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# APPLICATION OF HERZBERG THEORY IN THE EMERGING MARKET-THE EXAMPLE OF MACEDONIA

Bojadziev M, Krlju V

AMERICAN COLLEGE SKOPJE

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## "APPLICATION OF HERZBERG THEORY IN THE EMERGING MARKET-THE EXAMPLE OF MACEDONIA"

Bojadziev M, Krlju V

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## "APPLICATION OF HERZBERG THEORY IN THE EMERGING MARKET-THE EXAMPLE OF MACEDONIA"

Bojadziev M, Krliu V

### ABSTRACT

Management is art and science, whose main concern is the problem of effectiveness and efficiency. One of the most important factors that affect the organizational performance is the motivation.

While general motivation is concerned with effort towards any goal, we narrow our focus to organizational goals in order to reflect the interest in work-related behavior.<sup>1</sup>

When we talk about motivation we talk about *intensity of desire for accomplishing goals, performing tasks and achieving outcomes, both for the individual itself and the organization*

In the article all major theories are being presented, with a special emphasis on Herzberg's Two Factor Theory. This theory is dividing the factors as: Hygiene, or Basic factors and Motivators. The later are actually motivating the employees.

The Research conducted in Macedonia was based on the division of the sample at the managerial and non managerial level.

Findings show that: When applying to emerging markets, the income is to be shifted from Hygiene to Motivating factors, due to unsaturated needs and wants, both on managerial, and non managerial level. Income is very strong motivator, and definitely the key to the future individual and social well fare. Even the Hygiene factors are very strong Motivators in the emerging markets. Discrepancy in statistical results is present on almost every Hygiene factor (except: work conditions and company policy).

Company growth has become very important motivating factor, which implies that the individuals have grown strong care for their organizations after EUCMS.

EUCMS is perceived positively. It brings positive change in the perception of some factors:

For better application, the authors have shifted some factors from Hygiene to Motivators such as: income and relationships with peers for managerial staff, and vice versa, the responsibility for non managerial staff.

*Key words: Motivation; Needs; Psychological factors; Income; Salary; European Union*

### The importance of motivation in managing organizations

There has been a lot of debate, whether "happy workers are good workers" in the past century, as well as in the current. On this occasion we're just going to remind that management is art and science, whose main concern is the problem of effectiveness and efficiency.<sup>2</sup>

Organization is effective when they are clever enough to pursuit goals that are appropriate to themselves. When they choose the right targets, they will be much more successful in achieving them, then when choosing inappropriate goals.

Therefore, the effectiveness is primarily concern of the top management, in whatever form it appears.

Let us note, that this issue is applicable, both to profit and non for profit institutions and organizations

For a Court, the revenue would be success in case solved, for the Church, a number of followers, and for a business entity, the income statement at the end of the fiscal period.

On the other hand side the rising problem of efficiency, understood as productive use of organizational resources for goal achievement is the problem that occurs at every level in the organizational structure. Therefore, every managerial level, has to be seriously concerned about the way the he or she, is decreasing the input levels, and increasing the output levels.

<sup>2</sup> Jones Gareth, George Jennifer "Contemporary management" McGraw-Hill Irwin, Third Edition, 2003, p.p.5

One of the most important factors that affect the organizational performance is the motivation. We are all aware of the expression "happy workers are good workers", but whether this statement is true, and of course, to which extent managerial staff and the organization can motivate employees is the rising question.

This issue has been of interest for both scholars and supervisors for many years in the former century, and in the following lines, we'll present the most accepted motivational theories.

Motivation can be defined as "psychological forces that determine the direction of a person's behavior in an organization, a person's level of effort, and a person's level of persistence."<sup>3</sup> Other authors define motivation as "processes that account for an individual's intensity, direction, and persistence of efforts towards attaining a goal".<sup>4</sup> While general motivation is concerned with effort towards any goal, we narrow our focus to organizational goals in order to reflect the interest in work-related behavior.<sup>5</sup>

When we talk about motivation we talk about *intensity of desire for accomplishing goals, performing tasks and achieving outcomes, both for the individual itself and the organization.*

## II I Review of the motivation theories

The most important motivation theories, as presented in the relevant literature are:

1. Maslow's Hierarchy of Needs Theory
2. Charles Handy's Motivation Calculus Theory
3. Herzberg's Two Factor Theory
4. Alderfer's ERG Theory
5. McClelland's Theory of Needs
6. McGregor's Theory X and Theory Y
7. Cognitive Evaluation Theory
8. Goal-setting Theory

<sup>3</sup> Jones Gareth, George Jennifer "Contemporary management" McGraw-Hill Irwin, Third Edition, 2003, p.p.405

<sup>4</sup> Robbins Stephen: "Organizational behavior" Prentice Hall Int, Ninth edition, page155

9. Reinforcement Theory
10. Job Design Theory and Social Information Processing Model
11. Equity theory
12. Expectancy theory

The first five are usually referred as Needs theories, since their foundations are in satisfying different types of needs.

## **II.2. Maslow's Hierarchy of Needs Theory**

Abraham Maslow was born in New York in 1908 and died in 1970. He has earned a PhD in psychology in 1934 at the University of Wisconsin on the basis of his motivational research, initially studying rhesus monkeys.

The idea behind Maslow's theory is that a human being needs to satisfy his/her needs gradually. Need can be defined as any situation of deprivation, including physical, psychological and social disarray.

Maslow's Hierarchy of Needs states that we must satisfy each need in turn, starting with the first, which deals with the most obvious needs for survival itself.

Needs, according to Maslow, are arranged in a certain hierarchy, which basically explains, why people are driven by particular needs at particular times.<sup>6</sup>

1. **Biological and Physiological needs** - air, food, drink, shelter, warmth, sex, sleep, etc.
2. **Safety needs** - protection from elements, security, order, law, limits, stability, etc.
3. **Belongingness and Love needs** - work group, family, affection, relationships, etc.
4. **Esteem needs** - self-esteem, achievement, mastery, independence, status, dominance, prestige, managerial responsibility, etc.
5. **Self-Actualization needs** - realizing personal potential, self-fulfillment, seeking personal growth and peak experiences.

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<sup>5</sup>

<sup>6</sup> Kotler, Armstrong: "Principles of marketing" Tenth International Edition, PHI, 2002, page 192

### II.3 Charles Handy's Motivation Calculus Theory

Coming from the other side of the Atlantic Ocean, Handy, who was born in 1932, is regarded by many as Britain's greatest management guru.

His Motivation Calculus is an extension of Maslow's Hierarchy of Needs. It addresses cognitive and external reference points that the original Hierarchy of Needs five-level model of does not. Handy's Motivation Calculus attempts to cater for complexities and variations in people's situations beyond the reach of the original Hierarchy of Needs model. Briefly this is Handy's Motivation Calculus:

Needs - Maslow factors, personality characteristics, current work environment, outside pressures and influences.

Results - we must be able to measure the effect of what our additional efforts, resulting from motivation, will produce.

Effectiveness - we decide whether the results we have achieved meet the needs that we feel.

### II.4 Alderfer's ERG Theory

Another variation of Maslow theory was designed by Clayton Alderfer of the Yale University.<sup>7</sup> Basically, he has regrouped the core needs into three groups, instead of Maslow's five, and those are: Existence (basic material existence requirements, Relatedness (interpersonal relations) and Growth (personal development). This is way, it is called ERG Theory.

Alderfer complies with Maslow on the priority level for satisfying the needs, from the bottom to the top, but argues that:

- Multiple needs can operate as motivators at the same time, and

<sup>7</sup> C.P.Alderfer:"An Emprical Test of a New Theory of Human Needs" Organizational behavior and Human Performance, May, 1969, pp.142-75



□ Frustration in attempting to satisfy a higher level need can result in regression to a lower level need.

### **II.5 McClelland's Theory of Needs**

American David Clarence McClelland (1917-98) achieved his doctorate in psychology at Yale in 1941 and became professor at Wesleyan University. These needs are found to varying degrees in all workers and managers, and this mix of motivational needs characterizes a person's or manager's style and behavior, both in terms of being motivated and in the management and motivation others.

#### **The need for achievement (n-ach)**

The n-ach person is 'achievement motivated' and therefore seeks achievement, attainment of realistic but challenging goals, and advancement in the job. There is a strong need for feedback as to achievement and progress, and a need for a sense of accomplishment.

#### **the need for authority and power (n-pow)**

The n-pow person is 'authority motivated'. This driver produces a need to be influential, effective and to make an impact. There is a strong need to lead and for their ideas to prevail. There is also motivation and need towards increasing personal status and prestige.

#### **the need for affiliation (n-affil)**

The n-affil person is 'affiliation motivated', and has a need for friendly relationships and is motivated towards interaction with other people. The affiliation driver produces motivation and need to be liked and held in popular regard. These people are team players.

McClelland said that most people possess and exhibit a combination of these characteristics. McClelland suggested that a strong n-affil 'affiliation-motivation' undermines a manager's objectivity, because of their need to be liked, and that this affects a manager's decision-making capability.

## II.6 McGregor's Theory X and Theory Y

Douglas McGregor, an American social psychologist, proposed his famous X-Y theory in his 1960 book 'The Human Side of Enterprise'. Theory x and theory y are still referred to commonly in the field of management and motivation, and whilst more recent studies have questioned the rigidity of the model, McGregor's X-Y Theory remains a valid basic principle from which to develop positive management style and techniques.

### Theory x ('authoritarian management' style)

- The average person dislikes work and will avoid it he/she can.
- Therefore most people must be forced with the threat of punishment to work towards organisational objectives.
- The average person prefers to be directed; to avoid responsibility; is relatively no ambitious, and wants security above all else.

### Theory y ('participative management' style)

- Effort in work is as natural as work and play.
- People will apply self-control and self-direction in the pursuit of organisational objectives, without external control or the threat of punishment.
- Commitment to objectives is a function of rewards associated with their achievement.
- People usually accept and often seek responsibility.
- The capacity to use a high degree of imagination, ingenuity and creativity in solving organisational problems is widely, not narrowly, distributed in the population.

## II.7 Cognitive Evaluation Theory

Originating from the late 1960's this theory suggests that the introduction of extrinsic rewards such as pay for extra effort that had been previously intrinsically rewarding would tend to decrease the overall level of motivation.

Although it seems as a paradox, further researches have been supportive for this thesis. In terms of emerging markets, there is a real ambiguity, which prohibits the practical usage of this approach, at least, until further studies are commenced.

### **II.8 Goal-setting Theory**

The idea that "you must drop someone in the water in order to make him / her swim" stands behind the Goal Setting Theory. Originally developed by Edwin Locke, in 1960s, it proposes that intentions to work towards a hard goal are a major source of work motivation.<sup>8</sup>

Of course, there are certain contingencies, which serve as a framework for this theory such as:

1. Goal commitment;
2. Adequate self efficacy;
3. Task characteristics;
4. National culture.

The only burden of this standing point is necessity of accepting the hard goals, but once accepted, they are truly serving as motivators, which is basically the foundation of Management by Objectives.

### **II.9 Reinforcement Theory**

This is behavioral theory, which is the counterpoint of the former GST. The idea is that one does not need to be concerned with internal cognitive events because what controls behavior are so called "reinforces", i.e. consequence that, then following the response, increase the probability that the behavior will be repeated.

### **II.10 Job Design Theory and Social Information Processing Model**

This theory implies that the job design can act as a strong motivator.

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<sup>8</sup> E.A.Locke "Toward a Theory of Task Motivation and Incentives" Organizational behavior and Human performance, may, 1968, pp. 157-89

The design of the job is determined by the "Job Characteristics Model", which includes; 1) Skill Variety, 2) Task identity, 3) Task significance; 4) Autonomy and 5) Feedback.<sup>9</sup>

Further researches are going beyond this, and intercept the influence of perception as objective issue. This leads to **Social Information Processing Model** that implies that employees adopt attitudes and behaviors in response to social cues provided by others with whom they have contact.

### II.11 Equity theory

John Stacey Adams, workplace and behavioral psychologist, put forward his Equity Theory on job motivation in 1963. There are similarities with Charles Handy's extension and interpretation of previous simpler theories of Maslow, Herzberg and other pioneers of workplace psychology, in that the theory acknowledges that subtle and variable factors affect each individual's assessment and perception of their relationship with their work, and thereby their employer.

We each seek a fair balance between what we put into our job and what we get out of it. Adams calls these **inputs** and **outputs**. We form perceptions of what constitutes a fair balance or trade of inputs and outputs by comparing our own situation with other 'referents' (reference points or examples) in the market place. Inputs are typically: effort, loyalty, hard work, commitment, skill, ability, adaptability, flexibility, tolerance, determination, heart and soul, enthusiasm, trust in our boss and superiors, support of colleagues. Outputs are typically all financial rewards - pay, salary, expenses, perks, benefits, pension arrangements, bonus and commission.

### II.12 Expectancy theory

- Designed by Victor Vroom, this theory is going a head ahead of the former, implying that the strongest motivator is the outcome expectations.
- Employee is motivated to exert a high level of effort if he clearly sees the potential output.

<sup>9</sup> J.P. Wanous: "Individual Differences and Reactions to Job Characteristics" Journal of Applied Psychology, October, 1974, p.p.612-22

□ Three levels or relationships are being recognized, and those are:

1. Effort-performance relationship;
2. Performance reward relationship;
3. Rewards-personal goal relationship

### III. The significance of Two-factor Theory

A revolutionary approach towards motivation issues had risen in 1959. Frederick Herzberg published a book 'named The Motivation to Work', written with his research colleagues B. Mausner and B. Snyderman. In this book for the first he has established his theories about motivation in the workplace. Herzberg's work, originally on 200 Pittsburgh engineers and accountants, has become one of the most replicated studies in the field of workplace psychology.

Herzberg was the first to show that satisfaction and dissatisfaction at work nearly always arose from different factors, and were not simply opposing reactions to the same factors, as had always previously been (and still now by the unenlightened) believed.

He showed that certain factors truly motivate ('motivators'), whereas others tended to lead to dissatisfaction ('hygiene factors').

According to Herzberg, Man has two sets of needs; one as an animal to avoid pain, and two as a human being to grow psychologically.

He illustrated this also through Biblical example: Adam after his expulsion from Eden having the need for food, warmth, shelter, safety, etc., - the 'hygiene' needs; and Abraham, capable and achieving great things through self-development - the 'motivational' needs. Certain parallels can clearly be seen with Maslow.

Herzberg's research proved that people will strive to achieve hygiene needs because they are unhappy without them, but once satisfied the effect soon wears off - satisfaction is temporary.

Examples of hygiene needs (or maintenance factors) in the workplace are:

- policy
- relationship with supervisor
- work conditions
- salary

• company car	After	1. Employees
• status	4%	2. Managerial staff
• security	25%	
• relationship with subordinates		
• personal life		

True motivators were found to be other completely different factors, notably in Herzberg's research factors such as:

• achievement	After	
• recognition	3%	
• work itself	4%	
• responsibility	55%	
• advancement		
• personal growth	After	

**IV. Research in the Republic of Macedonia**

Republic of Macedonia can be described in terms of the newest emerging market in Europe. After the decade of economic stagnation and macroeconomic stability, the first sparks of economic growth are appearing. The enormous growth of the stock prices, associated with the real GDP growth of 4%, and the rising exports, is putting Macedonia on the "launch pad" for years 2006/2007.

The research was conducted by the authors on a sample that is neither representative, nor can provide statistical significance. Yet this is the first research in behavioral arena in terms of Two Factor Theory, and therefore, some of the findings provide guidelines, both for scholars and for managers.

The new flavor added to the theory through this research is the division of the sample into two main categories:

1. Employees
2. Managerial staff<sup>10</sup>

The main idea besides this partition was to differentiate motivational factor among different positions people occupy.

Within our study we have rated all factors from one to five, thus providing the possibility for ranking different factors.

Let us analyze the influence of every particular factor. For the purpose of simplification, in the analyze will take the highest answers (4 and 5) as very important, and all marks below (1-3), as not so important.

The second raw, provides the data as perceived after Macedonia has become EU member candidate state.

In the comparison to Herzberg's findings, we shall take into account only the highest scores, as "the strongest motivators"

#### **IV.1 HYGIENE FACTORS**

##### **SECURITY**

	Prior	After
Herzberg's research		2%
Management	47%	57%
Employees	22%	33%

NOTE: This brings us to grasp that:

1. Security is still important factor;

<sup>10</sup> Management would include owners of the companies, senior staff, senior professionals

2. The more responsible, the more dissatisfied;
3. This implies that the perception among the less responsible is much more optimistic, which basically leads us towards the fine prospects for the future.

#### STATUS

	Prior	After
Herzberg's research		3%
Management	52%	39%
Employees	44%	55%

#### RELATIONSHIP WITH SUBORDINATES

	Prior	After
Herzberg's research		3%
Management	61%	39%
Employees	71%	55%

#### PERSONAL LIFE

	Prior	After
Herzberg's research		4%
Management	33%	31%
Employees	44%	33%

**NOTE: IN RELATION TO THE THREE FORMER TABLES:** The numbers show sufficient levels of satisfaction. Further research, done on a larger sample, would probably reduce the level and bring it closer to the levels of Herzberg's.



### RELATIONSHIP WITH PEERS

	Prior	After
Herzberg's research		5%
Management	13%	26%
Employees	77%	88%

**NOTE:** This refers to additional level satisfaction of the level of interactions. Much higher levels than the Herzbergs's are probably result of the national culture implications, which requires additional studies.

### SALARY-ADEQUACY<sup>11</sup>

	Prior	After
Herzberg's research		8%
Management	48%	34%
Employees	66%	55%

**NOTE:** This figures lead us to conclusion that the income satisfaction is turning into dissatisfaction by reason of greater expectations after EUCMS.

### SALARY –ENOUGH PURCHASE POWER

	Prior	After
Herzberg's research		8%
Management	82%	60%
Employees	11%	55%

**NOTE:** These figures lead us to conclusion that:

1. Managerial income is satisfactory;
2. Expectations after EUCMS are higher for managers;

<sup>11</sup> Herzber's research is referring only to salary. For purposes of this research we have spited this factor in two sections.

3. Satisfaction of the employees is extremely positive. But since this conclusion can not be backed by economic figures, it would require additional research to back this thesis

### WORK CONDITIONS

	Prior	After
Herzberg's research		10%
Management	24%	13%
Employees	66%	33%

**NOTE:** Work conditions are perceived as "less dissatisfactive" after the EUCMS, of course on the different levels managerial and employee's level.

### RELATIONS WITH SUPERVISORS

	Prior	After
Herzberg's research		9%
Management	17%	17%
Employees	66%	66%

**NOTE:** No change has occurred after EUCSM. Figures are much higher at the level of employees, which can be discussed in the terms of higher levels of power the subordinates have over their super ordinates.

### SUPERVISION

	Prior	After
Herzberg's research		18%
Management	52%	74%
Employees	77%	66%

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**NOTE:** Extremely important results. The argument leads to the following:

1. Management is feeling "more dissatisfied", probably due to the raising of corporate governance practices;
2. Employees are feeling "less dissatisfied", probably as a result of possible growth, new jobs creation, reward systems expected after EUCSM.

### COMPANY POLICY AND ADMINISTRATION

	Prior	After
Herzberg's research		35%
Management	43%	30%
Employees	55%	55%

**NOTE:** Out of the ordinary findings. It's hard to show a relationship between these records. The only conclusion that a researcher can draw is that the fact that figures are noteworthy higher than the Herzberg's ones, which implies the growing concern about the future and the governance of the organizations.

### IV.2 MOTIVATION FACTORS

#### COMPANY GROWTH

	Prior	After
Herzberg's research		8%
Management	7%	39%
Employees	55%	44%

**NOTE:** Probably the best indicator of the EUCSM change. Emphasizes the growing responsibility of the management, and certain relaxation of the employees.

	Prior	After

Herzberg's research		15%
Management	17%	4%
Employees	/	33%

**NOTE:** Interesting findings. Although statistically irrelevant at the employee's level, this factor proves optimism for the future after EUCMS. Managerial level is already there, and there is no specific need for future advancement.

#### **RESPONSIBILITY: Inherent Personal Motivation**

	Prior	After
Herzberg's research		24%
Management	60%	35%
Employees	55%	/

**NOTE:** Statistically Employees results are irrelevant, due to infinite difference. Managerial level ascertains relaxation.

#### **WORK ITSELF: Intrinsic Motivation**

	Prior	After
Herzberg's research		26%
Management	52%	74%
Employees	44%	55%

**NOTE:** The findings prove intrinsic motivation, as being of outmost importance on the emerging markets. For the employees twice than Herzberg, and for managerial staff trice that level.

#### **RECOGNITION: The second important motivational factor.**

	Prior	After
Herzberg's		32%

research		12%
Management	35%	30%
Employees	/	22%

NOTE: The research confirms application on this factor in Macedonia as strong motivational factor.

Variance from Herzberg's research on managerial level is less than 10%.

**ACHIEVEMENTS:** Considered as the atmost motivational factor achievement has been rated as follows:

	Prior	After
Herzberg's research		42%
Management	66%	78%
Employees	55%	55%

Very logical situation, in which the managerial staff is considering the achievements very important and the employees as their potential for the future.

NOTE: optimism from EU member candidate status ( later on referred as EUMCS) is improving the perception future possibilities for 20%

## V. THE QUESTION OF INCOME AS MOTIVATIONAL FACTOR

### IV.1 Income and the purchase power

Macedonian citizens, unfortunately live in an comprehension of them being poor and with no perspective. Usually they would blame 500 years of Turkish occupation, socialist system and the conspiracy theory which is working against its independence.

The truth is rather different.

Macedonia is a normal country, ranked worldwide somewhere in the middle.

Ireland has been under the British occupation and this does not bother them to become the story of success today.

And on the point of poverty, Macedonia is definitely among the lowest ranked countries in Europe, according to the nominal GDP.

But if you take into account the purchase parity method, the situation is a little bit different. If Macedonian nominal GDP is estimated at the level of 2.400\$, the GDP measured per purchase power method is estimated about 7.000\$, per capita.

This brings Macedonia, next to the new EU members, such as Slovakia, Baltic states, and of course Romania and Bulgaria.

The real issue that is bothering Macedonia is the question of unemployment, which has an inborn problem of low educated people, and of course the efficiency of the public administration, especially the legal system.

When we consider the personal income as a motivating factor we must add, that:

Personal income is important both for the individuals, as well as for the social well fare;

In fact the whole marketing system is based on meeting the needs and wants through the processes of exchange and transactions, where of course, the monetary transactions are dominant.

One of the very important principles is that marketing system should be able of serving disadvantaged consumers, as well as affluent ones. Individuals who lack purchasing power may go without needed goods and services, causing harm to their physical or psychological being.<sup>12</sup>

#### **IV.2 Organizational behavior implications**

Money makes the world go around! Through or not.

Money is the strongest motivator, because at the bottom line, someone has to pay the bills.

Is money really the most important motivator?

Herzberg says no. He has ranked salary in the lower half of the hygiene factors.

<sup>12</sup> Kotler, Armstrong: Principles of marketing "Prentice Hall International, Fifth edition, 1991, p.644

In fact most of the researchers agree with this. One research has shown that money is definitely number two motivator.<sup>13</sup>

Linkage between pay schemes and performance is one of the most important issues today.

Different forms have been established such as:

Management by Objectives	Specific goals, participative set, measurable, achievable and a feedback
Employee recognition programs	Psychological motivation through participative management
Employee Stock Ownership Plans	Company established benefit Plans in which employees acquire stock as a part of their benefits
Employee involvement programs <sup>14</sup> <ul style="list-style-type: none"> <li><input type="checkbox"/> Participative management</li> <li><input type="checkbox"/> Representative participation</li> <li><input type="checkbox"/> Quality circles</li> <li><input type="checkbox"/> ESOP</li> </ul>	Participative process that uses entire capacity of employees aiming increased commitment to organization
Variable pay programs <ul style="list-style-type: none"> <li><input type="checkbox"/> Piece rate</li> <li><input type="checkbox"/> Profit sharing plans</li> <li><input type="checkbox"/> Gain sharing ( groups)<sup>15</sup></li> </ul>	Linking employee's pay to some individual, or team measure and performance
Skill based plans	Pay related to the skill levels Very often practiced in Macedonia
<b>Special issues in motivation</b>	

### Motivating professionals

1. The more educated they are, the more intrinsic rewards they get from the work itself.

<sup>13</sup> S.Caudron "Motivation? Money's Only No 2" Industry week, November 15, 1993, p33

<sup>14</sup> Linked with the Two Factor Theory for achievement, Recognition, Respect

<sup>15</sup> Variable pay programs are mostly related with expectancy theory

2. Professionals have high salaries from the beginning.
3. Strong and long term commitment to what they do
4. The problems to be solved are the real motivators.
5. In Macedonia the income has shown much higher values, and we should consider it more a motivational, then a hygiene factor.

#### **Motivating low skilled labor force**

We have mentioned before, that the problem of Macedonia is not in unemployment itself, but in the fact that the most o the unemployed are low skilled workers. In this sense, motivations, such as, interaction and socializations are not applicable according to Maslow's Theory.

#### **Motivating contingent workers**

In US most of the contingent workers are professional, actually enjoying their freedom.

In Macedonia, most of the contingent workers have strong desire to cease being that.

### **VI. Conclusions and guidelines for the future**

Two Factor Theory is approach that can be applied while researching the emerging markets, such as Macedonia.

The basic idea is that there are two types of factors:

1. Hygiene, which are also refereed to as "launch pad" which are meant to met primary needs , and
2. Motivators, which are the most important for on job motivation.

Herzberg argues that if the people are not satisfied "Satisfaction" is transformed into "No Satisfaction" and "Dissatisfaction" into "No Satisfaction".

We have made a research, modifying the original model, by dividing the sample into managerial and non managerial staff, which has lead us to the following conclusions:

Two Factor Theory can be applied in Macedonia, and is a solid ground for further research.

The factors appear as follows:

H stands for Hygiene

M stands for Motivators



Factor	Herzberg's Classification	Bojadziev, Krliu classification Managerial staff	Bojadziev, Krliu Classification Non Managerial staff	Deviation from Herzber's research
Safety	H	H	H	High
Status	H	H	H	High
Subordinates	H	H	H	High
Personal life	H	H	H	High
Peers	H	H	M	High
Salary adequacy	H	M	M	High
Salary Purchase power	H	M	M	High

The data here should be reexamined with economic indicators, since they imply enormous "satisfaction" at non managerial level after EUCMS

Work conditions	H	H	H	Low
Supervisors	H	H	H	High
Supervision	H	H	H	High
Company policy	H	H	H	Low

Factor	Herzberg's Classification	Bojadziev, Krliu classification Managerial staff	Bojadziev, Krliu Classification Non Managerial staff	Deviation from Herzber's research
Growth	M	M	M	High
Advancement	M	M	M	High

Responsibility	M	M	H	Low
Work Itself	M	M	M	Low
Recognition	M	M	M	None
Achievement	M	M	M	None

What is interesting is that, the both managerial and non managerial staff are perceiving the adequacy as declined after the EUCMS, which implies the level of the expectations afterward.

In terms of purchasing power the employees perceive the situation vice versa, which should be backed by economic data. The management also perceives the purchasing power in the same direction, which might lead us to a conclusion that there is insufficient

CONCLUSION 1: When applying to emerging markets, the income is to be shifted from Hygiene to Motivating factors, due to unsaturated needs and wants, both on managerial, and non managerial level. Income is very strong motivator, and definitely the key to the future individual and social well fare

CONCLUSION 2: Even the Hygiene factors are very strong Motivators in the emerging markets. Discrepancy in statistical results is present on almost every Hygiene factor (except: work conditions and company policy). This probably dues to lower development level. Further research is needed to back this standing

CONSLUSION 3: Company growth has become very important motivating factor, which implies that the individuals have grown strong care for their organizations after EUCMS

CONCLUSION 4: EUCMS is perceived positively. It brings positive change in the perception of some factors:

Improvement of factors Perception	Managerial Level	Non Managerial level
Safety	High	Low
Salary (higher)	Low	Low

expectations)		
Company growth	High	Low
Work Itself	High	Low
Achievements	Low	Low

**Guidelines for the future:** The organizations, nevertheless, profit or none for profit, should seriously take into account the motivation of the organization's members, since they are the only value adding force.

In this direction, this work needs to be continued and followed up, so that additional results might be followed.

## VII. Bibliography

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