is **intrinsic** – inside us. We feel a thirst or instinct to do something and we act in certain ways to satisfy that. And since we live in the real world everything what we experience influences us. Our motivation is influenced by external circumstances. Those can be rewards, bonuses, promotions and praise. It is good to take joy in what we are doing because if there are no *"pay incentives or appreciations for our efforts"* we will probably marvel if our work is worth the time we spend on it. These external aspects of motivation are called **extrinsic**. (Bruce, Pepiton 1999, 2)

Also Armstrong says that motivation can work in two ways. Employees can motivate themselves by finding and realizing job that satisfies their needs and also it can keep them to believe that their aims will be achieved. On the other hand employees can be motivated by the company through the management using motivation methods like promotion, pay, bonuses, etc. As Armstrong says *"there are two types of motivation as originally identified by Herzberg, Mausner and Synderman (1957) – intrinsic and extrinsic motivation."* (Armstrong 2003, 217)

2.3.1 Intrinsic Motivation

Factors that are created inside employees and influenced them to do the work in certain way or to do particular decision are called intrinsic motivation according to Armstrong. There are among the factors for example feeling of the importance of the work like responsibility or dealing with duties on one's own (autonomy), development of employees' skills and abilities, occasions for promotion.

Intrinsic motivation factors are connected with *"quality of working life"* have more *"deeper and long-term effect because they are inherent and individuals and not imposed from outside."* (Armstrong 2003, 217)

Frey and Osterloh say very interesting idea, that rewards can sometimes create intrinsic motivation. *"If intrinsic motivation arises as a result of a combination of self-determination and a sense of competence, and this also gives rise to a 'pleasant flow experience', then a reward can lead people to tackle tasks which are initially unfamiliar and perceived as an excessively demanding. Over time, as the person concerned gains experience, new intrinsic motivation is fostered. Financial incentives can also foster intrinsic motivation if the activity itself is very nature, monetary. In this instance, money is no longer a means to an end, but serves to satisfy an immediate need."* (Frey, Osterloh 2002, 23)

2.3.2 Extrinsic Motivation

Extrinsic motivation factors can have a strong and momentary effect, but it cannot last long. This type of motivation means *"what is done to or for people to motivate them."* There are motivators like praise or promotion rewards (increased pay) and also there can be punishments like criticism or withholding pay. (Armstrong 2003, 218)

According to Frey and Osterloh extrinsic motivation is to satisfy *"indirect or instrumental needs."* Financial reward is always a way to an end – to pay for a holiday or to buy a new car - and it is not an end itself. Employees' extrinsic motivation continues

from the wish *"to satisfy non-work-related needs."* In this meaning a job is a tool with which to satisfy actual needs by money (the salary). *"The end goal and the activity itself are equally important."* (Frey, Osterloh 2002, 8)

2.4 Motivation Scheme of an Organization

An Organization usually use a motivation scheme to answer questions about evaluation of employees and achieved goals, creating conditions for development employees' activities, keeping their workforce and others as Gregar suggests.

According to Gregar the construction of motivation scheme is not only about money as rewards. It is also about reflecting employees' interests and needs. There should be in the scheme focus on different groups of employees. Next to the financial rewards there is also development of the career, job evaluation, development of the communication in the company and so on.

Motivation scheme is connected with Human Resource Management. It is important to clearly formulate and post motivation scheme. It reflected specific characteristics of the company. And therefore it is not possible to create motivation scheme as generally valid prescription. (Gregar 2007, 62-63)

There are some tips how to effectively create motivation scheme in the company, these tips states Vácha (1985):

- to provide a measurement of an individual and group performance
- to provide a connection between rewards and the individual and group performance
- to evaluate the performance periodically
- to implement a competition between groups and individuals
- to not tolerate average and substandard performance
- to help lagging employees, etc.

(Gregar 2007, 63)

2.5 Motivation and Money

Money as pay is the most evident extrinsic motivation and reward. Money brings people (employees) exactly what they want. People on fixed salaries or rates of pay do not profit from an incentive scheme, may feel good when they get an increase, it is concrete form of detection and a useful way of helping employees to feel valued.

Money brings the means to realize different ends. It is a powerful power; money is connected with the satisfaction of many needs. *"It clearly satisfies basic needs for survival*

and security and it can also satisfy the need for self-esteem and status." As noted Goldthorpe (1968) "pay is the dominant factor in the choice of employer and considerations of pay seem most powerful in binding people to their present job."

Financial rewards can motivate people who are tightly motivated by money. But less self-assured employees may not reply to incentives that they do not imagine to attain. Money can bring positive motivation in the appropriate situation and it is not only because employees want money but also because it takes as a highly touchable means of recognition.

As researcher in this area suggests *"the reward should be clearly related to effort or level of responsibility and people should not receive less money than they deserve compared with their fellow workers."* (Armstrong 2003, 227-228)

3 MOTIVATION THEORIES

Motivation itself, like it is described in previous chapter, is based on motivation theories. These were developed for years and there was also an influence of psychology. (Armstrong 2002, 56)

Why and how started behavioral scientists to investigate employee motivation? In the time period 1900 – 1925 was beginning of behaviorisms, psychologists dealt with observable behavior and the impulse that caused it. Inner motivation was not studied. In that time engineers claimed that money is the crucial motivator for work and employees should be allocated a specific complex task to reach. The premise was than an employee would choose to practice effort, to hold on until the task was reached in order to receive money. In the time period 1925 – 1950 experimental psychologists dealt with employee's attitudes and attitude measurement. The hypothesis in this time was that the way to discovering sources to employee motivation was to recognize approaches of the workforce. Many explorations exposed that money was only one of the multiple variables that has an effect on employee motivation.

In the third quarter of the 20th century was a significant development of theories for explaining, predicting and influencing employee motivation. These motivation theories handle with employees' needs and characteristics of the job itself. (Latham 2007, xx) The highly popular and influential motivation theories of Maslow (1954) and Herzberg (1957) have been really criticized even if they are still considered by many as the motivation theories as Armstrong says. More conclusive 'cognitive' theories have been developed over the years and they help us to appraise the complexity of the process of motivation. (Armstrong 2002, 57)

The main motivation theories are summed up in this chapter.

3.1 Instrumentality Theory

Instrumentality can be described according to Armstrong by a hypothesis which says that if we do one thing it will lead to another. Basically instrumentality theory says that employees only work for money.

This theory was exposed in the second half of the nineteenth century and it focused on the need to rationalize work and on economic outcomes. It defines that an employee will be motivated to work if rewards and sanctions are closely connected to his/her performance. It means that remunerations are obtained thanks to effective performance.

Instrumentality theory has base in the scientific management methods of Taylor (1911) called Tylorism. Taylor said that it is impossible to want from employees work much harder than standard, it is possible only when employees are assured a high and lasting increase in pay.

There is other base of instrumental theory; it is the principle of reinforcement influenced by Skinner (1974) who said that employees can be "*conditioned*" to work "*in certain ways if they are rewarded for behaving as required.*" It is also called "*the law of effect*".

Motivation which use this attitude was and still is broadly adopted and can be doing well in some situation. This theory is about "*a system of external controls and fails to recognize a number of other human needs.*" (Armstrong 2003, 218)

3.2 Content (Needs) Theory

As Armstrong says content or needs theory is based on a hypothesis that "*an unsatisfied need creates tension and disequilibrium.*" To rebuild a stability an aim is identified which will satisfy the need and the way of behaviour is certain which will direct to attain the target. Behaviour is therefore motivated by unsatisfied needs.

An employee has not equaled all his/her needs at the same time. Some can form a more influential force towards an aim than others. It depends on conditions and circumstances. Difficulty is increased because there is no easy connection between needs and goals. The identical need can be fulfilled by a number of diverse aims. "*At the same time one goal can satisfy a number of needs. A new car can provides transport as well as an opportunity to impress the neighbours.*" (Armstrong 2002, 58)

Content theory was developed originally by Maslow (1954) who expected the idea of a hierarchy of needs which he supposed were essential to the personality. "*Alderfer (1972) developed his ERG theory, which refers to the need for existence, relatedness and growth. Maslow's theory has been most influential.*" Herzberg, Mausner and Syndermans's (1957) two – factor model cannot be considered as content theory but he did recognize a number of primary needs. (Armstrong 2003, 219)

Maslow's Hierarchy of Needs

Maslow (1954) formulated the most well-known categorization of needs. He suggested that there are five major need categories which relate to people in general, starting from the

essential physiological needs and *"leading through a hierarchy of safety, social and esteem needs to the need for self-fulfilment, the highest need of all."* (Armstrong 2003, 219)

Maslow's hierarchy:

1. *"Physiological – the need for oxygen, food, water and sex.*
2. *Safety – the need for protection against danger and the deprivation of physiological needs.*
3. *Social – the need for love, affection and acceptance as belonging to a group.*
4. *Esteem – the need to have a stable, firmly based, high evaluation of oneself and to have the respect to others (prestige). These needs may be classified into two groups, first, the desire for achievement, for confidence in the face of world, and for independence and freedom, second, the desire for reputation defined as respect from other people, and manifested by recognition, attention and importance.*
5. *Self-fulfilment (self-actualization) – the need to develop potentialities and skills, to become what one believes one is capable of becoming."* (Armstrong 2003, 219-220)

Maslow's theory says that when a lower need is satisfied, the next highest becomes leading and the person's concentration is turned to fulfilling this higher need. *"The need for self-fulfilment, however, can never be satisfied."* Maslow said that *"only an unsatisfied need can motivate behaviour and the dominant need is the prime motivator of behaviour."* One of the results of Maslow's theory is that *"the higher-order needs for esteem and self-fulfilment provide the greatest impetus to motivation – they grown in strength when they are satisfied, while the lower needs decline in strength on satisfaction."* But people do will not automatically satisfy their needs by jobs, particularly if it is *"routine or deskilled"*.

This theory about hierarchy of needs by Maslow has been criticized for its evidently inflexibility because different people (employees) have different priorities and therefore people's needs growth continuously up the hierarchy. *"In fact, Maslow himself expressed doubts about the validity of a strictly ordered hierarchy."* (Armstrong 2003, 220)

3.3 Cognitive Theory

Cognitive theory is also called process theory. Armstrong suggests that the importance is on the psychological processes that influence motivation, as on basic needs. It is called cognitive theory because it is connected with *"people's perceptions of their working environment"*. According to Guest (1992), *"the process theory provides a much more relevant approach to motivation that replaces the theories of Maslow and Herzberg, which, he suggests, have been shown by extensive research to be wrong. "*

Cognitive theory can be more practical to managers than needs theory because it provides more realistic supervision on motivation techniques. The processes are:

- expectations (expectancy theory);
- goal achievement (goal theory);
- feelings about equity (equity theory).

(Armstrong 2002, 59)

Expectancy Theory

The belief of expectancy theory was formulated by Vroom (1964) and he said that *"if people do one thing it will lead to another, expectancy is the probability that action or effort will lead to an outcome."*

The potency of expectations may be established on past experiences, but people are normally presented with new situations (for example a change in job or working conditions) and this past experience is a suitable lead to the results of the change. And therefore motivation may be reduced.

Motivation is possible only when is there obviously perceived and functional relationship between performance and outcome and the outcome satisfy needs. It explains why extrinsic financial motivation is functional only if effort and reward are clearly connected and the cost of reward is worth the effort. It also means that intrinsic motivation emerging from the work can be more powerful than the extrinsic motivation. *"Intrinsic motivation outcomes are more under the control of individuals."* (Armstrong 2003, 221)

Goal Theory

This theory was developed by Latham and Locke (1979) and they say that motivation and performance are advanced when employees are place detailed goals, when goals are not easy but accepted and when there is a feedback on performance.

"Goal theory, however, plays a key part in the performance management process which was evolved from the largely discredited management-by-objectives approach." (Armstrong 2003, 222-223)

Equity Theory

Equity theory is connected with the perception which employees have about how they are being dealt in comparison with others. *"Equity involves feelings and perceptions and is always a comparative process."*

Equity theory suggests that employees will be better motivated if they are dealt fairly.

(Armstrong 2003, 223)

3.4 Herzberg's Two-factor Model

This two-factor model consists from satisfiers and dissatisfies. As Armstrong says it was developed by Herzberg, Mausner and Synderman (1957). This model follows an exploration into sources of job satisfaction and dissatisfaction of accountants and engineers.

There were some research and studies which bring a conclusion that *"factors giving rise to job satisfaction and motivation are distinct from the factors that led to job dissatisfaction."* There is a group of satisfiers or motivators, they are intrinsic in the connection with job. In this group are satisfiers as work itself, responsibility, achievement and growth. And there is also another group called by Herzberg *"dissatisfaction avoidance"* or *"hygiene factors"* which are mostly extrinsic in the connection with the job, for example there are personal relations, pay and administration, company policy, security. These factors can cause preventive achievement and dissatisfaction.

Herzberg also note that satisfaction arising from pay as financial reward is not long-lived satisfaction as from example satisfaction from the work itself which is really long-lived. He concluded due to research that pay is not motivator for long-term, it has sense to motivate only in short-term motivation. And inequitable payment can also cause demotivation.

This two-factor model pays attention to the distinction between intrinsic and extrinsic motivations. (Armstrong 2002, 59)

4 CONCLUSION OF THEORETICAL PART

In the theoretical part of the bachelor thesis is used a number of literary sources and the most important information connected to the topic of the bachelor thesis are written down.

Employees' motivation is an important part of daily job of managers and employees too. It is useful to create a pleasant work environment for employees where they spent major part of their life, and also to improve relationships between management (the boss) and employees. Observing and researching of their needs employer can optimally set motivation and reward system to achieve the best and effective results and goals of the company.

The topic motivation has base in the human resource management and management itself, therefore human resource management is the first step of the theoretical part. There are defined also human resource activities and goals. Secondly it is elaborating the topic motivation itself. There are general definitions of motivation, the process of motivation which deals with need, motive and incentive. Types of motivation are defined (extrinsic and intrinsic), the motivation scheme of the organization is also mentioned and connection between motivation and money. In the last part of the theoretical part are written down the main motivation theories in detail (Maslow, Herzberg).

The knowledge from the theoretical part will be used in the practical part of the bachelor thesis (the analysis).

II. ANALYSIS

5 COMPANY'S PROFILE

The analysis of the bachelor thesis contain complex information about the company Vipax, a.s., there are information about the subject of business, history of the company and the current situation in the company focused on the motivation and reward system. The aim of the analysis is to analyze strong and weak parts of the employees' motivation system and bring some suggestions to improve weaker areas in the current system. The analysis will be realized by a questionnaire for employees in the production department.

All data used in this part of the bachelor thesis are based on information and materials provided by the person who works in the company as the head of the economic department and HR and according to the intradepartmental document The Study of Feasibility for the Project Innovation. (Jadrníček 2009)

5.1 The Subject of Business

Vipax, a.s. deals with ensuring of fire safety in construction, especially the production of fireproof doors, locking devices, inspection doors and fireproof constructions. The company is also a supplier of fire safety systems and systems of fireproof ventilation. Vipax, a.s. offers complex services for customers which contain design of application individual fireproof components, the production of standard components and also atypical components, the covering of own production of the range, professional montage of fireproof components and also servicing for customers which means regular inspections every year and removing of defects.

5.2 History and Present of the Company

The company Vipax a.s. was founded in 1999 by the owner Mr Jadrníček and from 2002 it became a joint-stock company because of increase a prestige for customers and a possibility to other professional growth of the company. The capital of the joint-stock company is 1 000 000 CZK and there is only one shareholder Mr Jadrníček (the owner and the founder of the company).

The production of Vipax, a.s. is only custom production, it means that the production is very individual for customers. The company went through big development from the founding. First of all they supplied fireproof doors 1st generation but later the company brought some innovations of these products by their own research and development in this technological area. In the beginning of the company was the production provided completely in cooperation with other subjects and gradually the added value of the

production grew supported by implementation own production technologies. The big change was in 2004 when the production was provided only by the company itself without other cooperative subjects as earlier.

In 2007 the company moved to the new place because of the growth of the production and the growth of the amount of employees. The new place is permanent in these days, it is in Zlín – Malenovice and it takes 600 square meters where is run complete activity of the company. The place is rented including grounds with long-term lease for indefinite period because of providing of the continuity of development in the company.

Other important change was an innovation process in the company in 2009. The production was improved by new machines and technologies which improve the production and made it more effective. The amount of employees grew in connection with the innovation.

The growth of the company brings also the increase of customers which are mostly bigger building companies and also smaller regional customers. And there is also provided research, development, construction and production of fireproof components for big companies which supply large product range of building fire safety system.

Main competitive benefits in the market are long life of products, quality design, functionality, precision, price availability and providing complex service.

5.3 Analysis of the Internal Environment of the Company

5.3.1 Visions and Goals of the Company

The company Vipax, a.s. specializes in the production on products which provides fire safety of individual fire zones in buildings. They reached high competitiveness in this specialization thanks to intensive and long-term development of products and the company is one of the main suppliers in this field in the Czech Republic.

The main business goal is to use know-how of production and knowledge of target market for next development and the innovation of products. The company wants to bring also complex production assortment included supporting services to customers, especially quality montage of fire proof components, service and revision of these components.

They also want to provide the production of semi finished products from metal sheets and be more independent. It is connected with the next goal to reach flexible production of atypical fire proof components, because the production from semi finished products

provided in cooperation with suppliers is limited. The company wants to do the market research and customizes products for modern customer tendencies.

Very important goal is to build up a portfolio of stable and long-term business relationships with significant customers in the market. They want to continue with the development of qualified human resources and actively search new employees for new work positions.

It is highly probable to keep a speed of increase in the future due to the position of the company Vipax, a.s. among prominent Czech companies in the market and the development of building in connection with taking stricter European Union norms for fire safety sector.

5.3.2 Information about Employees

The company Vipax, a.s. is smaller company because there are only 21 employees in the whole company. It is a family company, the owner Mr Jadrníček is the head of the company and only one executive. His wife works there as the head of economic department and she leads an accountant. There is also business department. One employee works as an IT specialist. There are two designers who process in technological way individual contracts. The head of production department leads and cooperates with 12 workers and one warehouseman. All departments are controlled by the director and owner Mr Jadrníček. The organization structure is demonstrated in the Figure 4.

For the further purposes in the analysis of motivation system in the next chapter the author mentioned here other types of information connected with employees from the production department who are the subject of the analysis.

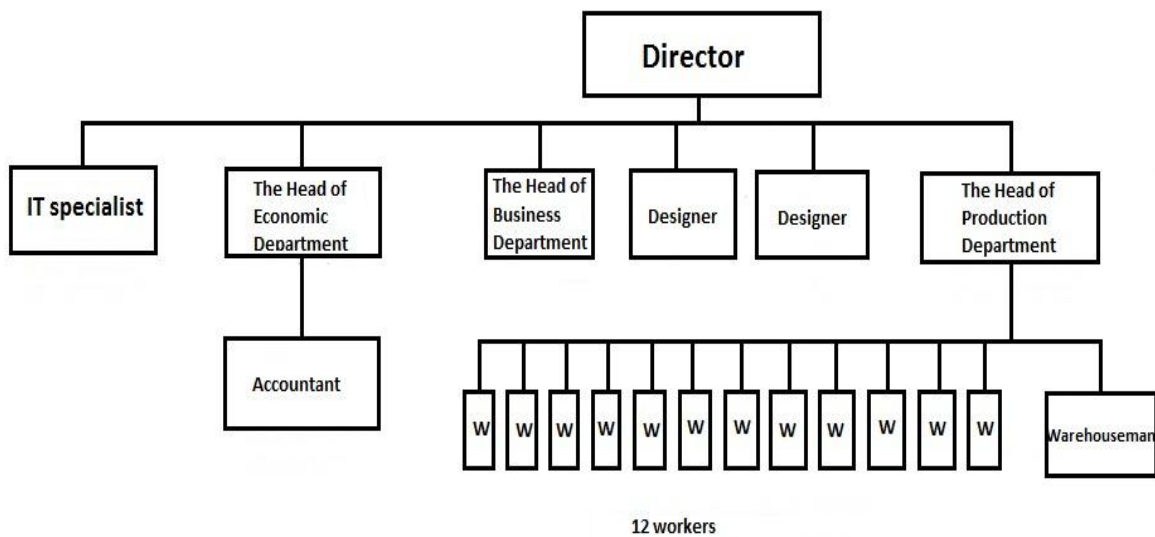


Figure 4. The Structure of the Company Vipax, a.s. (Own elaboration according to personal interview with the head of the economic department in the company)

Fluctuations of employees are minimal in the company. During ten years when the company runs 3 employees quit Vipax, a.s. One quit it because of health problems and had to go to disability pension and other two employees quit the company because they wanted to made themselves independent and started to run own business.

It is also important to mention here a **workplace** where workers realized the production. As it is mentioned in previous parts of the bachelor thesis workers produce fire proof door and other kind of fire proof locks for buildings and these components consist from steel and other metal sheet. It means that the work itself is heavy and physically difficult. Workers also weld metal components or paint them. And it is dusty and noisy environment.

5.3.3 Economic Indicators

The business and the production of the company Vipax, a.s. is provided only in the Czech Republic. According to Annual reports of the company from years 2007, 2008 and 2009 there are given data for two main economic indicators – a profit and an extent of personal expenses on employees.

The author tried to involve economic data also for year 2010 which is more actual but the company Vipax, a.s. did not provide this data.

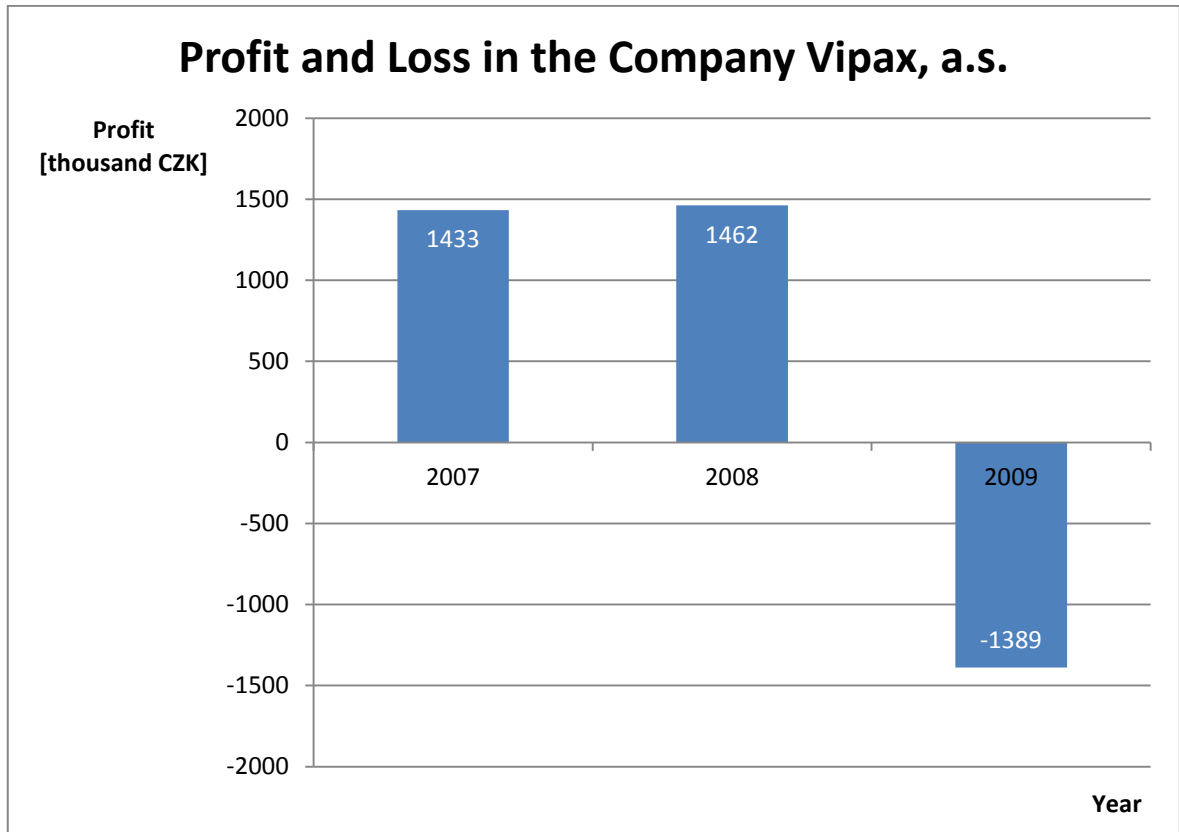


Figure 5. Development of Profit in the Company Vipax, a.s. in Years 2007 – 2009 in Thousand Czech Crowns (Own elaboration according to annual reports of the company from years 2007, 2008 and 2009)

The profit of the company was very similar in years 2007 and 2008; the production and the run of the company were stabilized. But there is really obvious change in year 2009 when the profit was not reached and it was the loss for the company. This situation was caused by big innovation process in the company which contained extension of production possibilities, new and more efficient machines were bought and a number of employees became higher.

Other economic index is the extent of personal expenses on employees. Personal expenses consist from expenses for basic wages, premiums and special rewards, Christmas rewards, meal tickets, the fund for cultural and social needs, contributions for the pension income instance, the social and health insurance, expenses for trainings, working clothes and shoes and for drinking water. This index has growing tendency. The main reason is the growth of the number of employees. The company has been growing year after year and therefore the number of employees' has been also growing, the production process has been improving and enlarging gradually. Between years 2007 and 2008 is the difference about 1 000 000 CZK increase. In 2009 is bigger change in this economic index, the

increase is approximately 1 300 000 CZK and it is caused, as it is mentioned in previous paragraph, because of big innovation process in the company which brought higher number of employees and increased qualification of employees, especially growth of expenses for trainings connected with new innovative process and machines in the production and also growth of rewards.

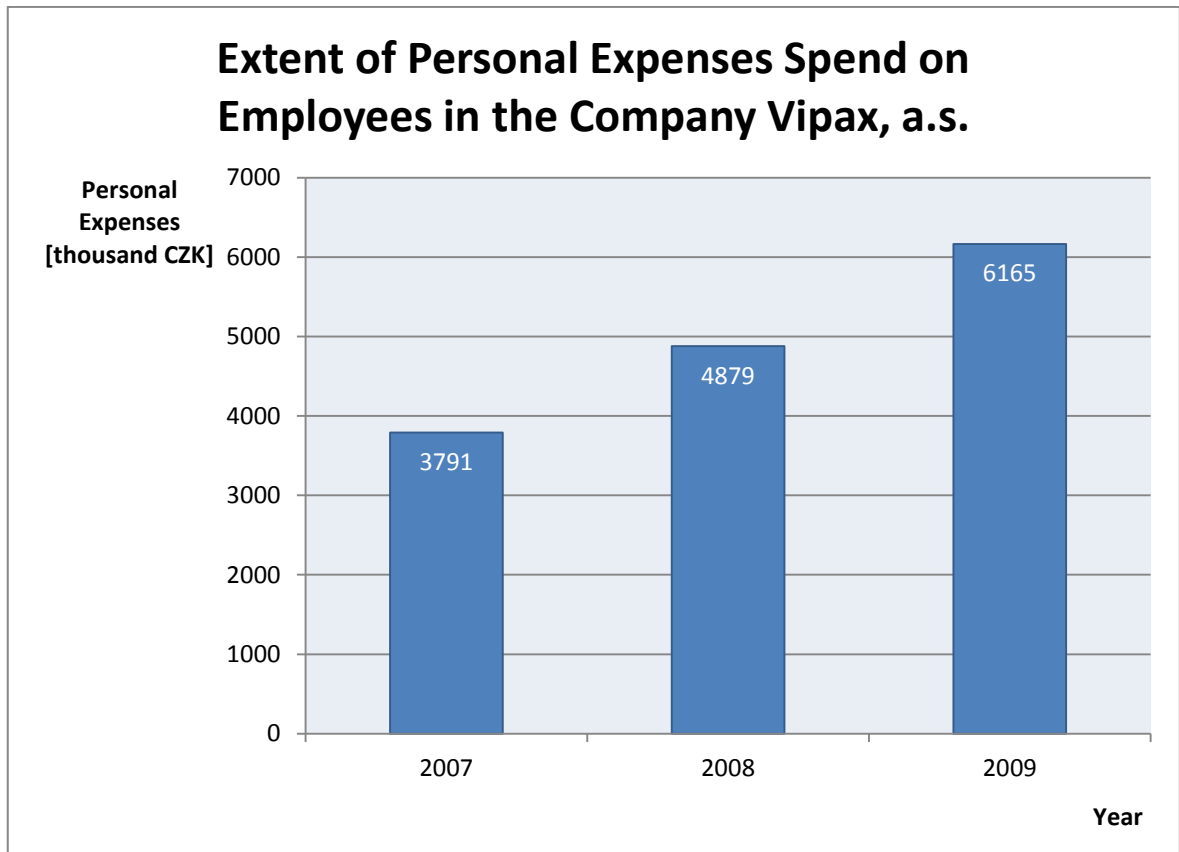


Figure 6. Extent of Personal Expenses Spend on Employees in the Company Vipax, a.s. in Years 2007 – 2009 in Thousand Czech Crowns (Own elaborating according to annual reports of the company from years 2007, 2008, 2009)

5.4 Analysis of the External Environment of the Company

5.4.1 Customers of the Company Vipax, a.s.

The structure and size of demand results from regulations and standards regulating the need of use fire safety components in buildings. The implementer of the building is the final customer. There are 3 main groups of customers:

- a) **Building companies** which provide construction of building. Particular contracts are reached by a competition process but most of these companies cooperate with Vipax, a.s. repeatedly for long time. This group of companies creates 45 % of

company's profit. There are companies like Manag, a.s., PSG International, a.s., Rapos, s.r.o., Metrostav, a.s., Stavima, s.r.o. and other.

- b) **Big companies which provide supplies** of complete product range of building fire safety and Vipax, a.s. provides for them exclusive production of specialized product range. There are long-term contractual relationships between these customers and Vipax, a.s. and therefore Vipax, a.s. also provides for them development of new products and innovation of standard products. This group of companies creates 50 % of company's profit. There are companies like Ador, Promat, Somati.
- c) **Other smaller companies** which buy only few items according to their business needs. This group of smaller companies creates 5 % of company's profit.

5.4.2 Suppliers of the Company Vipax, a.s.

As it is mentioned in the previous chapter (5.2 History and Present of the Company) Vipax, a.s. provides the production itself. They made all components and products which they sell. The company usually buys only material like metal sheets and in the past bought some machine and equipment. Author tried to find concrete names of suppliers but the company did not communicate this information.

5.4.3 Competitors of the Company Vipax, a.s.

The company Vipax, a.s. belongs to the group of approximately 10 leading companies in the market which are focused on supplying of special components for fire safety in buildings. There are some competitive companies in the market which are specializing mostly in different area of special components for fire safety in buildings. So these companies are not so direct competitors. There are 3 main groups of competitors:

- a) **Big international companies** which supply wide and complex product range of fire safety components for buildings. But these companies are not specialized so clearly as Vipax, a.s. These companies are divided into 3 groups, competitive companies with own production, only business companies without the production and companies which combine both of previous types. There is for example the competitor Intumex.
- b) Companies with **own production**, business and montage of fire safety components. Competitors are only companies which produce steel fire safety components for buildings as produces Vipax, a.s. There are competitors like:

- Hasil, a.s. – originally Czech company, finally the member of the group MERCOR. They cover with their offer all areas of production of fire proof locks. Vipax, a.s. finds this competitor less flexible.
 - Ador – traditional Czech producer of fire proof locks.
 - PIROBATIS – Slovak company which produces also fire proof locks as Vipax, a.s. but their products have minimum of innovations. This company is big competitor with price of products because they are producing in Slovakia, but their products are less quality.
 - Zapletal kovo – this company is in the Czech market for the longest time than other given companies. They have built strong position in heavy industry and also in building industry. The company benefits from their specialization, they produce nonstandard locks with high fire proof.
 - Triline – the producer which has been on the Czech market for similar time as Vipax, a.s. and Triline is very similar in the size of the company and also in the production of components.
- c) **Smaller competitors** which are not able to offer complex services. There are mostly building companies which partly offer also fire proof safety components for buildings but they have not own production as Vipax, a.s.

Generally competitors for the company Vipax, a.s. are only those companies which produce only steel fire safety components. Other companies producing fire proof components from different materials than steel are rather cooperative companies which in the case of needs buy steel components in Vipax, a.s.

Competitiveness of the company Vipax, a.s. is based by high quality of production of specialized fire proof components and operative production of components with atypical size.

6 ANALYSIS OF PRESENT SITUATION OF EMPLOYEES' MOTIVATION SYSTEM IN THE COMPANY VIPAX, A.S.

6.1 The Goal of Analysis and Methods of Data Collection

The goal of the analysis is to analyze the present situation of motivation system in the company and also partly reward system which is connected with employees' motivation, especially it is focused on the concrete group of employees in the production, and it means that it is connected with workers. It means to detect and describe positives and deficits in motivation system.

In the analysis there are applied two methods of the data collection. Personal interviews with the head of economic department who also leads human resources are the first one method. It provides data about current motivation and reward system and other data in connection with this topic. The second method is a questionnaire for employees from the production department, especially for 12 workers. The aim of the questionnaire is to find out how workers perceive the motivation system, the reward system, the job itself and the communication with the boss including the expression of criticism for their work. It is important to reach also workers' point of view on the situation and problems which are the subject of the analysis and authors' recommendations for the improvement of the current situation.

The questionnaire is in written form and contains 8 questions, mostly questions with some possible answers and some open questions for workers' opinion. The author tried to deal questionnaires personally within workers but in the end the representative from the company dealt them himself because there were not time space for individual interviews with workers because of the process of production. The target group for the questionnaire includes 12 workers from the production department.

The author also realized personal interviews with the head of economic department and with the owner of the company. The author asked those questions about the reward system and parts of the wage, the motivation system, relationships in the work team, the work place and conditions, the catering, the work effort and others.

The company provided to the author an intradepartmental document which contains information about the history of the company, the subject of business, the production, and information about customers, suppliers and competitors, visions and goals and about economic indexes. The document was developed by the owner of the company and it is called The study of feasibility for the project Innovation in the year 2009. Other necessary

information was reached by interviews with the owner or with the head of economic department.

The survey in the company is focused on employees' motivation. And the aim is to collect the information from employees, which focused on the current motivation system in the company and how it could be improved by employer. And also bring information about the communication and relationship between the employer and employees.

According to the employer are employees (in this case workers in the production department who are the subject of the survey) paid appropriately to their work, they have periodically premiums, non-financial benefits and special financial rewards. But for employees it is supposedly still not enough, they want to have bigger income. On the other hand the employer suggests that workers are not so much interested in their work and do not it properly, e.g. workers are not willing to clean their workplace what is obvious, the employer said that they are not willing to do anything extra for their job. The employer is also interested whether workers think if they realize their work for 100 % quality and responsibly? Therefore this question is implemented in the questionnaire.

The Questionnaire

The survey was realized by the questionnaire with 12 workers from the production department. The author wanted first of all to do an individual interview with all workers but it was not able in the end by the employer because of time consuming interviews and the employer put questionnaires to workers during the break and they filled it themselves. Even the employer omitted 2 questions from author's questionnaire because he did not consider them as appropriate. On the other hand the author find them quite important for motivation survey, questions are not there. (That were questions: *How often do you praised for well done work and for what exactly are you praised and do you find it appropriate?; What can the employer do for improving your motivation in the work?)* So in the end there are eight questions and the questionnaire is in the Appendix PI.

6.2 Motivation System

Motivation system in the company is realized in two ways. First one is **extrinsic financial motivation**. Financial motivation instruments are mainly premium and special reward. Generally premium is a financial reward used for motivation employees for higher performance and for expected behaviour. Employee knows that if he or she will fulfil all job duties well and does the work with high performance than he or she get a premium.

And therefore this part of financial reward should be assessed by employer very individually and according to employee's performance.

In the company Vipax, a.s. it does not work well because employer gives to employees every month full amount of premium, employees are sure with it and the work performance is not appropriate. Very similar situation is with the special reward for well performed work connected with particular custom contract. This kind of reward is not so often for employees every month but they get it almost every second month (as the head of economic department and HR said) but it is partly certainty for them too.

Money is one of motivators for employees. According to group of employees in the company Vipax, a.s. who are the subject of analysis is reward system mentioned here. This group of 12 employees work in the production department so they are workers. As the head of economic department and HR said money is the most effective motivators for them and therefore data about wages can illustrate the situation. The author wants to get an intradepartmental document which contains exact data about reward system but the company did not provide it, there are information only from the interview with the head of economic department and HR.

6.2.1 Basic Wage

As she said employees (workers) have **basic wage** and it is **time wage** which is **85 CZK** per hour. Workers usually work every day for 8 hours (6:00 pm – 02:30 am), they work from Monday to Friday. Approximately they work for 21 days in the month and the gross time wage per month is 14 280 CZK. And there are working hours as overtimes every month. It is individual because it depends on the concrete custom contract and production, but as the head of the economic department and HR said it is approximately 10 – 20 hours in the month. For overtimes the time wage increases according to the law, it is increase for the minimum 25 % of the gross time wage, approximately for one month for overtimes it is about 1 062 – 2 125 CZK. Finally the gross time wage per month including overtimes would be approximately 15 342 – 16 405 CZK.

According to Matošková the time wage is simple and clear both for administration and for employees understanding but on the other hand it does not motivate employees for increasing of work performance and productivity and it can lead to the unwillingness for reach and improve working skills. Exactly these deficits of the time wage are problems in the company Vipax, a.s. (Matošková 2001, 3)

6.2.2 Premium

There are other two kinds of financial reward. First one is the premium which is financial reward for evaluating complexity of work, fulfilling job description and duties connected to the job itself. It is periodically repeated financial reward which is in the company Vipax, a.s. paid for workers every month. The amount of the premium depends on the concrete specialization of the employee; generally it takes 12 – 30 % of the basic time wage per month. In connection to previous paragraph it means that an average basic time wage is approximately 15 874 CZK and the premium per month can take the amount about 1 905 – 4 762 CZK.

E.g. the worker who operates with newest machines from the innovation production have the premium 30 % because his work is more qualified and responsible than the worker who for example works as a warehouseman and can have the premium 15 %. But each of them has sure premium every month independently how he provides his job and work performance.

This kind of extra financial reward is totally sure part of employees's income every month. It does not change, every employee has the same amount of premium every time and it is based on the concrete specialization of the employee. And therefore premium does not motivate workers because they have certainty that every month they have the same basic wage and it is not matter how good or bad is their work performance.

6.2.3 Special Reward

The second financial reward is special reward for a well performed work, e.g. when the custom contract is realized very well and in the time or when employees endeavour in the work. This special reward is individual or group reward, it depends on who from workers participated on the certain custom contract and on individuals work performances. It is paid for workers every month but the amount for all employees for one month is 10 000 – 40 000 CZK. And it is not sure that every employee gets this special reward. It is really individual.

It means that the worker has every month sure income approximately 19 208 CZK and every month there is possibility to get other extra money in the form of special reward.

6.2.4 Overtimes and Holiday

The production in the company run only from Monday to Friday, so working during holiday is not usual. It can happen only exceptionally when is there extremely big and

important custom contract and it is not in the time. The wage for holiday according to a law is the minimum increase 100 % of the average wage.

Very similar is it for overtimes. If there are overtimes the wage is by a law increased by 25 % of the average wage. As it is mentioned in previous chapter overtimes are very individual and depend on the certain custom production but approximately take 10 – 20 hours per month for one employee.

6.2.5 Christmas Reward

This special financial reward is a kind of 13th salary. It is paid usually in December and for all workers is the same amount. Exact sum was not communicated by the company to the author.

6.2.6 Non-financial Bonuses

Second way of motivation in the company is realized by **non-financial bonuses**. Meal tickets are very popular in the company, paradoxically there is no option in the company's ground to go for lunch, there are no restaurants, bistro or café. Employees have for eating available a kitchen, there are a microwave, a fridge and an electric kettle. Employer offered to employees a possibility for providing meal from some catering company but they refused it and meal tickets are still requested and popular for employees. The author tried to find the value of meal ticket and how it is financially participated by the employer but unfortunately again the company did not communicate this information. There is other form of motivation connected to catering. The employer buys for all water.

Other things for what employer pays are working clothing and working shoes. It is also a kind of non-financial benefit.

Employees can borrow and use working equipment and also company's cars. They do not pay for it; only fill in the cars fuel.

There is also pleasant motivation for the whole company as Christmas party which is organized every year and employer ensures food, drink and fun for employees. It is also an informal opportunity for communication between employer and employees.

There are two types of bonuses which are connected with finances. It is a fund for cultural and social needs. It takes 2 000 CZK per year for one employee for various cultural or social activities, e.g. tickets to the cinema, theatre or concert, tickets to the castle, various sports activities or massage. It works like if employee buys tickets to the cinema for 200 CZK than the company pays it back to the employee.

And other type of bonuses connected with finances is a contribution to a pension income instance. Every employee has created the pension income instance and uses this contribution from the employer. The author tried to find how much the employer contributes to but the company did not communicate this information. All these bonuses received workers also during the economic crisis.

And as a last kind of non-financial motivation are mentioned various types of training by the employer. There are trainings for driving license for truck or bigger car than car, for welders, for driving forklift and training for safety and protection of health in the work. Some of these trainings, especially for driving skills or welders can be motivated for employees if they do not pass out them yet.

There is also one illustration of the problem which mentioned the employer. In 2009 the production was innovated, new machines and equipment was bought and they need to train workers for new machines and for more qualified work. It was also an opportunity for workers to learn something new and did working or career progress. The employer offered this new opportunity to all workers in the production department but in the end there was only one worker who was interested in. Other workers were not willing to learn something new and do something extra to their work. After that this one worker was trained for more qualified work and it was reflected also in his salary. When other employees find it out that in the new workplace is better salary all of them want to be trained for new machines a learned new skills.

Money is the most powerful motivator for workers.

6.3 The survey in the company Vipax, a.s.

There are data which bring the questionnaires. Data are processed in graphs and the result of every question is commented by the author.

1. Are you satisfied with your work?

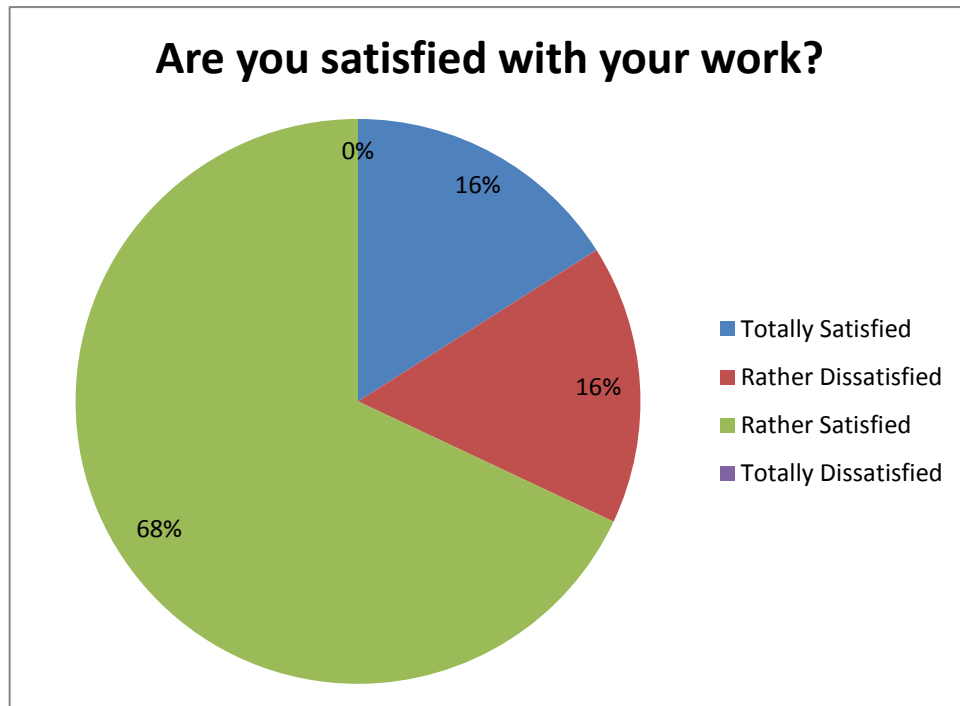


Figure 7. Satisfaction of employees with their work (Own elaboration according to results from questionnaires)

The majority of employees (68 %) are rather satisfied with their work; only 16 % of them are totally satisfied with the work. It is not very positive; this dissatisfaction with the work indicates really minimal intrinsic motivation in the group of workers. And there also 16 % of employees who are rather dissatisfied with their work, it can mean that they go to work only from existential reasons and the intrinsic motivation is almost not possible.

2. What is the most important for you in your job?

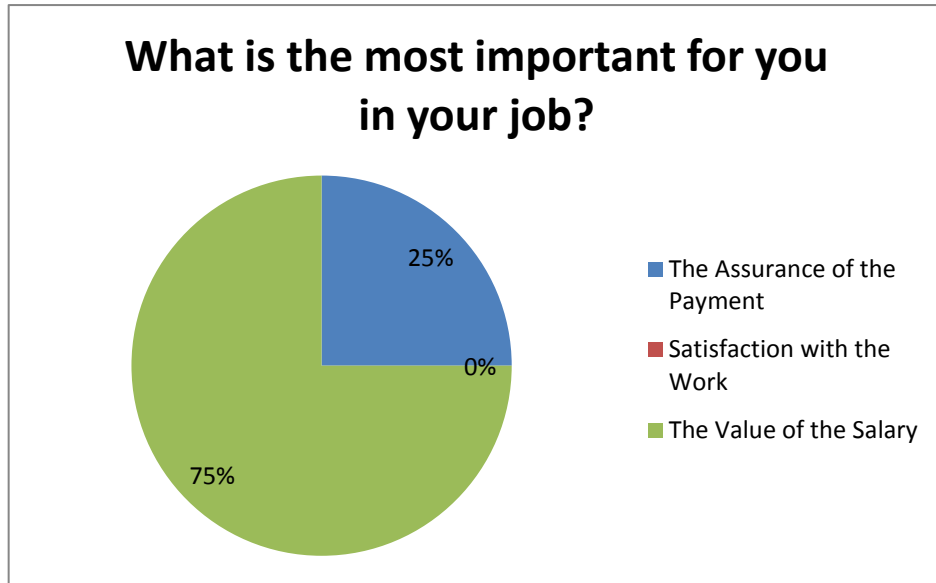


Figure 8. Important Feature connected to their job (Own elaboration according to results from questionnaires)

Even 75 % of employees find as the most important feature of their job the financial value of the salary. The assurance of the payment is very important for 25 % of employees and the satisfaction with their work is not interesting for them. It indicates similar conclusion as the previous question that the money is more powerful incentive.

3. How do you perceive the workplace?

Answer	Absolute Frequency	Relative Frequency [%]
Dusty Workplace	5	40
Suitable Workplace	4	29
Stressful Workplace	2	20
Noisy Workplace	1	11

Table 1. The Perception of the Workplace (Own elaboration according to results from questionnaires)

The workplace is important for good work performance and it also can influence the work performance. One third of employees find the workplace as really dusty and recommend to improve it by a ventilation, 29 % of them thinks that it is suitable workplace

and they are satisfied with it, 20 % of workers finds it unnecessary stressful because of inappropriate planning of the production and 18 % thinks that the workplace is noisy.

4. Do you think that you work performance is enough evaluated in financial and non-financial way?

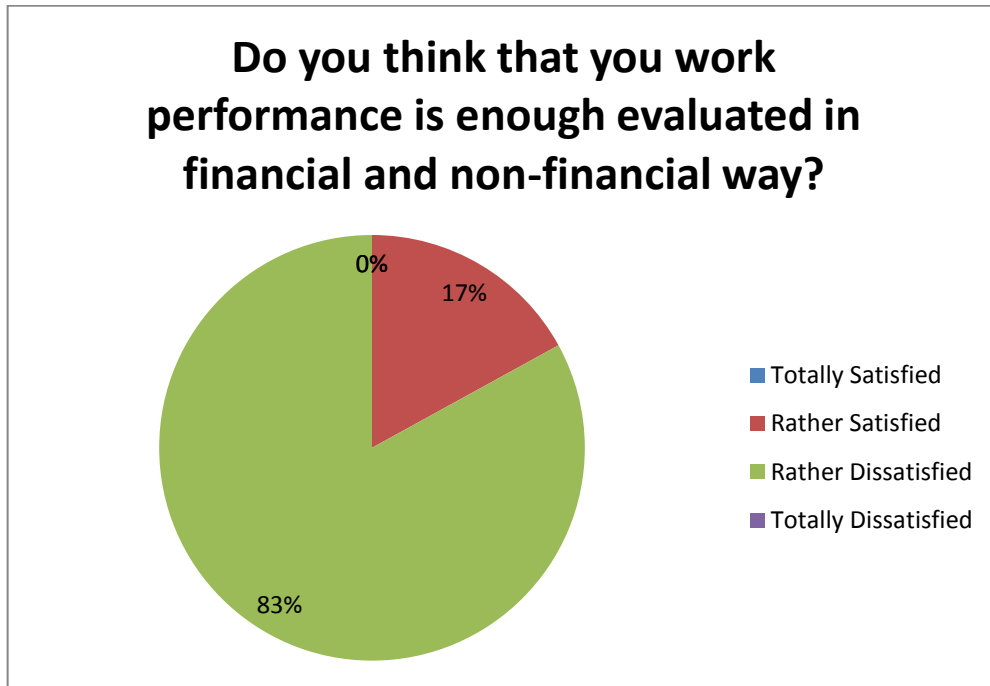


Figure 9. Satisfaction with Financial and Non-financial Evaluation of the work performance (Own elaboration according to results from questionnaires)

In this question is the answer very clear, the majority of employees finds the evaluation of their performance in financial and non-financial area not satisfied, only 17 % of them are rather satisfied with the salary and other incentives. This feature also indicates that employees would like higher rewards and probably mainly financial rewards. Money is again as the most stimulated motivator for workers.

And if you are not satisfied how do you imagine appropriate evaluation of your work performance?

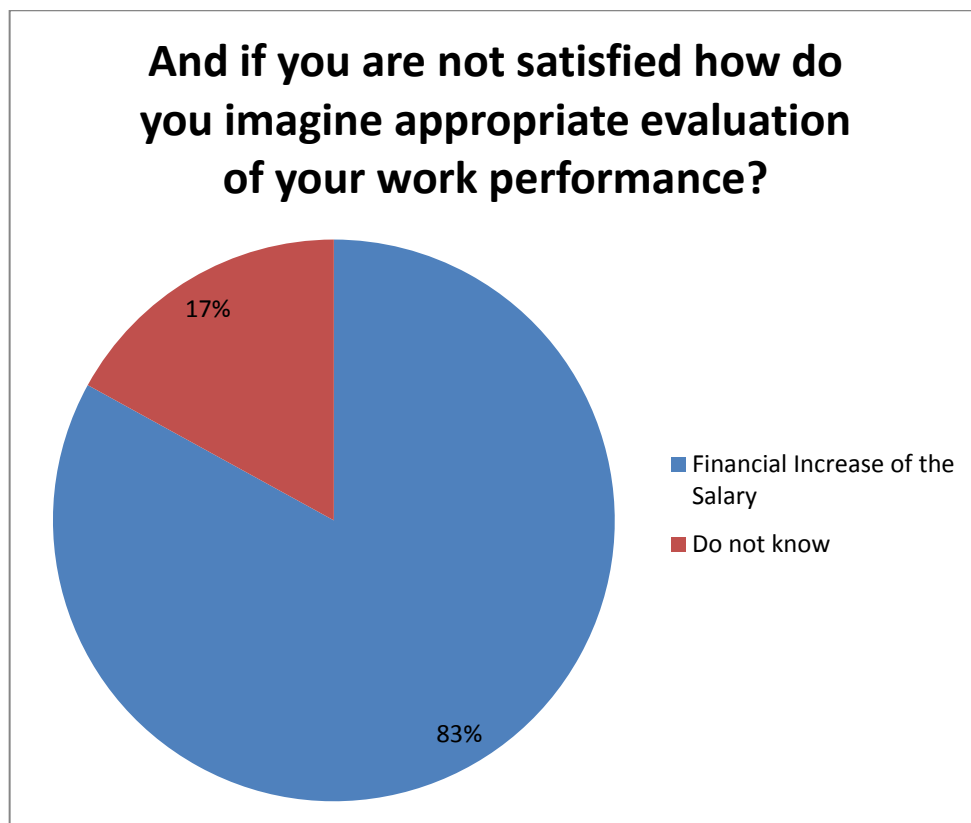


Figure 10. Appropriate evaluation of the work performance according to workers
(Own elaboration according to results from questionnaires)

In the sub-question how they imagine appropriate evaluation for their work performance is the result the same, the majority 83 % of workers would like conclusively the increase of the salary. Only 17 % of them do not know how they imagine appropriate evaluation.

5. Do you think that you realize your job for 100% quality and responsibility?

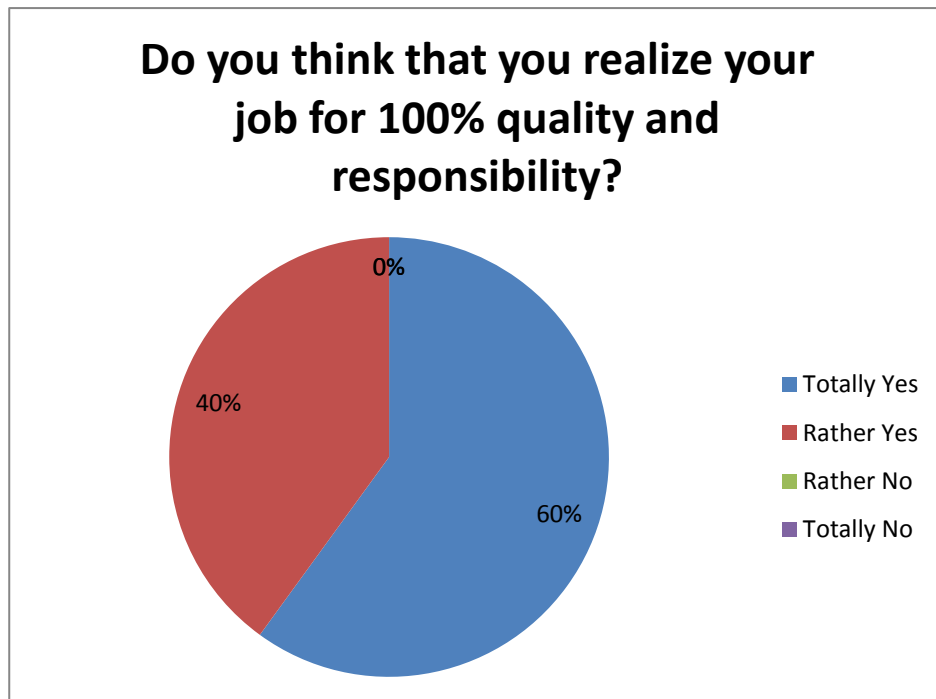


Figure 11. The Quality and Responsibility of Realizing the Job (Own elaboration according to results from questionnaires)

The question about the quality of the realization employees' job says that even 60 % thinks that they realize it for 100 % and 40 % of them said rather yes about this question. This question is here in the questionnaire thanks to requirement of the company Vipax, a.s. because the employer is thinking that workers do not realize their work with so high quality and responsibility. Probably employees find the 100 % quality and responsibility of their work also in the intensity of heavy work and maybe the meaning of intensity, heavy and 100 % quality is mixed.

6. How do you evaluate and motivate in Vipax, a.s. when you compared it with previous employers?

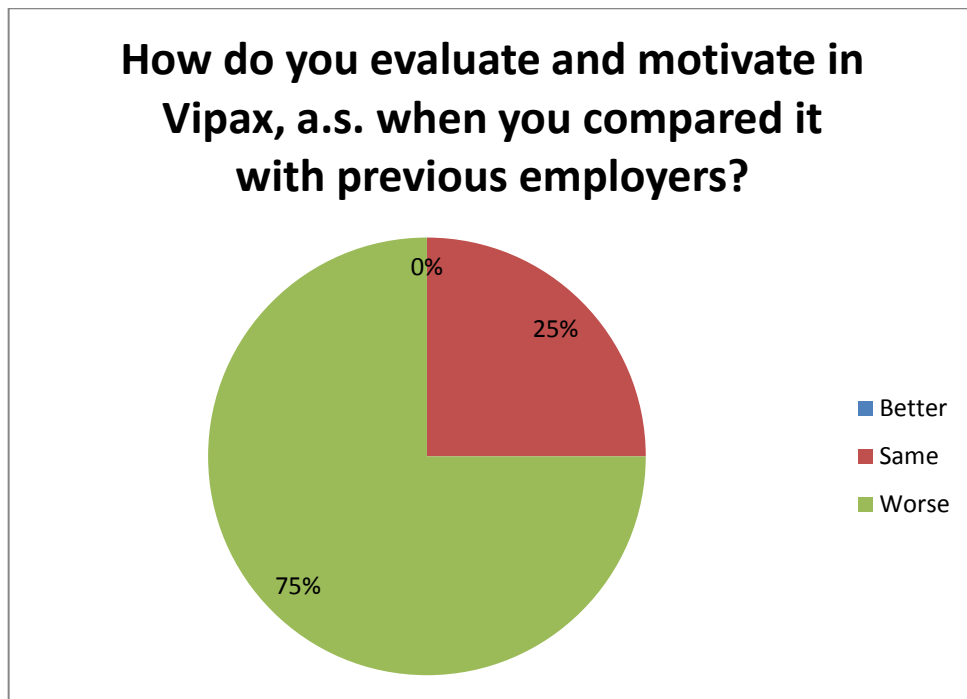


Figure 12. Comparison of Motivation and Evaluation with Previous Employers
(Own elaboration according to results from questionnaires)

This question has interesting conclusion whereas in the previous chapter 6.2 Motivation System is given the salary which is approximately 19 208 CZK per month (there are not included special and Christmas rewards which were not communicated by the company) and when we compare it with the average salary in the Zlín region which is 22 572 CZK per month according to the Czech Statistic Department Web site it is very similar. But 75 % of employees find current salary as lower one in comparison with other or previous employers. Only one quarter of them find it as the same salary.

7. How is the communication between you and the employer?

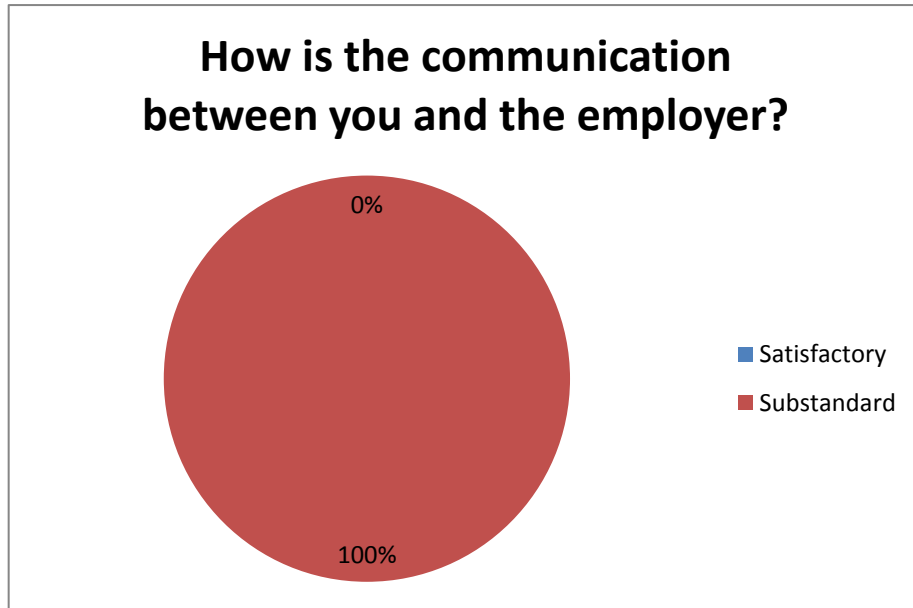


Figure 13. Communication between Employees and Employer (Own elaboration according to results from questionnaires)

This is only one question with so clear answer. Totally all of employees think that the communication between them and the employer is on good and satisfied level. But in the question number 3 is indicated that there are some facts (need of ventilator cold and clearer organization of planning the production) which could indicate not so clear communication in the company.

8. How often are you criticized for work?

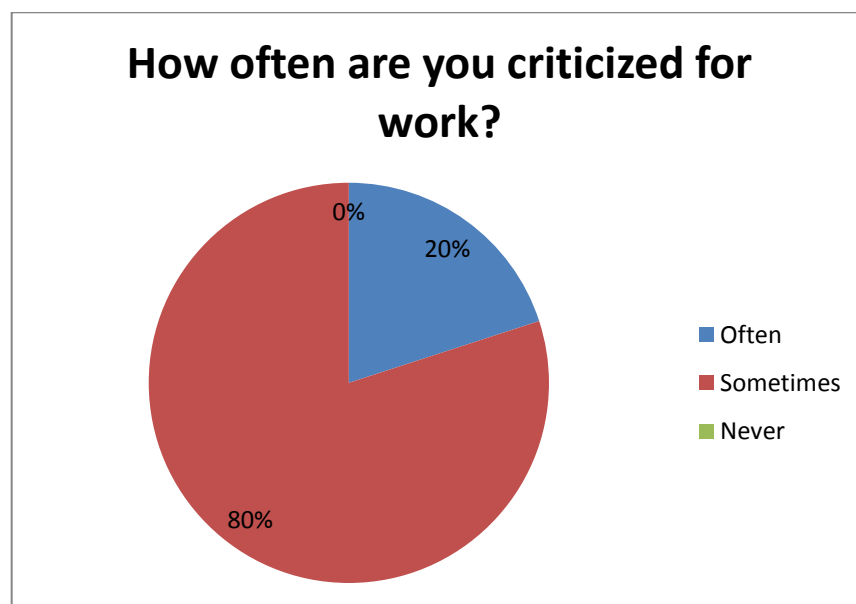


Figure 14. The Frequency of the Criticism of their work (Own elaboration according to results from questionnaires)

The last question about criticizing is divided into 3 parts. About frequency of criticizing even 80 % of employees think that they are criticized only sometimes and 20 % of them find criticizing often.

Do you know for what exactly are you criticized?

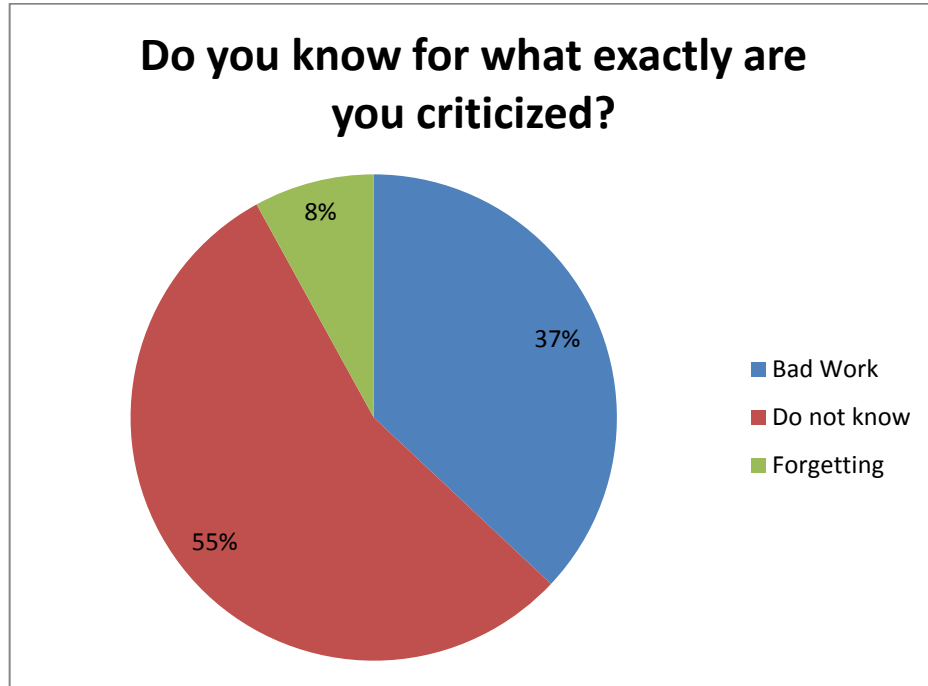


Figure 15. The Reason of the Criticism from the Employer (Own elaboration according to results from questionnaires)

More than the half of workers does not know why they are criticized by the employer. This fact also indicates a deficit in the company communication. 37 % of them find the reason as not quality work and 8 % of employees think that the reason is forgetting.

One employee wrote into the questionnaire information and very interesting point here that it will be good when the employer **praised** them sometimes.

So here is obvious missing of the author's question "*How often do you praised for well done work and for what exactly are you praised and do you find it appropriate?*" which the employer omitted.

Do you find the Criticism as appropriate to your work?

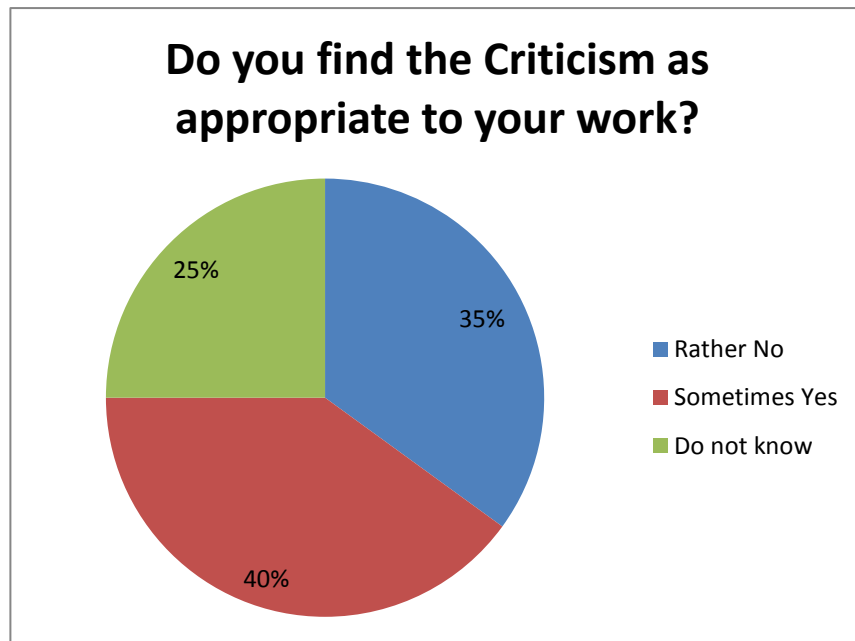


Figure 16. The Appropriateness of the Criticism from the Employer (Own elaboration according to results from questionnaires)

In the last question about appropriateness of the criticism from the employer 40 % of workers find it sometimes appropriate, it probably links to the previous question where is stated that 37 % of employees find the criticism because of not quality work. And one quarter of them do not know if the criticism is appropriate to their work.

6.4 Summary of the Analysis of the Current Motivation System

The motivation system in the company Vipax, a.s. has some positives and deficits.

Positives:

- The sureness of the income every month.
- Possibilities for employees' professional development by trainings and the innovation of the production process.

Deficits:

- Not ideal designed and realized reward system, especially premium which is the same value every month and it lose the motivation value for employees.
- The communication of criticism and praise

Results from questionnaires are also interesting and pointed out some deficits as the communication in the company and they show very obvious motivator for this group of employees as workers are and the most popular motivator for them is money.

The questionnaire is not designed according to the author in the end and the form of filling questionnaires is not ideal, individual interviews will be better because of individual opinion on the problem and then results would be more complex probably. The author tried to do everything for realizing the individual interviews with employees and in accordance to the original questionnaire with 10 author's questions but the representative from the company Vipax, a.s. had to change it in accordance to the company's requirements and time-consuming in the process of production.

Complex conclusion of results from the survey, questionnaire and recommendations will be given in the next chapter in more detail.

7 RECOMMENDATIONS FOR IMPROVING MOTIVATION SYSTEM

7.1 New System of Distribution of Premium

This problem can be solved by implementation new distribution of premium which should reflected individual personal evaluation. The author suggests that each employee gets the premium in the appropriate amount according to the work performance and productivity and in this case it should be more motivated feature from financial rewards. Especially the questionnaire brings very clear result that the money is the most powerful motivator for workers. There is a possibility when premium will be cut according to low productivity or work performance that the employee will be motivated to do the job well and reach higher amount of premium. This can also solve the concrete problem in the company when employees are not willing to do anything extra for their work, e.g. to clean their workplace.

This kind of solution which means new system in redistribution of premium according to work performance and productivity it is not really expensive for the company, it will be minimum cost but on the other hand it can also save money when employees have weak evaluation of their work. It costs the time of the head of the company who deals with the premium distribution within employees and it will need really individual approach to the evaluation. There should be specified certain rules for respect the job description, e.g. when the employee breaks rules for twice then the premium will be reduce in certain percentage which defines the boss.

7.2 The Confrontation with the Personal Costs of Employees

Employees are not satisfied with the current financial reward situation. The comparison with the average salary in the Zlín region is very similar, even sometimes it could be better for employees in Vipax, a.s.

Therefore the author suggests confronting employees with total personal costs which employer invest to each employee per one year. It should looks like a list of particular personal costs.

- The time wage
- The Premium
- Special reward
- Christmas rewards
- Meal tickets and drinking water

- The fund for cultural and social needs
- Contributions for the pension income instance
- The social and health insurance
- Expenses for trainings
- Expenses for working clothes and shoes

7.3 The Implementation of Ventilation

Only 29% of employees are satisfied with the workplace. There are 71% dissatisfied. And if the employer will be able to improve the workplace for employees' satisfaction it could even improve the work performance and increase working productivity. The author suggests for improving that it can be for the employer effective solution which brings the satisfaction for both sides, for employees, they will feel better in improved workplace and for the employer too because it increase productivity and performance and it can helps to the profit of the company.

The workplace in the company Vipax, a.s. is really substandard according to the nature of production. There is some possible improvement which can helps to improve the workplace and make work conditions better for employees and maybe it could improve the satisfaction with the work and a little bit stimulate the intrinsic motivation in employees.

One third of employees are dissatisfied with dusty workplace and they suggested implementing ventilation. This solution is more expensive for the company but it has long lasting in the company.

Approximate costs of this solution are about 15 – 20 000 CZK according to the price of ventilation for the production working in the specialized shop.

7.4 The Meeting of Employer and Employees

There are 20% of employees who are dissatisfied with a stressful workplace and they suggested that it is because of an inappropriate planning of the production. The author suggests solving this problem by the clear communication between employer and employees, specified their requirements about planning of the production and try to lead a discussion on this topic between the employer and employees.

The author suggests doing approximately 2 meetings in the month about the specification in the production planning and the time schedule for the production. One meeting will be approximately one hour long.

Costs are appropriate to approximately 2 working hours for one employee; it means that it increases the basic time wage per month for 170 CZK. This cost is insignificant for the employer with the regard to the result which could be also more efficient production and work performance of employees.

7.5 The Communication of the Criticism and the Praise

This problem is connected with the communication between employer and employees. 55% of employees do not know the reason why are they criticized by the employer and they may feel it unfair and it can also reflect in to the work performance in not very positive way. There is also one very important and interesting comment by one employee; he said that it will be nice and positive when the employer also will praise employees. This is a kind of intrinsic motivation and the cost is zero.

The author suggest to realize the discussion or better communication between the employer and the employee in the case of criticism (the employer should explains why is the employee criticize) and praise (the employer should try to use praise more often). This solution can also influence in positively way employee performance and productivity.

CONCLUSION

The analysis of the motivation system in the company Vipax, a.s. and the suggestion of improvements was the main goal of this bachelor thesis.

Firstly the author developed the theory of motivation, human resource management and motivational theories which supported the practical part. The human resource management is the base for the motivation. The motivation is development into particular types as extrinsic and intrinsic motivation. And all information is connected in the theoretical part dealing with motivational theories.

In the practical part were analysed the motivation system in the company Vipax, a.s. and main positives and problems were detected in the motivation system of employees in the production department. The author used two methods for the data collection, the personal interviews with the representatives of the company and the questionnaire for workers in the production development.

The most important deficit is in the reward system, especially financial bonuses which are motivation instruments in fact and their redistribution according to the individuals work performance and production is not effective. As the second important problem is regarded insufficient communication between the employer and employees, particularly the dealing with criticism and praise and the discussion about the workplace and its improvement.

As recommendations were suggested by the author some solutions and also the evaluation costs. There are five main recommendations. First one is the new system in redistribution of premium according to work performance and productivity which can improve and fix employees' motivation. Second is the confrontation of employees with their personal costs for one year with all parts. Other suggestions are about improvement the workplace for employees' satisfaction, it could even improve the work performance and increase working productivity and also can helps to the profit of the company. And the last improvement is about the communication between the employer and employees, especially in the case of criticism (the employer should explains why is the employee criticize) and praise (the employer should try to use praise more often).

BIBLIOGRAPHY

Books

- Armstrong, Michael. 2003. *A handbook of Human Resource Management Practice 9th Edition*. London: Kogan Page.
- Armstrong, Michael. 2002. *Employee Reward (People & Organizations)*. New York, NY: Beekman Books Inc.
- Bratton, John, and Jeffrey Gold. 1999. *Human Resource Management: Theory and Practice*. New Jersey: Lawrence Erlbaum Associates, Inc.
- Bruce, Anne, and James S. Pepitone. 1999. *Motivating Employees*. New York: McGraw-Hill.
- Frey, S. Bruno, and Margit Osterloh. 2002. *Successful Management by Motivation: Balancing Intrinsic and Extrinsic Incentives*. Heidelberg: Springer – Verlag.
- Gregar, Aleš. 2008. *Řízení lidských zdrojů*. Zlín: Univerzita Tomáše Bati.
- Hendry, Chris. 1999. *Human Resource Management a strategic approach to employment*. Oxford: Butterworth – Heinemann.
- Jakoubka, Jaroslav. 2008. *Zákoník práce: k 1.1.2008: včetně vybraných částí důvodových zpráv*. Olomouc: Anag.
- Latham, Gary P. 2007. *Work Motivation: History, Theory, Research, and Practice*. California, Thousand Oaks: Sage Publications, Inc.

Internet

- Český statistický úřad. Mzdy, náklady práce Zlínský kraj.
<http://www.zlin.czso.cz/x/krajedata.nsf/oblast2/mzdy-xz> (accessed May 3, 2011).

Other sources

- Annual report of the company Vipax, a.s. from year 2007
- Annual report of the company Vipax, a.s. from year 2008
- Annual report of the company Vipax, a.s. from year 2009
- Jadrníček, Petr. 2009. *The Study of Feasibility for the Project Innovation*. Zlín
- Matošková, Jana. 2011. *Personnel Management – Topic 3*. Zlín: Univerzita Tomáše Bati.

LIST OF ABBREVIATIONS

a.s.	Akciová společnost - Joint stock company
CZK	Czech crown
e.g.	Exempli gratia - For example
HRM	Human resource management
HR	Human resource

LIST OF FIGURES

Figure 1. Management as science, art, politics and control.....	13
Figure 2. A formation of motivated behavior.....	16
Figure 3. The process of motivation.....	17
Figure 4. The Structure of the Company Vipax, a.s. (Own elaboration according to personal interview with the head of the economic department in the company).....	31
Figure 5. Development of Profit in the Company Vipax, a.s. in Years 2007 – 2009 in Thousand Czech Crowns (Own elaboration according to annual reports of the company from years 2007, 2008 and 2009).....	32
Figure 6. Extent of Personal Expenses Spend on Employees in the Company Vipax, a.s. in Years 2007 – 2009 in Thousand Czech Crowns (Own elaborating according to annual reports of the company from years 2007, 2008, 2009).....	33
Figure 7. Satisfaction of employees with their work (Own elaboration according to results from questionnaires).....	42
Figure 8. Important Feature connected to their job (Own elaboration according to results from questionnaires).....	43
Table 1. The Perception of the Workplace (Own elaboration according to results from questionnaires).....	43
Figure 9. Satisfaction with Financial and Non-financial Evaluation of the work performance (Own elaboration according to results from questionnaires).....	44
Figure 10. Appropriate evaluation of the work performance according to workers (Own elaboration according to results from questionnaires).....	45
Figure 11. The Quality and Responsibility of Realizing the Job (Own elaboration according to results from questionnaires).....	46
Figure 12. Comparison of Motivation and Evaluation with Previous Employers (Own elaboration according to results from questionnaires).....	47
Figure 13. Communication between Employees and Employer (Own elaboration according to results from questionnaires).....	48
Figure 14. The Frequency of the Criticism of their work (Own elaboration according to results from questionnaires).....	48
Figure 15. The Reason of the Criticism from the Employer (Own elaboration according to results from questionnaires).....	49

Figure 16. The Appropriateness of the Criticism from the Employer (Own
elaboration according to results from questionnaires) 50

LIST OF TABLES

Table 1. The Perception of the Workplace42

APPENDICES

APPENDIX P I: THE QUESTIONNAIRE

APPENDIX P I: THE QUESTIONNAIRE

1. **Naplnuje (baví) Vás práce, kterou vykonáváte?**

- Určitě ano
- Spíše ano
- Spíše ne
- Určitě ne

2. Co je pro Vás v práci **nejdůležitější**?

- **Jistota** zaměstnání a každý měsíc **jistá výplata**
- **Výše** platu
- To, že Vás **práce baví**

3. Jak vnímáte **pracovní prostředí**? (Případně jak byste ho zlepšili?)

.....

4. Myslíte si, že jste za Váš pracovní výkon **dostatečně finančně i nefinančně ohodnoceni**?

- Určitě ano
- Spíše ano
- Spíše ne
- Určitě ne

Pokud NE, tak jak byste si představovali **adekvátní ohodnocení** Vašeho výkonu?

.....

5. Myslíte si, že odvádíte svou práci na **100%, kvalitně a zodpovědně**?

- Určitě ano
- Spíše ano
- Spíše ne
- Určitě ne

6. Ve srovnání s **jinými firmami/zaměstnavateli** – jak si myslíte, že jste zde u Vipax, a.s. ohodnoceni a motivováni?

- Lépe
- Stejně
- Hůř

7. Jaká je **komunikace** mezi Vámi a nadřízeným?

- Vyhovující
- Nevyhovující

Pokud Vám nevyhovuje, co konkrétně a jak byste ji chtěli zlepšit?

.....

8. Jak často se Vám dostává **kritika** za Vaši práci?

- Často
- Zřídka
- Vůbec

Za co konkrétně?

.....

Odpovídá to Vámi vykonané práci?

.....