

EDUCATION AND CAREER DEVELOPMENT AS MOTIVATIONAL FACTORS IN COMPANIES IN BOSNIA AND HERZEGOVINA

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—Abstract —

Globalization, increased complexity, turbulent and uncertain business environment, as well as technological innovations have all contributed to knowledge obsolescence. Therefore, companies must participate in different educational programs or trainings in order for their employees to acquire additional knowledge and skills, which are, in turn, required as present and future job prerequisites. Through acquisition of new skills and knowledge, employees are able to perform more challenging and complex tasks. This also means that employees can prepare for future tasks in accordance to organization's aims. The purpose of this paper is to analyze through what extent do education and career development opportunities motivate employees in companies across Bosnia and Herzegovina. In order to confirm the relationship between company characteristics and stimulating effects of education and career development, the research includes employees from various organizations. The methodological framework of this study is found in Herzberg's two-factor theory of motivation, according to which achievements, recognition, job challenges, responsibility, growth and advancements depend on employee satisfaction and motivation. The results of this research could be of help to managers of companies across Bosnia and Herzegovina, notably in the process of employee motivation, education costs and creation of career development frameworks.

Key Words: *education, career development, employee satisfaction, motivation*

JEL Classification: M12, M51, M53

1. INTRODUCTION

Knowledge acquired through schooling, as well as knowledge of the procedures and methods obtained through work, do not present a sufficient guarantee for employee success in the long-run. A thriving company needs qualified employees – those who will adequately and readily respond to rapidly changing technical and

organizational demands, and those who will be able to overcome these challenges. Simply said, in order for a company to survive it is decisive that it continuously adapts to changing environments and advances employees' learning abilities. Rapid technological advancement, increased unpredictability, fierce competition and evermore complex work and decision-making processes, as well as job market changes, social processes and value system transformations, create an increased need for continuous investment in education and career development programs. In predicting social change, P. Drucker (1993:39) emphasized that biggest changes will occur precisely in the field of knowledge; its form and structure, its meaning and its accountability. On one hand, these transformations resulted in a fast process in which knowledge became obsolete, while on the other a new path for development of new knowledge and skills was opened. The former created more competitive companies, and allowed for market positioning in relatively unpredictable and dynamic environments. It is precisely for this reason that one of the key tasks of every top management is organizational openness to new knowledge. This is achievable through applying the concept of continuous learning, with the aim of developing skills which will enable companies to adapt to new environments, and embrace changes that occur in business processes and ambience.

Education and career development opportunities contribute to each individual's readiness to take action (Kuwan, 2011:169). In short, they influence one's motivation. Whether and to what degree education and career development possibilities really have a motivational effect on an individual will depend on a number of factors, ranging from those organizational (individual characteristics, job description, organizational characteristics) to those external (living standards, the system of values, social and economic development, etc.) (Rahimic, 2010:270). Although, it is true that internal and external motivation factors are permanently tied together when it comes to their influence on people, for the purposes of this research we will focus only on internal factors. This work will tackle the issue of whether the employees of companies across Bosnia and Herzegovina consider education and career development opportunities to be important motivational techniques.

2. THE IMPORTANCE OF EDUCATION AND CAREER DEVELOPMENT FOR EMPLOYEES - A BRIEF LITERATURE REVIEW

The issue of education and career advancement has been on the agenda for one hundred years. At the beginning of the 20th century, within the framework of scientific management theory, Taylor emphasized the importance of knowledge. He defined five principles, two of which were: organized education instead of

approximation, and maximum employee development for maximum prosperity (Wehrich, 1994:469). Thus, it is obvious that Taylor supports career development in specific activities in order to increase productivity. Human development was also highlighted by Mary Follett, who stated that people can only advance through mutual and continuous cooperation with others within an organization (Stoner, 2002:33). The positive effects of education on work loyalty and performance were later accentuated by the supporters of Neoclassical Theory of Management, as well as the creators of the Theory of Needs. Therefore, education and career development, according to Maslow's Theory of Needs, are higher level needs (Maslow, 1954). According to Herzberg's Two Factor Theory, education and development belong to the so called "motivator factors", which contribute to employee motivation and satisfaction. There are cases in which satisfaction can be low, but in no case can motivator factors cause dissatisfaction (Herzberg, 1964:57).

In the last century, more specifically during the 1970s, additional education was regarded as a continuation of previous organized learning, which followed after a period (of varying lengths) of formal education. The use of this term spread during the 1990s, when continuous education encompassed both formal and informal learning (Kuper,2008:39). The switch from industrial age to knowledge economy was characterized by the introduction of the so called "knowledge worker" and a decrease in uneducated workforce, within the entire population. The transformation of industrial society into a post-industrial altered the role of traditional production factors, including work, capital and state, whose primacy in reaching competitive advantage abruptly decreased. Knowledge and continuous education of the workforce (due to knowledge aging) are becoming the essential factors in determining company success. The top management of every organization should create and advance the concept of so called "learning organization" or the concept of "organized learning". The creator of this concept is an American theoretician, Peter M. Senge (1990). Additional contributions to organized learning were also given by Argyris and Schoen (1978), Fiol and Lyles (1985) and Huber (1991). Learning organization is a theoretical and economic model, situated in a complex environment, which can surely be influenced. This organization is not determined by technology, structure or any other „hard element“, but rather knowledge oriented culture, which calls for continuous education, innovation and constant changes. The core of organizational learning lies in the respect for the concept of continuous individual and collective learning, where organization participation, willingness and ability to learn represent the basis for creating organizational competitive advantages. If one takes into consideration that, within organizations, there are both implicit and explicit

knowledge (Nonaka,1997:26), it should be emphasized that all forms of knowledge require a continuous learning process. Therefore, the focus is on a dynamic background process, endorsed by strong knowledge management.

The economic crises in the last several years contributed to the importance of additional education. Thus, the concept of organization participation went through a period of renaissance, especially in the 1990s. Recession forced many companies to make radical changes, notably in terms of continuous employee development. Their ability to learn and adapt became crucial in the process of reaching and maintaining competitiveness (Seufert, 2010:8). In addition, internal continuous education is becoming increasingly important when it comes to company placement on attractive markets, since economic growth is always characterized by a decline in number of skilled workers (Afting, 2011:75). Companies need to develop their own education programs, since universal and standardized employee development activities do not exist (Fernandez-Araoz, 2011:25).

3. RESEARCH CONDUCTED ON THE EXAMPLE OF COMPANIES IN BOSNIA AND HERZEGOVINA

Modern-day business environment imposes a need for continuous investment in employee education and advancement. However, economic crisis, recession, transfer to market-based economy, as well as complex political and legal systems, all contribute to neglecting (or postponing) of educational and career development opportunities in companies across Bosnia and Herzegovina, where they come only secondary to other activities. Thus, a special challenge during this research was to try and consolidate an answer to the question of whether employees in Bosnia and Herzegovina see education and career development opportunities as crucial factors in their future development. Besides this, the interviewees were also asked whether there is any focus on educational and career advancement opportunities in their companies. Although, for the purposes of this research we used a wide range of different hypothesis, in this work we will treat only the following:

H: Organizational characteristics have direct influence on the motivating effects of education and career development opportunities.

The methodological framework of this work is based upon Herzberg's Two Factory Theory of Motivation. The group of the so called „hygiene factors“ includes salary, work conditions, interpersonal relations (with the subordinates, senior management and colleagues), private life, social status, job security, performance monitoring and company politics. Herzberg believes that if these

factors are missing, there will necessarily exist dissatisfaction; in turn, he also believes that if these factors are present it does not necessarily mean that they will contribute to employee motivation and satisfaction. The second group of factors, known as „motivators“, encompasses achievements, recognition, challenging tasks, responsibility, career advancement and growth.

3.1. Demographic Structure of the Interviewees

Data collection in Bosnia and Herzegovina's companies was conducted using the method of survey, on a sample of 124 interviewees. Most interviewees are employed in the non-profit sector (63% in government/budget sector), followed by those employed in the non-governmental sector (24%), while employees coming from profit organizations made up only 13% of the whole sample. The justification for this lies in the fact that the state of Bosnia and Herzegovina employs the highest number of people. For the purpose of this analysis, we refer to the non-profit sector in the context of organizations supported by state budget (government sector), while the non-governmental sector (which is also considered non-profit in the context of profit determination) is examined separately. Regarding interviewees gender structure, we can conclude that it was satisfactory (male population was represented by 47% and female population by 53%). When it comes to education levels, most interviewees hold high-level academic degrees (86%). Those holding a high-school diploma were represented by 8%, while doctoral and master degree holders were represented by 6%. This structure is justifiable and allows for a reliable and efficient hypothesis testing. This is notably so if we consider the research results presented by Hartman and Kuwan (2011:70) whose results show that the higher the level of education, the more likely an individual is to opt for continuous education. Therefore, all employees that hold a university degree fall under the category of those active in the process of continuous education. Most examinees are between 37 to 45 years old (41.94%), 31,45% are between 25 to 36 years old, while only 26.61% of all examinees are between 46 to 60 years old.

3.2. Research Questions, Empirical Results and Discussion

The interviewees marked the importance of motivators according to their personal opinion on a scale from one to five (1 – not important at all, 5 – very important). The total number of motivator factors was twenty, for which creation we used Herzberg's classification of motivator factors. We also took into consideration the characteristics of business environment in Bosnia and Herzegovina. Since this was a wide research, one of our research goals was to identify the importance of

education and career development as motivator factors for those employed in companies across Bosnia and Herzegovina.

As one can notice from the next table, the possibility for career development and specialization which the organization offers to its employees was placed 15th out of 20 motivators, according to importance criteria. The factor of career advancement possibilities was placed even lower, on the 17th place.

Ranks	Motivators	Full sample	Non-profit orgs.	NGO Sector	Profit orgs.
		Av. grade	Av. grade	Av. grade	Av. grade
1.	Regular salary	4,77	4,86	4,60	4,69
2.	Relations with the subordinates	4,14	4,16	4,07	4,19
3.	The importance of business for the community	3,92	3,87	4,10	3,81
4.	Quality of work conditions	3,90	3,78	3,77	4,75
5.	Job stability and security	3,81	3,91	3,47	3,94
6.	Technical support	3,78	3,64	3,80	4,44
7.	Relations with senior management	3,73	3,73	3,70	3,75
8.	Salary rate	3,63	3,64	3,67	3,56
9.	Interpersonal relations within company	3,58	3,56	3,43	3,94
10.	Degree to which your salary covers your personal costs	3,57	3,55	3,50	3,81
11.	Social status gained through work	3,53	3,50	3,63	3,50
12.	Level of responsibility, freedom of decision-making, work autonomy	3,48	3,31	3,73	3,88
13.	Possibilities for creative work	3,46	3,22	3,6	4,38
14.	Possibilities for work accountability and performance results of all employees within the department	3,46	3,55	3,47	3,0
15.	Possibility for career development and specialization which the organization offers to its employees	3,36	3,28	3,03	4,38
16.	Regular feedback on individual performance and work quality	3,17	3,15	3,43	2,75
17.	Career advancement possibilities	2,93	2,71	3,07	3,75
18.	Free-time	2,87	2,82	3,07	2,75
19.	Possibility to save money or pay life insurance	2,85	2,73	2,83	3,44
20.	Possibility of flexible working hours	2,59	2,51	2,97	2,31

Table 1: Motivator ranks, sample comparison according to organization type

Source: Author's calculations

Looking at the entire sample, we can notice that the most important motivator factor was “regular salary”, while “possibility of flexible working hours” was the least imperative. It is also important to notice that there is a general dominance of “hygiene factors”, which, if looking at the full sample, dominate the first ten positions. We believe that these results are highly due to the situation on the job market, high unemployment rates, average net salary and living standards.

Using the Kruskal-Wallis Test, it was verified whether there were any statistically significant differences between the observed types of organizations, notably in terms of ranking certain motivators. Statistically significant difference between the interviewees coming from various organizations exists when it comes to these motivators: possibility for career development and specialization which the organization offers to its employees and career advancement possibilities (values of P are less than 0.05). It is obvious that the remaining factors are contiguous with continuous education and career development.

Table 2: Overview of the interdependence of motivators and organization types

Motivators	chi-squared	P Value
Possibility for career development and specialization which the organization offers to its employees	14,5939	0,0007
Career advancement possibilities	10,1970	0,0061

Source: Author’s calculations

Possibilities for further specialization is most important for employees coming from profit organizations (average grade is 4.38, 4th place), while this motivator is least important to those employed in the non-governmental sector (3.03, 18th place). The outcome is similar when looking at career advancement possibilities; it is most important to the employees of profit organizations (3.75, 13th place), and least important to non-profit, state-budgeted organizations (state institutions – 2.71, 19th place). These deviations are explainable by very few possibilities for advancement, since the organizational structure of state institutions is very firmly defined and inflexible in comparison to profit organizations, which have a more supple organizational construction. On the basis of aforementioned analysis, presented through identification of importance of motivators, as well as the analysis on the interdependence of motivators and organization types, we can conclude that the hypothesis *organizational characteristics have direct influence on the motivating effects of education and career development opportunities*, is confirmed. Statistically significant deviations were not shown on the basis of interviewees’ gender, years of experience, education levels, as well as possibility for further specialization and career advancement opportunities.

4. CONCLUSION

In modern business environment, better known as new economics knowledge is viewed as a primary source of company's development, which can be used by organizations that wish to advance their competence. Technological changes, globalization, increased complexity and unpredictability of business environment all contribute to the process of rapid knowledge aging. Due to rapid knowledge aging, continuous education and specialization programs have become the most efficient ways through which it is now possible to advance company competitiveness. Today, the work force, as well as organizations themselves, can participate in competitive markets only if they learn faster than their competitors.

According to results of the research conducted in companies across Bosnia and Herzegovina, the possibility for continuous education and specialization which an organization may offer to its employees, ranks 15th out of 20 given motivator factors. Conversely, possibilities to advance up the career ladder within a company placed 17th (results relate to the entire sample). There is a statistically significant difference between the above mentioned motivators, which varies among different types of organizations. Thus, in comparison to the non-profit and non-governmental sectors, career advancement opportunities and continuous education are more important to those working in profit organizations. However, if one looks at the entire picture, it can be concluded that additional education and career advancement opportunities do not have a motivating effect on the employees of the companies that were analyzed in the research process. The so called "hygiene factors", outlined in Herzberg's Two Factor Theory, are the most dominant.

Considering the importance of knowledge and the need for continuous employee education in today's business environment, the results obtained through this research can serve as specific guidelines to managers of Bosnia and Herzegovina's companies, notably in the process of defining motivation strategies, motivating employees to gain additional knowledge and offering career advancement opportunities. However, we believe that a special benefit of these results lies in the fact that they are a warning signal to all managers who plan to continue their business operations in the future, and find their place in a competitive market. For, how can organizations be successful today, and survive and thrive in the future, if there exists no framework or ambience for continuous learning and deepening of existing knowledge?

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