

THE ROLE OF HRM IN EMPLOYEE MOTIVATION: STRATEGIES AND KEY FACTORS IN THE MODERN WORKPLACE (EXAMPLE OF GEORGIA)

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Abstract: An effective human resource management (HRM) system plays a pivotal role in the success of organizations and institutions. In today's dynamic landscape, enhancing service quality and gaining public trust are inextricably linked to motivating employees, evaluating their performance, defining clear responsibilities, and fostering a strong organizational culture. However, many Georgian companies lack well-defined HRM policies, often perceiving them as mere administrative tasks rather than strategic initiatives critical to achieving organizational success.

This research paper aims to address this gap by providing valuable theoretical insights and practical recommendations for organizations striving to create a motivated and high-performing workforce. The theoretical contribution lies in the comprehensive exploration and scientific analysis of the factors influencing effective HRM practices. This research contributes to the HRM field by synthesizing and extending theories, offering a conceptual framework to guide future research.

Furthermore, the study offers practical implications for organizations. Through empirical investigations and case studies, we identify specific challenges faced by Georgian companies in implementing effective HRM practices.

In conclusion, this research sheds light on the significance of effective HRM practices in driving employee motivation and overall organizational success. By combining theoretical insights with practical recommendations, organizations can

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cultivate a motivated workforce and achieve their goals in the ever-evolving business landscape.

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Introduction

Competitiveness in the market and achieving high sales results are among the top priorities for companies (Stefanov et al., 2023). Among the various approaches to achieving organizational goals, increasing employee motivation stands out as one of the most significant. The productivity of employees relies on the careful selection and appropriate utilization of motivational strategies. When managers meet their employees' expectations, motivation levels rise, leading to high employee satisfaction and the successful achievement of organizational objectives.

Efficient management of an organization relies on a multitude of internal and external factors, with personnel emerging as one of the most crucial components. Employing motivational mechanisms to inspire employees is increasingly recognized as a vital aspect of human resource management. It is essential to perceive personnel as an asset rather than an expense within the human resources management process, as they possess the potential to enhance the organization's profitability and competitiveness. A motivated employee exhibits a heightened inclination to leverage their skills, tackle challenging tasks, and effectively utilize technical resources, thereby driving desired outcomes and bolstering organizational performance.

The role of Human Resource Management (HRM) in facilitating employee motivation is vital for creating a positive and productive work environment. HRM acts as a catalyst by designing and implementing strategies that address the diverse motivational needs of employees. It involves recruiting motivated individuals, providing training and development opportunities, establishing effective performance management systems, and designing competitive compensation and benefits packages. HRM also plays a crucial role in promoting a supportive organizational culture that fosters motivation, recognizing the importance of work-life balance, and offering career growth opportunities. By aligning HR practices with employee motivation, HRM contributes significantly to enhancing job satisfaction, engagement, and overall organizational success.

Several motivation theories have shaped our understanding of what drives individuals to perform at their best in the workplace. One of the most prominent theories is Maslow's hierarchy of needs, which suggests that individuals are motivated by a hierarchy of needs ranging from basic physiological needs to higher-level needs such as self-actualization. This theory highlights the importance of addressing employees' diverse needs to foster motivation and job satisfaction.

Another influential theory is Herzberg's two-factor theory, which distinguishes between motivators and factors. Motivators, such as recognition, challenging work and opportunities for growth, contribute to job satisfaction and intrinsic motivation. Factors, such as salary, job security and work conditions, are necessary to prevent dissatisfaction but do not necessarily lead to long-term motivation. Understanding and addressing both motivators and factors are crucial for effective HRM practices.

It is evident that an individual's affinity towards their job significantly influences their ability to succeed. The failure of an individual employee can have far-reaching consequences, impacting the entire organization. Conversely, a well-selected workforce stands as a pivotal catalyst for an organization's success.

By cultivating a work environment that nurtures employee motivation and sustains their interest, organizations pave the way for enduring success. It is imperative to recognize the intrinsic connection between employee motivation and organizational performance, thus establishing a solid foundation for achievement in today's dynamic landscape.

1. HRM Strategies for Employee Motivation

HRM Strategies for Employee Motivation encompass a wide range of practices that are crucial for nurturing and sustaining employee motivation. One key aspect is the recruitment and selection process, where HR professionals strive to identify and hire motivated individuals who align with the organization's values and goals. Additionally, comprehensive training and development programs are implemented to enhance employees' skills, knowledge, and motivation.

Furthermore, effective performance management systems are put in place to set clear goals, provide regular feedback, and recognize employee achievements. HRM also focuses on designing competitive compensation

and benefits packages that include performance-based incentives, as well as non-monetary rewards and recognition programs to boost motivation levels.

Moreover, HRM recognizes the significance of work-life balance and employee well-being in fostering motivation. They support initiatives that promote flexible work arrangements, encourage a positive work environment, and prioritize the holistic well-being of employees.

In addition, HRM actively promotes open communication channels and encourages employee involvement in decision-making processes. This inclusivity empowers employees, fosters a sense of ownership, and further boosts their motivation to contribute to the organization's success. Moreover, HRM emphasizes the importance of continuous improvement by providing opportunities for professional growth, mentoring programs, and knowledge-sharing platforms, which not only enhance employee skills but also fuel their motivation to excel in their roles.

By incorporating these strategies, HRM plays a crucial role in creating a work culture that fosters employee motivation, engagement, and job satisfaction, ultimately leading to higher productivity and organizational success.

2. Importance of Employee Motivation as a Driver of Organizational Performance

In today's dynamic and ever-changing business environment, enhancing organizational performance relies heavily on increasing employee commitment, which can be achieved through the implementation of a well-defined motivation system. Businesses striving for growth and success must tap into and harness the discretionary effort of their employees. Consequently, employee motivation has emerged as a prominent concern for many human resource managers who are actively seeking ways to create and sustain motivation among their workforce. The purposeful utilization of diverse scientific and practical motivation theories, assessment tools and related concepts leads to more efficient employee management and ultimately, heightened motivation.

The theoretical foundation of this research draws upon the works of esteemed scholars who have extensively studied motivational issues, explored various concepts of employee motivation (Abuseridze et al., 2022; Gechbaia et al., 2018; Gryshova et al., 2019; Lipovka et al., 2021; Mushkudiani et al., 2022; Mushkudiani et al., 2020; Petrova et al., 2019A;

Petrova et al., 2019B; Paresashvili et al., 2021; Petrova et al., 2022; Seitzhanov et al., 2020; Petrova et al., 2020; Shonia et al., 2022). Nevertheless, a particular methodology for identifying motivational factors that facilitate the establishment of a motivation system and the formulation of motivational strategies within organizations has not yet been devised. The absence of theoretical and methodological approaches, combined with practical difficulties associated with employee motivation, has influenced the trajectory of this research.

The goal of this study is to develop systematic methodologies and offer actionable suggestions for promoting employee motivation, drawing insights from global practices. Human capital management involves diverse elements, such as workforce policies, team dynamics, and socio-psychological aspects of administration. Among these components, increasing labor productivity, stimulating creative initiatives, and maintaining and enhancing employee motivation are of paramount importance. A management system cannot fulfill its functions optimally without an effective motivation system in place, as motivation serves as a driving force for employees and the entire team to strive towards achieving set goals.

The utilization of motivational techniques in practical applications has shown both favorable and unfavorable results, which is typical since there is no universally applicable method or model in management theories and practices that suits every circumstance. Existing motivation techniques do not provide an exact answer to the question of what motivates an individual and their readiness to act and work towards success. Presently, the most pressing problems related to management and motivation include relationships with management, unsatisfactory pay, and living and working conditions. Senior management's lack of awareness regarding these issues hampers their resolution.

In recent times, Georgian managers have come to realize that an organization's achievement, expansion, competitiveness, and excellence rely on the individuals responsible for crafting the products or services provided to customers. The level to which these products or services adhere to standards, criteria, and demands is directly impacted by the dedication of employees, with motivation serving as the foundation. The tradition of relying solely on material rewards is gradually diminishing, and there is a growing necessity to acquaint oneself with motivational approaches and implement motivation systems prevalent in the global labor market and management.

In today's dynamic business landscape, driven personnel are priceless assets. Proficient management of an organization greatly hinges on

managers comprehending how designated tasks can inspire individual employees. Employee motivation persists as one of the most demanding responsibilities for managers, given the frequent alterations in subordinates' requirements and needs. Several studies have underscored that although salary increments are crucial, monetary incentives gradually lose their motivating efficacy over time, and employees place greater emphasis on the significance and meaning of their work (Gechbaia, 2015).

According to the renowned French writer Françoise Bertaut de Motteville (1621 – 1689), "The true way to render ourselves happy is to love our work and find pleasure in it." This is likely why modern organizations seek employees who are passionate about their jobs and expect a high level of self-motivation from applicants. However, surveys have shown that employees are highly motivated within the first three months of being hired, but without stimulating tools deployed by the organization, motivation tends to decline. This highlights the urgent need to motivate individual employees or entire departments to pursue organizational goals.

One of the greatest managers of all time, Lee Iacocca (1946-1992), once stated that "Management is nothing more than motivating other people." Indeed, establishing an effective employee motivation system is currently one of the most challenging practical tasks in management.

As mentioned earlier, motivated employees are a valuable asset to organizations. To gain a better understanding of employee motivation levels in modern business conditions, we have analyzed various surveys conducted in different countries over the past five years.

3. Key results from employee motivation surveys conducted in Georgia and diverse nations

Three years ago, a leading online research company in Asia conducted an exploration of employee motivation in nine major Asian economies, namely China, Japan, Hong Kong, Taiwan, Thailand, Vietnam, India, Malaysia, and Singapore. It is important to highlight that 40% of the respondents identified "salary amount" as their primary motivator. Financial concerns were also a significant factor behind the second most common response, which was "bonus," accounting for 27% of the total. When the data was analyzed by gender, it was observed that males placed higher priority on a job that matched their "skill/personality" (ranked 2nd), whereas females showed a preference for a positive "team relationship/atmosphere/culture"

(also ranked 2nd, but by a substantial margin). Additionally, women demonstrated a stronger drive for achieving a better work-life balance compared to men (Rakuten, 2016).

In 2018, "The Workforce View in Europe" survey gathered responses from 9,908 employees across France, Germany, Italy, the Netherlands, Poland, Spain, Switzerland, and the UK. According to the survey, 22% of the participants found motivation in achieving a good work-life balance, 21% in their relationships with colleagues, 18% in receiving praise and recognition from management, and 12% in their holiday allowance (with 27% citing other motivators).

The research also revealed the following findings:

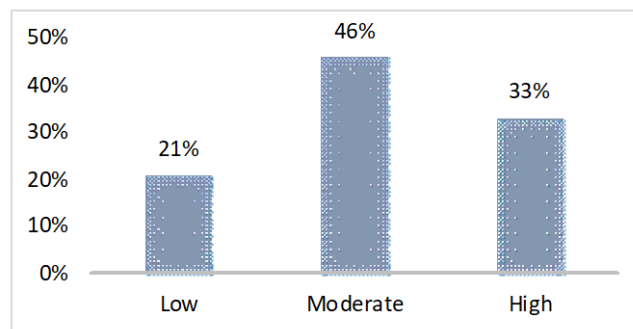
- 45% of female respondents were motivated by monetary rewards, while the number stood at 50% for male respondents.
- 6% of all respondents expressed feeling unmotivated or unengaged, with this figure rising to 8% among UK respondents.
- 26% of respondents based in France valued work-life balance, compared to 15% of Polish respondents.
- 23% of respondents believed their workplace enabled them to be highly productive all the time.
- 30% of respondents felt overwhelmed with stress to the extent that they were considering seeking a new job; among respondents under the age of 35, this percentage increased to 37%.
- 14% of respondents believed their organization showed no interest in their mental well-being at all (Scot, 2018).

To evaluate the motivation level of employees in Georgia and gain insights into contemporary trends of motivation strategies used by Georgian companies, we undertook an analysis of four distinct motivation studies conducted within the last three years. These studies include:

- A 2017 study that interviewed approximately 100 workers from the two largest companies in Georgia (Gechbaia, 2018).
- The Labor Market Needs Survey in the Tourism Industry, conducted in 2018 by the Georgian Tourism Administration, which surveyed over 1,000 employees across Georgia (Ministry, 2018).
- A 2018 survey that interviewed around 450 public service workers from 15 state institutions, focusing on motivational aspects (Sakvarelidze, 2018).

- A 2019 survey that interviewed about 100 employees from the HoReCa (hotel, restaurants, catering) sector, specifically addressing personal behavior issues.

A comprehensive examination of the aforementioned surveys indicated that most of the respondents acknowledge the significant impact of employee motivation on job performance. Additionally, the analysis of approximately 1650 interviewed employees revealed that 46% possess motivation to some extent, 33% feel highly motivated, while 21% of workers display little to no motivation (refer to Figure 1).



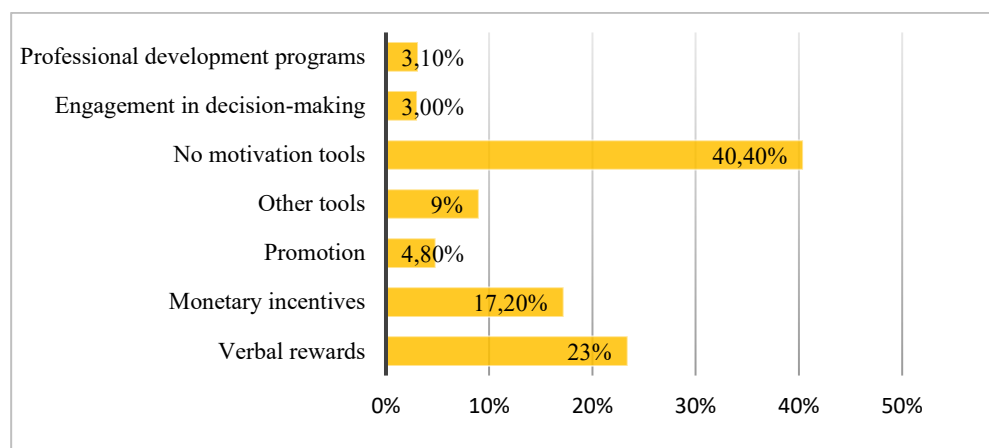
Source: developed by the authors

Figure 1. Motivation level in surveyed respondents

If we delve into the details of Figure 1, it becomes apparent that highly motivated employees (33%) are predominantly found in higher management positions and are primarily employed in the public service sector. Furthermore, employees who perceive a high level of autonomy in the workplace exhibit greater motivation and commitment to their jobs. When considering age and gender, it is worth noting that younger workers between the ages of 20 and 30 tend to assess their motivation levels as "higher" compared to older workers, and women generally demonstrate higher levels of motivation than men. Additionally, it is evident that large and financially stable companies prioritize creating a positive psychological climate and a supportive work environment to enhance employee motivation and stimulate productivity, which is not always the case for small companies. Factors such as the organizational environment, job design, remuneration, and management style play pivotal roles in driving employee satisfaction and motivation.

In relation to the motivation strategies employed by employers, it is worth noting that most of the surveyed companies (especially small-sized organizations) indicated infrequent utilization of any mechanisms to

incentivize their employees. On the other hand, significant companies and public services predominantly depend on verbal and material rewards as essential motivational instruments (see Figure 2).



Source: developed by the authors

Figure 2. Motivation tools named by surveyed organizations

As depicted in Figure 2, 40.4% of the surveyed organizations do not have any established motivational tools in place. Among those that do, 23% rely on verbal rewards, 17.2% utilize monetary incentives, and smaller percentages allocate resources to promotion, employee engagement in professional development programs, decision-making involvement, and other motivational methods. It should be noted that since the surveyed companies had the freedom to list the motivational tools they use, the 9% of organizations claiming to employ other motivation mechanisms likely do not have a developed motivation approach in reality. In cases where monetary incentives are employed as motivators, these organizations typically have pre-designed bonus distribution plans that align employee objectives with end-of-year bonuses based on specific milestones (Gechbaia, 2018). In public service organizations, workers predominantly receive monetary incentives (such as bonuses or additional salary) before public festivals rather than directly related to performance, whereas in private companies, this occurs at the end of the fiscal year. However, the scheduled payment of money often diminishes its motivating effect. The main distinction observed between incentives mentioned by private and public service respondents is that for the private sector, promotion serves as the primary motivator, whereas participation in professional development programs and involvement in the decision-making process are more important for public sector representatives.

Regarding motivation techniques employed in the public service, it should be noted that in the case of Georgia, the Law of Georgia on Public Service outlines various tools that public service institutions can utilize to enhance employee motivation. These include:

The leader of a public institution possesses the power to provide salary increases to employees based on overtime worked or additional responsibilities assigned.

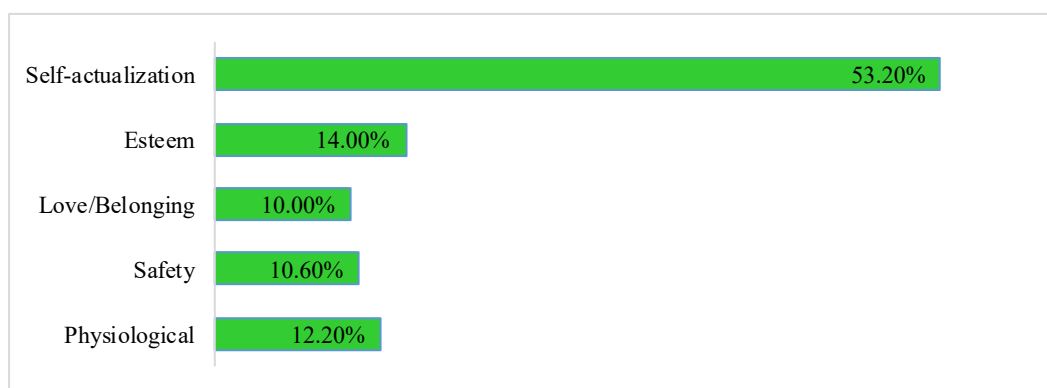
Incentives such as commendations, cash bonuses, and valuable gifts can be awarded based on employee evaluations. These incentives can be used simultaneously.

Officers may be granted leave with pay, up to a maximum of three months, once every five years for participation in a professional development program (Parliament, 1997).

As a result, monetary incentives, including commendations and engagement in professional development programs, are the most commonly employed motivators in the public service.

Despite the array of motivation tools employed by organizations, employees are not always entirely content. An astonishing 95% of managers misunderstand the most potent driving force for employee satisfaction in the workplace. In our study, the surveys unveiled that 42.3% of the interviewed employees feel partially content with monetary rewards, while 26.9% perceive them as unfairly allocated. Conversely, 67% of the surveyed workers express contentment with non-monetary incentives, while 33% display dissatisfaction or partial contentment. The primary factors that demotivate less engaged employees include inadequate compensation, ineffective communication, lack of autonomy and inclusivity, unsatisfactory organizational politics and culture, lack of transparency, excessive bureaucracy, and nepotism.

Motivation tools employed by organizations must be tailored to the needs of individual employees. We attempted to analyze the surveyed employees' needs within the context of Abraham Maslow's hierarchy of needs and correlate them with their motivation. Based on this analysis, it was found that 53.2% of the interviewed workers are primarily motivated by the fulfillment of self-actualization needs, while 14% are driven by esteem needs. Meeting physiological, safety, and love/belonging needs were found to motivate less than 15% of the interviewees (refer to Figure 3).



Source: developed by the authors

Figure 3. Prioritization of needs by surveyed employees

Employees who possess high self-actualization needs also demonstrate a profound craving for authority and are inclined towards pursuing senior positions and opportunities for career advancement. Worth noting is that, in terms of gender and age, the prioritization of needs reveals self-actualization as the prevailing need for both males and females across various age groups. Nevertheless, the ranking of other needs varies. For female workers, the order of prioritized needs is as follows: safety, self-esteem, physiological, and social (love/belonging) needs. In contrast, male workers prioritize physiological, social, safety, and self-esteem needs. The sole observable contrast between private and public sector employees lies in the fact that self-actualization serves as the primary motivator for 58.8% of public officers, whereas self-esteem emerges as the most influential requirement for 40% of respondents in the private sector.

While it is important for companies to adopt a non-hierarchical approach to understanding employee needs, it is also crucial to recognize that even the best performers benefit from a clear understanding of what motivates them. Employees are most productive and motivated when they feel they are making progress towards meaningful goals on a daily basis.

The aforementioned surveys indicate that the level of motivation, both within Georgia and beyond, is moderate. In the era of globalization and increasing competition, employees have become more demanding of their employers, with new requirements that extend beyond desired pay. They seek a harmonious work environment and recognition for their job performance. Regrettably, most Georgian companies either fail to utilize or depend on obsolete motivation approaches to incentivize their employees,

whereas across the globe, there are companies that employ fresh and inventive strategies to boost employee morale.

Since 1998, Fortune magazine has been publishing a list of the top 100 companies to work for. The selection process involves a specially designed questionnaire answered by 350 employees who respond to 57 questions about their companies. The magazine pays close attention to factors such as pay, bonuses, communication between employees and employers, etc. The identified companies often share common characteristics, such as offering competitive compensation, involving employees in decision-making, and providing a comfortable work environment. Additionally, these companies employ unique motivation strategies. Here are a few examples:

J.M. Smucker, a manufacturer of jams and jellies, distributes cookies during breakfast to all employees to start their day on a positive note.

Employees at Griffin Hospital are offered free daily make-up services.

Wegmans Food Markets provides its employees with a ten-day trip to the UK, France, or Italy to study different types of cheese.

Quicken Loans embraces its team members as individuals, allowing them to express themselves freely, regardless of tattoos, hairstyle, race, or sexuality. Employees can bring their authentic selves to work every day.

Managers at Publix Super Markets Inc. express gratitude to employees at the end of each night, appreciating their work.

These examples illustrate how successful companies can effectively motivate their employees in their day-to-day work.

Conclusions

Employee motivation continues to be a persistent challenge for leaders across the globe. In the context of Georgian organizations, there is a prevailing belief among managers that pressure and end-of-year bonuses are the key drivers of employee motivation. However, as we have observed, while compensation certainly plays a crucial role, it is not the sole determinant. A comprehensive motivation system must encompass a range of elements tailored to individual needs, such as offering flexible schedules, providing higher pay, establishing clear processes and procedures, empowering employees to innovate and find their own ways of doing things, offering verbal appreciation, and utilizing various other motivational tools devised by supervisors. Recognizing that each employee is unique, with their own goals and desires, managers must invest effort in understanding the specific needs

and capabilities of each individual, identifying what truly motivates them, and designing customized motivation mechanisms that make them feel valued and acknowledged as valuable assets to the organization.

Regardless of technological advancements or cultural shifts, human resources remain the primary driving force behind any company's success. Therefore, it is incumbent upon managers to consistently and proactively work towards motivating their employees in order to foster retention and achieve high levels of performance. By implementing a well-crafted motivation system, organizations can effectively address challenges such as employee turnover, conflicts, lack of administrative discipline, low productivity, limited commitment to the job, restricted opportunities for self-actualization, and other issues that directly impact employee attitudes and ultimately determine the overall success of the organization.

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