

# HUMAN RESOURCES MOTIVATION - A CHALLENGE FOR SMES ECONOMIC PERFORMANCES

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*The present research aims to establish and configurate human resources development strategies for the employees of small and medium-sized enterprises (SMEs) that activate in the tourism field of activity (hotels and other accomodation establishments, restaurants, passenger transport, travel agencies, cultural turism agencies). As knowledge role in the contemporany economy is increasing and defining the economical and social context as knowledge-based ones, we shall consider the research frame as the knowledge-based economy.*

*Moreover, in order to better highlight weaknesses and strenghts of the human resources management approaches and to define recommendations, our research theme is developped as comparative study: similarities and differences within SMEs human resources management practices in Romania and other European Union's country members (the example of Spain was considered).*

*Keywords: human resources, motivation, profitability, SMEs, tourism*

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## **Introduction**

*Our goal is to identify and formulate proposals aimed to improve the SMEs activities and performances from the perspective of the human resources management, as we believe this situational context represents a scientific and practical challenge.*

*We have chosen the human resources area for our investigation because human resources development (HRD) has gained a permanent role within SMEs (Beardwell, Holden, 2001: 272-273), agencies and nations, increasingly not only as an academic discipline, but as a central theme in the development area (Popescu et al., 2010: 49). Being a combination of training and education, in a broad context of adequate human resources policies (Sutherland, Canwell, 2004: 163-168), HRD ensures the continual improvement and growth of both individual and organization.*

*SMEs represent the most numerous and important category of enterprises, with multiple economic, technical and social functions (Popescu et al., 2010: 51). SMEs are the most dynamic and vital factor of progress in the contemporary society, main generator of economic performance and substance in any country, major contributor to the national budget, and engine to improve the living standard of the population ([www.europa.eu.int/comm](http://www.europa.eu.int/comm)). Representing 99% from all enterprises, SMEs are drawing up the main human resources agglomeration. Furthermore, SMEs generate the most of Gross Domestic Product (GDP) in every country - usually 55%-95%, provide employment for most of population ([www.europa.eu.int/comm](http://www.europa.eu.int/comm)).*

*In the context of The European Union* forming a group of countries with the most intense concerns and performance in supporting and encouraging SMEs, *globalization* involves an uniformization of managerial practices and organizational behaviours (Yamnil, McLean, 2001: 195-208). This is an additional a reason to adopt a comparative approach of HRD from EU countries.

Investigating the correlation between managers approach to motivating the human resources and organizational activity performances, represents the start-up of a research that could lead us to results to be developed afterwards. For instance, the influence of superior-trained and well-motivated human resources on the SMEs outcomes, can be extended to the influence upon the tourism domain and the economy service sector.

**Main objective of the paper:**

*The present paper aims to analyze, as a consequence of managers opinion regarding human resources management, the compatibility between positively motivated employees and superior performances of the SMEs they belong to.*

**Secondary objectives of the paper:**

- to set-up an economic interpretation for *motivated employees (positively or negatively)*, considering the similarities and differences between European Union's country members;
- to establish in what measure positively motivated employees can provide a competitive advantage for the Romanian and Spanish SMEs.

**Hypothesis of the research**

Three main hypotheses were formulated relevant to the role of human resources motivation and development in SMEs on one side, and sustainable economic performance on the other side.

Based on the previous objectives, the research hypotheses are:

- 2.1) Within the organization, employees represent an important, strategic resource, main creators of economic added value and economic performance.** The rise of the service economy, the increasingly flow of global information, and the growing recognition of the importance of intellectual capital are turning employees knowledge and abilities into a key resource and a source of competitive advantage for the organizations in the global economy;
- 2.2) Based on the human resources management practices, SMEs managers could favourize the compatibility between positively motivated employees and superior performances of the enterprises they belong to;**
- 2.3) Within the contemporary economic context, SMEs development and performance can be achieved by human resources development programmes and concerns, through learning activities and knowledge-based activities, especiallz if we consider that HRD:**
  - a) depends on *the employees education level* and on *the facilities employees have at ther work place;*
  - b) can take place in the organization (*indoor development*) or outside the organization (*outdoor development*).

In order to test these three hypotheses, as a continuation of a research started in 2000, connected to SMEs birth rates and death rates, a number of 117 managers and entrepreneurs were interviewed. The results of these interviews were analyzed in the following empirical part of our paper.

### Methodology research

The methodology used is a logical consequence of *the research questions applied within the survey*, representing a first step in choosing the qualitative/quantitative approach ([www.socscidiss.bham.ac.uk](http://www.socscidiss.bham.ac.uk)). For our research, the key question is: *In what measure managers from the SMEs that activate in the field of tourism consider that positively motivated employees determine highly organizational performances?*

We have chosen *the qualitative path* as it refers to managers opinion upon employees motivation-employees performance connection.

Acknowledging the importance of HRD and SMEs performances, we realized a study on a sample of 117 respondents that belong to SMEs from tourism domain: *Accommodation, Restaurants, Passenger Transports, Travel Agencies and Cultural Tourism Organizations*, from different regions of the two countries taken into consideration, measuring 19 variables. The results are based on a *study performed in September and October 2010 in different regions of two European Union's Country members (Romania and Spain) and confirms the research hypothesis regarding DRU and its contribution to SMEs performances*.

**Research design: in fundamenting the research, we have taken into consideration the numerous answers received from the 117 respondents.** Each question was formulated in order to answer, directly or indirectly to the research hypothesis. The questionnaire includes general, easy-to-answer, closed questions, in order to make the tasks easier for the respondent. A second part is reserved to issues regarding the SMEs profitability and economic performances (Howell, David, 1997: 120-129) and the third part refers to human resources performances. The main purpose of the research is strongly connected to the answers received from the second and third part of the questionnaire.

The data was analyzed using *Statistical Packages for Social Scientists (SPSS) 16.0* and yielded multiple results that are presented sintetically in the present paper. Therefore, the most significant results are highlighted, with a focus on the profile characteristics, and the detailed secondary correlations (Cohen, 1988: 81-95).

**Work method:** Primary data, through **structured questionnaire**, were collected from a sample of 117 respondents (response rate of survey: 56,80%), randomly selected from among the SMEs engaged in tourism types of activity. The survey elaborated by the researchers group consisted of 20 items. The research adopted a survey method to collect data on the **SMEs general characteristics** (*field of activity, form of propriety, market experience, geographical position, legal form of organization*), **organization performance** (*turnover and profit evolution, tangible assets contribution, average number of services, organization's turnover structure, first three clients and suppliers importance*), **human resources performance** (*employees level of motivation, education, average number of training days, average wage, facilities for employees*) - (Mintzberg, 2004: 87-89).

### Results of the study

From all 117 respondents, 86 are from Romania and 31 are from Spain. Both for countries, the micro and small enterprises (less than 49 employees) number is higher than medium ones (more than 50 employees), due to the fact that their number (as a general tendence) is smaller and, also, due to contextual barriers (the access for organizing an interview may be more reduced).

All organizations that have participated to the survey were clasified into two main categories, according to the size criterium: small enterprises (0-49 employees) and medium enterprises (more than 50 employees). As we expected, the survey demonstrated that the majority of the answers came from the small enterprises.

*Encouraging harmony and work confort by giving equal material advantages to employees (bonuses, prizes, professional and leisure facilities, agreeable work climate) is a management*

*practice in SMEs.* Comparing the two set of results (Romanian and Spain SMEs), the first information is that both romanian and spanish managers do not agree to identical type of motivation for different employee performances. Meanwhile, within spanish SMEs the attitude towards this hypothesis is rather uniform distributed between neutral, agree and strongly agree alternatives, spanish managers tend to agree (more than 60% of the respondents from all types of touristic organizations). This indicates a general concern of the managers to different approaches of personnel motivation according to distinct performance levels. The questionnaire results infirm hypothesis 1 and sustains the human resources complex approaches within SMEs from a service field of activity.

*Not giving any suplimentary advantage to employees,* except the wage could generate the same organizational performances, as no employee would have the tendence to leave his working places, given the difficult present economical and social conditions. The global economic crisis also affected the tourism domain. This fact is confirmed by the managers' answers related to suplimentary motivation elements for their employees: as for Romania and Spain, most of the answers correspond to *neutral*, *agree* and *strongly agree* alternatives. Being aware of the lack of alternatives of their employees, managers do not concern seriously about special types of motivation and act mostly guided by predetermined arguments: employees do not have any alternatives for leaving the job, so there is no need for management to make special effort in human resources motivation. This types of managerial behavoiur confirms hypothesis 2.

In order to achieve a competitive advantage, SMEs need to be able to learn faster than their competitors and also develop a responsive culture (Richman-Hirsh, 2001: 105-120). In light of these pressures, modern organizations need to maintain knowledge about new products and processes (Wells, Schminke, 2001: 135-158), understand what is happening in the outside environment and produce creative using the knowledge and skills of all employed within the organization. This requires co-operation between individuals and groups, free and reliable communication, and a culture of trust (Yamnil, McLean, 2001: 73-84).

*Stimulating competition between employees,* and giving them material and unmaterial advantages, according to their work results is the best way to high organizational performances. Answers to questions related to hypothesis three of the research, indicates a active preoccupation of managers for rewarding employees after the work effort was made and economic performances were registered. According to the managers' answers, more than 85% of all types of the questioned enterprises choose to motivate their employees according to their prevoius performances. Hypothesis 3 is confirmed.

All these considered, key-changes involving the transition to a competitive SMEs sector should take into consideration the following: creating and implementing human resources development strategies of SMEs, as a prerequisite to increase their performance in the new socio-economic context (Campo-Martinez *et al*, 2010: 862-870). SMEs tend to give greater importance to human resources than larger organizations, because of the simplified hierarchical structure, which promotes greater interaction between management and execution personnel, and, furthermore, higher interest and commitment of organization employees. In our opinion, another sollution represents innovation support within SMEs, fact also sustained by development and implementation of the scientific progress.

**Variables used within the research:** organization economic performance (OEP), human resources material motivation (HRMM), human resources unmaterial motivation (HRUM) are presented in Table 1.

Variable name	Measurement scale	Variable type	Definition
<i>OEP</i>	Numerical (1-10)	Endogenous	<i>Organization economic performance</i>
<i>HRMM</i>	Numerical (1-5)	Explanatory	<i>Human resources material motivation</i>
<i>HRUM</i>	Numerical (1-5)	Explanatory	<i>Human resoruces unmaterial motivation</i>

**Table 1: Main Variables Used within the Research**

The results are presented in Table 2.

Explanatory variables	Total sample 117	Medium Romania	Medium Spain	Small Romania	Small Spain
<b>Mean value for OEP</b>	<b>8,33</b>	<b>9</b>	<b>8,30</b>	<b>7,25</b>	<b>8,05</b>
Standard deviation	1,1413	1,1265	1,396	2,527	1,322
Varinace	1,996	1,600	1,949	6,385	1,748
<b>Mean value for HRMM</b>	<b>3,95</b>	<b>4,30</b>	<b>4,38</b>	<b>3,93</b>	<b>3,92</b>
Standard deviation	0,760	0,825	0,707	0,704	0,688
Varinace	0,578	0,678	0,500	0,495	0,474
<b>Mean value for HRUM</b>	<b>3,14</b>	<b>3,13</b>	<b>3,14</b>	<b>5,50</b>	<b>1,67</b>
Standard deviation	3,185	2,031	2,167	8,296	1,029
Varinace	10,142	4,125	4,695	68,818	1,059

**Table 2: Mean Value for the Variables Used within the Research**

Some of the significant findings of the study tested under *the standard deviations* and *variance* assumptions are given below.

The importance given by managers of tourism enterprises to organizational performance tends to increase as the size of the firm becomes larger (from small to medium enterprises).

The importance given to *Human resources material motivation* is not distributed similarly across small and medium enterprises; managers are more likely give importance to employees' material motivation than to unmaterial forms of motivation. The use of unmaterial motivation is not correlated with the main variable – organization economical performance –fact sustained to the extremely high variance value (10,142). The dependent variable *Human resources material motivation* proved to be associated with the independent variable *Organization economic performance*. The standard deviation measures the error of the assumed association between the independent variable *Organization economic performance* and the dependent variable *Human resources material motivation*, with result less than 1 (0,760) – the error is accepted.

## Conclusions

The results of the study demonstrate that managers opinion regarding the way employees should be motivated corresponds with the research hypothesis: a different type and form of motivation should be applied for every employee, according to his/hers work results and performances. Furthermore, the learning capacity and knowledge sharing within SMEs consists of maintaining levels of innovation and remaining competitive, being better prepared to respond to external pressures, improving corporate image by becoming more people orientated. At the organizational level, a successful human resources development programme will prepare the individual to undertake a higher level of work. Hypothesis 1 and 2 are confirmed.

Our research results confirm hypothesis 3: HRD has gained a permanent role within SMEs and ensures the continual improvement and growth of both individual and organization.



As part of the overall development strategy, HRD mainly reffers to skilful provision and organization of learning experiences, in order that business goals and organizational growth can be achieved.

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