

The relationship between organizational communication and motivation of employees

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Submitted to Tomislav Hernaus, PhD

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AFFIDAVIT

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ABSTRACT

The purpose of this study is to explore how important communication is when it comes to corporate work and work in organizations. It's well known that having a healthy and effective communication is extremely important to individuals in general, and to employees specifically. Good communication system helps to improve employee work efficiency and also boost up their performance level, which is essential in any type of organization.

This study describes the importance of communication in organizations; formal as well as informal, and how organizational communication affects employee motivation at work; intrinsic and extrinsic one. In theory, work performance models help to achieve better communication between managers and their employees. The intention is to explore if these models apply in practice. The focus of this study is the research obtained mainly among employees in the financial sector. Given answers help to understand the importance of ways of communication within the organization and show which way of communication leads to better motivation of employees and at the same time enhance work efficiency.

Research analysis of the relationship between organizational communication and motivation of employees was based on 111 completed questionnaires. Our findings confirmed that horizontal informal communication is statistically significant positively correlated to employee motivation. Other two hypotheses linked to formal communication and intrinsic and extrinsic motivated individuals, even though they were not statistically confirmed in this study, they were not rejected either, because several studies supports them.

Key words: Organizational communication, horizontal informal communication, formal communication, motivation, intrinsic motivation, extrinsic motivation, financial-sector employees

TABLE OF CONTENTS

Affidavit.....	I
Abstract.....	III
List of Tables.....	VII
List of Figures.....	VIII
1 INTRODUCTION.....	1
1.1 Context and previous research.....	1
1.2 Research aims and objectives.....	3
1.3 Structure of thesis.....	4
2 ORGANIZATIONAL COMMUNICATION.....	5
2.1 Introduction.....	5
2.2 Formal and informal communication.....	6
2.3 Verbal and non-verbal communication.....	9
2.4 One-way and two-way communication in organizations.....	11
2.5 Effective and ineffective communication in organizations.....	12
2.6 Barriers to communication in organizations.....	15
2.7 Conclusion.....	19
3 WORK MOTIVATION.....	20
3.1 Introduction.....	20
3.2 Need - Based Theories of Motivation.....	21
3.3 Process - Based Theories of Motivation.....	28
3.4 Intrinsic and extrinsic motivation.....	30
3.5 Conclusion.....	32
4 METHODOLOGY.....	34
4.1 Research hypotheses and procedure.....	34
4.2 Sample and measurement instrument.....	34
4.3 Exploratory data analysis.....	35
4.4 Scales reliability.....	36
4.5 Motivation of respondents.....	36
4.6 Testing the normality of distributions.....	37
5 RESULTS AND DISCUSSION.....	38
5.1 Introduction.....	38

5.2	Presentation of the findings	38
5.3	Discussion.....	47
5.4	Limitations of the study	49
6	CONCLUSION	50
7	BIBLIOGRAPHY	51
	Appendices.....	55
	Appendix 1: Questionnaire (English version)	56
	Appendix 2: Questionnaire (Croatian version).....	58

LIST OF TABLES

TABLE 4-1 GENDER, LEVEL OF EDUCATION AND POSITION IN ORGANIZATION.....	35
TABLE 4-2 AGE AND EXPERIENCE	35
TABLE 4-3 CRONBACH ALPHA RELIABILITY FOR USED SCALES	36
TABLE 4-4 WORK MOTIVATION, EXTRINSIC AND INTRINSIC MOTIVATION	37
TABLE 4-5 KOLMOGOROV SMIRNOV NORMALITY TEST RESULTS.....	37
TABLE 5-1 CORRELATION BETWEEN HORIZONTAL INFORMAL COMMUNICATION STATEMENTS AND WORK MOTIVATION	38
TABLE 5-2 CORRELATION BETWEEN HORIZONTAL INFORMAL COMMUNICATION STATEMENTS AND INTRINSIC MOTIVATION.....	39
TABLE 5-3 CORRELATION BETWEEN HORIZONTAL INFORMAL COMMUNICATION STATEMENTS AND EXTRINSIC MOTIVATION.....	40
TABLE 5-4 CORRELATION OF INDIVIDUAL STATEMENTS FOR INTRINSIC, EXTRINSIC AND WORK MOTIVATION WITH STATEMENTS ABOUT HORIZONTAL INFORMAL COMMUNICATION	41
TABLE 5-5 CORRELATION BETWEEN FORMAL COMMUNICATION AND WORK MOTIVATION....	42
TABLE 5-6 CORRELATION BETWEEN FORMAL COMMUNICATION AND INTRINSIC MOTIVATION	43
TABLE 5-7 CORRELATION BETWEEN FORMAL COMMUNICATION AND EXTRINSIC MOTIVATION	44
TABLE 5-8 CORRELATION OF INDIVIDUAL STATEMENTS FOR INTRINSIC, EXTRINSIC AND WORK MOTIVATION WITH FORMAL COMMUNICATION STATEMENTS.....	45
TABLE 5-9 CORRELATION BETWEEN STATEMENT "INFORMAL COMMUNICATION IN MY ORGANIZATION IS ACTIVE AND ACCURATE" AND MOTIVATION	46

LIST OF FIGURES

FIGURE 2-1 Types of organizational communication.....	6
FIGURE 2-2 Four functions of communication	14
FIGURE 2-3 The hurier model: Components of effective listening.....	17
FIGURE 3-1 Maslow’s need hierarchy theory.....	22
FIGURE 3-2 Erg theory.....	24
FIGURE 3-3 Herzberg’s two-factor theory.....	25
FIGURE 3-4 McClelland’s theory of learned needs.....	26
FIGURE 3-5 Theory X and Theory Y.....	27

1 INTRODUCTION

1.1 Context and previous research

Without communication people would be lost. Good communication is the meaning of human life and also a key to successful interpersonal relationships. Aristotle's famous quote: *'Man is by nature a social animal'* emphasizes the importance of human relations and interactions in general, what is even more relevant for the business environment. Communication is closely related to all areas of human life and activity so there is no segment of the private life or any organizational activity in which communication is not important. It describes concepts such as information or knowledge transfer, as well as concepts related to exchange of feelings and creative ideas.

The one thing is sure; everything what we do in life requires some form of communication. While thinking about the daily routine; when exchanging information with our colleagues in the office, or with family at home, or with a sales assistant in the supermarket, the styles of communication with all these people are different. At the end of the day, these are all ways how we communicate. Communication is something we are born with and requires a certain talent, but we can still find so many ways how communication can be improved, especially within the workplace. This study is focused on communication from the organizational perspective and thus will explain the communication processes between employees in organizations.

There are various ways of describing the organizational communication in the literature. Papa et al. (2008) explained traditional, interpretive and critical perspectives on organizational communication. Shannon and Weaver (1949) in their Transmission model presented communication as a linear, one-way process, ignoring the circular dimension of communication (Jurkovic, 2012) as well as feedback provided from receiver to sender. Later, a two-way communication which involves feedback from receiver to sender was introduced. On the other hand, Hamilton et al. (1982), Rollinson (2008) and McKenna (2006) have explored the important ways of communicating; oral and written communication as a way of verbal communication and also non-verbal ways of communication. Nevertheless, communication event has two main flows, through formal or informal channels which are taking place internally and externally (Fox, 2006; Greenberg and Baron, 2008; Papa et al., 2008; Rollinson, 2008), while the directions of communication through which the entire process can flow are; upward, downward, horizontal or lateral communication and diagonal communication

(Fisher, 1993; Greenberg and Baron, 2008; Papa et al., 2008; Rollinson, 2008), which will be all discussed further.

Communication process between employees inside the organization might be effective and ineffective (Guest and Conway, 2002; Goetsch and Davis, 2010). If communication process is effective, employees are satisfied and motivated to complete their tasks and thus business success comes inevitably. On the other hand, communication skills trainings for employees should prevent occurrences of ineffective communication. The most important communication skills are active listening and provision of feedback which will be introduced later.

Managers use different ways of communicating with their employees when exchanging information in daily routine and business and thus they also have different methods of motivating their employees (Miner, 1988; Boeree, 2006) to achieve high work performance. Of course, the ultimate managerial goal is to create a pleasant working atmosphere and to find most successful technique to motivate each employee, which is very complex because of employee diversity and different personalities. Based on their unique personality, employees require a distinct and separate approach in order to achieve a higher level of motivation. Therefore, it is especially hard to achieve good corporate communication and motivation in large corporations.

Motivation has long been in focus of organizational behavior researchers (Krivonos, 1946). It is also one of the most significant managerial topics. The key question, which surely most managers ask themselves, is how can they motivate employees to achieve high work performance which gain best results for the company? What is the most powerful motivational drive for individuals? Is it just money which drives individuals to perform at work? Or is it good organizational communication which drives them? What can we consider under the term good organizational communication? Probably all working conditions balanced together is what individuals look for in their working environment. These are just several of the topics which were of author's interest to explore in this study.

We could simply define motivation as a behaving in a particular way with desire to do something. Motivation can be divided into two types: internal, or intrinsic motivation, and external, or extrinsic motivation. 'Intrinsic and extrinsic motivation stem from very different perceptions of the basis for the performance of an activity or task' (Krivonos, 1978, p.54). The motivation theories can be distinguished in many ways, including need based theories and process theories which will be reviewed later in detail. For Miner (1988) most important motivational techniques are goal setting, work redesign and reward system while Boeree (2006, p.1) argued that employees should be motivated through their style of management, compensation plans, role definitions and organization activities. Opu (2008) in her study stressed how 'motivation is significant because even people with the required knowledge, skills, and abilities will perform poorly if they are not motivated to devote their time and effort

to work' (Harris in Milapo, 2001, p.29). The question is often how to motivate employees in order they contribute their maximum for the organization they work for. Most of the discussions are focused on the role of employees in the process of increasing work performance (Jambrek and Penic, 2008). However, people usually join an organization for their own reason, which means that they can be more interested in achieving their own personal aims than objectives laid down by a manager (Rollinson, 2008).

1.2 Research aims and objectives

The main objective of this study is to emphasize the importance of communication within organizations and inside of the corporate world in general. When we discuss about communication inside organizations, in this study focus is on the communication in the financial sector, knowing how stressful it can be to work for banks and investment funds, especially during the financial crisis time. In all difficult situations which encountered employees last years in the financial and other sectors, effective organizational communication as well as choosing the right motivational technique for employees was the key for achieving their high work performance.

Research problems are following:

1. Is there a relationship between organizational communication (horizontal informal communication and formal communication) and motivation of employees?
2. Is there a relationship between active and accurate informal communication with extrinsic and intrinsic motivation of respondents?

Research hypotheses are following:

- H1: Horizontal informal communication is positively related to employee motivation.
- H2: Formal communication is positively related to employee motivation.
- H3: Intrinsically motivated individuals perceive active and accurate informal communication more meaningful than extrinsically motivated individuals.

The results of the study were more or less expected. First hypothesis (H1) is totally confirmed, while next hypotheses (H2 and H3) are partially confirmed and prior to them some further research may be delivered.

1.3 Structure of thesis

This study consists of five chapters, and each of these chapters has their own sub-chapter which additionally explains the topic and the objectives of the study. The following chapters can be read separately or together as a complete unit.

In the introduction part we briefly summarize all the parts consisted in the study. Firstly, we made a theoretical framework where most of the concepts about organizational communication and work motivation were defined. Secondly, we developed research problems and hypotheses. Later, we made the empirical analysis of the data received after completing the questionnaires. The next step was to test the hypotheses and comment results in order to provide relevant discussion. We conclude the study by providing improvements for further research as well as with overall conclusion about the thesis.

This Master Thesis was written in collaboration with external supervisor Assistant Professor Tomislav Hernaus, PhD from the Faculty of Economics and Business, University of Zagreb, Croatia to whom I would like to express my gratitude for guidance and support given through the time of writing the thesis.

2 ORGANIZATIONAL COMMUNICATION

2.1 Introduction

In this chapter we will define organizational communication and present various types of organizational communication which employees are using while communicating inside organizations. At first, we could agree with McKenna's (2006, p.171) 'communication is the lifeblood of the organizations'. Every human action represents a certain way of communication and therefore is very important how people communicate in business environment. Information flows and messages among employees are usually exchanged via conversation, through debates, by public speaking and/or by submitting reports. The huge variety of rules, suggestions and tips for a successful conversation shows how challenging is to develop appropriate organizational communication. Each organization has its own preferred way of communication depending on their politics, organizational culture and work relationships. Organizational communication involves and affects every employee, and contributes to the success of the organization. Failure to address these processes affects employee morale and motivation since they contribute to an employee's sense of belonging and shared ownership (Gilley and Gilley, 1998).

Sometimes it is very hard to communicate with colleagues in the department or directly address problems to them or even to managers. Maybe people are scared of judgments of others or they do not like hearing negative feedback or even the positive one. Good organizational communication can potentially stop and prevent all these misjudgments. Lack of communication as well as ineffective communication leads withdrawing from partners and colleagues in corporate world. As a consequence, poor success in business may appear.

Organizational success largely depends on the quality of communication, inside and outside organizational boundaries. To make organizational communication more successful, it is necessary for all participants and employees to have adequate language skills, to conduct interactive exercises and to possess intercultural awareness (Jurkovic, 2012). It is believed that good communication can improve organizational performance, performance management and decision-making, commitment to employees and contribute to organizational progress and job satisfaction (Acas, 2005).

As shown in FIGURE 2-1 and explained by Goldhaber (1990), essential types of organizational communication are divided according to organizational structure (formal and informal communication), according to direction (downward, upward and horizontal communication) and according to expression (oral and written communication).

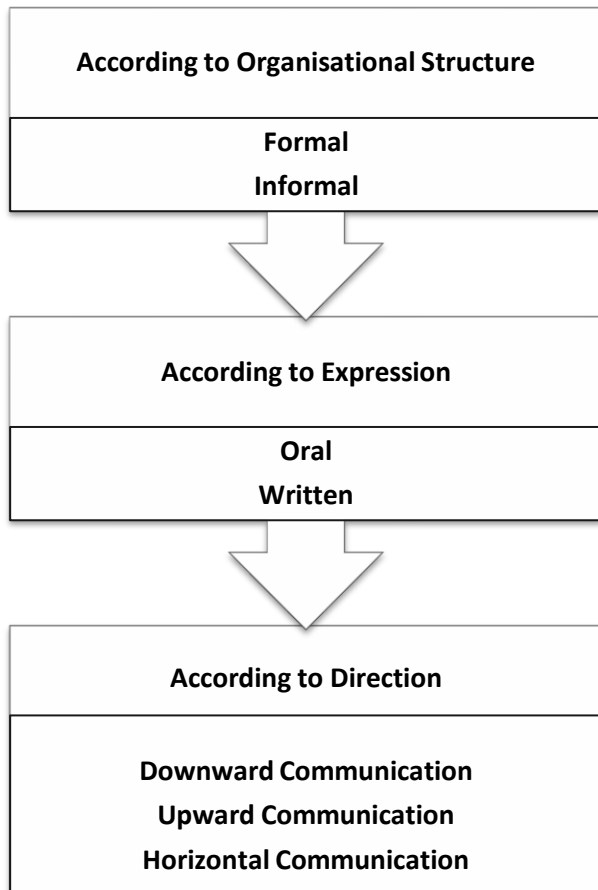


FIGURE 2-1 TYPES OF ORGANIZATIONAL COMMUNICATION

Source: Based on Goldhaber, G. M. (1990), *'Organizational Communication'*, Fifth edition, State University of New York at Buffalo, pp. 4-31

In this chapter we have mentioned one-way communication as well as two-way communication, one of the main types of communication in both personal and organizational environment. Furthermore, effective and ineffective communication in organization was presented as well as the electronic communication - new technique of communication which has been developing rapidly. At the end, basic communication skills like active listening and feedback skills as well as barriers to communication and conflicts within the organizations also need to be introduced.

2.2 Formal and informal communication

Communication inside an organization is a complex system of information flows, orders, wishes, hints and it is composed of two networks; formal communication (that branches out to smaller systems) and informal communication. Both types, formal and informal are taking place internally and externally (Fox, 2006; Greenberg and Baron, 2008; Papa et al., 2008;

Rollinson, 2008). Internal communication implies exchanging ideas and information within an organization while during external communication information is shared with and gathered from customers, distributors, suppliers, competitors and investors. Papa et al. (2008, p.51) described formal communication 'through officially designated channels of message flow between organizational positions'. This way of communication is usually a pre-planned, systematic and formal process of transferring information in speech and in writing and in many organizations is specified on organization charts. Greenberg and Baron (2008) differentiate formal communication within a hierarchical system in directions as follow;

- Vertical Downward communication – communication from managers to employees
- Vertical Upward communication – communication from employees to managers
- Horizontal or lateral communication – communication between individuals at the same organization level

On the other hand diagonal communication 'involves communication that crosses both levels and functions or departments within the organization' (Papa et al., 2008, p.57). This way of communication has traditionally been the least used and often ignored because the line of trust is missing and potential conflict might appear.

According to Gilley and Gilley (1998) all four directions of communications are necessary to improve effectiveness in organizations and thus managers should understand them. On the other side, Rollinson (2008) emphasizes how all channels of communication have their own strengths and weaknesses and how each one is more suitable from some types of messages than others.

Informal communication does not follow predetermined lines. Papa et al. (2008) has explained how informal communication involves series of interaction that do not consider officially designated channels of communication as in formal communication. In this process of communication members belong to various groups. Information that is usually transmitted in the form of rumors and gossip may also contain information relevant for the organization which is intentionally or unintentionally spread by the management. It is often said that informal communication involves people at any time and in any place.

Even though informal communication does not follow pre-established rules or directions it is as important as formal communication because the management might transfer significant information that was simply omitted in formal channels. A negative impact of informal communication might be when people deliberately want to established a cycle of bad rumors which are based on fears and anxieties of individuals. In that case an organization is turned into a 'hotbed of gossip' that is very difficult to stop. The possible ways the management can

react to rumors is simply to ignore them, refute them or even draw attention to positive characteristic that rumors possesses.

Papa et al. (2008, p.51) defines downward communication as 'transmission of messages from upper levels to lower levels of the organization hierarchy (i.e. from manager to employee, superior to subordinate)'. It is the dominant form of internal communication which follows hierarchical lines determined by organizational structure (Rollinson, 2008). 'Classical and scientific approaches to organizations considered communication primarily as a tool for managerial control and coordination' (Papa et al., 2008, p.52) while Katz and Kahn (1978) have identified five tasks that were considered in downward communication (Greenberg, 2002; Papa et al., 2008);

- Specific task directions; job instructions
- Information designed to produce understanding of the tasks and its relation to other organizational objectives; job rationale
- Procedures and practices information's associated with business policies
- Feedback to the employees about their performance
- Indoctrination of organizational ideology to foster employees to values, goals and objectives

The downward flow of communication is stronger than upward, horizontal and diagonal direction of communication. It starts from top managers, running through the lower managerial levels and at the end to all other employees who are at the bottom of the hierarchy. The main objective of this communication is managing individuals at lower hierarchical positions.

Katz and Kahn (1978) stressed how superiors can use information's gathered from upward communication in the following areas (Papa et al., 2008, p.54);

- Performance on the job and job-related problems
- Fellow employees and their problems
- Subordinates perceptions of organizational policies and practices
- Tasks and procedures for accomplishing them

'Upward communication involves transmission of messages from lower to higher levels of the organization; namely, communication initiated by subordinates with their superiors (Papa et al., 2008, p.53). To simplify, it is just the reverse of the downward communication which was

explained earlier. Communication in this direction usually contains information's that serves managers in order to be able to do their jobs; for example information necessary to make further decisions of the current status of ongoing projects. The main objective of this communication type is to inform employees at higher positions what is happening at lower positions. This way helps them also to see effectiveness of the downward communication, as well as to see the overall effectiveness of the functioning of the organization below their level. This feedback is used also for improving communication effectiveness.

Unlike the vertical communication (formal and informal) in which the sides are engaged in different positions, horizontal communication refers to communication between individuals who are at the same hierarchical level. According to Papa et al. (2008, p.56), 'horizontal communication introduces flexibility in organizational structure; it facilitates problem solving, information sharing across different work groups, and task coordination between departments or project teams'. Based on above mentioned, we could agree that horizontal communication is much easier and friendlier than vertical communication. It is also the most common communication flow in the organization. Among other things; this type of communication enables coordination and integration of departments and sectors to perform relatively independent tasks (Fisher, 1993). It usually takes place through informal meetings, telephone calls, messages, orders, etc. Spaho (2013) in his study emphasized how 'horizontal communication provides unique vision, right direction, accurate feedback and ability to effectively implement change as well as for superiors to gain control and maintain a level of common purpose'.

2.3 Verbal and non-verbal communication

It is impossible to imagine an organization without some form of communication. To make organizational (business) processes well operated and executed, communication between employees must be continuously improved. Various authors classify communication as verbal and non-verbal (Hamilton et al., 1982; Fox, 2006; McKenna, 2006; Greenberg and Baron, 2008; Papa et al., 2008; Rollinson, 2008; Spaho, 2013). Greenberg and Baron (2008, pp.337-338) define verbal communication as 'transmission of messages using words either written or spoken' and nonverbal communication as 'transmission of messages without the use of words' (e.g., eye behavior, touch, hand gestures, body movements, and facial expression).

Our personal and professional success often depends how well we understand others and how well others understand us in the communication process. Often, when we communicate with someone inside or outside the organization, we focus on ourselves and our problems and even do not listen what other person is saying. That is reason why everyone agrees that the first rule of good communication is to learn how to listen. After we learn how to listen, messages

become fully understandable and we should be able to give (and receive) useful feedback if needed (Rollinson, 2008). When we use the spoken word, either face-to-face or over the telephone, the sender of a message has the opportunity to observe feedback, answer questions, and provide additional information by way of clarification (McKenna, 2006). Due to above mentioned, it is obvious how oral communication is more personal and often faster than other forms of communication.

Written communication presents any kind of interaction that makes use of the written word, run in paper or in electronic form, and takes place either inside or outside the organization. 'Written channels are still the major method used by organizations for communicating with their employees', explains Rollinson (2008, p.458). Compared to verbal communication the advantage is that sender can think about the content before writing and recipient can think about the content before responding. Although it is an impersonal process, it is generally possible to provide more information than through oral communication (McKenna, 2006). Written communication is more time-consuming than oral and it is similar to a one-way communication system which will be mentioned later in the study. Sometimes, due to short deadlines the lack of written communication is time which takes sender to provide feedback. Memorandum, business letters, fax, e-mails, web and chat are some forms of written communication.

Modern technology has brought us a new way of communication; cheap and reliable electronic communication. Electronic communication is becoming increasingly prevalent, although it represents a poor substitute for face-to-face communication (Cooper, 2002). The latter is still a non-replaceable daily routine. Muchacka (2007) in her study agrees how 'human intercommunications have undergone a revolutionary change. General access to Internet, e-mail and mobile phones constitute new techniques of communications', she says. While comparing this to daily operations and how people share information at work, basic conclusion is that most of them communicate with colleagues in the organizations via e-mail. This way of communication is carried out among all employees, without making any difference, whether they communicate something to superiors or to subordinates. In addition, this form of communication is often used informally for example when employees have free time at work, for informal chats between colleagues and for sharing information that is not business related.

Benefits of electronic communication are; it provides fast flow of information, reduces costs, saves time, archives important e-mails if needed and reduces the number of people who could accidentally read messages sent by fax or by post. The most important value is the flexibility of working hours and work place because e-mails could be sending and received at any time and at any place and they can be read at time when it is suitable for the reader. The possible drawback of electronic communication is that it can distract employees from their work activities and can be used for private purposes. Disadvantage is a waste of time on checking e-

mails with unimportant content as well as receiving and opening files with inappropriate content.

Employees must bear in mind that electronic communication is purposeful only if a person to whom information has been sent regularly uses and checks e-mails. While e-mail can be a great boon in many circumstances, a number of drawbacks are also starting to appear because not everyone has the skills to encode their thoughts into the written word, says Rollinson (2008). Also, 'ability to communicate in writing has declined considerably in the population over the last 30 years', he stresses.

Non-verbal communication is defined as 'intentional and non-intentional messages which are not written or oral communication' (Hamilton et al., 1982). In other words non-verbal communication includes face expressions, gestures, dressing and voice ton, emphasize Spaho (2013). Interpretation of non-verbal cues requires knowledge of the principles of non-verbal communication, which are not unique and are depending on the country and culture of participants. When nonverbal signs are ambiguous, the combining of several nonverbal signs and / or combining signs with the verbal message is recommended (Fox, 2006). Facial expression, as an example of visual type of communication in organizations, plays significant role in communication. Basic signs like anger, fear, joy and sadness are easily recognized but complex emotions like love or jealousy are more difficult to recognize. Nevertheless, non-verbal communication can be taught, learned and improved through communication skills trainings, explains McKenna (2006).

2.4 One-way and two-way communication in organizations

The Transmission model (Shannon and Weaver, 1949) has been seen as one of the basic models of technical communication. It describes the transmission of messages from an encoding sender to a decoding receiver. What is important is whether the receiver understands what the sender has meant. As Dalton et al. (2010) explained if the message goes in only one direction, without the expected feedback, it is a one-way communication. On the other hand, if you want to send message and receive feedback, it is a two-way communication.

In one-way communication there is only the sender, and the receiver gives no feedback or interaction concerning what has been received (Dalton et al., 2010). It is usually a communication between managers and other employees inside the organization. The feedback might be missing due to the lack of possibility, laziness, and lack of time, disinterest or some other reason. The employees answer is given on the basis of what was understood, which was influenced by own value system. Thus positive feelings and more essential information may be strengthened, and information or feelings that are contrary to own value

system may be weakened and suppressed. The example of one-way communication is an order on a performance of certain task given from a higher level, e.g. manager. A message goes only in one direction and leaves a lot of space for the employee to respond.

In two-way communication the receiver gives feedback and interacts with the sender (Dalton et al., 2010). To avoid misunderstandings the sender tries to express what he meant and tries to ensure that the receiver has understood correctly. The sender can compare different perceptions and give additional information or discuss it, if required. The example of the two-way communication is a conversation between two or more employees inside the organization. Experts suggest visualizing language (metaphors) and using visual aids (flipcharts and sketches) whenever possible because the human brain can process and store limited amount of information but, on the other hand, it can store a picture more quickly and accurately along with the information contained in the picture. Two-way communication is such a form in which response is permitted and even encouraged. The advantage of one-way communication is that it is very fast and usually serves best in crisis situation. Two-way communication is slower and represents a democratic type of the communication process through which decision-making is visible. Two-way communication adopts the possibility of mutual feedback between employees in interaction.

2.5 Effective and ineffective communication in organizations

All processes inside the company are based on the behavior of people and communication between them. The communication process is a mirror of the organizational behavior starting from the management style and leadership to teamwork efforts among employees. The task of any company management is to develop awareness of the importance of effective communication in the company and to have a positive impact on the career development of employees through communication. Thereby, they might increase employee's job satisfaction and most importantly motivate them to be loyal to the common values of the company they work for. Effective communication in an organization refers to well-defined lines of communication, smooth transfer of information between departments and employees, analysis of information linked to decision-making, internal communication within the organization and other. The focus is therefore not on communication skills of employees and managers, but on the transfer of information within the organization, designing information and on the methods of writing e-mails from which follows effective communication.

According to Goetsch and Davis (2010) effective communication includes understanding and acting on the message sent between employees and it may require motivation, monitoring and leadership from managers. Various factors can inhibit effective communication inside organizations and managers should be aware of them. These factors may be differences in

meaning, lack of trust, information overload, interference, condescending tone, poor listening skills, premature judgments, inaccurate assumptions and kill-the messenger syndrome. 'The effectiveness of the communication in an organization can have a strong impact on its performance and, in particular, on its ability to coordinate and control its component parts and to make effective use of its human resources', said Rollinson (2008, p.432).

Ineffective communication can result in personal and professional dissatisfaction and additionally lead to conflicts between employees inside an organization. Ineffective communication often causes problems in functioning of business processes within an organization because it decreases work productivity. Choice of language is an example how communication can be ineffective. If person speaks in a language which other person doesn't understand or if a person is writing a message to another person who has difficulties in reading it, in both examples, communication fails. According to Rollinson (2008, p.432) 'inadequate or ineffective communication probably has its most visible effects in terms of the impact on employees. If they don't know what is required of them, or how they are affected by changes, the effects on morale, motivation and the psychological contract can be disastrous (Guest and Conway, 2002)'.

Goldhaber (1990) stresses how communication consultants emphasize that every year around 10 percent of U.S. enterprises do not succeed in running their business, mainly because of poor management system and ineffective employee communication. Tubbs and Hain (1979) on the other hand, 'combining the results from eight studies, found consistent and strong support for the assumption that management communication behaviors do play a significant part in contributing to or detracting from total organizational effectiveness' (Goldhaber, 1990, p.9).

Goetsch and Davis (2010) in their book '*Quality Management for Organizational Excellence*' mentioned several communication levels which take place in the organizations;

- *One-on-one-level communication* – level which involves one person communicating with another person
- *Team-or-unit-level communication* – level which includes communicating within a peer group; all team members are involved in the process at once
- *Company-level communication* – level of communication among groups; involves different departments within the company
- *Community-level communication* – level of communication among groups inside the company and groups outside the company

Besides the above described levels of communication, Robbins and Judge (2009) recognized four basic functions of communication; *controlling*, *motivating*, *emotional expression* and *information* shown in FIGURE 2-2. Inside the organization, a standard level of control over organizational members must be present as well as a smooth transmission of information necessary for supporting decision-making processes. The function of controlling communication at work is present in formal communication when employees, for example, have to follow the company policy and their job description. In contrast, informal communication controls the behavior, for instance, when working groups teases a team member who works a lot.

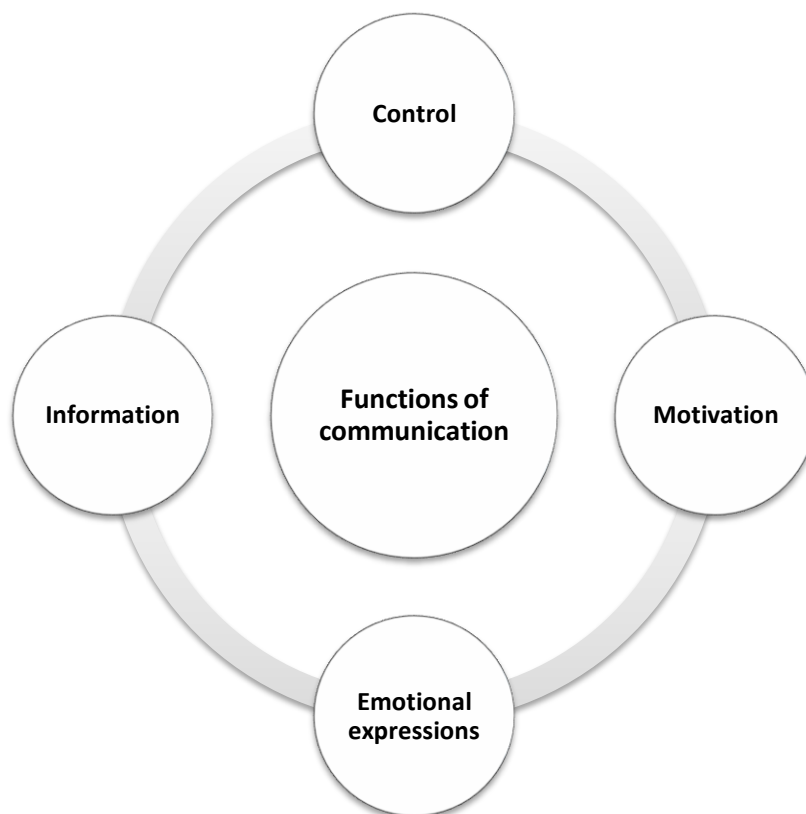


FIGURE 2-2 FOUR FUNCTIONS OF COMMUNICATION

Source: Based on Jurkovic, Z. (2012). *'The importance of communication in the functioning of an organization'*, Professional paper, Croatia, p.391

Managers motivate and stimulate employees by providing them with feedback about their work and also enable them to express their feelings in social interaction. Communication that takes place within a group is the main mechanism by which members express their frustration and satisfaction. None of four functions of communication is not more or less important than the other, emphasize Jurkovic (2012). If the organization wants to operate successfully, it needs to maintain control over its employees, stimulate their work, allow them to express feelings and organize decision making. Each communication interaction that takes place within the organization carries out one or more functions of communications, he explains.

2.6 Barriers to communication in organizations

Anything that prevents the understanding of a message is a barrier to communication in organization. Therefore, it is very important to remove all obstacles and ensure smooth flow of information in order to be sure that message will be successfully transferred. According to Rollinson (2008) some barriers are associated with the sender, others with the receiver, while some are associated with the media and the channel. Nevertheless, barriers can be distinguished as physical and psychological as described below by Thun and Ruppel (2001);

- *Culture, background* - our culture is positive when allows us to use previous experience in order to understand something new
- *Noise* - different sounds from our environment impedes clear communication and that is why the sender and the receiver must both be involved on the message they are exchanging
- *Ourselves* - focusing on ourselves rather than the others can lead to confusion and conflicts
- *Perception* - if we believe that person is not talking fluently or does not articulate clearly, we have a tendency to exclude her. Prejudices also affect the ability of active listening
- *Message* - distractions often happen when we focus on the facts rather than the idea
- *Environmental* - our attention when communicating can drag unusual sights, an attractive person or even strong lights
- *Smothering* - we often took for granted when someone is familiar with certain information; even that is generally not the case. Too often we believe how receiver is already aware of the information received
- *Stress* – when people are under stress they do not see things clearly. What they see and in what they believe at a given moment is influenced by their beliefs, values, knowledge, experiences and goals

Managers should eliminate all barriers in organizational communication, to choose the most appropriate ways of communicating, to develop and provide the feedback mechanisms and facilitate a clear definition of the structure of the organization as a prerequisite for effective communication. The most important part of overcoming organizational communication barriers is the right choice of words. Simple and understandable language is best for communication in organizations because only one wrong word can cause a lot of misunderstanding and later result in a lot of frustration in daily operations. Also, active

listening and feedback skills which will be explained further are an integral part of a good organizational communication and they can be learned through communication skills trainings (McKenna, 2006).

Active listening enables us to receive useful information, to avoid misunderstandings and conflicts within employees inside the organization. McKenna (2006) stresses how 'listener is concentrating intensely on the communication and is keen to understand fully what the speaker is trying to get across'. Active listening also helps employees with whom they communicate to perceive problems more clearly and to build trustful relationships. Robbins and Hunsaker (1996) claimed that 'effective listeners adopt the following patterns of behavior';

- Establish eye contact
- Show interest in what has been said
- Avoid distracting actions or gestures
- Ask questions
- Paraphrase
- Avoid interrupting the speaker
- Do not over talk
- Make smooth transitions between the roles of speaker and listener

Two techniques can be used to repeat the things heard;

- *Paraphrasing* - to express the factual content of what was understood in own words
- *Verbalizing* - to put feelings of your dialogue partner into words

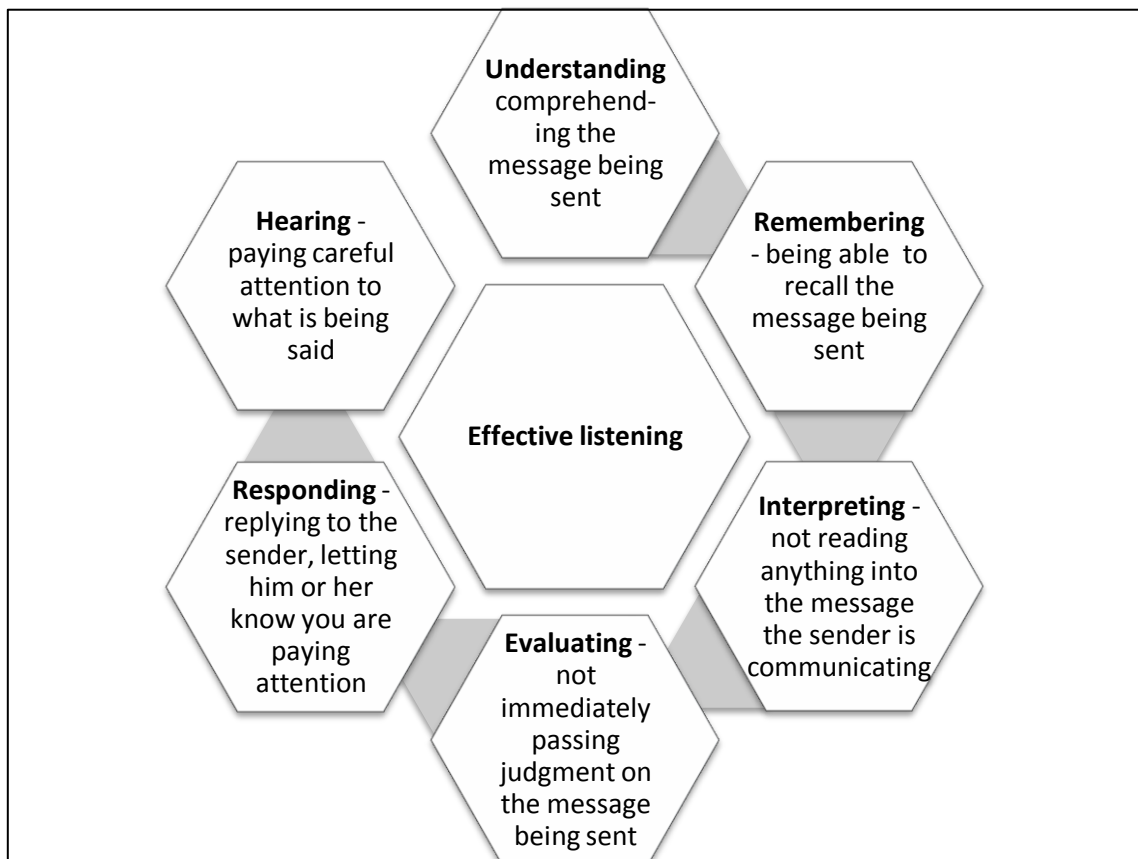


FIGURE 2-3 THE HURIER MODEL: COMPONENTS OF EFFECTIVE LISTENING

Source: Based on Baron, Robert A. and Greenberg J. (2008). *'Behavior in Organizations'*, Ninth Edition, Pearson Education International, New Jersey, USA, p.366

As shown in FIGURE 2-3 for Greenberg and Baron (2008, p.366) the HURIER model is 'the conceptualization that describes effective listening as made up of the following six components: hearing, understanding, remembering, interpreting, evaluating and responding', which all contribute greatly.

Feedback should contribute to reach the common organizational goals, to avoid future mistakes and to develop better behavior strategies. Primarily it gives information about the person who gives feedback, about his or her feelings and reaction caused by the observed feedback. It is given to help an employee to understand himself or herself and his/her impact on other employees inside organization. According to Rollinson (2008), feedback might be direct or indirect. 'Managers are continually faced with providing both positive and negative feedback on various aspects of subordinate's performance', emphasize McKenna (2006). The positive influence of feedback is the correction of current behavior to improve the cooperation with other employees inside organization. On the other side, feedback may also lead to a change of behavior. Papa et al. (2008) claims how positive feedback is used to create new system conditions rather than to maintain old ones, while negative feedback indicates

deviations from desired conditions. A various methods exist to provide feedback to employees inside organizations. For example, assessment method formerly called *360-degree feedback* is a questionnaire that enables employees to evaluate competencies of their managers as well as other colleagues inside organization. Colquitt et al. (2009) stressed how the 360-degree feedback includes all information's about employee performance; at one hand from the supervisor and on the other hand from colleagues who were in connection with employee and could gain a relevant feedback about his/her performance. Goldhaber (1990) stressed how 'Clampitt and Downs in research reported in 1983 found that feedback significantly improved productivity'.

Lack of open communication is one of the main causes of conflicts within organizations. According to Papa et al. (2008), 'classical theorists regarded conflict as an anomaly - an abnormal occurrence that was not supposed to happen. Contemporary organizational theorists stress the point that conflict is an inevitable and even necessary aspect of the group and organizational experience. Conflict should not be suppressed and avoided; instead it should be confronted, managed, and resolved', they explain.

There are many factors that prevent employees from open communication approach. These are the most common; upbringing, decency, fear of opposite side reactions, the hierarchy in the organization and more. If open communication existed at the beginning of the conflict between employees, conflict probably would not even arise or it would be significantly reduced. However there are many situations when even open communication would not be a way out of the problem, for example when a conflict of interests appears between colleagues, or struggles for 'prestige' or communication with a superior in which the subordinate party does not have the right to express his/her opinion. These kinds of situations will always exist in organizations and managers should know how to manage them.

Studies show that managers spend up to 30% of their working time dealing with conflict and finding resolutions for them (Saha, 2006), which points us how important is for managers to know the causes, mechanisms and ways of resolving conflicts inside the organization. Conflicts are inevitable, as in business, in private life as well, and they are not necessarily negative or destructive. Sometimes conflict situations can provide the answers to the problems and point out possible solutions. Any change in the organization undermines its former balance and creates the preconditions for open or concealed conflicts. Development of the organizations, rising number of employees and more intensive communication between them leads also to increasing number of potential conflicts.

For the long-term reduction of the conflicts in the organization it is necessary to sum all the conflicts that occur in some period of time, and to recall all causes identifying why they happen and ways how managers successfully resolved them. In accordance with the conclusions it is necessary to make structural changes, modify objectives, readjust connections between the

authority and responsibility, and change the overall organizational structure of the company if necessary.

2.7 Conclusion

In this chapter essential types of organizational communication are explained according to organizational structure (formal and informal communication), according to direction (downward, upward and horizontal communication) and according to expression (oral and written communication). Later, one-way communication which presents communication between managers and other employees as well as two-way communication which presents conversation between two or more employees inside the organization was mentioned. Furthermore, effective and ineffective communications in organization were presented as well as the electronic communication- today's most usable channel for communicating. At the end, basic communication skills like active listening and feedback skills as well as barriers to communication, were introduced. Chapter was concluded with theory about conflicts within the organizations as an inseparable part of our social and organizational life. It is not necessarily to pursue its avoidance. It is a process that can be overcome by careful strategies, approaches and ongoing relief of those irrational elements that alienate both sides from constructive solutions.

For successful functioning of the organization, mutual cooperation and communication in all directions is essential. The formal aspects of communication are often in the forefront. However, it is believed how informal communication in the overall organizational communication has stronger effect on employees than formal. In our research analysis both dimensions, formal and informal communication, will be explored.

In the next chapter theories of motivation (need based and process based theories) will be introduced in order to explain to the readers of the thesis a complexity which stands above the term motivation. Furthermore, emphasis will be on intrinsic and extrinsic motivation since the research problems were gathered around those variables.

3 WORK MOTIVATION

3.1 Introduction

Employees have always been the keystones of organizations and their strategic importance strongly reflects corporate world that is based on knowledge. The success of any company depends on the skills, attainment and abilities of its employees because they are the ones whose competencies differentiate a company from its competitors. Therefore, human resource management becomes increasingly meaningful today. Managers place great emphasis while striving to meet their employees' needs and when creating good corporate culture. The ultimate goal of every manager is to achieve adequate motivation of employees, to recruit and to retain qualitative individuals and to train them continuously. In all above mentioned, a very important role has a rewarding system and equal treatment of all employees in order to create a pleasant working atmosphere which then contributes to the welfare of the entire organization.

Motivation is a basic psychological process for which is difficult to find unique definition in the literature. 'It is a process by which a person wants and chooses to act in a particular way' (Maund, 2001, p.440). Rollinson (2008) follows a similar approach and says that 'motivation explains why a person behaves in a certain way, and it describes three components of behavior that have an impact on performance; the direction of behavior influenced by what a person most desires to do, the intensity of behavior and persistence'. On the other hand, Luthans (1998, cited by Ishfaq, 2011) declare that 'motivation is the process that energize, direct, arouse and sustain the behavior and performance of the employees'. Hoy and Miskel (1987, cited by Ishfaq, 2011) defines motivation 'as the force that urges individuals towards achievement of their goals, needs, derives, or to overcome tension through continuous efforts'.

A manager's task in the company is to execute and fulfill appropriate assignments with the support of his/her employees. In order to achieve the best results, a high level of employee motivation in daily operations must be present continuously. A manager should provide all his/her employees with the opportunity to analyze and to diagnose their personal motivation. Employee motivation stems from the fact that the supervisor observes the work done by subordinates, the time they engage and the results they deliver.

Employees will gladly follow a manager who provides them with the opportunity to satisfy their own needs and wishes. Those managers, who have understood what motivates their employees and how motivation has a positive effect on the company results, will be successful

in leading and guiding their own team. Based on research in the literature, motivation of employees in theory and practice are objects that can be applied only if human nature is well understood by managers. According to Miner (1988) 'an organization is activated by the motivation of its participants, just as a machine is activated by electricity'. Regardless of the purpose, employees must be motivated to reach a goal, either by themselves or induced by some external factors. Managers will succeed in motivating employees only if they personally provide a good example.

According to Shiba and Walden (2001) 'companies can provide some of this motivation but if people are not motivated to do improvement work, they will manage to avoid it'. As Schein said 'you can't motivate change you can only try to link existing motivation'. Nevertheless, each individual mostly does what he or she wants to do. Only high-quality motivational systems can help organizations to increase their competitive abilities and value on the market.

In this chapter we will describe the basic motivational processes by reviewing main motivation theories, including need based theories and process theories. After reviewing motivation theories, intrinsic/internal and extrinsic/external concepts of motivation which influences satisfaction of employees needs at work will be introduced. This chapter should give a clear picture in understanding what managers could do in order to motivate employees to achieve high level of performance. At the end of the chapter, some of the barriers to work motivation will be introduced.

3.2 Need - Based Theories of Motivation

In this chapter we will describe the basic motivational processes by reviewing need based theories of motivation. Need based theories explained further are Maslow's Need Hierarchy Theory, Alderfer's ERG Theory, Herzberg's Two-factor Theory, McClelland's Theory of Learned Needs and McGregor's Theory X and Theory Y.

Maslow's Need Hierarchy Theory

As we mentioned earlier, there are several need perspective theories which can be found in the literature when researching the motivation topic. The best known theory is, for sure, Maslow's hierarchy of needs. 'It is a theory of human motivation which came out after observing difficulties in the personal lives of individuals' (Latham, 2012, p.32). Maslow argued that motivational needs can be hierarchically organized, as a pyramid of five levels, ranging from the most primitive, lower forms of life to those associated with the higher forms of life (McKenna, 2006). 'Needs determine the repertoire of behaviors that a person develops in order to satisfy each goal', according to Latham (2012, p.32). As shown in, for Greenberg and Baron (2008, p.251) 'Maslow's theory specifies that there are five human needs (physiological,

safety, social, esteem and self-actualization) and that they are arranged in such a way that lower, more basic needs must be satisfied before higher-level needs become activated'.

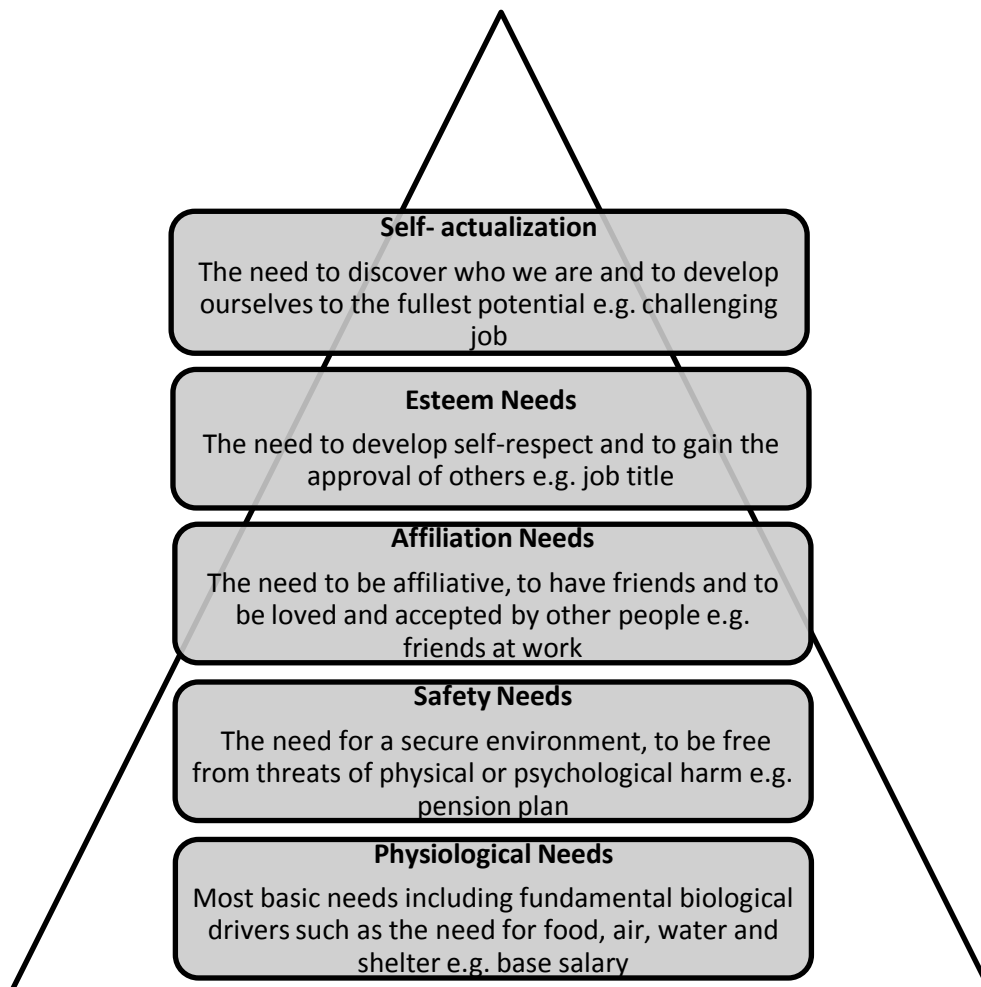


FIGURE 3-1 MASLOW'S NEED HIERARCHY THEORY

Source: Based on Rollinson, D. (2008). *'Organisational Behavior and Analysis: An Integrated Approach'*, Pearson Education Limited, England, p.203

Every employee has different priority when observing the most important human need at a particular time. Papa et al. (2008, p.93) explain how 'Maslow believed that self-actualization differs fundamentally from the other needs. Physiological, safety, social and esteem needs are deficiency needs. In contrast, self-actualization is a growth need and the process of satisfying that need increases rather than decreases motivation'. Until all needs are satisfied, it is assumed that a person remains at one level of the pyramid because only one level of need is capable of motivating behavior at any given time.

Furthermore, Rollinson (2008) explains how Maslow's theory contains very important assumptions which have implications for work motivation; he argues that the different levels of need are universally addressed sequentially and he assumes that needs which are satisfied have no longer a motivational effect. According to Latham (2012), Maslow's Need Hierarchy

Theory had a 'tremendous influence on McGregor's formulation of Theory X and Theory Y' which will be described later and also significant impact on the development and application of other 'human needs' theories, confirms McKenna (2006). Although Maslow's Need Hierarchy Theory has strong influence on other theories, Rollinson (2008) stresses how there are a number of strong criticisms as well; 'for example the idea that some needs are primitive and some are more advanced (Lazarus 1971 in Rollinson 2008)'. Miller (2012) also stresses how 'Maslow does not take the social interaction and managerial attention in account which is why researchers criticize him'. To conclude about Maslow's theory, 'different employees may be motivated by different things as they try to satisfy different needs', explains DeNisi and Griffin (2008) in their book *'Human resource Management'*.

Alderfer's ERG Theory

ERG Theory, shown in FIGURE 3-2, is a hierarchical theory consisting of three need categories, from which comes the theory's name, proposed by Clayton Alderfer (McKenna, 2006; Rollinson, 2008);

- Existence – needs related to Maslow's physiological needs and some safety needs (necessary for human survival)
- Relatedness – needs related to Maslow's safety, social and some esteem needs (need for interpersonal relationships)
- Growth – needs related to Maslow's esteem and self-actualization needs (need for personal growth)

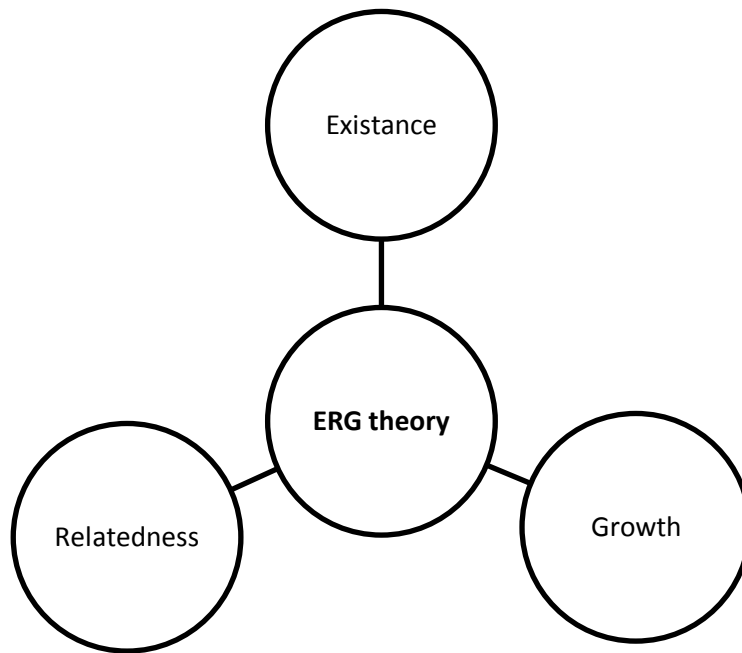


FIGURE 3-2 ERG THEORY

Source: Based on Alderfer, C. P. (1969), *'An empirical test of a new theory of human needs'*, *Organizational Behavior and Human Performance*, pp.142-175

Maslow's Need Hierarchy Theory and Alderfer's ERG Theory shows similarities but there are some important deviations. In Maslow's theory it is assumed that a person remains at one level until all needs are satisfied, and on the other hand Alderfer's theory shows how continued frustration of satisfaction at one level results in a person regressing to the below level and refocusing attention there, explained by McKenna (2006) and Rollinson (2008).

Frederick Herzberg's two-factor Theory

Frederick Herzberg and his co-workers carry out several experiments to find factors that motivate employees. In those experiments they have been asking individuals what satisfies them on the job and what dissatisfies them and then came to the conclusion presented in FIGURE 3-3. 'They believe how people are motivated by things that make them feel good about work and have aversion to things that make them feel bad', explains Rollinson (2008).

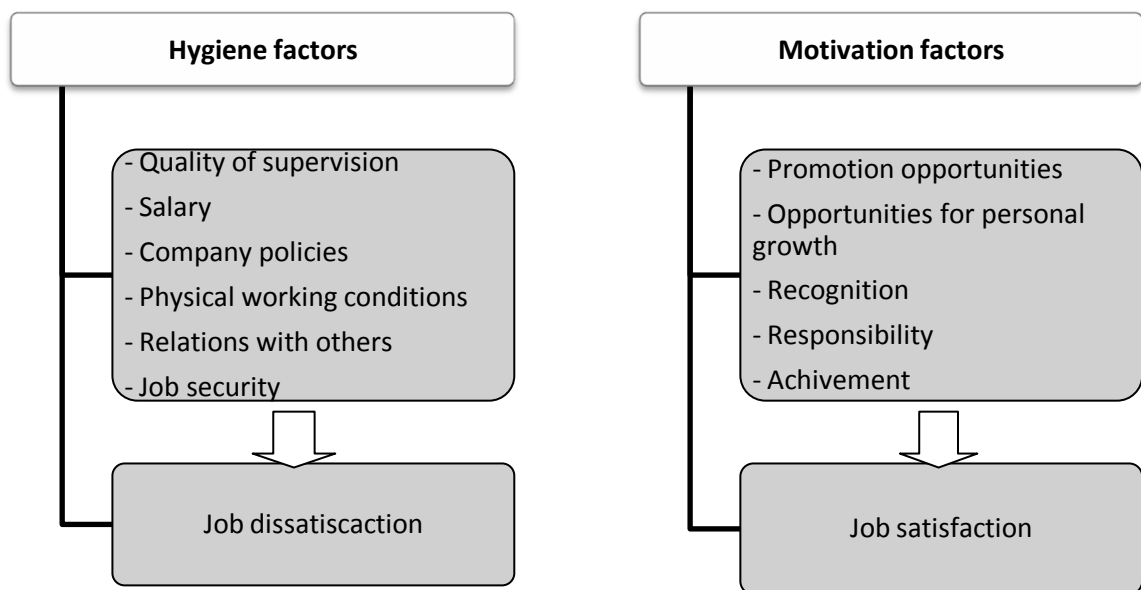


FIGURE 3-3 HERZBERG'S TWO-FACTOR THEORY

Source: Based on Rollinson, D. (2008). *'Organisational Behavior and Analysis: An Integrated Approach'*, Pearson Education Limited, England, p.206

As shown in FIGURE 3-3, for Rollinson (2008) those factors which cause employee satisfaction were called *motivators* and those factors which cause dissatisfaction of employees were called *hygiene factors*. Motivators stimulate employees to work harder and they include promotion, opportunities for personal growth, recognition, responsibility and achievement. Hygiene factors de-motivate employees and they include for example working conditions, salary, job safety, company procedures, quality of supervision and interpersonal relations.

McClelland's Theory of Learned Needs

Among the need-based theories of motivation, McClelland developed a theory of acquired needs that has received the greatest amount of support. McClelland's theory assumes that certain individual acquire three types of needs as a reflection of his/her life experience. These needs are the need for achievement, the need for affiliation, and the need for power, as shown in FIGURE 3-4. All people have a combination of these needs, and the emphasis is on needs which run employee behavior (McKenna, 2006; Rollinson, 2008).

- The need for achievement – The need to succeed or excel in areas of significance to the person
- The need for power – The need to control the activities of other people
- The need for affiliation – The need to interact with, and be liked by other people

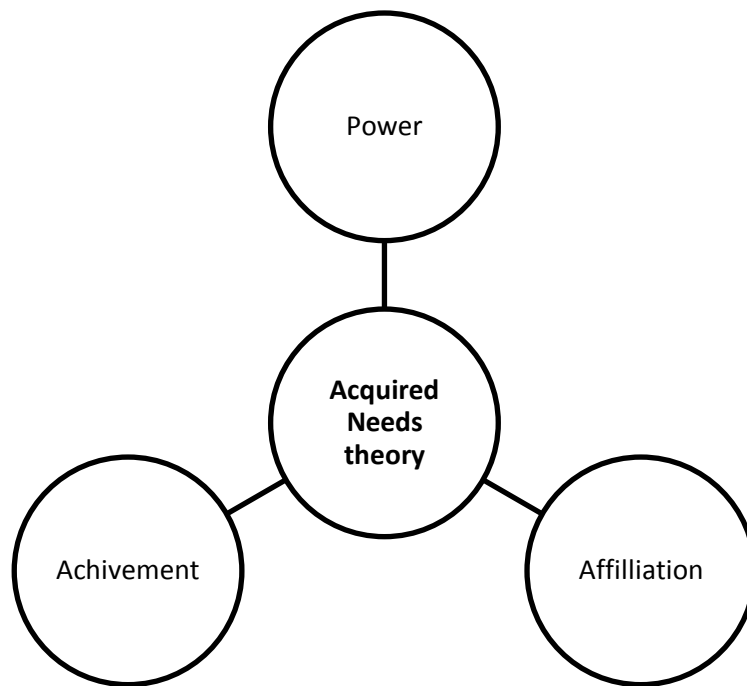


FIGURE 3-4 MCCLELLAND'S THEORY OF LEARNED NEEDS

Source: Based on McKenna, E. (2006), *'Business Psychology and organisational behavior, a student's handbook*, 4th edition, Psychology Press, New York, USA, pp.96-97

McClelland's theory of acquired needs has a great influence in the motivation of employees. Each of these theories gives characteristics of a corporate culture inside organizations that motivates employees. A manager's task is to recognize the most important needs of their employees in order to motivate them.

McGregor's Theory X and Theory Y

Prior to above mentioned models, McGregor in his theory of motivation identifies two approaches about human nature which determine employee motivation, affects managers' trust of subordinates and at the same time affects the company's profit. He named these approaches Theory X and Theory Y and he believed that each company follows one of the explained theories, shown in FIGURE 3-5.

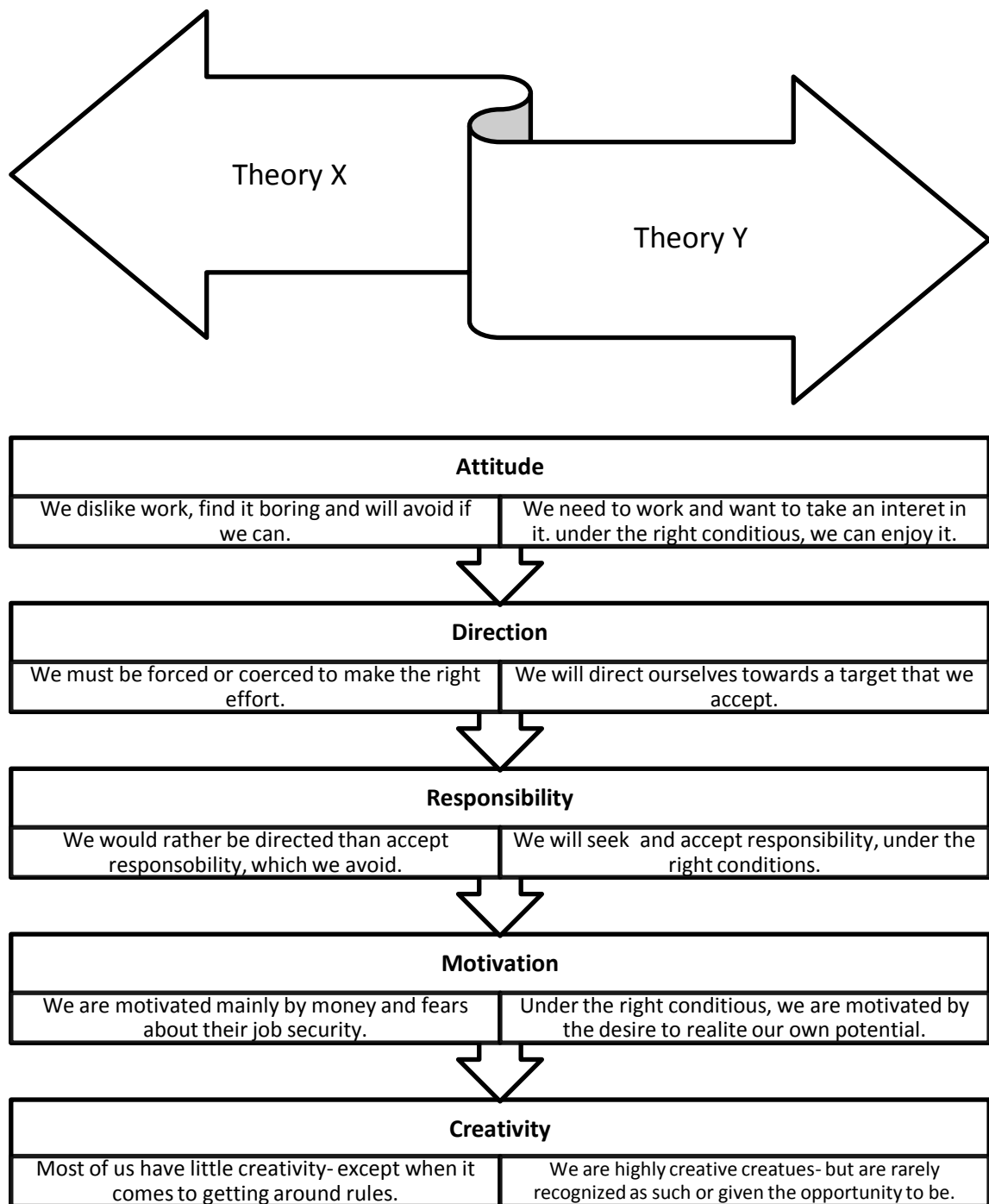


FIGURE 3-5 THEORY X AND THEORY Y

Source: Based on McGregor, D. (1960), *'The Human Side of Enterprise'*, New York, McGraw-Hill, pp.33-48

Shani et al. (2009) has identified three general patterns of managerial approaches to motivation which help them in setting up the work policies;

- The *traditional model* (labeled by McGregor as *Theory X*) - assumes that for the average worker work is inherently distasteful and that the individual by nature is self-centered,
- The *human relations model* (labeled by McGregor as *Theory Y*) - assumes that people want to feel useful and important and desire to be recognized as individuals,
- The *human resource model* - assumes that work is not inherently distasteful and that people want to contribute to meaningful goals that they have helped to establish.

The assumptions of the theory X are the following, according to McKenna (2006), Papa et al. (2008) and Latham (2012); managers believe that employees are passive to organizational needs; they dislike work and will ignore work whenever it is possible. For employees security and safety is crucial, they ignore responsibility, and they want leaders to guide them. The assumptions of the Theory Y are quite the opposite in relation to the above described assumptions of the theory X. Papa et al. (2008) and Latham (2012) emphasizes how employees want to work and managers believe that work is as natural as play. Employees are creative with dynamic personality and for their motivation is mostly responsible their manager. Theory X is the standpoint that traditional management has taken towards the work force while many modern organizations are now taking the enlightened position of theory Y (Boeree, 2006, p.3 cited by Opu, 2008).

3.3 Process - Based Theories of Motivation

In this chapter we will describe the basic motivational processes by reviewing process based theories of motivation. Process theories briefly reviewed further are Equity Theory, Expectancy Theory and Goal-setting Theory.

Equity Theory

Equity Theory was developed by Jean Stacy Adams and influenced by Festinger's cognitive dissonance theory. As name of the theory tells by itself, it is a theory that deals predominantly with money. The theory argues that 'people examine the ratio of their 'outcomes' (numerator) relative to their 'inputs' (denominator) relative to those of a comparison other', explained by Latham (2012, p.45). Outcomes include working conditions, recognition and money. Inputs include education, experience, performance, skills and employees effort. There are three general possibilities that can result from comparison explained by Colquitt et al. (2009).

- Equity- the ratio of outcomes to inputs is balanced between A and B
- Underreward Inequity- the ratio of outcomes to inputs of A is less than comparison to ratio of B and causes equity distress – internal tension that can be alleviated by restoring balance to the ratios; creates negative emotions like anger or envy
- Overreward Inequity- the ratio of outcomes to inputs of A is greater than comparison to ratio of B and causes equity distress – could be restored by shrinking outcomes, creates negative emotions like guilt or anxiety

Expectancy Theory

‘Expectancy theory describes the cognitive process that employees go through to make choices among different voluntary response’ (Colquitt et al., 2009). These choices, explained by Vroom, depend on three specific components; expectancy, instrumentality and valence. According to expectancy theory, employees are motivated when they believed how their effort leads to high performance (expectancy), when they are convinced how their performance leads to outcomes (instrumentality), and when they find the outcomes following performance to be desirable (valence). ‘Similar to equity theory, this theory states that people base their actions on their perceptions and beliefs’ (Latham, 2012, p.47).

Goal-Setting Theory

Goal-Setting Theory looks at goals as the primary drivers of the intensity and persistence of work, emphasize Colquitt et al. (2009). Furthermore, Latham (2012, p.55) explains how ‘goals have the effect of directing attention and action (choice), mobilizing energy expenditure or effort, prolonging effort over time (persistence), and motivating the individual to develop relevant strategies (cognition) for goal attainment’. Goals are usually used in organizations as motivational devices and as a control device when employee performance is monitored, says McKenna (2006). The model of goal-setting theory was introduced by Locke. Locke believed in close association between performance and goal difficulty and goal specificity. Goal difficulty means how challenging and demanding the goal is, while goal specificity means how clear and explicit the goal is (Rollinson, 2008). Where goals are achieved, employee should be rewarded, either through intrinsic or extrinsic rewards, which will be explored in the next chapter.

When setting organizational goals, managers should bear in mind that goals must be achievable, because otherwise they fail before someone even starts to work on them. If a manager accepts each failure experience too dramatically, his/her willingness to be successful will result in permanent dissatisfaction. As a result of dissatisfaction not even the biggest successes in the future will convince him to the contrary and satisfy him enough. In other words, well-designed goals have an extraordinary power to bring managers to the desired results.

Management by objectives (MBO), also known as management by results (MBR), is a system within the organization where management (supervisor) and employees (subordinates) agree on the objectives and reach consensus in order to achieve them. The term 'management by objectives' was developed by Peter Drucker in the 1950s and has gone through many modifications. Drucker emphasize that it is more important 'to do the right thing' (effectiveness) than 'to do things right' (efficiency) and how successful companies excel at both in the same time. According to Shani et al. (2009) 'the process involves four key concepts: goal setting, mutual involvement of supervisor and employee, implementation, and performance appraisal and feedback'. 'Management by objectives involves a programmatic use of goal setting through an organization or major segments of it and it is frequently tied in with decentralization of decision making', said Miner (1988).

3.4 Intrinsic and extrinsic motivation

People judge their motivation on the number of the opportunities which they perform, explains Deci (1975). If they perform tasks for external rewards (e.g. for money) they infer a lack of personal interest, while if they perform tasks without external inducement, they judge themselves to be intrinsically motivated, explains Latham (2012, p.106). In this chapter we will define intrinsic and extrinsic motivators in order to show their impact on individuals in their daily operations related to their work in organizations.

According to Opu (2008) organizations should contribute all power to ensure that incentives such as intrinsic motivators, extrinsic motivators and performance management approaches are given in order to increase workers efforts on their maximum and provide employee satisfaction and commitment to work environment. The assessment of work performance is a process that measures the contribution of employees in achieving the objectives of the company over a period of time. If an assessment is not done properly it can have a negative impact on interpersonal relationships within the organization, or the contrary, it can encourage employees to enhance better interaction in the realization of aims and goals.

Intrinsic Motivators

Intrinsic motivators are sources of need satisfaction, that derive from the individuals relation to the job itself and it involves job factors which reward the needs of the individual to reach his aspirations, e.g. achievement, recognition, responsibility, and advancement (Maund, 2001, p.453 cited in Opu, 2008). Krivonos (1946) believes how intrinsic motivation serves as consummator and at the same time intrinsically motivated individuals are fully involved in the operations. Another aspect pushes intrinsically motivated individuals who are willing to perform for their own beliefs instead of acquiring any material or social rewards, explains

Bjorklund (2010). Studies by Reeve and Deci (1996) have shown how intrinsically motivated people, enhance their performance and increase job satisfaction (Bjorklund, 2010). Intrinsic motivation has also clear links with Maslow's esteem and self-actualization needs (Arnold and Randall, 2010).

Extrinsic Motivators

Extrinsic motivators are sources of need satisfaction that are associated with tangible rewards such as salary, working conditions, physical surroundings, job security, promotion and interpersonal relations and such tangible rewards cannot be determined by the individual but rather at the organizational level (Houldsworth in Rees, 2004, p.83 cited by Opu, 2008). For Krivonos (1946) extrinsic motivation is illustrated by some task that is done in order to fulfill some non-task goal, for example getting a promotion. Amabile (1988) found that extrinsic rewards decrease creativity and the quality of work. If a person is accomplishing tasks for own satisfaction and not only because of external rewards the result will reach a higher level of creativity, explains Bjorklund (2010). To encourage more creativity, managers may consider giving positive feedback to employees in an informal style, she says.

Rollinson (2008) explains how 'intrinsic motivation comes from an expectation of receiving an extrinsic reward while extrinsic motivation comes from expectation of obtaining an intrinsic reward'. He emphasized how individuals can mix they expect. Extrinsic reward for the individual can be seen at the same time in the eyes of another individual as an intrinsic reward. Rollinson (2008) also mentioned social rewards as a separate category from intrinsic and extrinsic motivators. Social rewards are psychological rewards obtained through interaction with other people and most of the individuals expect rewards from all three types.

Employees expect their rewards to be in accordance with their contribution to the company, and to be comparable to the compensation given to other colleagues who perform similar tasks, have similar responsibilities and have at least approximate work performance. Each employee does not consider the same reward equally valuable and due to that managers cannot estimate in advance if desired goal will be achievable. Reward selection should be done conscientiously by considering the individual needs of employees who have improved work performance. Moreover, some rewards can have an opposite impact on individual's behavior depending on the message they communicate. According to Bandura (Latham, 2012), this is why rewards are using in different situations; can be used coercively (e.g. employee will not get salary until he finishes the task), can be used as an expression of appreciation (e.g. for employee recognition of work done in previous period), to convey evaluative reactions (e.g. manager emphasize how good performance impacts the company).

People attitudes toward money may have significant impacts on their perceptions of tasks related to work, the reward/ bonus system inside the company, and their intrinsic motivation

to adequately fulfill tasks. Salary system, philosophies, and practices are connected together with other elements of the organization environment influencing employees' attitudes, behavior, and how they define their relationship with the organization (Bjorklund, 2010). To conclude, a number of prior studies have suggested that men are more oriented toward extrinsic rewards, whereas women set a higher value on intrinsic rewards (Beutel, 1995 and Lueptow, 1996 cited in Bjorklund, 2010).

Barriers to work motivation

According to Rollinson (2008, p.200) there are two main occasions which he explains as barriers to work motivation. The first occasion is where 'job-related barriers exists meaning where something about the job itself or its fundamental nature stands on the way of the individual becoming motivated'. The second occasion is a 'goal blocking which occurs when an individual's motivation has been aroused but reaching of a goal is somehow interfered'. This occasion usually finishes as a frustration which then can result in one or other of two basic reactions known as adaptive or non-adaptive behavior.

From a practical view, most of the employees will agree how poor communication inside the organization is a barrier to work motivation. Dissatisfaction about the organizational communication can cause disinterest for daily operations as well as for cooperation with colleagues. A barrier to employee work motivation is also when managers do not recognize employee's effort and hard work and he/she is not given any rewards or at the very least, feedback for the work done. In that case, employee probably thinks his/her work is not important enough and obviously at the next project he/she is no longer motivated or interested to work with full effort. The same problem appears if a manager has no clue which tasks their employees are in charge off and how they fulfill them. Why he/she should do their very best if no one will recognize or even notice the effort they involved? That is why feedback stimulates employee motivation and also instructs when change or new behavior is encouraged. Feedback also becomes objective information about the individual or collective performance and it helps employees to see their own achievements.

3.5 Conclusion

In this chapter by reviewing main motivation theories, motivational processes were explained. Motivation theories were divided into need based and process based theories. Maslow's need hierarchy theory had strongest influence on all other motivation theories because it covers most important human needs from physiological to self-actualization needs. Frederick Herzberg analyzed on a very simplest way factors that motivate employees and differentiate

hygiene factors from motivators. Hygiene factors are at the same time comparable with extrinsic motivators (e.g. wages) and motivators are comparable with intrinsic motivators (e.g. lack of adequate compensation). McGregor's Theory X is the standpoint that traditional management has taken towards the work force while many modern organizations are now taking the enlightened position of Theory Y (Boeree, 2006, p.3). From the process based theories of motivation the equity theory can be comparable also with intrinsic and extrinsic motivators since the theory is oriented to inputs (e.g. education) and outcomes (e.g. money). Furthermore, intrinsic and extrinsic motivators were explained. At the end of the chapter, barriers to work motivation were introduced.

4 METHODOLOGY

4.1 Research hypotheses and procedure

This chapter discusses the methodology used for designing the questionnaire as well as for analyzing the data received. Also, research hypotheses for testing were introduced.

Research hypotheses are following:

H1: Horizontal informal communication is positively related to employee motivation.

H2: Formal communication is positively related to employee motivation.

H3: Intrinsically motivated individuals perceive active and accurate informal communication more meaningful than extrinsically motivated individuals.

4.2 Sample and measurement instrument

Final questionnaire consisted of total 27 questions/items. Five items were related to respondent demographic variables (gender, age, educational level, years of work experience and current position in the organization). All the questions were rated on a 5-point Likert scale (1= I do not agree, 5= I completely agree). The questionnaire was specifically designed using Downs and Hazen (1977) Communication Satisfaction Questionnaire (CSQ) and The Work Extrinsic and Intrinsic Motivation Scale (WEIMS) combined with Shouksmith (1989) Work Motivation Scale. Communication Satisfaction Questionnaire originally measures eight dimensions of communication satisfaction out of which two of them - horizontal informal communication and supervisory / personal feedback were used in the questionnaire. Supervisory / personal feedback dimension was used in order to present formal communication. The Work Extrinsic and Intrinsic Motivation Scale originally measures six parameters including intrinsic and extrinsic motivation which were both of interest in our research. Work Motivation Scale was used to validate the nature of the motivation of each respondent. The final questionnaire form was translated to Croatian language including word changes and was sent online during November 2016 to 160 employed people in the financial sector, mainly employed in investment funds on the Croatian market. The survey completion took approximately 10 minutes. During the period of two weeks we received 111 responses (69,4% response rate). After gathering the data, the results of the data analysis were produced using the Statistical Package for the Social Sciences (SPSS) version 13.0.

4.3 Exploratory data analysis

In total we achieved 111 completed questionnaires and descriptive of achieved sample is presented in TABLE 4-1 and TABLE 4-2.

Variable	Variable level	Unique respondents	Response rate (%)
Gender	Male	37	33.6
	Female	73	66.4
Level of education	Master of Science	3	2.8
	Undergraduate college degree	80	73.4
	Specialized professional degree	13	11.9
	High school	13	11.9
Position in the organization	Director/Manager	40	36.7
	Professional Staff	45	41.3
	Administrative Jobs	24	22.0
Total*:		111	

TABLE 4-1 GENDER, LEVEL OF EDUCATION AND POSITION IN ORGANIZATION

* Total of N=111 respondents is not always achieved due to missing data on some questions

Variable	Mean	Median	Mode	Standard deviation	Minimum	Maximum
Age	34.9	34	32	6.23	23	56
Experience	11.3	10	10	6.55	0	35

TABLE 4-2 AGE AND EXPERIENCE

According to the data from previous tables we can see that we have in total 33.6% males and 2/3 females in the sample. Their level of education is mostly undergraduate college degree (73.4%). Most of them are professional staff (41.3%) or directors/managers (36.7%), while the smallest number of respondents has administrative jobs (22.0%).

Average age of our respondents group is around 35 with 23 as the minimum and 56 as the maximum age. Our respondents have from 0 to 35 years of work experience with average experience of 11.3 years.

4.4 Scales reliability

In order to see scales reliability, we calculated Cronbach Alpha for each scale separately (Work motivation, extrinsic motivation, intrinsic motivation). Additionally, we calculated reliability for statements regarding formal and informal communication.

All reliability calculations are presented in TABLE 4-3.

Variable	Cronbach Alpha	Original number of items
Work motivation	0.870	10
Extrinsic motivation	0.726*	3
Intrinsic motivation	0.883	3
Informal communication	0.601	3
Formal communication	0.618*	3

* Item deleted because of scale reliability issues

TABLE 4-3 CRONBACH ALPHA RELIABILITY FOR USED SCALES

Results in Table 4-3 show high reliability for Work motivation scale (0.870) and intrinsic motivation (0.883). Extrinsic motivation (0.726), Informal communication (0.601) and Formal communication (0.618) give acceptable Cronbach Alpha reliability coefficients.

4.5 Motivation of respondents

First of all, we calculated total work motivation as well as extrinsic and intrinsic motivation of respondents (TABLE 4-4).

Variable	Mean	Median	Mode	Standard deviation	Minimum	Maximum
Work motivation	36.5	37	37	6.28	19	48
Extrinsic motivation	11.8	12	11	1.86	5	15
Intrinsic motivation	11.8	12	12	2.22	6	15

TABLE 4-4 WORK MOTIVATION, EXTRINSIC AND INTRINSIC MOTIVATION

Results in Table 4-4 show that average work motivation of our sample is 37 while extrinsic and intrinsic motivation is around 12, although we got wide deviation of the results.

4.6 Testing the normality of distributions

In order to decide which statistical calculations and tests will be used normality of distribution for continuous variables is tested as shown in TABLE 4-5.

Variable	Kolmogorov Smirnov Z	P
Informal communication	0.157	0.000
Formal communication	0.153	0.001
Extrinsic motivation	0.160	0.000
Intrinsic motivation	0.153	0.000
Work motivation	0.121	0.008

TABLE 4-5 KOLMOGOROV SMIRNOV NORMALITY TEST RESULTS

It is noticeable that results in all continuous variables differ from normal distribution and that is why we will use nonparametric statistical data analyses in all our statistical data testing.

5 RESULTS AND DISCUSSION

5.1 Introduction

This chapter discusses the findings and analysis based on the responses to the questionnaire visible in appendices. Research hypotheses are tested and results are discussed further.

5.2 Presentation of the findings

In order to test the first hypothesis, i.e. to examine the relationship between horizontal informal communication and motivation of employees we calculated correlation separately between three statements regarding horizontal communication and total result on Work motivation scale. We used nonparametric Spearman correlation coefficients. In addition, the correlation coefficient was also calculated for the aggregated measure of the independent variable (see TABLE 5-1).

Variable	Work motivation	N	P
Informal communication is present in my organization	0.277	105	0.004
In my organization horizontal communication with other organizational members is accurate and free flowing	0.314	79	0.005
Informal communication in my organization is active and accurate	0.503	105	0.000
INFORMAL COMMUNICATION	0.413	79	0.000

TABLE 5-1 CORRELATION BETWEEN HORIZONTAL INFORMAL COMMUNICATION STATEMENTS AND WORK MOTIVATION

As it is expected, results show statistically significant positive correlation between all statements of horizontal informal communication and work motivation of employees. The same is valid for the aggregated measure of informal communication. It means that with

increase of results on statements about horizontal informal communication there is also an increase on result of work motivation of employees. Correlations of statements “Informal communication is present in my organization ($r=0.277$, $N=105$, $p<0.01$) and “In my organization horizontal communication with other organizational members is accurate and free flowing” ($r=0.314$, $N=79$, $p<0.01$) with work motivation are small, while correlations between “Informal communication in my organization is active and accurate” ($r=0.503$, $N=79$, $p<0.01$) and aggregated measure ($r=0.413$, $N=79$, $p<0.01$) with work motivation are moderate.

Additionally, we wanted to examine the nature of relationship between intrinsic and extrinsic motivation, and horizontal informal communication. Results are presented in TABLE 5-2 and TABLE 5-3.

Variable	Intrinsic motivation	N	P
Informal communication is present in my organization	0.049	109	0.610
In my organization horizontal communication with other organizational members is accurate and free flowing	0.235	81	0.035
Informal communication in my organization is active and accurate	0.208	109	0.030
INFORMAL COMMUNICATION	0.110	81	0.327

TABLE 5-2 CORRELATION BETWEEN HORIZONTAL INFORMAL COMMUNICATION STATEMENTS AND INTRINSIC MOTIVATION

Results regarding intrinsic motivation shows that intrinsic motivation is statistically significant positively correlated with statements “In my organization horizontal communication with other organizational members is accurate and free flowing” ($r=0.235$, $N=81$, $p<0.05$) and “Informal communication in my organization is active and accurate” ($r=0.208$, $N=109$, $p<0.05$). With increase of intrinsic motivation evaluation of mentioned statements increases too. On the other hand, there is no statistically significant correlation between intrinsic motivation of respondents and evaluation on statement “Informal communication is present in my organization” ($r=0.049$, $N=109$, $p>0.05$) and aggregated variable ($r=0.110$, $N=81$, $p<0.05$).

Variable	Extrinsic motivation	N	P
Informal communication is present in my organization	0.277	107	0.004
In my organization horizontal communication with other organizational members is accurate and free flowing	0.117	82	0.294
Informal communication in my organization is active and accurate	0.275	107	0.004
INFORMAL COMMUNICATION	0.133	82	0.232

TABLE 5-3 CORRELATION BETWEEN HORIZONTAL INFORMAL COMMUNICATION STATEMENTS AND EXTRINSIC MOTIVATION

Extrinsic motivation shows statistically significant positive correlation with statements: “Informal communication is present in my organization” and “Informal communication in my organization is active and accurate”. With increase of evaluations on statements “Informal communication in my organization is active and accurate” ($r=0.275$, $n=107$, $p<0.01$) and “Informal communication is present in my organization” ($r=0.277$, $N=107$, $p<0.01$) extrinsic motivation increases too. Additionally, there is no statistically significant correlation between extrinsic motivation of respondents and evaluation on statement “In my organization horizontal communication with other organizational members is accurate and free flowing”.

Additionally, there is no significant correlation between extrinsic motivation and aggregated variable of informal communication ($r=0.133$, $N=82$, $p>0.05$).

Finally, in this first part, we wanted to see how much each individual statement on motivation scales is correlated with three statements about horizontal informal communication (TABLE 5-4).

Variable	r1	r2	r3
I work for the income my job provides me (E)	0.13; $p>0.05$	0.20; $p<0.05$	0.31; $p<0.01$
I work because I derive much pleasure from learning new things (I)	-0.02; $p>0.05$	0.30; $p<0.01$	0.12; $p>0.05$

I work for the satisfaction I experience from taking on interesting challenges (I)	0.06; $p>0.05$	0.31; $p<0.01$	0.18; $p>0.05$
I work because it allows me to earn money (E)	0.15; $p>0.05$	0.19; $p<0.05$	0.24; $p<0.01$
I work for the satisfaction I experience when I am successful at doing difficult tasks (I)	-0.05; $p>0.05$	0.26; $p<0.01$	0.17; $p>0.05$
I work because this type of work provides me with security (E)	0.10; $p>0.05$	0.22; $p<0.05$	0.22; $p<0.05$
At my job there are supervisors and leaders who are helpful and fair (WM)	0.20; $p<0.05$	0.37; $p<0.01$	0.32; $p<0.01$
My job gives me status and prestige (WM)	0.07; $p>0.05$	0.25; $p<0.01$	0.28; $p<0.01$
My job provides me satisfactory material rewards (WM)	0.20; $p<0.05$	0.20; $p<0.05$	0.23; $p<0.05$
My job allows me to reach and develop my full potential (WM)	0.18; $p>0.05$	0.30; $p<0.01$	0.33; $p<0.01$
I work with pleasant and helpful workmates (WM)	0.27; $p<0.01$	0.37; $p<0.01$	0.38; $p<0.01$
My job is secure one (WM)	0.10; $p>0.05$	0.13; $p>0.05$	0.30; $p<0.01$
My job provides me good physical working conditions (WM)	0.25; $p<0.01$	0.33; $p<0.01$	0.33; $p<0.01$
My job is a challenging and exciting (WM)	0.11; $p>0.05$	0.31; $p<0.01$	0.27; $p<0.01$
My job is the one where good work and effort is appreciated (WM)	0.21; $p<0.05$	0.35; $p<0.01$	0.41; $p<0.01$
Taken all round and considering all aspects, my job is good (WM)	0.24; $p<0.01$	0.40; $p<0.01$	0.39; $p<0.01$

TABLE 5-4 CORRELATION OF INDIVIDUAL STATEMENTS FOR INTRINSIC, EXTRINSIC AND WORK MOTIVATION WITH STATEMENTS ABOUT HORIZONTAL INFORMAL COMMUNICATION

Results in Table 5-4 show that none of the statements from intrinsic and extrinsic motivation are correlated with statement 1 regarding horizontal informal communication ("Informal communication is present in my organization"). This statement is statistically significant positively correlated with 6 statements from Work motivation scale ("At my job there are

supervisors and leaders who are helpful and fair”, “My job provides me satisfactory material rewards”, “I work with pleasant and helpful workmates”, “My job provides me good physical working conditions”, “My job is the one where good work and effort is appreciated” and “Taken all round and considering all aspects, my job is good”).

Statement 2 from horizontal informal communication (“In my organization horizontal communication with other organizational members is accurate and free flowing”) is statistically significant positively correlated with all statements from intrinsic and extrinsic motivation as well as with all except one statement (“My job is secure one”) from Work motivation scale.

At the end, statement 3 from horizontal informal communication (“Informal communication in my organization is active and accurate”) is statistically significant positively correlated with all statements regarding extrinsic motivation and all statements from Work motivation scale. It is not correlated with none of statements regarding intrinsic motivation. Correlations with all statements are low but positive.

In order to answer on second part of our first problem, in other words to see is there a relationship between formal communication and motivation of employees we calculated correlation between three statements regarding formal communication and total result on Work motivation scale. Again, we used nonparametric Spearman correlation coefficients that are presented in TABLE 5-5.

Variable	Correlation with work motivation	N	P
My colleagues are responsive to downward directive communication	-0.150	105	0.126
Communication overload is present in my organization	-0.202	105	0.038
My colleagues feel responsible for initiating accurate upward communication	0.107	105	0.276
FORMAL COMMUNICATION	-0.213	105	0.023

TABLE 5-5 CORRELATION BETWEEN FORMAL COMMUNICATION AND WORK MOTIVATION

Our hypothesis is partially confirmed when we analyze separate statements. Two of three statements are not correlated with Work motivation scale. Only statement “Communication

overload is present in my organization” is negatively correlated with work motivation ($r=-0.202$, $N=105$, $p<.05$). On the other hand, aggregated variable formal communication ($r=-0.213$, $N=105$, $p<.05$) is also negatively correlated with Work motivation scale. Correlations are small and negative meaning that with increase of result in formal communication and on statement “Communication overload is present in my organization” there is decrease in result on Work motivation scale.

Additionally, we wanted to see are intrinsic and extrinsic motivation correlated with formal communication. Results are presented in TABLE 5-6 and TABLE 5-7.

Variable	Intrinsic motivation	N	P
My colleagues are responsive to downward directive communication	-0.180	109	0.060
Communication overload is present in my organization	-0.190	108	0.040
My colleagues feel responsible for initiating accurate upward communication	0.020	109	0.820
FORMAL COMMUNICATION	0.210	106	0.027

TABLE 5-6 CORRELATION BETWEEN FORMAL COMMUNICATION AND INTRINSIC MOTIVATION

Results regarding intrinsic motivation show that intrinsic motivation is negatively correlated only with statement “Communication overload is present in my organization” ($r=-0.190$, $N=108$, $p<.05$) and positively with aggregated variable of formal communication ($r=0.210$, $N=106$, $p<.05$). With increase of intrinsic motivation and formal communication in total, evaluation of mentioned statement decreases.

Variable	Extrinsic motivation	N	P
My colleagues are responsive to downward directive communication	-0.177	109	0.065
Communication overload is present in my organization	-0.193	108	0.045
My colleagues feel responsible for initiating accurate	-0.07	109	0.821

upward communication			
FORMAL COMMUNICATION	-0.098	106	0.320

TABLE 5-7 CORRELATION BETWEEN FORMAL COMMUNICATION AND EXTRINSIC MOTIVATION

None of the statements regarding formal communication as well as aggregated variable of formal communication shows correlation with the extrinsic motivation.

Finally, in this first part, we wanted to see how much each individual statement on motivation scales is correlated with three formal communication statements (Table 5-8).

Variable	r1	r2	r3
I work for the income my job provides me (E)	0.03; p>0.05	-0.06; p>0.05	-0.02; p>0.05
I work because I derive much pleasure from learning new things (I)	-0.20; p<0.05	-0.16; p>0.05	-0.07; p>0.05
I work for the satisfaction I experience from taking on interesting challenges (I)	-0.12; p>0.05	-0.12; p>0.05	0.09; p>0.05
I work because it allows me to earn money (E)	-0.15; p>0.05	-0.20, p<0.05	-0.09; p>0.05
I work for the satisfaction I experience when I am successful at doing difficult tasks (I)	-0.18; p>0.05	-0.30; p<0.01	0.02; p>0.05
I work because this type of work provides me with security (E)	-0.19; p<0.05	-0.13; p>0.05	-0.10; p>0.05
At my job there are supervisors and leaders who are helpful and fair (WM)	-0.18; p>0.05	-0.33; p<0.01	-0.02; p>0.05
My job gives me status and prestige (WM)	0.00; p>0.05	-0.12; p>0.05	0.17; p>0.05
My job provides me satisfactory material rewards (WM)	-0.03; p>0.05	-0.09; p>0.05	0.18; p>0.05
My job allows me to reach and develop my full potential (WM)	-0.13; p>0.05	-0.09; p>0.05	0.03; p>0.05

I work with pleasant and helpful workmates (WM)	-0.28; p<0.01	-0.19; p<0.05	-0.04; p>0.05
My job is secure one (WM)	-0.12; p>0.05	-0.19; p<0.05	-0.09; p>0.05
My job provides me good physical working conditions (WM)	-0.05; p>0.05	-0.16; p>0.05	0.07; p>0.05
My job is a challenging and exciting (WM)	0.03; p>0.05	-0.02; p>0.05	0.19; p<0.05
My job is the one where good work and effort is appreciated (WM)	-0.13; p>0.05	-0.09; p>0.05	0.01; p>0.05
Taken all round and considering all aspects, my job is good (WM)	-0.21; p<0.05	-0.22; p<0.05	0.05; p>0.05

TABLE 5-8 CORRELATION OF INDIVIDUAL STATEMENTS FOR INTRINSIC, EXTRINSIC AND WORK MOTIVATION WITH FORMAL COMMUNICATION STATEMENTS

Results in Table 5-8 show that statement 1 from formal communication (“My colleagues are responsive to downward directive communication”) is negatively correlated with only one statement from intrinsic motivation (“I work because I derive much pleasure from learning new things”, one statement from extrinsic motivation (“I work because this type of work provides me with security”) as well as with two statements (“I work with pleasant and helpful workmates” and “Taken all round and considering all aspects, my job is good”) from Work motivation scale.

Statement 2 from formal communication (“Communication overload is present in my organization”) is negatively correlated with one statement regarding extrinsic motivation (“I work because it allows me to earn money”), one statement regarding intrinsic motivation (“I work for the satisfaction I experience when I am successful at doing difficult tasks”) and four statements (“At my job there are supervisors and leaders who are helpful and fair”, “I work with pleasant and helpful workmates”, “My job is secure one” and “Taken all round and considering all aspects, my job is good”) from Work motivation scale.

None of the statements from intrinsic and extrinsic motivation are correlated with statement 3 regarding formal communication (“My colleagues feel responsible for initiating accurate upward communication”). This statement is positively correlated with one statement from Work motivation scale (“My job is a challenging and exciting”). Correlations with all statements are low.

The third hypothesis assumed that intrinsically motivated individuals will perceive active and accurate informal communication more meaningful than extrinsically motivated individuals. We calculated correlations again and results are presented in TABLE 5-9.

Variable	Correlation with statement "Informal communication in my organization is active and accurate"	N	P
Intrinsic motivation	0.208	109	0.030
Extrinsic motivation	0.275	107	0.004

TABLE 5-9 CORRELATION BETWEEN STATEMENT "INFORMAL COMMUNICATION IN MY ORGANIZATION IS ACTIVE AND ACCURATE" AND MOTIVATION

Our hypothesis is again partially confirmed. Although there is statistically significant positive correlation between intrinsic motivation and statement "Informal communication in my organization is active and accurate" ($r=0.208$, $N=109$, $p<.05$) there is also statistically significant positive correlation between extrinsic motivation and statement "Informal communication in my organization is active and accurate" ($r=0.275$, $N=107$, $p<.01$). Both correlations are small but it can be noticeable that both, increasing of intrinsic as well as extrinsic motivation also increases result on statement "Informal communication in my organization is active and accurate". Difference between correlations testing ($z=0.4$; $p>.05$) shows that there is no statistically significant difference between those two correlations.

Additionally, when we divided respondents into two groups according to answers on statement "Informal communication in my organization is active and accurate" (those with low perception and those with high perception) for both types of motivation according to Mann Whitney U test respondents with high perception are more motivated ($Z_e=-3.13$, $N=80$, $p<.01$; $Z_i=-2.25$, $N=82$, $p<.05$) than respondents with low perception.

Finally, we analyzed only respondents who gave high grades ($N=62$) on statement "Informal communication in my organization is active and accurate" and according to Wilcoxon test there is no difference in intrinsic and extrinsic motivation of those individuals ($Z=-0.17$, $N=62$, $p<.05$).

5.3 Discussion

Empirical analysis of the relationship between organizational communication and motivation of employees which was obtained on a total sample of 111 respondents, confirmed 1 of 3 assigned hypotheses.

First hypothesis (H1: Horizontal informal communication is positively related to employee motivation) is totally confirmed; results show statistically significant positive correlation between all statements of horizontal informal communication and work motivation of employees. Correlation of statements connected to horizontal informal communications are ($r=0.277$; $p<0.01$; $r=0.314$; $p<0.01$; $r=0.503$; $p<0.01$) and indicate that horizontal informal communication inside organization positively effects on employee motivation. Findings of the study are in line with the past researches done by numerous authors. Zivrbule (2015) in her research conclude how 'efforts to build trust and motivation with employees through internal communication can provide benefits for both, employees and the firm. Employees feel more engaged, build trust with their supervisor and the firm, enhance motivation for both aspects – intrinsic and extrinsic and are therefore more empowered to perform better and deliver outstanding results'. Darijani, Soltani and Pourroostaei (2014) in their research tested similar hypothesis like we in this study. They were interested on how communication variable effects job motivation variable and their dependence. Hypothesis was confirmed and they conclude how 'effectiveness of communication with mediation of job motivation has a significant impact on job satisfaction'. Furthermore, results of the overall hypothesis done by Krivonos (1946) in his research stated that 'individuals who are intrinsically motivated would perceive the communication climate as being more 'ideal' than, would those who are extrinsically motivated'. Findings of the research done by Abugre (2011) also show positive impacts between organizational communication and employee work performance. Analysis of the findings reveals that workers prefer good leadership communication behavior because it has positive effects on workers in organizations'. The results of the current study support all previous mentioned findings. Additionally, we confirmed in the study connection between intrinsic and extrinsic motivation with statements regarding horizontal informal communication. In both cases, two from three items show statistically significant correlation ($r=0.235$; $p<0.05$; $r=0.208$; $p<0.05$; $r=0.275$; $p<0.01$; $r=0.277$; $p<0.01$).

Second hypothesis (H2: Formal communication is positively related to employee motivation) is partially confirmed; results show that only one statement is correlated with work motivation ($r=-0.202$; $p<0.05$). Correlation is small and negative meaning that with increase of results in formal communication there is decrease in results on work motivation scale. Results regarding intrinsic motivation shows that intrinsic motivation is negatively correlated only with one statement ($r=-0.190$; $p<0.05$). With increase of intrinsic motivation, evaluation of mentioned statement decreases. None of the statements regarding formal communication shows correlation with the extrinsic motivation. Statistically significant difference would surely

appear if a sample size was larger than 111 respondents and probably in case we distinguish in questionnaire positive from negative feedback. Findings of the study could be linked with previous research done by Jaworski and Kohli (1991); 'the linkage between positive output feedback and output performance is supported and the linkage between negative output feedback and output performance is not supported. These findings suggest that whereas positive output feedback serves a motivational role in addition to its informational role, negative output feedback serves a primarily informational role in improving performance'. Furthermore, Harackiewicz and Larson (1986) in their research confirmed relation between the supervisors' feedback (stands for formal communication) on the subordinates' self-perceived competence and task enjoyment. 'Analysis showed that both feedback dimensions were affected by the manipulated situational variables and that both dimensions were in turn related to the subordinates' self-perceived competence'. Pelletier and Vallerand (1996) in their study emphasize the 'importance of beliefs about subordinates' motivation as a significant source of influence on supervisors' interpersonal behaviors'. Their study suggests some outcomes concerning another's motivation prejudice. Research done by Kim, Cangelosi and Bhuian (1995) are also confirming our second hypothesis. As they mentioned in the research, their understanding of supervisor feedback and motivation relationship remains unclear. They explained how positive supervisor feedback may encourage employee to build more and more effort, but for another employee on the other hand, feedback may have little or no effect to his/her desire to be more productive. Likewise, negative feedback may motivate an employee to take some crucial actions, and thereby improve work performance. Toili (2013) obtained research among Kenya Commercial bank sales team and agrees with all assumptions given in previous mentioned research. Our second hypothesis cannot be fully rejected since previous researchers didn't confirm their hypothesis on the same findings as well. Yang (2013) explored in his research if feedback from supervisor motivates employees to keep working at job. His hypothesis was not supported and therefore he conclude that 'positive feedback from a supervisor does not motivate an employee's decision to keep working in an organization'.

Third hypothesis (H3: Intrinsically motivated individuals perceive active and accurate informal communication more meaningful than extrinsically motivated individuals) is partially confirmed also like second hypothesis; results show that only one statement is correlated with work motivation ($r=0.208$; $p<.05$; $r=0.275$; $p<.01$). Although there is statistically significant positive correlation between intrinsic and extrinsic motivation with statement about horizontal organizational communication, both correlations are small and it can be noticeable that both, increasing of intrinsic as well as extrinsic motivation also increases result. Difference between correlations testing ($z=0.4$; $p>.05$) shows that there is no statistically significant difference between those two correlations. This hypothesis even though it was not totally confirmed, it was supported by findings in Ziuraite (2008) research where relationship of internal organizational communication, performance work motivation were explored. In the research it was hypothesized that 'higher satisfaction with internal organizational communication was

related to higher work motivation. After analyzing of the data two statistically significant relationships were found: higher satisfaction with personal feedback was related to lower extrinsic motivation' and at the same time is in contrary to our second hypothesis and 'higher satisfaction with communication with a supervisor was related to lower extrinsic motivation' and supports our third hypothesis. The hypothesis was not confirmed, the relationship was the opposite than it was expected to be. Furthermore, third hypothesis is supported through Polo (2016) research. 'Focusing on the assessments of intrinsic and extrinsic satisfaction, it is possible to see that the employees are more satisfied with extrinsic factors than with intrinsic factors. This means that employees better value those factors related to work environment than those related to job content. In any case, the company should improve the intrinsic aspects of the job, providing an intellectually stimulating employment, in which individuals have the opportunity to develop their skills and abilities in achieving different tasks, with the ultimate aim of improving their satisfaction'. To conclude, if sample size was larger, the third hypothesis will be confirmed.

5.4 Limitations of the study

This research has several limitations inherent in its approach and we should address them in case of further researches. Even though during the period of two weeks of gathering the data, total response rate was pretty high - 69,4%, the main one limitation would be relatively small sample size number in the study (total of 111 respondents). Therefore, more participants could have been employed in the study. Also, research should be applied within other countries except Croatia, since the questionnaire version existed in two languages, Croatian and English.

However, even though author was concentrate to his field of work (financial sector, investment funds) the questionnaire used in this study was design in order to be applied to all work places and all professions. Another limitation is that questionnaire wasn't locked for answering one by another question so the total of 111 respondents is not always achieved due to missing data on some questions. Also, items about respondent demographic variables should be questioned differently, because although the questionnaire was anonymous, some data was missing probably because of lack of trust.

Nevertheless, the results of this study will deliver insights about relationship between organizational communication and motivation of employees, and surely provide theoretical background which stands under that theoretical review in the second and third chapter.

6 CONCLUSION

Communication now takes place constantly, every day at any time. People are surrounded with information's of their interest, as well as with information's that does not fall within their sphere of interest. Information sharing is supported by new technologies e.g. laptops, smart phones and tablets, which have raised communication to a whole new level. This study is focusing on the formal and informal communication between employees and explores how communication is related to employee intrinsic and extrinsic motivation.

Motivation is a wide topic which was researched for decades and will be explored till the time people will work in the organizations. A part from the theoretical framework, to be fully involved in motivation process and understand what stands behind the outcomes, employees must be involved in the organizational processes and also show interest in how to be more productive to fulfill each segment. In this study, we were interested how intrinsically and extrinsically motivated individuals perceive communication inside organizations.

A questionnaire in this study was used to help in acquiring the necessary information's from employees which work mainly in the financial sector. Research findings were discussed in addition to clarify how organizational communication effect daily routine of employees as well as their motivation to perform at a high level.

Empirical analysis of the relationship between organizational communication and motivation of employees which was obtained on a total sample of 111 respondents, confirmed 1 of 3 assigned hypotheses. The findings in the study about horizontal informal communication where statistically significantly related to employee motivation. Other findings connected to the formal communication and intrinsic and extrinsic motivated individuals should be an object for further research and discussion.

The subject of the Master thesis corresponds to author's personal interest and will benefit to further work and professional achievements. Research findings described in this study will be presented to the colleagues inside author's company/organizational unit in order to contribute to the success of the organization.

Further studies on the organizational communication and motivation of employee are crucial for all fields of work. Since those topics unconsciously interacts all employees in everyday work, it is for sure how further research could gain more interesting findings. The author thus encourages a replication of this study in other areas with larger sample size numbers.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE (ENGLISH VERSION)

Please rate how following assertions describe the organization you are working for (1- I do not agree, 5- I completely agree).

1. Informal communication is present in my organization **1 2 3 4 5**
2. In my organization horizontal communication with other organizational members is accurate and free flowing **1 2 3 4 5**
3. Informal communication in my organization is active and accurate **1 2 3 4 5**
4. My colleagues are responsive to downward directive communication **1 2 3 4 5**
5. Communication overload is present in my organization **1 2 3 4 5**
6. My colleagues feel responsible for initiating accurate upward communication **1 2 3 4 5**
7. I work for the income my job provides me **1 2 3 4 5**
8. I work because I derive much pleasure from learning new things **1 2 3 4 5**
9. I work for the satisfaction I experience from taking on interesting challenges **1 2 3 4 5**
10. I work because it allows me to earn money **1 2 3 4 5**
11. I work for the satisfaction I experience when I am successful at doing difficult tasks **1 2 3 4 5**
12. I work because this type of work provides me with security **1 2 3 4 5**
13. At my job there are supervisors and leaders who are helpful and fair **1 2 3 4 5**
14. My job gives me status and prestige **1 2 3 4 5**
15. My job provides me satisfactory material rewards **1 2 3 4 5**
16. My job allows me to reach and develop my full potential **1 2 3 4 5**
17. I work with pleasant and helpful workmates **1 2 3 4 5**
18. My job is secure one **1 2 3 4 5**
19. My job provides me good physical working conditions **1 2 3 4 5**
20. My job is a challenging and exciting **1 2 3 4 5**
21. My job is the one where good work and effort is appreciated **1 2 3 4 5**
22. Taken all round and considering all aspects, my job is good **1 2 3 4 5**

Employee Demographics

Gender

- a. Male
- b. Female

How old are you?

What is your level of education?

- a. Master of Science
- b. Undergraduate college degree
- c. Specialized professional degree
- d. High school
- e. Elementary school

How many years of work experience do you have?

What is your position in the organization presently?

- a. Director/Manager
- b. Professional Staff
- c. Administrative Jobs

Many thanks for your cooperation.

APPENDIX 2: QUESTIONNAIRE (CROATIAN VERSION)

Molim Vas označite u kojoj mjeri navedene tvrdnje opisuju Vašu organizaciju (1=ne slažem se; 2=u slaboj mjeri se slažem; 3= djelomično se slažem; 4=slažem se; 5=izrazito se slažem)

1. U Vašoj organizaciji prisutna je neformalna komunikacija na svim organizacijskim razinama **1 2 3 4 5**
2. Horizontalna komunikacija sa drugim organizacijskim razinama u Vašoj organizaciji je precizna i slobodnog protoka **1 2 3 4 5**
3. Neformalna komunikacija unutar Vaše organizacije je učestala i precizna **1 2 3 4 5**
4. Moji kolege su osjetljivi na vertikalnu komunikaciju unutar organizacije **1 2 3 4 5**
5. Unutar organizacije prisutno je komunikacijsko preopterećenje **1 2 3 4 5**
6. Moji kolege se osjećaju odgovornim za pokretanjem vertikalne komunikacije **1 2 3 4 5**
7. Radim svoj posao zbog prihoda koji mi donosi **1 2 3 4 5**
8. Posao mi pruža zadovoljstvo jer učim nove stvari **1 2 3 4 5**
9. Radim svoj posao zbog zadovoljstva koje proživljavam iz zanimljivih izazova **1 2 3 4 5**
10. Radim svoj posao zato što mi omogućuje da zaradim novac **1 2 3 4 5**
11. Radim svoj posao zbog zadovoljstva ukoliko sam uspješan/a pri izvršenju teških zadataka **1 2 3 4 5**
12. Trenutni način rada daje mi sigurnost **1 2 3 4 5**
13. Na mojem poslu ima nadređenih koji su poštteni i spremni pomoći **1 2 3 4 5**
14. Posao mi pruža status i daje mi na važnosti **1 2 3 4 5**
15. Posao mi pruža zadovoljavajuće materijalne nagrade **1 2 3 4 5**
16. Posao mi omogućuje da dosegнем i razvijem svoj puni potencijal **1 2 3 4 5**
17. Moj posao predstavlja rad sa kolegama koji su ugodni i spremni pomoći **1 2 3 4 5**
18. Moj posao je siguran **1 2 3 4 5**
19. Posao mi osigurava dobre fizičke uvjete rada **1 2 3 4 5**

20. Moj posao je izazovan i uzbudljiv **1 2 3 4 5**

21. Na mom poslu se cijeni rad i trud zaposlenika **1 2 3 4 5**

22. Uzimajući sve navedeno u obzir, moj posao je dobar posao **1 2 3 4 5**

Demografske karakteristike ispitanika

Spol

- a. Muški
- b. Ženski

Koliko imate godina?

Koji je Vaš stupanj obrazovanja?

- a. Doktorat znanosti
- b. VSS
- c. VŠS
- d. SSS
- e. VKV, PKV, NKV

Koliko godina radnog iskustva imate?

Koja je Vaša trenutna pozicija u organizaciji u kojoj radite?

- a. Rukovoditelj
- b. Stručno osoblje
- c. Administrativni poslovi

Zahvaljujem Vam se na suradnji.