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Employee motivation and organizational impact of innovation on employee satisfaction

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Abstract: Work motivation, like all motivational processes, is also subject to change as a function of the external forces that comprise an individual's world. Recent advances in work motivation offer a plethora of opportunities for scientists and organizational practitioners interested in the understanding, prediction, and remediation of issues pertaining to how, why, and when individuals engage and invest attention, energy, time, and other personal resources in their work. The future of many businesses depends upon their ability to innovate. The company culture and leadership are the two prominent barriers to innovation. If a company's culture isn't set-up to accept new ideas and creative contributions from its staff then inventions will be unable to break through to the marketplace. The organization may be structured so that the development of an innovation is more challenging than at another business. This confining structure can be physical or, alternatively, systemic in terms of the company's culture. Motivation and commitment of workers, professionals and managers are being increasingly realized as critical factors for the company success.

Key words: Employee motivation, innovations, management systems

JEL Classification: E31, E37, E60, O15

Introduction

Motivation and innovation go hand in hand. Motivation is giving encouragement to someone. And innovation is a new creation or something new. An innovation can be introducing something-and idea or object-for the first time. People need motivation to be innovative. There needs to be a reason for them to work hard to create something new.

Methodology

We studied the statistic survey about innovation of European Statistic Office. The survey collects information about product and process innovation as well as organisational and marketing innovation during the three-year period 2002 to 2004 inclusive. Most questions cover new or significantly improved goods or services or the implementation of new or significantly improved processes, logistics or distribution methods. Organisational and marketing innovations are only covered in section 10. In order to be able to compare enterprises with and without innovation activities, we request all enterprises to respond to all questions, unless otherwise instructed.

Statement of INOV 1-99 in 2004, present to the 2195 reporting units to the Statistical Office of SR.

In the analyse we focus on:

Organisational innovations

An organisational innovation is the implementation of new or significant changes in firm structure or management methods that are intended to improve your firm's use of knowledge, the quality of your goods and services, or the efficiency of work flows. A marketing innovation is the implementation of new or significantly improved designs or sales methods to increase the appeal of your goods and services or to enter new markets.

It was examined whether the reporting unit during the three years 2002 to 2004, did their enterprise introduce:

Organisational innovations

New or significantly improved knowledge management systems to better use or exchange information, knowledge and skills within your enterprise *ORGSYS*

A major change to the organisation of work within your enterprise, such as changes in the management structure or integrating different departments or activities *ORGSTR*

New or significant changes in your relations with other firms or public institutions, such as through alliances, partnerships, outsourcing or sub-contracting *ORGREL*

The possible answers YES (1) or No (0).

If your enterprise introduced an organisational innovation during the three years 2002 to 2004, how important were each of the following effects?

Reduced time to respond to customer or supplier needs	<i>EFORED</i>
Improved quality of your goods or services	<i>EFORQU</i>
Reduced costs per unit output	<i>EFORCO</i>
Improved employee satisfaction and/or reduced rates of employee turnover	<i>EFORSA</i>

The possible responses were:

Degree of observed effect: High, medium, low, not relevant

As additional information by looking at the turnover for 2004

What was your enterprise's total turnover for 2002 and 2004?²⁷ Turnover is defined as the market sales of goods and services (Include all taxes except VAT²⁸).

Results

New or significantly improved knowledge management systems to better use or exchange information, knowledge and skills within your enterprise X Reduced time to respond to customer or supplier needs (*ORGSYS x EFORED*).

²⁷ Give turnover in '000 of national currency units to nine digits.

²⁸ For Credit institutions: Interests receivable and similar income; for Insurance services: Gross premiums written

Name of row	Names of columns		
	0	1	Summary
0	30	41	71
1	28	61	89
2	96	222	318
3	36	175	211
	1506		1506
%			
0	1,37%	1,87%	3,23%
1	1,28%	2,78%	4,05%
2	4,37%	10,11%	14,49%
3	1,64%	7,97%	9,61%
	68,61%	0,00%	68,61%
0	348 962 000	1 134 999 333	1 483 961 333
1	219 184 667	5 438 533 000	5 657 717 667
2	4 007 656 333	5 049 575 000	9 057 231 333
3	1 295 710 000	11 976 242 000	13 271 952 000
	13 518 246 667		13 518 246 667
%			
0	0,81%	2,64%	3,45%
1	0,51%	12,65%	13,16%
2	9,32%	11,75%	21,07%
3	3,01%	27,86%	30,87%
	31,45%	0,00%	31,45%
Summary OrgSys	1696	499	2195
%	77,27%	22,73%	100,00%
Summary		23 599 349	42 989 109
TURN04m	19 389 759 667	333	000
Summary % turnover	45,10%	54,90%	100,00%

New or significantly improved knowledge management systems to better use or exchange information, knowledge and skills within your enterprise X Improved quality of your goods or services (*ORGSYS* x *EFORQU*).

		Names of columns	
Name of row	0	1	Summary
OrgSys			
0	27	16	43
1	24	34	58
2	85	233	318
3	54	216	270
	1506		1506
%			
0	1,23%	0,73%	1,96%
1	1,09%	1,55%	2,64%
2	3,87%	10,62%	14,49%
3	2,46%	9,84%	12,30%
	68,61%	0,00%	68,61%
Summary - TURN04m			
0	345 500 000	541 449 000	886 949 000
1	312 960 667	587 472 000	900 432 667
		10 229 927	11 795 032
2	1 565 105 667	000	667
		12 240 501	15 888 448
3	3 647 946 667	333	000
			13 518 246
	13 518 246 667		667
%			
0	0,80%	1,26%	2,06%
1	0,73%	1,37%	2,09%
2	3,64%	23,80%	27,44%
3	8,49%	28,47%	36,96%
	31,45%	0,00%	31,45%
Summary OrgSys	1696	499	2195
%	77,27%	22,73%	100,00%
Summary		23 599 349	42 989 109
TURN04m	19 389 759 667	333	000
Summary % turnover	45,10%	54,90%	100,00%

New or significantly improved knowledge management systems to better use or exchange information, knowledge and skills within your enterprise X Reduced costs per unit output (*ORGSYS x EFORCO*).

		Names of columns	
Name of row	0	1	Summary
Summary OrgSys			
0	28	50	78
1	50	122	172
2	72	203	275

3	40	124	164
	1506		1506
%			
0	1,28%	2,28%	3,55%
1	2,28%	5,56%	7,84%
2	3,28%	9,25%	12,53%
3	1,82%	5,65%	7,47%
	68,61%	0,00%	68,61%
Summary - TURN04m			
		1 507 646	2 397 090
0	889 443 667	667	333
		3 755 280	4 470 341
1	715 060 667	667	333
		7 874 379	11 458 948
2	3 584 569 333	333	667
		10 462 042	11 144 482
3	682 439 333	667	000
			13 518 246
	13 518 246 667		667
%			
0	2,07%	3,51%	5,58%
1	1,66%	8,74%	10,40%
2	8,34%	18,32%	26,66%
3	1,59%	24,34%	25,92%
	31,45%	0,00%	31,45%
Summary OrgSys	1696	499	2195
%	77,27%	22,73%	100,00%
Summary		23 599 349	42 989 109
TURN04m	19 389 759 667	333	000
Summary % turnover	45,10%	54,90%	100,00%

New or significantly improved knowledge management systems to better use or exchange information, knowledge and skills within your enterprise X Improved employee satisfaction and/or reduced rates of employee turnover (*ORGSYS x EFORSA*).

Column Names			
Name of row	0	1	Summary
OrgSys			
0	49	62	111
1	48	119	167
2	77	231	308
3	16	87	103
	1506		1506
%			
0	2,23%	2,82%	5,06%
1	2,19%	5,42%	7,61%
2	3,51%	10,52%	14,03%

3	0,73%	3,96%	4,69%
	68,61%	0,00%	68,61%
Summary - TURN04m			
		1 268 140	3 013 895
0	1 745 754 667	333	000
		6 504 737	7 126 173
1	621 436 000	667	667
		10 826 028	14 106 303
2	3 280 274 333	667	000
		5 000 442	5 224 490
3	224 048 000	667	667
			13 518 246
	13 518 246 667		667
%			
0	4,06%	2,95%	7,01%
1	1,45%	15,13%	16,58%
2	7,63%	25,18%	32,81%
3	0,52%	11,63%	12,15%
	31,45%	0,00%	31,45%
Summary OrgSys	1696	499	2195
%	77,27%	22,73%	100,00%
Summary		23 599 349	42 989 109
TURN04m	19 389 759 667	333	000
Summary % turnover	45,10%	54,90%	100,00%

The average of individual effects *EFORED, EFORQU, EFORCO, EFORSA*

Efored

Values	Names of columns		
	0	1	Summary
Average OrgSys	190	499	689
Average Efored	1,73	2,06	1,97
Average Eforqu	1,87	2,30	2,18
Average Eforco	1,65	1,80	1,76
Average Efora	1,32	1,69	1,58
Average		47 293	
TURN04m	30 902 700	285	42 773 385

Efored

Values	Names of columns		
	0	1	Summary
Average OrgStr	184	505	689
Average Efored	1,73	2,06	1,97
Average Eforqu	2,08	2,22	2,18
Average Eforco	1,51	1,86	1,76
Average Efora	1,42	1,65	1,58
Average		52 397	42 773 385
	16 358 788		

TURN04m		714	
Efored			
	Names of columns		
Values	0	1	Summary
Average OrgRel	438	251	689
Average Efored	1,88	2,13	1,97
Average Eforqu	2,13	2,27	2,18
Average Eforco	1,65	1,95	1,76
Average Eforso	1,50	1,73	1,58
Average		72 123	
TURN04m	25 954 124	331	42 773 385
Efored			
	Names of columns		
Values	0	1	Summary
Average MktDes	508	181	689
Average Efored	1,89	2,19	1,97
Average Eforqu	2,08	2,47	2,18
Average Eforco	1,69	1,97	1,76
Average Eforso	1,50	1,82	1,58
Average		61 730	
TURN04m	36 019 144	039	42 773 385
Efored			
	Names of columns		
Values	0	1	Summary
Average MktMet	575	114	689
Average Efored	1,91	2,26	1,97
Average Eforqu	2,15	2,37	2,18
Average Eforco	1,72	1,96	1,76
Average Eforso	1,55	1,74	1,58
Average		92 228	
TURN04m	32 968 449	105	42 773 385

Results

For all the types of organizational innovations has been the most significant impact in improving the quality of products and services (Eforqu). Many people have great ideas but they may not be motivated to put these ideas into action. When people are motivated to be innovative great ideas can come about and many improvements can be made in an organization and even in the world.

Literature

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