

# **DOCTORAL (PHD) THESES**

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**HUMAN RESOURCE MOTIVATIONAL STRATEGIES  
OF MANAGERS IN THE SOUTHERN-  
TRANSDANUBIAN REGION**

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## **1. Introduction, research aims and hypotheses**

*The composition and quality of human capital is unrepeatable and in a sense irreplaceable in its kind, and therefore of the greatest value in the world.* The importance of human resource management is shown *in the sciences focusing on dealing with people and maintaining and improving the organizational and individual motivational systems. Motivating employees successfully is an extraordinarily multivarious and complex task, especially as keeping the key employees is becoming a greater challenge.*

The aspiration of the research was given by the aim to analyze the upper management aspects on motivating human resources, underlying in the depths of the organizations, typically not precisely measurable compared to the seemingly objective and well-documented facts of other areas; but still regarded as a crucial momentum of prosperity. The study area is characterized by robust dichotomy created by the multidimensional aspects and interactions of the psycho-social and economic factors of the competitiveness of the SMEs in Hungary.

*The directions, levels and intensity of motivation are formed by numerous internal and external factors and their interactions.* Technical, psychological and economic aspects of organizational management require complex thinking, foresight and systematic thinking. SMEs produce 45% of the Hungarian GDP, make up 99,1% of all operating enterprises, *and more than two third of the labor force (70-83,9%) works in the private sphere*, which emphasizes the outstanding significance of the sector in the national economy.

*An accentuated aim of the dissertation* was to introduce the level of knowledge and the nature and the deficiencies of conscious and aimed usage of motivational techniques in the Southern-Transdanubian Region from managerial perspective. The results of the dissertation are

applicable to raise the attention to the importance and economic impact of the topic, since most of the managers underestimate its significance and rather apply instinctive than learnt techniques. My further aim was to direct the attention towards the proven and significant, but objectively hardly measurable effects of the optimal level of motivation.

The *hypotheses* included the possibility of some companies utilizing the opportunities inherent in motivation to increase profit rate consciously, while others ignoring this important question mostly or entirely. Besides evaluating the motivational levels observable in the different organizations, the aim of the research was to examine whether the managers of SMEs realize the opportunities inherent in the unexploited human resources and whether they feel the need for the improvement of motivational techniques.

### **Research hypotheses**

After many years of gathering information on the questions of motivation in economic organizations and studying the relevant professional literature, I became convinced that motivational strategies are going to have a crucial role in the successful future existence of enterprises. For these reasons, an inductive mean of creating hypotheses proved to be relevant for this dissertation; and during this process *the following hypotheses were formulated:*

**H1** The managers of the enterprises of the Southern-Transdanubian Region do not own any motivational strategies based on a clearly defined concept.

**H2** Motivation (as an implicit stock in the organization), does not receive priority in the decision making process of a SME as a realizable option for increasing profit rate.

**H3** Managers of the enterprises of the Southern-Transdanubian Region apply ad hoc methods to retain key employees.

## **2. Material and methodology**

### **2.1. Research methods**

Relevant information was necessary on *what kind of financial and non-financial motivational tools are applied by the managers of the SMEs in the Southern-Transdanubian Region*, or if they do not deal with the topic of motivation at all, what the real reason for it could be. Following the formulation of the preconceptions, I carried out detailed data gathering by applying the internationally approved *primary and secondary data* collection methods in order to gain a deeper insight into the topic. The flexible application of the different techniques has shown synergic effects multiple times throughout the process of developing the focus of the research. The practices applied in the different counties examined had been compared, with respect to the similarities and differences and by highlighting the best practices. Different types of motivational techniques applied in management practices and the retention of the key employees were also analyzed. The different motivational strategies were compared and individual solutions and best practices were introduced.

The companies of the Southern-Transdanubian Region participating in the research operate among similar economic circumstances. The choice was also facilitated by the fact that the region is also my narrow and broader living space, where I could utilize my own relationship network during my work. According to my knowledge *motivational techniques applied by the managers of the SMEs of the region* have not been analyzed previously.

### **2.2. Research phases**

*During the secondary data collection* I considered the facts and tendencies already revealed by researches in the field of economics and social sciences concerning the Hungarian and international HR practices.

The literature dealing with the depths of the topic, which handled the powers inherent in motivation and crucial role of increasing the efficiency of the workforce as a gold reserve were of outstanding importance. *During the primary data collection*, on one hand I intended to find a logical path to determine and quantify the motivational practices appearing in the operation of SMEs and the processes influencing them; on the other hand I intended to draw conclusions on the psychological aspects of the topic.

*The primary research phase consisted of two stages* with some timely overlapping: the motivational practices of the SMEs of the Southern-Transdanubian Region were examined via empirical researches of a *questionnaire* covering 300 enterprises of the region and in-depth interviews with the participation of 15 managers. *The questionnaire research of a relatively large sample ensured the necessary amount of data, robust enough for the quantitative analysis, while the in-depth interviews provided the information for the qualitative analysis.*

The questionnaire contained *typically closed questions (48 closed, 3 open ended)*, with two or more answers to choose from, based on a predetermined line of questions. At those questions, where a scale had to be used, the Likert scale of 1 to 5 was applied; and among the closed questions, opportunities were open for *alternative, selective, and scale rating* of the answers. *The eight blocks of questions* have been grouped as the following:

1. fundamental data of the company and its activities;
2. type, levels and regional standards of the wage-setting system;
3. composition of the workforce teams, level and reasons of fluctuation;
4. education of employees, means of performance evaluation and the reasons for underperformance;



5. hiring practices, the importance of motivation and keeping key employees;
6. quality of the manager-employee relationships;
7. motivational strategies of the company;
8. system of fringe benefits;

The results of the quantitative research were analyzed with the help of the SPSS mathematical-statistical software package. During the data analysis frequencies, arithmetic mean and standard deviation were calculated; then significant relationships with the background variables were determined with the help of a Pearson's  $\chi^2$  test; and after the creation of the Crosstabs the significance level was determined at  $p < 0,05$ . In the chapter Research results and evaluation only the significant relationships with the background variables are discussed. The program Microsoft Excel was used to create the figures. When discussing the qualitative research results, instead of the aspects of the sectors, the different managerial manifestations were dominant, and the aim was to quantify the data and to formulate generalizations.

***The in-depth interviews of the qualitative research phase were realized with the participation of 15 managers/business owners of the Southern-Transdanubian Region*** (5 from each county). The main goal was the quality understanding of the underlying factors and attributes and to reveal the motives, views and attitudes of the interviewees. The questions posed – both structured and semi-unstructured – provided quality information on the topic. All the interviews followed the same path and were based on the same draft. During the evaluation process narrative technique was used; which means that the paragraphs forming a structure were identified; and following the understanding of their relationships to each other; comparisons were made within and between the counties (Somogy, Tolna, Baranya). This data collection technique

does not support quantifying the research results, but makes comparisons and the analysis of the different phenomena possible, which serve the formulation of hypotheses.

Upon selecting the interviewees the main goal was to ask managers, with relevant experiences about their motivational techniques (or the lack of them). Another aspect was to lead a team of more than 1-2 people, with special respect to the presence of key employees.

*The aim of the first three questions was to discover the attitudes and opinions of the managers concerning professional managerial knowledge. The next section examined the value systems of the managers and their relationships with the employees. The last four questions focused on the practices of the most challenging managerial tasks on different organizational levels, with special respect to dealing with key employees.*

### **3. Research results and evaluation**

#### **3.1. Managerial attitudes in motivational strategies of SMEs – results of the in-depth interview**

At *the questions concerning acquiring and applying management theory* it became clear that in all three counties – except for a few cases – managers have gained their knowledge via experiences and they do not regard leadership trainings crucial for managing a company. The answers on the questions concerning the characteristics of a good leader did not make comparisons possible. Besides the general characteristics, *setting an example* was mentioned *only once, and only a few respondents highlighted the importance of being able to motivate the employees and listening to their opinions and suggestions.*

Opinions varied among the managers of the SMEs concerning the *necessity of continuous education in order to improve the success of motivational practices.* In the answers received, not only the clear rejection was surprising, but also the reasons of it indicated. Two entrepreneurs would participate in trainings, if they were free of charge and in the close proximity of their headquarters. Only three respondents regarded these kind of trainings as highly important.

The consideration of the importance of *economical, psychic and social motives* varied as well, but generally it could be concluded that 65% of the managers put the largest emphasis on economical, 29% on psychic and 6% on social motives. *When asked to list the most valuable and relevant intrinsic characteristics of an employee from managerial perspective,* the entrepreneurs mentioned general characteristics. At this point comparisons by county did not have any additional value due to the large variability of the answers. On the other hand, it is important to highlight that *no manager mentioned the importance of the ability of self-motivation,* whereas numerous researches have already proved that

there is *at least 20-30% or more – in some cases even 100% – difference in the performance of motivated and non-motivated employees.*

Managers have also answered questions on *the types of mistakes they would be unable to forgive their employees.* Besides the numerous general responses most of them have mentioned stealing (6 respondents), lying (5 respondents); treason and alcohol problems were mentioned only by 2-2 respondents. An exception was an entrepreneur from Baranya county bearing with over 20 years of experience and employing 18-20 people with zero fluctuation, as he responded to forgive everything. According to his opinion *employees need to be considered as a whole,* and expecting suitable general performance.

I also intended to find out *the views of the managers on the main reasons for the employees quitting the company voluntarily.* In 64,3 % of the replies employees would look for another workplace for financial reasons, 14,3% on the event of changing the place of living, while commuting, closedown of the company and family reasons stood up for 7,1 %. In the lack of self-criticism, leadership deficiencies have not been mentioned as an aspect.

The next question covered the topic of *motivational tools applied to retain key employees.* The dominance of ad hoc, heterogeneous solutions, lacking any clear concept had been confirmed by the results of the questionnaire research as well.

*The level and mean of taking responsibility and active leadership during conflict management at the company was also examined.* Overlapping could be observed upon comparing the counties, but decisively the attitudes of the managers determined the manifestations of conflict management, influenced by the instinctive patterns also applied in private life. The most interesting responses and solutions have been introduced in the dissertation.

The last question focused on whether *managers consider the personality and the status of the people and whether they differentiate key employees during the tracking process*. A remarkable solution is applied at an enterprise employing almost 60 people in Somogy county in the form of accepting a shared system of values in an honor code. In all further cases the replies varied on a broad range, mirroring the lack of a clear concept.

### **3.2. Motivational strategies of SMEs in the Southern-Transdanubian Region – results of the questionnaire research**

*The majority of the enterprises examined (41,2%) apply the system of base wages and fringe benefits*, and 35,7% of them apply time-rating to compensate their employees. Individual performance rating is applied by 9,5% of the respondents, group performance rating is chosen only by 1,7% and 11,9% apply ‘other’ means of compensation. Competence-based wage system, which is one of the really effective motivational tools has not been chosen as a component by any.

Strongly significant ( $p \leq 0,001$ ) relationship could be observed between *the wage system and the scope of activities of the company*; based on which it could be concluded that base wages and fringe benefits applied together appear in the highest proportion (66,7%) at the companies working in the sectors of trade and logistics. Timely rating could be observed in the car industry and its suppliers most frequently (69,2%); but this waging system is applied considerably frequently, in 61,3% of the cases, in construction and real estate sectors as well. The relationship is

significant ( $p \leq 0,001$ ) *between the number of employees and the wage system applied too*. The most popular system of base wages and fringe benefits was applied by 49,4% of the companies employing 2-9 people and 35,4% of those with 10-49 employees.

There is significant relationship between *the location of the premises of the company and the wage system applied* ( $p < 0,05$ ). There is a strong connection between *the organizational form and the dominant wage system too* ( $p \leq 0,001$ ). The companies of unlimited partnership use timely-rating (39,6%), while general partnership companies apply timely-rating and base wage plus fringe benefits in 50–50% proportion. The latter appears most frequently in limited liability companies, while public limited companies employ time-rating the most often.

*Most of the respondents (57,1%) evaluate the wage level at their companies as average*. According to the opinions of 27,4% of the managers they provide a wage level above average to the employees, 10,1% think they give wages somewhat below the average; 3,4% responded significantly above the average and only 2,0% reported of giving wages significantly below the average level. However, the proportion of those reporting on extreme differences from the average level was not significant regarding the whole sample. Apart from companies with only one employee, all the respondents considered the wages as average, therefore at these enterprises above–

the-average wage levels are typical ( $p \leq 0,001$ ). Average level wages are given by unlimited partnership companies (54,7%), limited liability companies (60%) and general partnership companies (100,0%), while 50,0% of limited liability companies and 36,8% of public limited companies provide their employees with wages above the average ( $p \leq 0,001$ ).

The consideration of the wages of middle- and higher level managers *generally represents the average level as well (54,7%)*. When examining organizational forms it could be concluded that in the case of public limited companies 36,8% of the managers work for somewhat higher level wagers than the average ( $p \leq 0,001$ ).

On *employee level* 61,1% of the companies employ higher level managers. The second highest represented group of employees are skilled workers (52,7%), whose proportion is higher than that of data processing employees and administrators (41,6%). Mid-level managers are employed by 27,4% of the companies examined, sales and maintenance employees by 22,6%, dilutees by 20,3%, unskilled workers by 16,9% and independent or employed specialists by 11,1% of them.

It could also be concluded that the frequency of the presence of mid-level managers grows in direct proportion with the number of employees. 63,1% of the enterprises employing 10–49 people and 66,7% of those with over 50 employees employ mid-level managers too. Unskilled workers are employed in the largest proportion by companies acting in the

automotive industry (38,5%), while independent or employed specialists have the most contracts with companies working in the media (50,0%) ( $p \leq 0,001$ ).

The relationship is significant between the substitutability of the work areas and the scopes of activities ( $p \leq 0,001$ ). Accordingly, work areas in the timber industry and processing industries related to it are the most substitutable (64,3%). The job areas of those working in trade, transportation and logistics are substitutable in high proportion as well (43,6%). Least substitutable are the jobs in culture, arts and entertainment industries (100,0%), marketing and promotion (100,0%) and media (100,0%) ( $p \leq 0,001$ ).

According to the research results, *layoffs happened at 32,4% of the companies examined* in the past years, the main reason for which was the decline in turnover and failing to realize the expected profit. The largest proportion of layoffs happened in the companies working in the sectors of marketing and promotion (66,9%), timber industry (64,3%) culture, arts and entertainment industries (60,0%) ( $p \leq 0,01$ ). In the case of enterprises employing 10–49 people, layoffs happened in a higher proportion (45,2%) than in the other companies examined ( $p \leq 0,01$ ). The relationship was significant between the size of the company and



those forgoing of skilled workers ( $p \leq 0,05$ ). The conclusion could be drawn that *the most skilled workers were laid off from the companies employing 10-49 employees* (23,2%).

According to *45,3% of the managers, workforce-fluctuation at their own companies is much lower than at the competitors*. The most favorable situation could be observed at the companies working in marketing (66,7%), and the proportion of fluctuation was the highest in the media industry (50,0%) ( $p \leq 0,001$ ). In the companies of Somogy county the fluctuation is lower than in the other counties examined ( $p \leq 0,01$ ).

The respondents regarded *the higher wages offered by the competitors* as the main reason for fluctuation (25,6%). A significant relationship was shown, indicating that *the higher the number of employees was, the more significant the fluctuation occurring from higher wage offers became*. While in companies with less than 10 employees maximum 22,5% of the workforce left for this reason, in the case of companies with 10–49 employees this proportion was 29,7%, and in those with over 50, it was 33,3% ( $p \leq 0,01$ ).

55,4% of the managers consider the knowledge of the employees of their own and that of competing enterprises as equal, 32,8% regards it as better, 1,0% as worse and 10,8% cannot judge it.

*In largest proportion (42,0%) the managers realized similar productivity to the years prior to the research*, 33,8% somewhat higher and 14,3% accounted of somewhat lower levels. The proportion of those accounting of significantly higher or lower levels did not reach 10%.

The lack of *practical knowledge* (56,6%), motivation (43,6%) and theoretical knowledge of the employees (39,9%) were listed as the most severe deficiencies; however, *according to 57,8% of the managers it is the responsibility of the employer to provide opportunities for the education of their employees. 75,2% of the companies in the sample measure the performance of their employees*, which happens mostly via monitoring the work of the employees (47,4%), but also in the form of personal interviews (39,2%) and tests or internal examination systems.

*Managers see the lack of motivation (44,9%) and the lack of competences (22,5%) as the two main reasons for underperforming; only 39,6% of the companies measure the share of revenue per employee.* Only 9,0% of the respondents cooperate with companies to increase motivation. *Widening the professional knowledge of the coworkers (4,24) stands on first place among the areas of employee development. This is followed by increasing motivation (4,11)*, the education of the workforce upon introducing a new product or service, with a value above the average (3,66) and educating employees upon the introduction of a new technology (3,65). Education upon organizational changes was regarded as important below the average (2,81).

*For 77,4% of the respondents there is no consciously planned program for retaining key employees,* and only 22,6% of them have any strategies at hand, usually based on direct financial motivation.

*In 81,1% conflict management is handled by the director or the executive director*, but 10,1% entrusts these issues to other professionals. There was a significant relationship between the organizational form and the hours spent among the employees. The most time (7,42 hours) spent with the employees could be observed in general partnership companies.

*In significantly large proportion of the cases (88,5%) decisions on wages and benefits are made by the executive director* and in 4,1% of the cases by HR specialists.

Only a bit more than half of the companies examined (55,2%) gather information on the needs of employees. Based on a significant relationship ( $p \leq 0,05$ ) the conclusion could be drawn that managers of Somogy county know the needs of their employees in larger proportion (68,5%) than those of Tolna (45,8%) and Baranya (44,3%).

The research covered the knowledge about *the private issues of the employees*, 55,4% of the managers know about these partially and 40,5% also in details. The managers of limited liability companies know the private life issues of their employees the most and the leaders of public limited companies the least ( $p \leq 0,05$ ). When considering the scope of activities of the companies, the managers of those operating in the sector of marketing and promotion have the most precise knowledge in the topic (66,7%) ( $p \leq 0,05$ ).

*Complacency surveys* have already been carried out by 40,2% of the companies, with an outstanding activity of those working in information technologies (64,3%) ( $p \leq 0,001$ ).

44,1% of the managers in Somogy county, 39,7% of them in Baranya and 28,7% in Tolna involve *the employees in the decision making process of the company* ( $p \leq 0,05$ ). 70,9% of the organizations examined think employees have a clear overview on company goals. According to a significant relationship, in Somogy county employees have good

knowledge on the issue in 79,8% of the companies ( $p \leq 0,01$ ).

*48,6% of the respondents own a motivational strategy*, but more than half of the companies (51,4%) have no such strategy at all. Among general partnership companies one may find more enterprises owning a motivational strategy (83,3%) than in unlimited partnership companies (35,8%), public limited companies (42,1%), or limited liability companies (48,7%) ( $p \leq 0,01$ ).

38,9% of the respondents think *the best means of increasing motivation are monetary tools*, 32,1% of them mostly agree with this, which together make up a proportion of 70%. Public limited companies were those entities, where monetary motives are the least significant (10,5%), but in all other company forms this tool was dominant ( $p \leq 0,05$ ).

*The proportion of the importance of monetary and non-monetary motives* was distributed in 72,5% and 27,5% according to the responses of the managers.

*Upon examining the causal relationship between the performance and knowing the needs of the employees*, 78,5% replied they expect employees to perform first and form requests afterwards. In this case the managers of companies of almost all the sectors think the same way, the only exception were those operating in construction and real estate industries, where only 58,6% think this is true ( $p \leq 0,01$ ).

39,9% of the respondents *give positive feedback or appraisal often to their employees*, 22,9% always and only 7,2% expresses their contentment rarely. Those giving positive feedback the most often work in general partnership companies (100,0%); such feedback is also given in unlimited partnership companies (39,6%) and limited partnership companies (38,9%) in larger proportion ( $p \leq 0,01$ ).

In the case of 61,1% of the respondents there is no operating *system of fringe benefits*.

## **4. Proposals and recommendations**

### **4.1. Managerial competences to be improved**

According to my research carried out in the Southern-Transdanubian Region, it became clear that *a significant proportion of managers are learning in an empirical manner, from the often avoidable mistakes, and they barely invest in the specific improvement of personal managerial competences.* In the lack of relevant means of measurement it is hard to evaluate how big of a financial disadvantage is really caused by such acquisition of leadership theories and knowledge on organizational development; but typically the younger the enterprise is, the higher the ‘tax of beginners’ will be.

### **4.2. Similarities and differences in the practices of the counties of the region**

#### ***Similarities:***

Acquisition of knowledge on leadership theories generally happens in a self-educating manner; the longer ago one have participated in formal education, the least importance is assigned to these forms of widening knowledge. Managerial consciousness correlates with the amount of experience, the longer time one have spent in the same position, the more they trust in their value systems.

Managers do not attribute high importance to the employees’ ability to motivate themselves, most of them think higher wages would mean a cause for their employees to quit.

They typically do not engage in workplace complacency surveys and at almost 80% of the companies there is no policy for retaining key employees.

In the topic of conflict management managers only apply instinctive, ad hoc solutions and managing issues and awarding benefits is the

authority of executive directors solely and not that of assigned specialists in over 80% of the cases.

All the participating companies apply expensive recruitment techniques for recruiting new employees and only 0,7-22,3% spend on any tools of retaining the current members too.

Only 9% of the enterprises examined cooperate with professional companies to increase the motivational levels of their employees.

Improving the professional knowledge of employees is the top priority in the ranking of areas to be developed. Stealing is considered as an extremely reproachable act among negative characteristics, but being unmotivated – which can clearly result in financial disadvantage – has not even been mentioned. Neither the ability of employees for self-development has been mentioned as an expected or positive personality trait, nor the presence of intrinsic motivation.

### ***Differences:***

Differences were shown among the counties regarding the order of importance of economic, psychic and social motives, but in those areas, where the wages fall below the average, economic motives gained higher importance. Among the companies offering wages higher than the average, there are some, where there has been no fluctuation in the past decades.

There were significant differences concerning the definition and understanding of key employees and also in the question whether it is important to develop the motivating abilities of managers.

### **4.3. Suggestions for improving self-development skills of the managers**

*Power relying on references* is the most ideal in an organization, *setting the right example* may significantly decrease negative attitudes and it may contribute to the formulation of optimal motivational levels.

*Cognitive abilities of a leader* determine organizational operations, but *success is fundamentally influenced by the characteristics of the employees*. Besides task-orientation, *socio-emotional leadership styles* need to receive equal attention and emphasis. *In order to improve cognitive abilities and emotional intelligence of managers*, participation in trainings and specific educational programs is suggested.

The key to efficient *deputation* is finding the key person for the task; their absence can lead to permanent time pressure, the managers will face repetitive time management issues. The pole of the process *is managerial empathy and person-orientation* in this case as well. Well-applied deputation has an outstanding significance from *motivation perspective* as well, since this way employees are enabled to *utilize their capabilities*. In economically developed countries most of the large companies already apply *different coaching techniques* for human resource development.

### **4.4. Suggestions for motivating employees by non-monetary means**

A certain level of fluctuation is a natural phenomenon at the organizations, but according to the research 38,4% of the employees – which means four out of ten people! – would quit in the hope of a higher salary or due to the monotony of their current jobs. The lack of career opportunities and bad internal relationships make up a further 10%, which supports the fact arithmetically that *almost every second person lacks loyalty to their employer*, in the formulation of which companies have an undisputable role.



*Continuous feedback* on the jobs done, *appreciation in front of the community*, providing the opportunity for *mentoring activities* and striving to *maintain the balance between work and private life* are *crucial from the perspective of creating an efficient motivational strategy*. The same purpose is served by *involving colleagues in the preparation of decision making, open-door policy, participation in trainings, reasonable job descriptions, sensible deputation*, consciously planned human resource management in order to *avoid unnecessary overtime and burnout* and the usage and application of *entry codices and organizational policy*. It is suggested *to employ a business coach alongside the key employees*, which is applicable as one of the most modern motivational techniques. Upon hiring new workforce, it should be an important aspect to find employees *accepting the value systems making up the organizational culture*. Instead of letting unhealthy *rivalry* develop, it is more worthwhile utilizing natural competitiveness by ‘employee of the month’ and ‘best shift collective’ programs.

#### **4.5. Suggestions for motivating employees by monetary means**

Performance-rating based on individual or team achievements directs the attention mainly on short term, result-oriented activities; while long-term thinking and focus on innovation are pushed into the background. Competitive wages regarded as good in the region are given in return to quality work and *outstanding performance should be awarded with outstanding salary*. Merit-based wage system may be demotivating in cases, when one has a highly important role, but does not show extraordinary performance, or *results are not measurable*.

Setting wages based on the time spent in service or *seniority* may spoil the employees and it does not motivate people to efforts, or in the areas of self-development and creativity.

*Share of profit* creates harmony among the interests of employers and employees, but the efforts invested and the rewards given for it are often not proportional and hard to trace; and performance and its rewards may be separated in time.

In the case of *competency-based wage systems* the development of the model and the means of measuring and evaluating competences sets the real challenge; since if the wage system set to different competency levels is not perceived as equitable by the employees, it could discourage motivation.

## 5. New scientific results

1. The consideration of managers concerning the importance of professional trainings is twofold: more than 75% regards the continuous education of employees as important, but they do not think the same is applicable on themselves. The managers of SMEs do not assign high importance to improving their own motivating abilities and also *underestimate the effect of optimal level of motivation on economic performance.*

2. Applying psychic motives parallel with economic and social means would be an option for all managers, but this system is usually not in the focus. Fundamentally, by *developing a system of non-financial motivation* – meaning no additional costs – may by the time result in increases in productivity and profit, which in return creates possibilities for higher levels of monetary motives.

3. According to the managers, in many of the cases their employees have a low level of motivation and their attitudes do not meet the expectations, therefore approximately *every second employee makes only a proportion of their potential performance available for their employers.*

4. Almost 80% of the enterprises do not have a program for retaining key employees, which however could be crucial from the perspective of the survival of the SME.

5. Productivity stagnated or declined at the majority of the companies examined, but in spite of this, the importance of managerial education is not optional. Paradigm shift and the application of the right motivational strategy may improve the tendencies even without financial investments.

## **6. Publications in the field of the dissertation**

1. Boldizsár B. (2008): Laterális marketing és innováció a gluténmentes termékek piacán. *Acta Scientiarum Socialium* 28
2. Bertalan P., Boldizsár B. (2015): Globális trendek és a HR. *Acta Scientiarum Socialium* 44 151-160.
3. Bertalan P., Boldizsár B. (2019): A humánerőforrási motivációs stratégiák a Dél-Dunántúli Régió vállalkozásaiban. Case study. *Acta Scientiarum Socialium* 50 (In press)
4. Boldizsár, B., Bardóczky, V., Szigeti, O. (2020): AN APPROACH TO THE UNDERSTANDING OF MOTIVATION PRACTICES FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN THE SOUTHERN TRANSDANUBIAN REGION Abstract 14 (3-4) 2020 (In press)