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## **NON- ECONOMIC INCENTIVES TO MOTIVATE EMPLOYEES – LODZ BRANCH OF NORAUTO POLSKA LTD. EXAMPLE**

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### **ABSTRACT**

Non-economic incentives are a category of tools used in the process of motivating workers in contemporary organizations. They need to be treated as significant complements of material incentives, allowing to obtain additional and strong effects motivating workers to put above average effort, be creative and enterprising. This work focuses on the analysis of the scope and effects of using non-economic incentives in the Lodz branch of Norauto Polska sp. z o.o.

**Keywords:** motivation of employees, motivation system, non-economic incentives.

### **1. INTRODUCTION**

Motivation systems applied in contemporary enterprises make use of rich instrumentarium of various types of motivation instruments that can be classified according to different criteria. Distinguishing compulsion, persuasion and incentive tools, further divided into economic (financial and nonfinancial) and non-economic incentives, is an important division. Economic incentives are essentially complemented by a group of non-economic motivators and their usage can be particularly advantageous in time of economic slowdown or cost reduction of an enterprise. For encouraging employees to work better, more effectively and more efficiently without bearing significant expenses, is their vital feature.

Treating this group of instruments as a meaningful component of contemporary motivation systems, identification and evaluation of the effects of using non-economic incentives to motivate employees in the Lodz department of Norauto Polska sp. z o.o. as well as suggesting proposals of introducing changes in this area, have been defined as **the aim of this study**. Empiric research in which three research methods were used, i.e. questionnaire survey method, interview method and a method of documents examination, has been of help in realization of the aim of the study.

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## **2. THE INSTRUMENTS USED BY MANAGERS IN MOTIVATION PROCESS**

In the process of motivating their workers, managers apply numerous and diverse **motivation instruments (tools)**, which make up a collection of methods, rules, ways and forms of acting as well as organizational solutions that regulate motivation process in an enterprise. They ought to be adequate to conditions and needs of an enterprise, consistent with internal procedures such as remuneration and bonus regulations, work rules and also be consistent with universally binding law, the Labour Code in particular. Motivation tools need to be thorough and they have to consider all effects of their usage at a given moment or time interval. In addition to that, they should be coherent, i.e. internally consistent with personal strategy, system of managing human resources including motivation rules and „mechanisms” defined in current motivation system of an enterprise. They also should be characterized by flexibility, be diverse depending on current needs of employees but at the same time, relatively simple, easy to use and comprehensible for motivated workers. Moreover, they ought to be current, altered and adjusted to changes in law regulations, internal regulations and business aims and priorities following from enterprise strategy. (Zajac C. 2007: 136). Applying the above mentioned rules confirms the view that motivation is in a way based on cooperation, participation and partnership, not on manipulation. (Tracz E. 2005: 250).

Views on motivation and applying relevant instruments of inducing labour have evaluated from traditional model, based on salary incentives, model of interpersonal relationships that exposed the meaning of satisfying workers' social needs (e.g. expressing acknowledgement, pleasant atmosphere in a team, good relationships with the superiors) to HR model. The last model assumes that motivation system should be based on subjective treatment of a worker, integration of worker's aims with aims of organization, self-direction and self-control (Sajkiewicz A. (ed.) 2000: 210).

In literature, motivational tools (means, instruments) are distinguished from material and non-material incentives which make up a system of reward and punishment. Distinguishing these issues enables to identify and also classify issues essential in motivation area, apply relevant methods and techniques in building motivation process as well as work out relevant procedures. A close relation can be observed between tools and incentives as tools define ways of behaving when applying incentives – relevant punishments or rewards. Moreover, a concept of motivators is also introduced in literature, they are various means and conditions, material or nonmaterial, having an impact on motives underlying people's behavior (Penc J. 2008: 503). They are directly related to the essence of labour and are able to incite a human to be highly efficient in their work, going beyond the scope of tasks assigned to them. These factors include: achievements, acknowledgement, responsibility, promotions, doing interesting job or rewards (Penc J. 2003: 47). Motivational tools in a classic arrangement are often divided into some subgroups, distinguishing for example compulsion, incentive and persuasion tools (e.g. Pietroń-Pyszczyk A. 2007: 28; Zajac C. 2007: 138).

Compulsion instruments include: bans, directives, recommendations, labour norms, regulations and work instructions. Encouragement tools include: economic (financial and non-financial) and non-economic incentives. Persuasion instruments, on the other hand, include: advice, negotiations, defining aims, management style, and participation in management or propaganda (Sekuła Z. 2008: 177).

**Compulsion instruments** are related to a big load of resolution resulting from being at risk of sanction. They include command and normative tools. Command instruments include: orders (directive indexes, directives), bans (e.g. limits), official orders (formulated and unformulated) as well as recommendations. Normative means include: work norms and standards, regulations, instructions, technological process, the Labour Code and collective arrangements in the part concerning a worker (Zajac C. 2007: 139). Compulsion tools do not cause integration of interests between motivating and motivated person, they are unidirectional, compel a worker to act according to enforced behaviours. Their obligatoriness is sanctioned by relevant punishments (Pietroń-Pyszczek A. 2007: 29). They are closely related to norms, regulations and instructions being in force in an organization. They first of all regulate worker's discipline and responsibility, way of performing tasks and work safety. Their task is to subordinate workers' behaviours to interests and will of motivating person by means of punishments and evoking fear, negative consequences following from attitudes or behaviours that bring losses to an organization. (Sekuła Z. 2008: 180).

Compulsion instruments are effective in conditions which impose fast action and definitely exclude agreeing on or obligatoriness of instruments. Moreover, command motivation can be a result of passivity of motivated people. In other conditions, motivating based on compulsion and fear is considered as highly ineffective. A worker, affected by compulsion puts minimum effort, just what is enough to avoid sanction. Additionally, because of economic causes, compulsion motivation entails high expenses, is conducive neither to improvement of work efficiency nor development. Moreover, it requires supervision over performance of order tasks. This type of motivation is, at the same time, the easiest to apply by motivating person as it basically does not require any qualifications in this field (Pietroń-Pyszczek A. 2007: 29). According to the authors, using compulsion instruments **does not contribute to increase in employees' motivation** in contemporary organizations. It particularly does not fit current trends of managing social potential of enterprises such as managing intellectual capital, HR model or managing talents.

**Incentive tools**, whose function is to incite and strengthen, are the next group, they are also indispensable in motivating workers in every contemporary organization. Incentive tools include forms and ways of motivating by means of material and nonmaterial incentives. They use various kinds of rewards and rules of awarding for this purpose, inciting thus workers to take more interest in their jobs, encourage them to be active and have effects at high level. These tools combine advantages of an organization with workers' advantages, give some area of freedom in the choice of type of behaviour and/or level of activity

depending on the type and scale of reward level. Incentive means are instruments affecting a worker from outside in three forms: reinforcement, long term incentives and temporary incentives. Workers attach the biggest importance to incentive tools as they regulate rules of giving rewards (Sekuła Z. 2008: 181).

Incentive tools can be divided into **economic and non-economic** motivation instruments. Additionally, economic instruments include financial and nonfinancial means. Financial means include among the others:

- the following forms of remuneration: temporal, temporal and premium, piece-work, piece-work and premium, temporal and commission based, bonus, cafeteria, packet, for competencies,
- salary components such as: basic salary, bonuses, perks, additional payments,
- remuneration structure: fixed and changeable part,
- salary rates: competency tarifficator, salary tables: multi level, level, indicator (salary scales).

Non-economic incentives first of all include financial and material rewards, social benefits, stocks and shares. **Non-economic incentives**, which include a range of tools classified in organizational, psychological and technical scope, are an important group, often underestimated in economic practice. As far as organizational scope is considered, non-economic incentives include among the others flexible working time, various forms of work organization, vertical and horizontal promotions, professional development, and trainings. Instruments classified according to psychological area include: praises, distinctions, authority, Access to information, work full of challenges, ambitious tasks, work in enterprise highly recognized in the market, self-realization. Instruments in technical scope include, in turn, possibility to use new machines and devices at work, performing tasks with the use of modern technology, access to new generation software, properly organized work environment.

These instruments incite workers to adopt expected attitudes, behaviours and actions as they expect some advantages, rewards for the realization of individual or team aims. It should be used in a way that efficiency is unequivocally combined with the scope of incentive received, particularly for those professional groups in an enterprise that directly work to bring results to it (Zajac C. 2007: 137-139).

**Persuasion instruments** complement essentially instruments of motivating workers in enterprises. They influence human brain in order to activate internal motivation or evoke required reactions. Persuasion instruments are oriented to change of attitudes, habits and feelings and aim at forming required patterns of behaviours in a given organization. Persuasion can be related to workers' and managers' emotions or be conducted in a rational way, well thought over and based on partnership. Persuasion instruments include: appeals, propagating certain ideas, views, behaviours, exhaustive informing, negotiations, counselling, and suggestions, aiming at agreements concerning assigning goals and important changes in organization activity as well as expressing views and opinions by workers. The interaction can be one-sided or bilateral, taking into account partnership between motivated and motivating people. Two-way interactions are

by all means a better form as they allow open exchange of information, mutual interaction and common expressing opinions. (Sekuła Z. 2008: 181-182).

Persuasion can be based on rational and emotional reasons. Rational persuasion can occur in various forms, mainly in the form of consultation, acceptance, and negotiation but also more and more often in the form of coaching and mentoring. Persuasion complements other tools of motivating workers, incentive tools in particular. The more democratic the management style, the bigger the role of rational persuasion and means of nonmaterial incentive. Analyzing persuasion instruments, it can be stated that the role of rational persuasion, information and counselling increases along with the increase in qualifications and awareness of workers, their need to participate in the decision making process, independence of empowering and competitiveness. No absolute advantage of emotional persuasion over rational persuasion, or inversely, can be observed here due to the fact that the efficiency of each of them depends on circumstances, particularly on the recipient and aim of interaction. Moreover, by means of persuasion, organizations evolve significantly from emotional to rational persuasion as well as from individual to group persuasion (Borkowska S. 2006:342-345).

The above review of literature indicates that the instrumentarium available in motivation process is highly extensive and differentiated. Moreover, the tools serve different aims, it is presented in table 1. Some of them should be applied in relation to all workers, e.g. work regulations, labour code. Some of the tools, however, e.g. team work organization, piecework salary forms, detailed health and safety instructions, can relate to working on certain workplaces. (Sekuła Z. 2008: 179).

**Table 1**  
Chosen motivation tools and aims of their usage

<b>Type of tool (instrument)</b>	<b>Aims and their usage</b>
Labour Code	<ul style="list-style-type: none"> <li>– rights and duties of workers in an enterprise,</li> <li>– complying with workers' rights and duties by employer.</li> </ul>
Collective agreements	<ul style="list-style-type: none"> <li>– agreeing on relevant rules of employing and organizing working time, remunerating workers,</li> <li>– creating proper salary forms</li> </ul>
Work regulations	<ul style="list-style-type: none"> <li>– maintaining work discipline.</li> </ul>
Instructions concerning the functioning of a workplace	<ul style="list-style-type: none"> <li>– abiding by health and safety regulations,</li> <li>– abiding by fire safety regulations,</li> <li>– organizing workplaces taking into account rules of ergonomics.</li> </ul>
Work philosophy in an enterprise	<ul style="list-style-type: none"> <li>– forming relevant attitudes of workers towards their job,</li> <li>– including direct executors in management process,</li> <li>– co-responsibility of executors for effects of their work.</li> </ul>

<b>Type of tool (instrument)</b>	<b>Aims and their usage</b>
Forms of work organization	<ul style="list-style-type: none"> <li>– increase in work efficiency,</li> <li>– staff integration,</li> <li>– possibility to decide about the activity on one's own position,</li> <li>– increase in salaries.</li> </ul>
Ways of assignment of reckoning up tasks	<ul style="list-style-type: none"> <li>– relevantly big and equal burdening of workers with work.</li> </ul>
Tarifficators of work, workplaces and professions	<ul style="list-style-type: none"> <li>– specifying activities and scope of work performed at a given workplace ,</li> <li>– defining degree of difficulty and category of classifying job, workplace and tasks,</li> <li>– determining necessary abilities and qualifications as well as worker's responsibility for their work results.</li> </ul>
Techniques of selecting workers to workplaces	<ul style="list-style-type: none"> <li>– optima use of abilities and predispositions of a worker,</li> <li>– self-realization of a worker by means of work.</li> </ul>
Working mode and time	<ul style="list-style-type: none"> <li>– increase in work efficiency,</li> <li>– increase in taking advantage of production abilities,</li> <li>– better use of working time in an enterprise.</li> </ul>
Professional training	<ul style="list-style-type: none"> <li>– professional development of a worker,</li> <li>– worker's self-realization.</li> </ul>
Salary scales	<ul style="list-style-type: none"> <li>– forming the range of remuneration in individual categories and between categories of classification.</li> </ul>
Salary tables	<ul style="list-style-type: none"> <li>– defining the amount of pay rates per hour and per month.</li> </ul>
Promotion paths	<ul style="list-style-type: none"> <li>– establishing in an enterprise a policy to take into account full life cycle of employees' professional life in the scope of horizontal and vertical promotion.</li> </ul>
Staff evaluation forms	<ul style="list-style-type: none"> <li>– regulating burdening of workplaces,</li> <li>– introducing changes in the scope of profile of functioning of a workplace,</li> <li>– providing workers with necessary help,</li> <li>– applying particular forms of rewarding and punishing in relation to some of the workers,</li> <li>– indicating workers subject to training.</li> </ul>
Forms of payment	<ul style="list-style-type: none"> <li>– defining prices for a unit of work performed by a worker,</li> <li>– close relation between quantity and efficiency of work and remuneration amount,</li> <li>– increase in work efficiency.</li> </ul>
Procedures of assigning remunerations, rewards and compensations	<ul style="list-style-type: none"> <li>– fair and consistent use of rules of defining remuneration, compensations and benefits due to a worker.</li> </ul>

<b>Type of tool (instrument)</b>	<b>Aims and their usage</b>
Rules and conditions of using particular rewards and punishments	– enhancing influence on workers in the form of rewards for distinctive results and punishments for failures at work.
Social and living benefits	– influencing workers in order to strengthen relations with an enterprise.
Physical comfort at work	– decent working conditions, – proper service of workplaces, – equal burdening of workplaces.
Mental comfort at work	– reducing stress among staff, – creating atmosphere conducive to work.
Directives, recommendations, orders and bans	– summary regulation of workers' failures in current work.
Minimum remuneration	– protecting workers with lowest salaries.
Work norms	– increase in work efficiency, – defining proper structure of working time for every task, – regulating pace of performing work.

(Source: Pietroń-Pyszczyk A. 2007: 31-33).

Attention should be paid to the fact that using nonmaterial and non-economic motivation essentially complements material instruments and is very often cheaper. (Zajac C. 2007: 140). Motivation tools constructed in a proper way form awareness of good work, required behaviours, real attitude to work and necessary interpersonal relations. They also release tendency to take up ambitious and difficult tasks as well as to increase efficiency. These tools counteract passivity, securing oneself and stimulating appropriate behaviours. Employees know what they are expected to do, the way they are evaluated and what they can expect as a result of this evaluation (Sekula Z. 2008: 182). Proper composition of motivation instruments is a significant element of efficient motivation system of an enterprise, which stimulates workers to work more efficiently satisfying their needs and expectations at the same time. (Baron-Puda M. 2007: 14).

According to the authors, non-economic instruments include among the others: flexible forms of work organization, possibility of professional development, promotions, trainings, executive and deciding autonomy or good workplace relationships. They assume that these instruments essentially complement material instruments, their usage allows in many cases to obtain additional and strong effects motivating workers to put more effort, be creative and enterprising ensuring them work satisfaction at the same time and integrating them more with an organization for which they work.

### 3. RESEARCH METHODOLOGY AND CHARACTERISTICS OF THE RESPONDENTS

Empiric research, in which three research methods were used, i.e. questionnaire survey method, interview method and a method of documents examination, was conducted in order to realize the aim of this study. One of the branches of Norauto Sp. z o.o, located in Lodz, **was chosen deliberately** as the subject of the research. Workers and management of the analyzed department were subject to the research. The following factors had influence on the choice of the given branch:

- initial participant observation was conducted, as a result of which applying non-economic incentives was observed in this department,
- territorial availability,
- access to documents and possibility to carry out empiric analyses using them.

Research among enterprise workers was conducted with the use of **survey research method**. The technique of questionnaire distribution was used as a research technique whereas extensive questionnaire was a tool. The research was conducted in October 2009. Survey questionnaire was directed to employees of the Norauto Lodz 717 Store and Service. The aim of the survey research was to gather opinions on using non-economic instruments of motivating workers in this enterprise.

Complete inquiries was the type of the research and their realization consisted in direct giving out survey questionnaires to all workers of Norauto Lodz 717 branch, apart from the manager who gave an interview on the issue of non-economic incentives to motivate workers. Altogether, 20 survey questionnaires were distributed, 19 of them were returned. Return rate in this case equalled 95%. All questionnaires were qualified for the research.

Nearly all workers of the department took part in the questionnaire research, 3 women and 16 men. The most numerous groups included: people aged up to 30 (68%), workers with secondary education (84%), employees working as mechanical technicians (37%). Relatively low salaries were the common feature of all the researched. The prevailing part of the respondents earn approximately below average salary in national economy. A full characteristic of the respondents taking part in questionnaire research is presented in table 2.

The research of two people from the management was conducted using **interview method**. In the case of the Director of Lodz 717 Center, questionnaire interview was used as research technique and interview questionnaire was used as research tool. Logistics and Administration Manager was the other person subject to free-form interview. Instructions for the interview were used as research tool in this case. Interviews were given in the Middle of October 2009 on the premises of the researched company. The managers' offices were the places of interviews.

**The Director of Lodz 717 Centre** is a man aged between 31 and 40, with higher education and has been on the position of a director for two years. He was not the first main superior of the researched department. He took the



function after his predecessor when the centre had already been in the market for about 4 or 5 months. He is a graduate of the Institute of Management at Technical University of Lodz. This part of the research aimed at getting to know the opinion of the director about motivational role of non-economic instruments of motivating workers.

**Table 2**  
The characteristics of respondents taking part in questionnaire research

<b>Sex</b>	<b>N</b>	<b>%</b>	<b>Position</b>	<b>N</b>	<b>%</b>
man	16	84 %	junior manager	3	16 %
woman	3	16 %	mechanical technician	7	37 %
			sales consultant	6	32 %
<b>Age</b>	<b>N</b>	<b>%</b>	cashier receptionist	2	10 %
up to 30	13	68 %	inventory controller	1	5 %
30 - 40	2	11 %			
40 - 50	1	5 %	<b>Employment period in the branch</b>	<b>N</b>	<b>%</b>
more than 50	3	16 %	up to 6 months	1	5 %
			6 - 12 months	4	21 %
<b>Education</b>	<b>N</b>	<b>%</b>	12 - 18 months	7	37 %
higher	1	5 %	18 - 24 months	1	5 %
secondary	16	84 %	more than 24 months	6	32 %
vocational technical	2	11 %			
			<b>Average gross monthly salary</b>	<b>N</b>	<b>%</b>
<b>Form of employment</b>	<b>N</b>	<b>%</b>	up to 1000 Zloty	1	5 %
contract for an indefinite time	15	79 %	1000 – 2000 Zloty	11	58 %
contract for a definite time	4	21 %	2000 – 3000 Zloty	5	26 %
			3000 – 4000 Zloty	2	11 %

(source: own study on the basis of the research).

**Logistics and Administration Manager** is a woman aged between 31 and 40, with secondary education. She has worked in Norauto Lodz 717 branch at this position for about 1,5 year and it is her first position in this institution.

The aim of the interview was in this case to present the characteristics of the department and present basic assumptions of motivation policy in the company. Moreover, the respondent provided access to documents, which were used in further part of the research.

In addition to that, company documents were subject to analysis in the course of the research, using a **method of documents examination** in which content analysis was used as research technique. The following internal documents of the company were used as research tools: intranet-polska of Norauto Polska sp. z o.o. (internal electronic document) and Social Benefits Fund Regulations of Norauto Polska sp. z o.o. from 13 May 2009.

#### **4. THE CHARACTERISTICS OF NORAUTO POLSKA LTD. AND THE RESEARCHED DEPARTMENT**

**Car Centre Norauto**<sup>1</sup> was founded in 1970 in France as a reply to increasing needs for car maintenance and service. It combines a store offering maintenance, repair and car equipment products with a workshop providing assembly of purchased products and a wide range of repair and maintenance services. The enterprise has developed quite fast and in 1986 the company started to gradually open its department also beyond France. Nowadays, Norauto exists in 7 European countries. They are preparing to open their first branch in Russia.

Norauto company offers a lot of Norauto brand products. They include products made by recognized producers, sold at the price that is 20 – 30% lower than brand products, having at the same time, a few years or life guarantee. Car batteries made by Warta company in its own technological process but sold as Norauto brand, are an example.

**In Poland, „Norauto Polska sp. z o.o.”** has operated since 1999. The head office is located in Warsaw, 10 Jubilerska St. At the beginning, it employed only 5 people, nowadays there are 34. Basic department of the company are located in the head office. They are: secretary's and Director's office, HR/Payroll Department, Product Department, Logistics Department, Investment Department and Development Departments, Audit and Control Department, Accounting Department and IT Department. The first Norauto branch was opened in Poland in the year 1999 in Piaseczno, Warsaw and its current name is Norauto 701 Warszawa- Piaseczno.

Improving and making easier motorists' lives is the mission of Norauto Polska sp. z o.o. and its vision is to be always chosen as first by the highest number of drivers, employees and partners. The basic aim of this company is to satisfy clients by providing them with car parts and accessories and executing car services taking into account price-quality relationship that is best for a client, ensuring a client professional service at the same time.

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<sup>1</sup> The characteristics of Norauto company was presented on the basis of: (Norauto in Poland).

Norauto operates in Poland as a network of 20 branches located in the suburbs of large cities: Białystok, Bielsko-Biała, Gdansk, Gliwice, Katowice, Cracow, Lodz, Plock, Poznań-Franowo, Poznań-Komorniki, Poznań-Swadzim, Sosnowiec, Toruń, Warszawa Marki, Warszawa Ostrobramska, Warszawa Piaseczno, Warszawa Targówek, Wrocław, Zabrze, Żory.

Each branch consists of a store and a workshop. The area ranges between 1000m<sup>2</sup> and 1500m<sup>2</sup>. A workshop usually takes up about 500m<sup>2</sup>, whereas a store - 700m<sup>2</sup> designed for warehouse and trade part. In company branches 8 000 to 12 000 products available in a store can be found and about 130 services are done in a workshop. Considering the area it takes up, Gdansk branch is the biggest branch in Poland – 1470m<sup>2</sup>, Plock branch is, in turn, the smallest – only 610m<sup>2</sup>. Opening new Norauto branch is related to creating about 20 new workplaces for people with proper technical preparation or those interested in automotive industry.

**The researched Norauto Lodz 717 branch** is located in Lodz, 6/36Kolumny St., near Carrefour trade centre. The institution is opened 7 days a week. The branch is managed by a Director whose subordinates are three junior managers. The manager of the store is in charge of a team of sales consultants that consists of six people. Logistics and Administration Manager is responsible for the work of two cashiers and inventory controller. The workshop manager, on the other hand, manages a group of eight people consisting of mechanical technicians and students doing work experience.

The branch offer includes 10 thousand articles. All parts, tyre sizes and accessories are available in store. Workers can obtain parts and accessories to all car models and brands. **Self-service store** offers a wide range of parts, tyres and accessories to a model or brand. **The workshop** offers quick services in the scope of assembly and maintenance: assembly, changing tyres, geometry and balancing tyres, filling up wheels with nitrogen, periodical surveys, oil change, lights control, brake fluid change and cleaning brake system, cooler fluid change as well as assembly and exchange of remaining parts and accessories.

Remuneration<sup>2</sup> received by a worker of Norauto branches consists of basic remuneration, defined by pay rate and a bonus calculated on the basis of the degree of realizing tasks, achieving assigned goal. In the case of basic remuneration, the amount of fixed salary is settled according to pay rate that is in force in the company. Levels of remuneration have been defined for each position and they have been divided into 4 classification categories: A (junior), B, C, D (expert) corresponding with the level of knowledge and competencies. Pay rate is overt (exposed on notice board in branch) and is closely related to periodical evaluation. It takes place at the turn of January and February each year. Yearly evaluation of results and progress at work of every employee is conducted. Evaluating meetings are conducted by direct superior basing on standard, formulated evaluation document. Evaluation criteria are clear and

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<sup>2</sup> The characteristics of basic assumptions of motivational policy of the company was presented on the basis of results of the interview with Logistics and Administration Manager.

defined precisely. Evaluation results are directly related to pay rate and they cannot be changed to possible pay rise.

Periodical evaluation is also a significant moment for a worker who has a chance to express his/her opinion about the company, team, their superior or position. An employee can define his/her needs for training and willingness to develop in future in Norauto Polska sp. z o.o.

Presented company also has a **system of granting a bonus**. Its main rule is to be willing to share profits worked out with workers. Criteria of granting a bonus are defined for each position and a part of bonus rate is closely related to results of a sector in which a given person works. Current system of granting a bonus is to encourage Norauto employees to go beyond assigned aims. That is why workers get additional 3% of basic bonus rate for exceeding aim at 1%. Each worker who has a job agreement is subject to the system of granting a bonus after 3 months starting from the date of employment in Norauto Polska have passed.

Workers of Norauto Polska sp. z o.o. have **the Company Social Benefits Fund** at their disposal. It is a common budget divided at the beginning of financial year into separate departments. This budget is managed by Directors at the level of a branch. Money from the Company Social Benefits Fund can be assigned among the others to: workers' loans, unrepayable grants, integration picnics, Sodexho vouchers, cinema or theatre tickets, season tickets to swimming pool, renting a gym, buying polar clothing for workers, packages for workers' children, etc.

In order to develop its social policy, Norauto Polska introduced **group insurance for its workers** from 1st February 2008. The insurance packet consists of two elements:

- a part financed by employer, which includes insurance in case of death, permanent disability, health detriment or dangerous disease.
- a part financed by employee, which a worker uses voluntarily. This part includes insurance in case of death of spouse, parents, parents-in-law, childbirth, hospital stay or incapacity for work.

All workers having a job agreement can join group insurance. Every year, at the turn of October and November, Norauto Polska organizes preventive **flu vaccinations** in its centres. Vaccinations, organized by specialized external company, are free and optional: employees decide on their own whether to take it or not. Workers are vaccinated on the premises of the centre or, workers are asked to go to indicated medical institution (the Company Social Benefits Fund Regulations of Norauto Polska sp. z o.o. from 13 May 2009.).

Each worker of the Centre gets a free **set of work clothes**. Each workplace has its pattern of clothes, adjusted to performed job and season. Clothes are tailor-made, colours obligatory in Norauto branches are blue and navy blue. Cashiers – receptionists wear blue blouses and navy blue skirts whereas consultants wear blue shirts and navy blue trousers. Workers at workshop wear navy blue clothes. Clothes are washed and repaired by clothes supplier.

Each branch organizes individually a number of **integration parties** each year, which are financed completely from the Company Social Benefits Fund

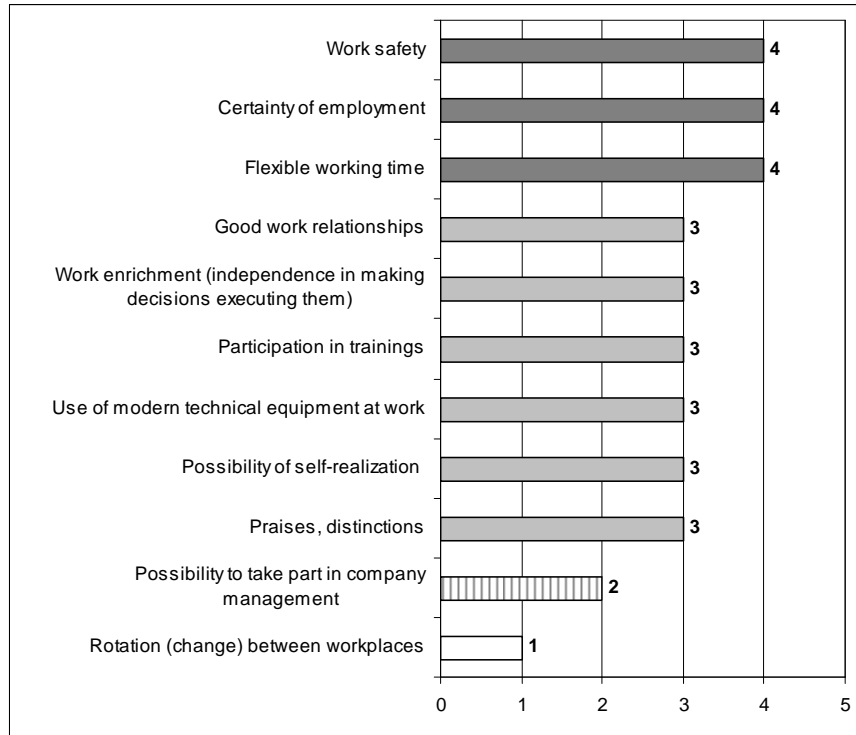
budget. In accordance with the tradition, each year in December, Norauto Polska workers get Sodexho Pass vouchers. Their value is agreed on by the Directors of each branch.

Personal policy of Norauto Polska focuses greatly on development and internal promotion of its workers. It should be emphasized, though, that worker's development depends to a great extent on his/her own – their involvement, motivation, willingness to learn, competencies and knowledge. The company will definitely help the best workers to develop their inherent talents. In the years 2007/2008, the so called „Career Committee” was introduced, i.e. a procedure of finding people with the biggest development potential. People selected in the course of this process receive an individual development plan. Workers having job agreements in Norauto Polska sp. z o.o. branches and having a car registered to them can use preferential conditions of purchase in branches. These people can be given a 2% discount on products and 50% on workshop services.

## 5. RESEARCH RESULTS

In the first part of the research, during the interview, opinion of the Director of Norauto Lodz 717 branch about financial, nonfinancial and above all non-economic incentives used in the company was gathered. The respondent stated that motivation tools applied in the branch are consistent with internal procedures of Norauto Polska sp. z o.o. He also agreed with the fact that they are adequate to conditions and needs of the institution, comprehensive and coherent – internally consistent with personal strategy of managing human resources in the company.

According to the Director, basic pay is the most important financial instrument for workers, the next are individual, team and task bonuses. Evaluating nonfinancial incentives, the respondent pointed to financial rewards as the strongest motivator. Making analysis of applying **noneconomic incentives**, a list of 11 chosen tools was presented in a question. The respondent stated that they are applied in the enterprise but, in his evaluation, incentives that motivate strongly include: certainty of employment, flexible working time and work safety. The respondent evaluated at the same time motivational meaning of these tools in a scale from 1 (least motivating factor) up to 5 (the most motivating factor). Opinions of representative of the management about motivational role of chosen non-economic incentives applied in the enterprise are presented in Figure 1.



**Fig. 1.** The Director's opinion on motivational role of non-economic incentives used in the researched company (source: own study on the basis of the research).

However, according to the Director, financial incentives (basic salary) and nonfinancial ones (e.g. financial rewards) play the biggest motivational role in the researched company. Noneconomic incentives were assessed lower by the respondent.

The next part of the research included questions about kinds of behaviours applied towards his subordinate that, in his opinion, motivate or de-motivate employees to work. The results of the research indicate that the Director applied various types of non-economic behaviours, some of them affect positively and some have a negative impact on workers. The comparison of these behaviours and evaluation of their influence on workers is presented in table 3.

It follows from the above table that the Director applied a wide range of behaviours towards workers. Some of them are opposing (e.g. leaving the question of sharing tasks and decisions concerning the make-up of a group to junior manager, giving workers the right to take part in defining aims and ways of their realization on one hand and expressing lack of trust towards workers on the other). Bearing in mind which of the above issues can be demotivating for the staff, the director should aim at their limitation or even elimination.

**Table 3**

Non-economic behaviours applied by the director of the researched branch towards his subordinates and their influence on workers' motivation

<b>Behaviours motivating workers</b>	<b>Behaviours demotivating workers</b>
<ul style="list-style-type: none"> <li>– showing respect and recognition towards workers,</li> <li>– positive attitude towards workers,</li> <li>– accounting for the opinions of the subordinates,</li> <li>– leaving the question of sharing tasks and decisions concerning the make-up of a group to junior managers,</li> <li>– giving workers the right to take part in defining aims and ways of their realization,</li> <li>– taking active part in the life of a group, treating oneself as its member,</li> <li>– assigning tasks and giving detailed instructions concerning their performance,</li> <li>– keeping distance in relation to workers.</li> </ul>	<ul style="list-style-type: none"> <li>– lack of recognition,</li> <li>– lack of trust towards workers,</li> <li>– requiring absolute obedience,</li> <li>– lack of support for group activity,</li> <li>– applying orders and punishments,</li> <li>– imposing who to cooperate with,</li> <li>– imposing one's own atmosphere at work.</li> </ul>

(source: own study on the basis of the research).

Analyzing non-economic incentives more thoroughly, the respondent stated that workers' job satisfaction is, in his opinion, caused by the following tools: flexible working time, praises, distinctions, possibility to work using modern technical equipment as well as taking part in trainings. On the other hand, rotation between workplaces, which, according to the respondent, does not occur in the company, can be the only factor demotivating workers to perform their tasks.

Afterwards, the respondent was asked to evaluate the role of the whole of motivation instruments in satisfying workers' needs. According to the Director, motivation instruments applied in the enterprise give medium-degree of workers' satisfaction, they: influence positively the climate of work relationships, allow identification with the company, satisfy the need to be recognized by the management, need for trust, satisfy professional ambitions and they encourage to develop professionally to medium degree.

A sad conclusion can be drawn from the above opinions. The Director is aware of the fact that his influence on workers' motivation for work considering applied incentives (including non-economic incentives) is only medium or even inconsiderable. The Director explained that, as he is the main superior of the branch, motivation tools he uses are imposed on by central organs of Norauto Polska sp. z o.o. However, due to the fact that interlocutor is to some extent independent in making decisions, he could steer his activities in a right direction

in order to use the mentioned non-economic incentives to much bigger extent in everyday relationships with workers. He may have to discuss them with his superiors as well, but definitely not to the same extent as e.g. pay rise generated on the basis of yearly worker's evaluation. The Director should, therefore, motivate his workers to much greater extent e.g. by means of praises, distinctions or activities influencing positively good atmosphere at work, eliminating at the same time demotivating behaviours that can occur.

In the next part of the research, **workers' opinions** on incentives applied in the researched branch have been analyzed, taking into account non-economic incentives in particular. The respondents were asked to make an assessment of motivational role of incentives divided into three groups: financial, nonfinancial and non-economic tools, in the scale from 1 (lowest significance) up to 5 (biggest significance). In workers' opinions, non-economic incentives play a significant and very significant role in the researched branch. The respondents assessed particularly highly certainty of employment as well as good work relationships. The following tools were also assessed at high level: organizing trainings, the use of modern technical equipment at work, work enrichment as well as its safety. They are presented in Figure 2.

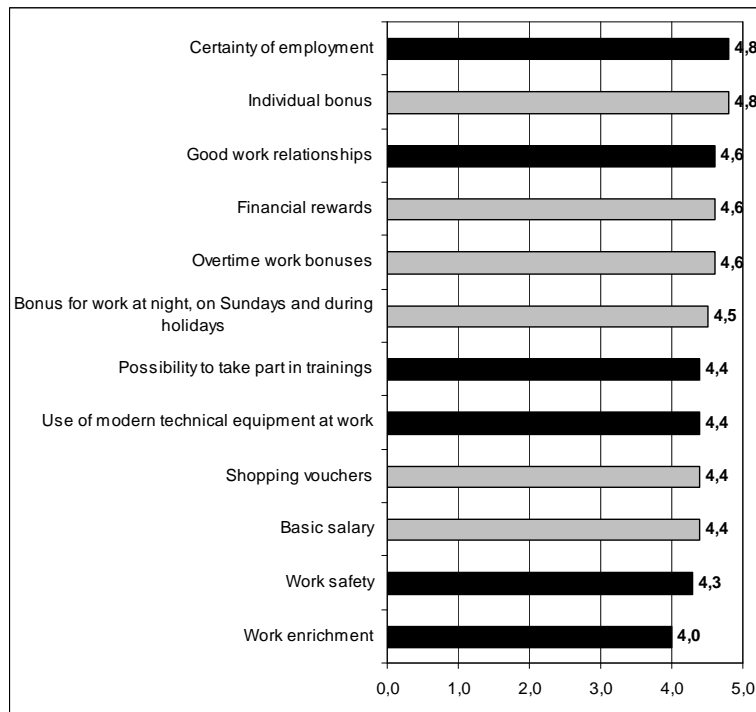


Fig. 2. The evaluation of motivational role of incentives applied in the researched branch taking into account particularly non-economic tools (marked in black), made by workers (source: own study on the basis of the research).

The following non-economic incentives were evaluated at the lowest level:



- flexible working time (average answer 3,9),
- possibility of self-realization (average answer 3,9),
- praises and distinctions (average answer 3,7),
- rotation between workplaces (average answer 3,4),
- possibility to participate in the company management (average answer 3,1).

The opinions of workers show that non-economic incentives are used towards them and they play a significant motivational role as compared to other groups of tools.

In farther part of the research, the workers were asked for evaluation of the influence of behaviours of the highest superior (the Director), which are used in relation to them and influence the level of their motivation. The respondents were asked to point out whether certain behaviour occurred and if the situation motivated or demotivated them to work. The respondents paid attention to the fact that the Director applied a wide spectrum of behaviours towards them, many of which are demotivating. Among the most important, they included: imposing certain atmosphere by the superior, his positive attitude towards workers, taking active part in the life of a group and taking workers' opinions into consideration. On the other hand, behaviours which were regarded as most demotivating for workers are: applying orders and punishments by the Director, lack of support for group activity, imposing who to cooperate with, introducing strong separation between himself and his subordinates as well as keeping distance towards workers.

Therefore, the Director should pay special attention to reducing distance in relation to the workers as they treat current situation as demotivating one. On the other hand, the highest superior treats this behaviour as motivating which does not correspond with the workers' opinions. Additionally, the Director regards that imposing his view of atmosphere at work demotivates the workers while the subordinates treat this type of behaviour as highly motivating. They probably expect the Director to be a strong leader who will ensure proper work atmosphere in the company by means of his charisma and high interpersonal skills. The workers' opinions on motivational and de-motivational role of behaviours of the Director are presented in Figure 3.

In the next question, the respondents were asked to evaluate the degree to which instruments applied in the company satisfy their needs. The workers evaluated the degree of satisfying their needs in the scale from 1 (a need satisfied to the smallest degree) up to 5 (the biggest degree of satisfying a need), which is presented in Figure 4.

It follows from the respondents' opinions that motivational system applied in the company influences positively to a great degree the climate of work relationships as well as it highly stimulates professional development. It satisfies professional ambitions to slightly lesser degree and it satisfies the need for trust, need to be recognized by the management to medium degree, it also allows identification with the company. The opinions of the workers are, therefore, more positive than that of the Director. It seems that the highest superior

evaluates more negatively effects of using motivation instruments in the researched enterprise than the employed people.

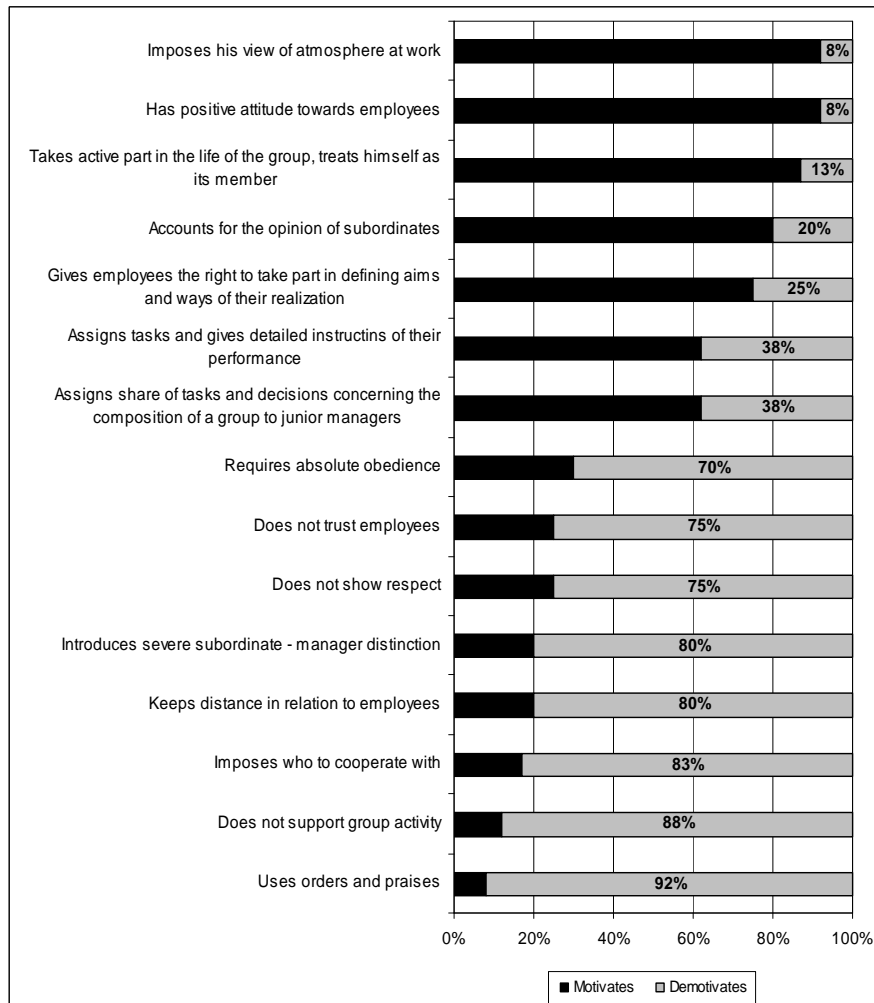


Fig. 3. Opinions of the respondents on motivational and de-motivational role of the Director's behaviours applied in the branch (source: own study on the basis of the research).

**Suggesting proposals of changes in motivation system**, particularly taking into account modifications in the sphere of non-economic instruments of motivating workers, was the last stage of the research. In the course of the research, the **Director** stated that, in his opinion, basically no changes are required in motivational system, particularly in the sphere of non-economic incentives. Referring to financial motivators, he suggested only possible

introduction of task bonus to a greater extent. However, changes are very much expected by the **workers**. In this case, most of the respondents (53%) would welcome decisive changes. 27% of the respondents expect introducing some changes whereas 20% of the workers rather do not expect modifications of applied motivation solutions.



Fig. 4. The opinions of the respondents on satisfying their needs by company motivational system

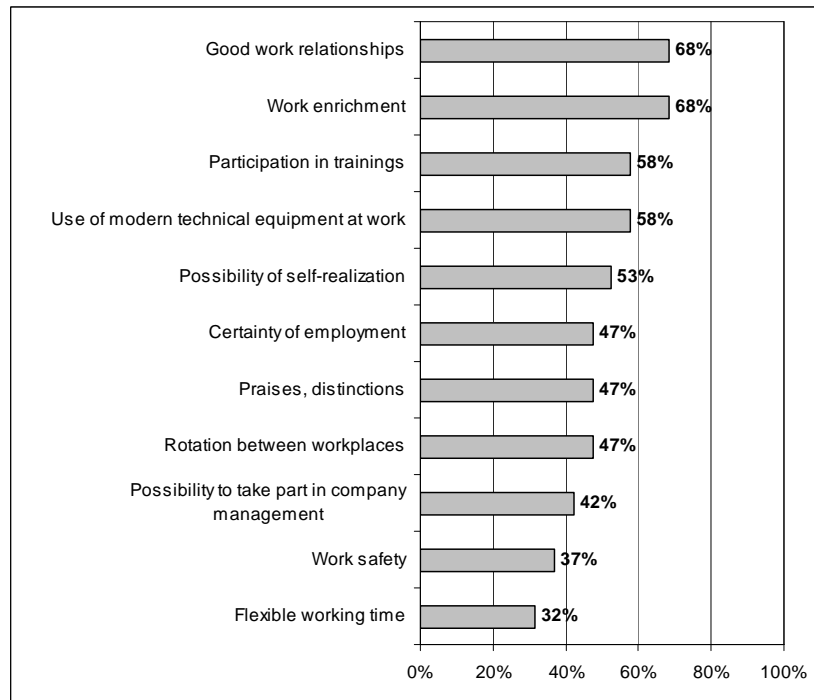
(source: own study on the basis of the research).

Special attention was paid to changes in applying non-economic incentives. The respondents were asked to point to the tools that should be introduced in relation to their workplaces. The workers most often pointed to the need to improve work relationships as well as extending the concept of work enrichment in relation to their positions. Proposals of changes on the side of the workers concerning introducing additional non-economic incentives are presented in Figure 5.

The respondents made a lot of suggestions considering the improvement of the other incentives in Norauto Lodz 717 branch. Among the proposals they suggested, the following groups of changes can be distinguished:

- in the sphere of financial instruments: increasing basic salary,
- in the sphere of granting bonuses: calculating bonuses for a given sector for the realized plan, introducing individual bonuses depending on activities, applying real salary bonuses, introducing financial motivation depending on the amount of tasks performed, introducing individual task bonus and making the criteria of getting team bonus more real,

Moreover, in the sphere of nonfinancial incentives, a proposal was suggested to introduce financial rewards for achieving aim in a given month as well as to apply real financial rewards for the workers.



**Exhibit 5.** The opinions of the respondents on introducing additional non-economic incentives in relation to their workplaces (source: own study on the basis of the research).

## 6. RESEARCH CONCLUSIONS

Non-economic incentives motivating employees are a significant component of motivation systems of contemporary organizations. They should be treated as essential complement of economic incentives leading to proper composition of motivation tools in an enterprise. The authors assume that applying non-economic incentives allows to obtain additional and strong effect motivating employees to make a greater effort, be creative and enterprising, ensuring them at the same time with work satisfaction and integrating them with the organization they work for.

Analyzing directions and effects of using this group of incentives in economic practice, empiric research was conducted in the Lodz branch of Norauto Polska sp. z o.o. On the basis of the research conducted with the use of interview method and questionnaire survey, certain detailed conclusions can be formulated:

- incentives used in the branch are consistent with internal procedures of Norauto Polska sp. z o.o. According to the Director, they are adequate to individual conditions and needs, extensive and coherent, i.e. internally

consistent with personal strategy of managing human resources in the whole company,

- chosen economic incentives are used in the researched branch. According to the Director, strong incentives include: certainty of employment, flexible working time and work safety. However, the superior stated that financial incentives (basic salary) and non-financial incentives (e.g. financial rewards) play the basic motivational role. Non-economic incentives were evaluated lower by the respondent and are treated as complements of other categories of motivators,
- the director applied various types of non-economic behaviours, some of which have positive or negative influence on employees. In his opinion, high job satisfaction of his workers is caused by the following tools: flexible working time, praises, distinctions, possibility to use modern technical equipment and taking part in trainings. It is only rotation between workplaces that can demotivate workers to perform their tasks and it, according to the director, cannot be observed in the company,
- negative opinion of the director on the role of the whole of incentives in satisfying needs of employees is worrying. The director provides an explanation that central organs of Norauto Polska sp. z o.o. impose incentives that can be used on him,
- in workers' opinions, non-economic incentives play a significant and very significant motivational role in the researched branch. The respondents evaluated certainty of employment and good work relationships as particularly high. Workers' opinions show that non-economic incentives are applied in relation to them and they play a significant motivational role, as compared to other groups of tools,
- it follows from employees' opinions that motivation system applied in the company positively influences to a great extent the climate of work relationships and it equally encourages professional development. It satisfies professional ambitions to a slightly lesser extent, need for trust and being recognized by the management - to a medium extent, or it allows identification with the company. The opinion of the workers is, therefore, more positive than that of the Director. It seems that the main superior evaluates the effects of using incentives in the researched company more negatively than his subordinates,

The results of the research point to significant role non-economic incentives play in the researched branch. However, their function is complementary in relation to other categories of motivators. Despite certain weaknesses of this system, the Director does not see a need to introduce changes in applied instrumentarium of motivators. The opinions of his workers are different, though. They postulate introducing some modifications, both in the sphere of economic and non-economic incentives. In this group, they first of all expect improving work relationships and extending the concept of work enrichment in relation to their positions. The Director should monitor the applied solutions, thus, contributing to increasing efficiency of motivation system of the company.

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