

## Motivation of Human Capital, Strategy for Sustainability in Albanian Companies

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### Abstract:

*Economic entities are a fundamental component of the free trade system and considering their impact on a country's economy, they permanently remain an object of great attention. Particularly because it is in their owners' utmost interest to constantly attempt to improve the type of activity they generate, to constantly try to expand the market of their products and services and to increase their revenues. All of the above mentioned is not achieved with just a 'click', but requires the work of numerous employees that lead an organisation; employees that become the most valuable element a company possesses. Hence, the essence of this paper lies within the fact that human resources are a complete different type of capital that a company possesses, as they are human beings with cognitive abilities, feelings, aspirations and multiple needs. Understanding these needs, aspirations, thoughts and using these data from company's executives, can turn into a strong "weapon" in favour of the latter. Therefore, human capital is a strategic factor in a company's further growth and in order to optimize productivity, the organisation has to establish a two-way communication that acknowledges employees' worries regarding their job and understands what motivates them in order to*

*enhance their performance. In fact, employees' sustainability and welfare is translated as sustainability and prosperity for the company they give their contribution for. During the research, Albania's conditions were taken into consideration, in order to see more precisely which are the advantages and disadvantages that characterize human capital within the companies that operate in our country. Finally, several recommendations that contribute in the effective management of human resources are presented in the end.*

**Key words:** human capital, action plan, strategy, sustainability.

## **Introduction**

All economic entities around the world have a significant socio-economic impact and it is imperative for them to operate in an environment characterized by positive mutual relationships amongst executives, employees and clients. Leading a business activity, besides the functional aspects it generates, it also requires a responsible approach in relation to the individuals that make it work, due to their indisputable role. Human capital is an inseparable part of every organisation or institution. Edwin A. Locke in his book "Principles of Organizational Behaviour" agrees that: ***"Human capital is one of the biggest assets that a company possesses, which invests in an unreserved way for this capital."*** (2003, pg. 43). Given that the success as well as failure of every company depends heavily on people it employs, these companies increasingly pay more attention to the department of human resources management. The latter, through the development of strategies and policies regarding human capital, has become a strategic factor in the further improvement of the company. Accordingly, human resources management sector is considered a strategic and challenging component in terms of growth in organizations.

Based on studies of human resources' experts, published in "Bizmanuals" and "Account-Management-Economics", policies of human capital management should take into consideration issues such as increase of employees' efficiency, through consistent and straightforward communication of organization's goals and objectives together with what is precisely required from its employees. Ensuring that employees understand their role in the organization will serve as a key factor for the implementation of a successful strategy, as it will motivate them to do perform better in their job, since the results achieved will also be attributable to them.

In order to create a **stable organizational structure**, one should take into consideration: definition of tasks based on employees' strengths, respect for their rights, fair evaluation of their performance, establishment of fair relationships between parties, in order to increase self-confidence in workers and simultaneously the company's productivity. These steps create a sense of achievement and affiliation in employees', therefore creating a base from which their employers can benefit.

Experience has taught us that in order to be creative it is highly important for the employees to enjoy **an appropriate working environment** in the organization, know their role in the business and still have room for growth. To **enhance the professional level of employees**, managers should organise trainings that offer opportunities to improve the quality of their work. Additionally, providing of a range of facilities and opportunities for career development will increase their job satisfaction and consequently their performance.

## **A general overview of the Albanian economy**

Below, an overall analysis of the current economic situation in Albania is presented, with the aim to later establish a connection with the human capital that operates in Albanian companies. Initially, various key macroeconomic indicators over

years are given, so as to understand the current economic performance of the country, as well as a forecast of its possible trend in the future. Indicators used are: gross domestic product (GDP), unemployment, and inflation

**Table 1.GDP and Inflation Data**

Year	GDP		Inflation(%)
	(Current prices, mln)	Gross Domestic Product(%)	
2007	967,670	6.0	3.1
2008	1,089,293	7.5	2.2
2009	1,148,082	3.3	3.7
2010	1,222,462	3.8	3.4
2011	1,282,255	3.0	3.5
2012	NA	1.3	2.0
2013	NA	0.4	1.9
2014*	NA	2.1	2.0

Source: Instat, Ministry of Finance,IMF Estimates, Bank of Albania; (adapt authors)

\* It regards to numbers issued under the provisions

Based on the data presented in the Annual Report of Bank of Albania in 2013, Albanian economy was characterized by a relatively low economic growth, a percentage that precisely marked the lowest economic growth in the period analysed in this paper (years 2007-2014). The condition can be seen as a consequence of high uncertainties in the market, caused by the influence of an economically unstable global environment, low financing from the lending sector, as well as weak aggregate demand. Corresponding growth for 2013 was 0.4 percent in real terms. Such a state, seen more specifically in the effects on the performance of business and labor market in Albania, has resulted in” ... an bleak growth of employment and wages,... but also in financial trouble for enterprises...”Bank of Albania, 2013, pg.19). Regarding inflation, an important indicator for the evaluation of macroeconomic performance of a country, we can state that its volatility over the years has fluctuated within the determined target (2%-4%) by the Bank of Albania: the only legitimate authority to control monetary policy in place. During

2012, inflation has fluctuated slightly, but still remained within the defined limits, "...thus reflecting in this way also the mitigating cycles of the monetary policies" (Bank of Albania, 2012, pg. 31); meanwhile the same indicator for 2013 was 1.9%, almost below the lower limit of the range, which raised concerns about the stability and further growth of the economy. Another important macroeconomic element such as unemployment has shown fluctuations during 2013. At the end of the second quarter of 2012 and throughout 2013, the registered unemployment rate of 12.8% has been recorded, marking a decline by 0.2 percentage points in annual terms.

According to the data in the " Report on Macroeconomic Developments" published by the Bank of Albania during the first half of 2013, the total number of employees increased by only 1.5% in annual terms. Improvement shows also the private non-agricultural sector where the number of employed people has increased by 7.6% on an annual basis.

Based on the analysis in this report, the employment expectations in the coming period are anticipated to be more optimistic for the industry sector, continue to remain positive on the services sector and are slightly positive for that of the construction. Below, two of the labor market indicators in Albania during years 2008-2013 are presented in a tabular form.

**Table 2.Labor market indicators in Albania**

<b>Labor market</b>						
Year	2008	2009	2010	2011	2012	2013
Number of employed (000)	974.1	899.3	916.9	928.0	955.0	966.0
Unemployment rate	12.7	13.7	13.5	13.3	13.0	12.8

Source: Bank of Albania, Annual Report 2013, pg 24 (adapted by Authors)

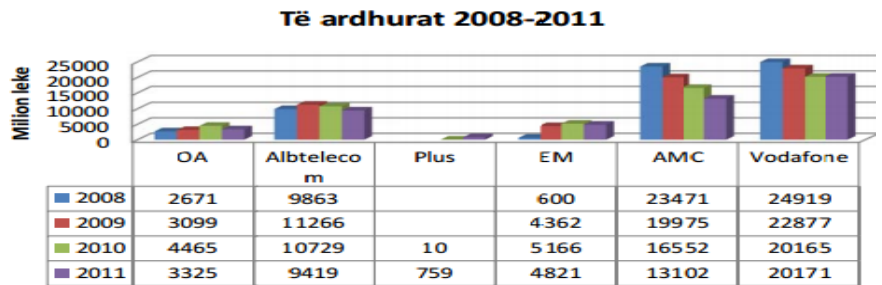
From the table it can be observed that for the time interval above, the unemployment rate has had its highest peak in 2007 (13.7%), while in the subsequent years has decreased continuously to the level of 12.8% in 2013. The number of full-

time employees, from electronic communication entrepreneurs, was 4166 until 2011, out of which 1700 were mobile operators employees, where more than half of them (941) were female workers (AKEP, 2012, pg.11).

Total revenues of entrepreneurs in the market for electronic communications for 2011 (the official data is published up to the present year) amount to 51922 million ALL.

The sector’s revenue for the same year is divided among all mobile operators that have 75% of market revenues, and Albtelcom that has 18% of market revenues, which altogether own about 93% of all the sector’s income (AKEP, 2012, pg.8). Graphical representation of the data is given below:

**Graph 1. Total revenues of electronic communication operators (2008-2011)**



Source: AKEP

### **Case Study – Telecommunication Companies in Albania**

In this study, attention is paid to the treatment of human capital specifically within mobile companies in Albania, relying on data from surveys that these companies have carried on their employees. It is an initiative undertaken to test what really happens inside the companies of concern, if their employees (or their people as they call them) feel really involved and how many are realistically motivated to perform their best, what is the atmosphere that prevails during working hours and rapports created between employees and managers within each company. It is an opportunity to hear the opinion of

employees on how it is working for a certain organisation and its managers.

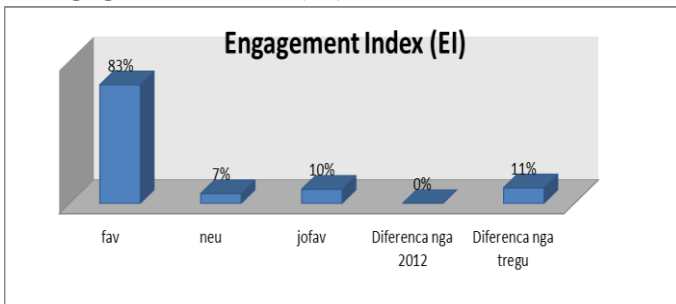
Using information gathered periodically from surveys and then operating in accordance with the results obtained by observation, one can create room for improvement quality of involvement from employees and overall increase in a company's profitability. Conclusions have been drawn based on a comparison of data relative to previous years, relative to competition and other businesses in order to see the trends and progress. Concretely, questions addressed to the employees in the survey are organized in several indicators:

- **Engagement Index (EI)** measures how dedicated and proud are the employees about working for that company in question and how much extra efforts are they motivated to put in on a working day. Also, this category measures in a way the promoting achievements of the network of employees, of how likely are its employees to recommend the products and services of "Vodafone", "AMC", "Eagle Mobile", "Plus" to a colleague or a friend.
- **Management Index (MI)** measures to which extent employees sense they are being managed properly and how is it to be part of a working group where they contribute. This part also includes being in contact with the potential priority changes of management and being insured by the management that all results are subject to specialized assessments.
- **General questions** measures overall satisfaction with the company and if their employees feel part of the diversity, overall inclusion and communication of the company

Most questions are formulated in a way that contains a scale of five, from very positive to very negative. The first two options (absolutely agree, agree) are considered favorable (%fav), the last two (absolutely disagree, disagree) are considered

unfavorable (unfav%) and the medium category (neither agree nor disagree) is neutral (%neu). The column “The difference from year 2012” shows the percentage (%) change from previous year, meaning 2013 since the survey was conducted in 2013. The column “The difference from the market” reveals the percentage (%) change between the company results and the market where the company operates in. Positive numbers indicate the results are favorable, whereas negative numbers indicate the results are unfavorable. Below, the specific questions asked according to the above categories and the answers provided are given for each of them:

**Part1. Engagement Index (EI)** with a result **88 %** from 100%. Number of participating individuals is **322 (sample size)**. “Difference from year 2012” resulted to be **zero**, meanwhile a positive value of **+11%** was marked for the difference that mobile industry has in compared to the market. Graph2. Engagement Index (EI)

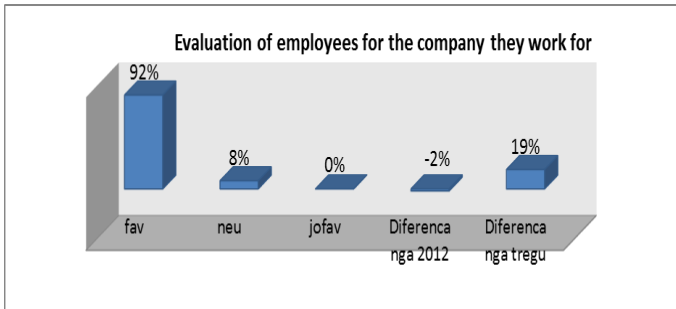


Source: Authors

Questions included in this category from the Engagement Index evaluated data, consist in:

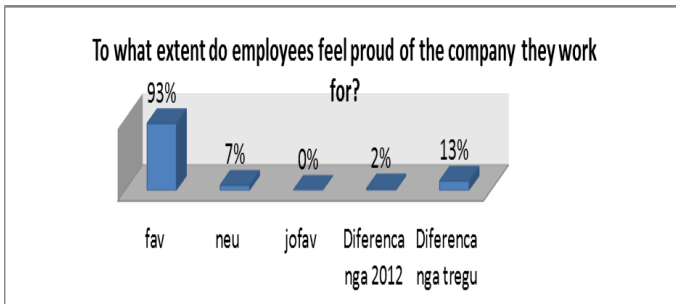


**Graph 3. Evaluation of employees for the company they work for.**



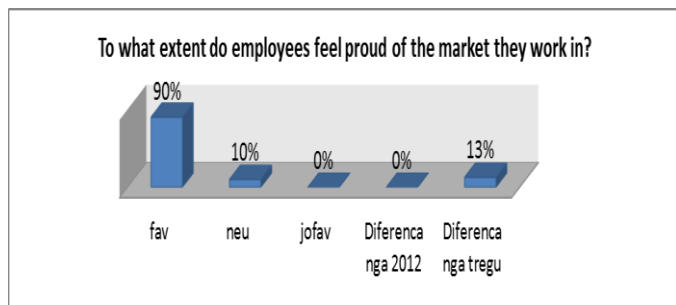
Source: Authors

**Graph 4. To what extent do employees feel proud of the company they work for?**



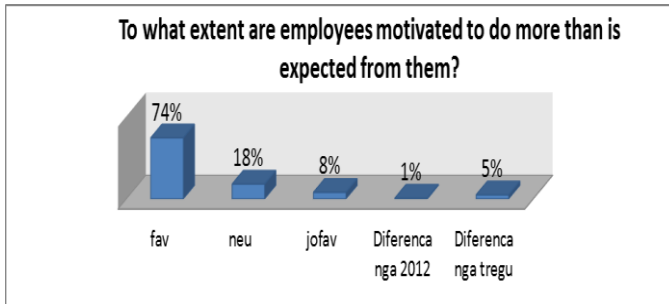
Source: Authors

**Graph 5. To what extent do employees feel about the market they work in?**



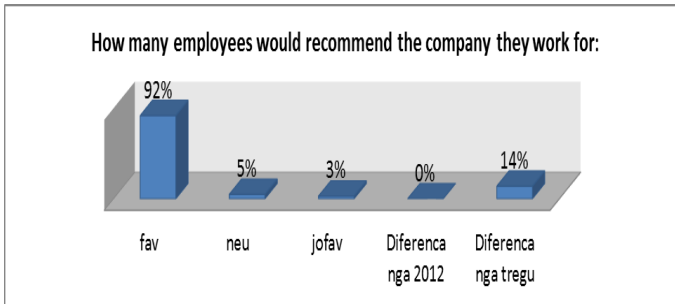
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**Graph 6. To what extent are employees motivated to do more than is expected from them?**



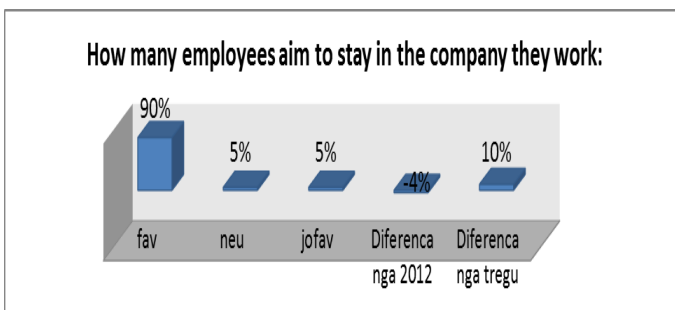
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**Graph 7. How many employees would recommend the company where they work as an employment opportunity?**



Source: Authors

**Graph 8. How many employees aim to stay in the company they work?**

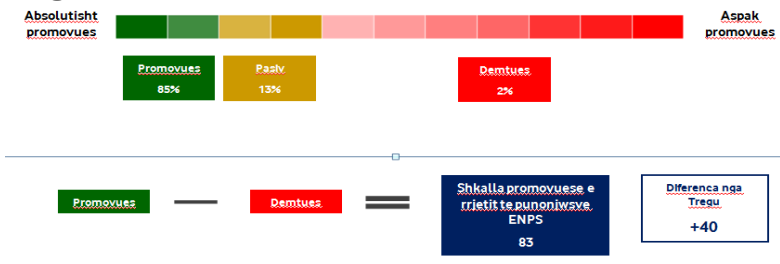


Source: Authors

From the observation of survey results above, it can be grasped that, all in all, the staff working for mobile companies in

Albanians are satisfied to be part of these companies (93%) and in that specific market industry (90%) and they are even willing to continue giving their contribution in the future (90%). Also, the comparison of these variables with the market overall is encouraging, noting values from + 10% to + 14% higher. It is evident that these companies care to provide a good portion of their assets to their employees. However a part of employees (18%) would not be willing to give more than what is expected from them, demonstrating uncertainty in what they would like to do, even 8% of respondents refuse to do so. At this point it is contemplated to see what would be more appropriate to motivate them more. We should note the payment amount for specific positions is related to the performed work or to the potential of employees and is judged as the best way to motivate them. The next indicator carries a great importance as it is linked with the promotional skills of employees of mobile companies; employees' promotional behaviour is tested regarding the products and services of the company. Hence the dedication and devotion of employees is tested even outside the office environment or after the working hours, because it is through such a promotional behaviour that the assessment they make on these products and services is measured, and also through the feeling of engagement with the company they work for, thinking in every moment about its growth.

**To what extent would employees recommend the products and services of the company to their friend or colleague?**

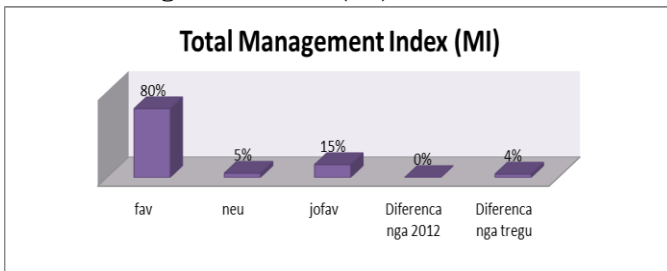


Source: Authors

Regarding the above data, results are satisfactory because a major part of employees (85%) from mobile companies manage to promote the products and services that their companies provide to their relatives and acquaintances; while 13% of them are completely passive towards such an initiative, but more disturbing part is that 2% of the staff, even though is a small number, it affects negatively the growth of the company where he/she works, demonstrating his/her dissatisfaction towards his/her employers. Comparing this indicator with the market value is also satisfying, since it records a high value, positive (+40%). It is the management's responsibility to understand what are the reasons behind employees dissatisfaction which can damage the image of the products and services provided by their company.

**Part 2. Total Management Index** recorded a result **80%** from 100%. The number of individuals that participated in this survey is **322**. "The difference from year 2012" constitutes the most important issue in the results of this indicator, as it shows what has changed or what effects do the policies and activities, that have been undertaken in the previous year, have on claims and opinions of this year's poll. The indicator "The difference from year 2012" does not mark a change in value (**zero**), while in relation to the indicator "The difference from the market" a difference of +4% is noted, resulting positive compared with the companies considered in the study.

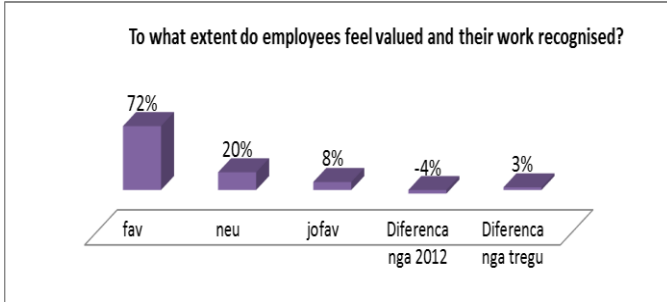
**Graph 9. Total Management Index (MI)**



Source: Authors

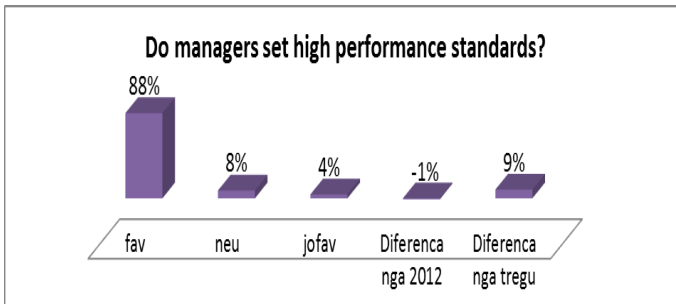
Questions included in this category, from the Management Index (MI) evaluated data, consist in:

**Graph 10. Assessment and recognition of good performance of employees**



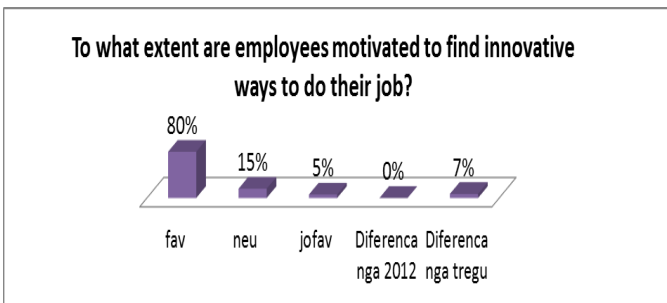
Source: Authors

**Graph 11. To what extent do managers set high performance standards?**



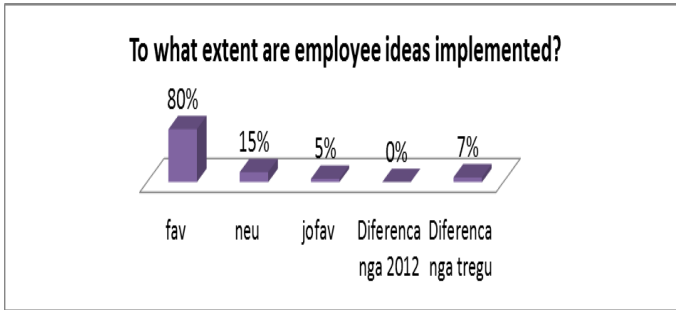
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**Graph 12. To what extent are employees motivated to be more efficient**



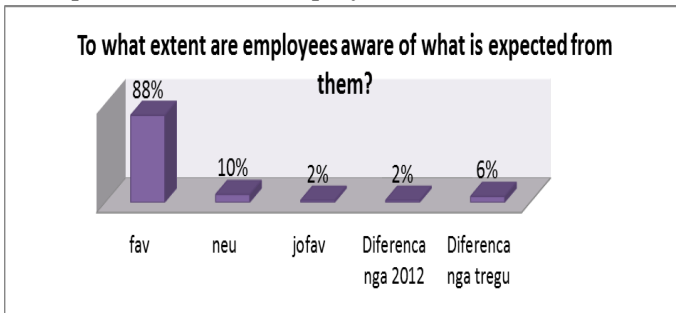
Source: Authors

**Graph 13. The opportunity to implement their ideas**



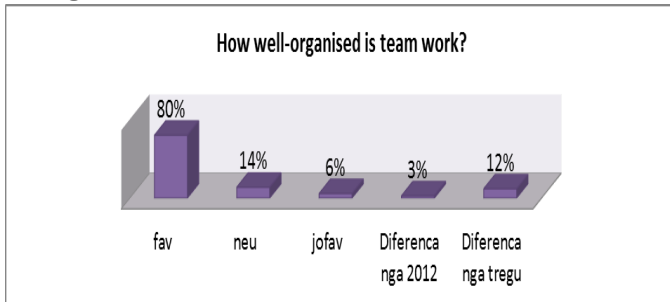
Source: Authors

**Graph 14. Expectations from employees**



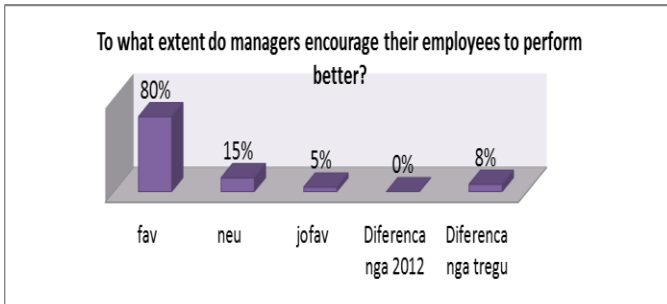
Source: Authors

**Graph 15. Organization of team work**



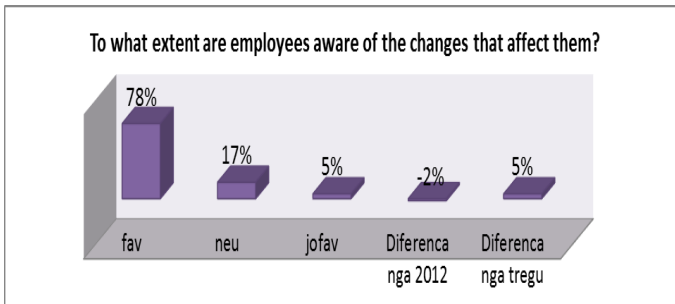
Source: Authors

**Graph 16. To what extent do managers encourage employees to perform better?**



Source: Authors

**Graph 17. To what extent are the employees aware of the changes that affect them?**



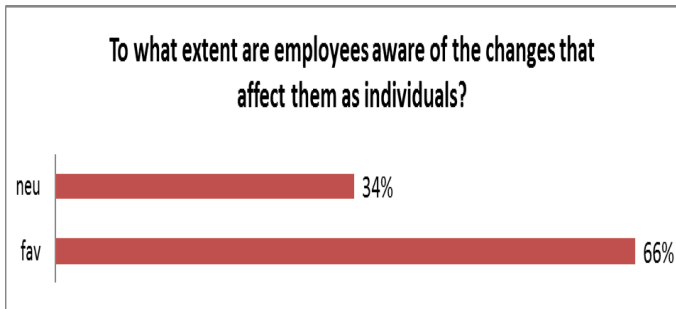
Source: Authors

The data for the assessment of the Management Index (MI) seems positive for the companies considered in the study. On average around 80% of respondents agree that they feel appreciated for their achievements, that they have motivation to seek new efficient methods to perform their tasks, also, they agree they are incentivized continuously to operate according to high standards. This means that most employees in the mobile communication sector in Albania have proper incentives from their managers to express their full potential at work. Nonetheless before pretending with certainty that maximum productivity is possible, the neutral and unfavorable part that demand more from managerial roles would have to turn in favor. Human resources managers should focus on the size of

the problem and then by reviewing, developing strategies for the treatment, improvement and motivation of employees in order to find possible solutions. The most vulnerable point within this category is the "evaluation of the achievements of employees in their work", there are specifically 20% of respondents who did not reach a conclusion on this point, and 8% of those who acknowledge the lack of proper evaluation of their achievements. This is a critical point which besides encouraging job dissatisfaction and inefficiency; it also affects the volatility of the neutral category of employees, which can have in huge negative consequences in the future. Thus, an increase of confidence and concrete motivation practices towards this category, are the next challenge for concerning companies.

However, it has to be emphasised that no submission or overestimation of these employees is implied. Even if they are not right, in order not to violate their rights, they should be clear from their leaders are their merits really and on the other hand, also their colleagues should be aware of this because it will lead to increased security and stimulation at work.

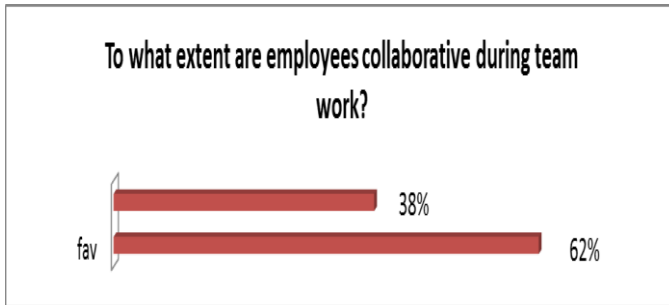
**Graph 18. To what extent are the employees aware of the changes that affect them as individuals?**



Source: Authors



Graph 19. Collaboration and team spirit in employees



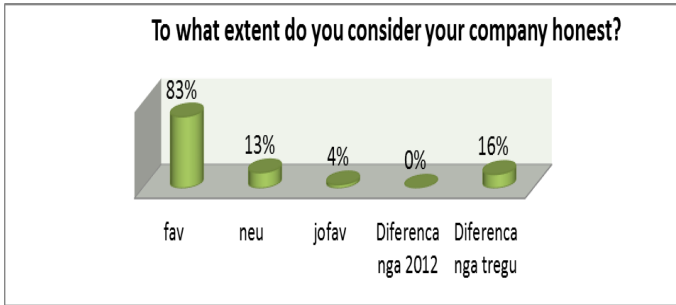
Source: Authors

The results above highlight the need to contemplate on the diversity of answers given from managers of the companies and from the rest of the staff, all of which is reflected in the stakeholder relations established with the shareholders of the companies. Explanation of the above results in the two graphs is linked with what is called “status”, the job position each one holds. An employee considers he/she has enough knowledge on the changes that affect him/her or otherwise, is not really concerned about this, because he is conscious of the function he/she has in the organization as long as he performs his/her duty, is happy for the time period he/she has a work contract, receives the wage in the determined date and has some rights. On the other hand, a manager in a leading position and nearer to the shareholders would seek to know more about the changes undertaken and for sure would feel bad if left offset with no prior consultation with him/her for decisions affecting the company he/she leads. The same logic stands even in employees’ collaboration in group work. As a matter of fact all employees think they give their maximum and are very good in what they do. They also have the same perception on the effectiveness of the work they perform with each-other. Seen from manager’s point of view, of who evaluates their work, it is logical to think there is space for improvement and more devotion form employee’s side.

### **Part 3. General questions.**

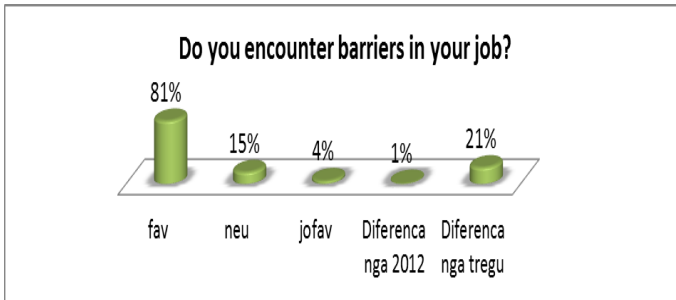
Number of individuals who participated in this study are **322**. Questions included in this category are addressed to every employee in the concerned company. They consist in:

**Graph 20. How straightforward and honest is your company?**



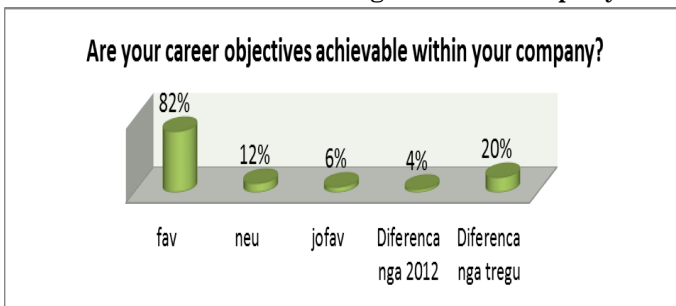
Source: Author

**Graph 21. The existence of barriers for employees during their work**



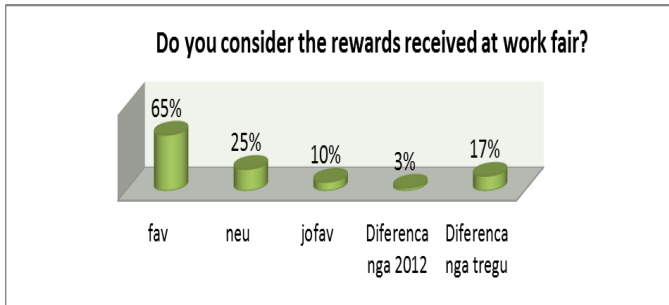
Source: Author

**Graph 22. Achievement of career targets in the company.**



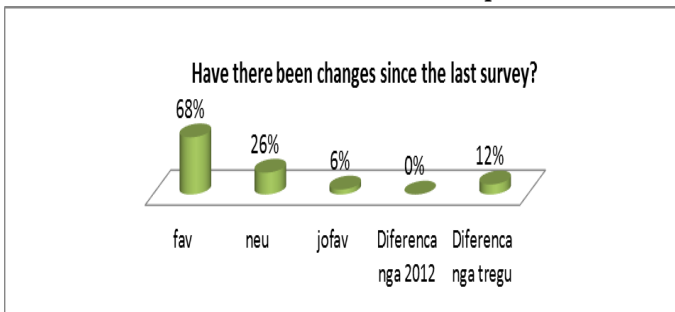
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**Graph 23. Fair rewards from the companies**



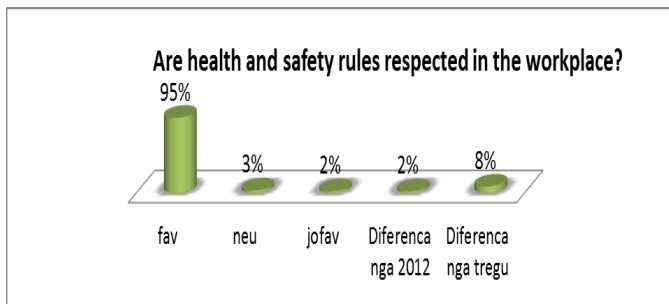
Source: Author

**Graph 24. Activities undertaken after the last poll**



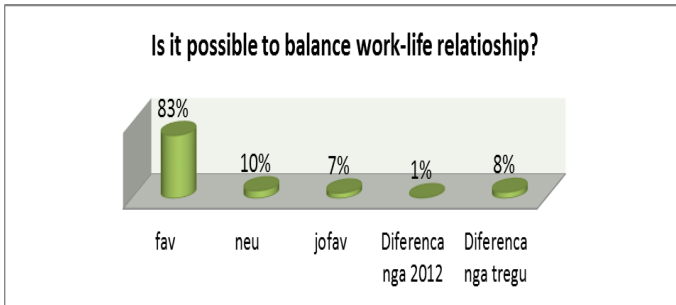
Source: Author

**Graph 25. Application of the rules on health and safety in the workplace.**



Source: Author

**Graph 26. Balance of work-life relationship**



Source: Author

The survey results for the third part follow almost the same trend as the first one. Again, the majority of respondents (80% - 90%) remained positive about provided working conditions within the companies, whether with regards to wage rights, health and social security, occupational safety, their handling with fairness and respect, the lack of discrimination or prejudice about their past.

Another crucial factor is the importance these companies give to the work-life balance for their employees, as an important motivating factor in the heavy course of today's lifestyles. However, two more problems arise; one has to do with employees' compensation, where 10% of them express dissatisfaction and 25% of employees are passive in their opinion. The other problem relates with the fact that only 68% of respondents agree that there have been concrete changes from the policies pursued after the recent conducted survey by the organizations. A matter of concern is the productivity that dissatisfied employees will have in the future and what will be the consequences of such dissatisfaction.

Immediately after the leaders of the organizations have on the employee survey's results, the interpretation phase of these results will start and then an action plan in accordance with the objectives and strategies of the future will be created. The action plan will involve the methods and strategies needed to motivate dissatisfied employees, and include ideas on how to

boost the performance of organizations. Recommendations for the employers of these companies are enlisted below:

- First thing recommended is to organise meetings with company employees in order to discuss their feedback.
- Assure your team that this is a confidential meeting and encourage them to be as much open as possible.
- Explain why Management Index (MI) is important for you and how MI will serve both parties.
- Ask your team to give their opinion on the results from the survey and discuss the strongest and weakest points of the existing human resources' policies followed by the company.
- Ask your team to think about how things can be enhanced in a more innovative way.
- Second step relates to the creation of an action plan with your team, whilst ensuring mutual engagement from each member, which will follow the action plan step by step up to its realization.

Attach target dates and objectives for measurement of success. Identify the members that will help in the development and implementation of your action plan. It is necessary to review your action plan with your team regularly, every three months to track the progress and face team's thoughts.

All goals established for Action Plans should be divided into three categories:

1. Short-term "quick fixes" that can be implemented immediately.
2. Medium-term objectives that can be achieved in 2-3 months.
3. Long-term goals which are more ambitious and likely to require 6 months to a year to be achieved.
  - Communicate the progress regularly; it helps to use the format "You said...we did..."

- Describe why and how the solutions will improve the working environment.
- Manage employees' expectations by putting limits in what they can or cannot do concerning your market or inside your department, but every question should be followed by a reasonable explanation.
- Encourage the team to speak how the collaboration means the involvement of each one of the staff members together with their skills and experience.

An argument in favor of mobile companies in Albania, from the results of the study concerning their advantages in comparison to the market, regards the working environment and organisational benefits provided for all employees within these companies. In numbers it is +21% to +25%, a fact that encourages the actual employees and potential ones that take into consideration and value working in these companies.

## **Conclusions**

Michael Armstrong in his book 'Strategic Human Resource Management', wrote that: ***“Human capital of an organization consists in the people that work in the organization and to whom appertains its success”*** (2008, fq. 19). From an entrepreneur's point of view, the role that his/her employees play is really important. Hence having good employees is important for every business because ***“human resources lead to a competitive advantage when they are: precious, rare, inimitable and non-substitutable.”*** Barney (1991)

The relevance of this topic lies precisely in the importance of human capital (human resources) located within each organization and guides it towards the realization of its objectives.

The case used in an actual study of the human capital in mobile companies in Albania, based on the data from surveys that business itself conduct on their employees.

Their philosophy is simple: “The commitment of the people gives the best results and the opportunity to build on our own strengths!” Through such practices valuable data can be obtained, which helps stakeholders understand the overall activities of their businesses, the prevailing atmosphere and the necessary actions that improve their business.

Results of the polls confronted us with data generally positive for companies and the market referred in the study; in the aspect of management by the companies, engagement of both employer-employee and provision of general conditions in favor of human resources.

However, the criticisms of employees regarding motivation, unsatisfactory rewarding of their work and insufficient action to improve the situation are not left unattended. Regarding this information it is imperative that concrete action plans are undertaken and recommendations on the issue reviewed and discussed.

The latter action emphasizes the importance that meetings between parties have, as a great opportunity to discuss the inclusion, confrontation, cooperation and implementation of future policies. Motivation policies are generally linked with payment based on merit and with promotion of sustainable cooperation relationships between parties. Above all it is crucial for everything to be transparent, to serve the interest and wellbeing of both the organization and the employee, their main artery. If this is achieved, then success is guaranteed.

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