

THE IMPACT OF MOTIVATING AND STIMULATING GENERATION Y EMPLOYEES ON COMPANY PERFORMANCE

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ABSTRACT

In today's global market, companies are faced with competition. Employees are a key factor in an enterprise's performance. Human resource management is the overall system of personnel techniques that results in an organization's prosperity. One of its elements is motivating and stimulating employees. Organizations need to determine the best way to motivate and stimulate their employees. Forms of motivation and stimulation have been changing with the advent of Generation Y. Members of Generation Y are often referred to as echo boomers, the internet generation, iGen, or the net generation. In comparison to Generation X, members of Generation Y are more technologically savvy due to growing up in the information age and are very good at using media in everyday life. Effectively motivating and stimulating these workers can help businesses develop innovation, contribute to increasing business performance, and provide a competitive advantage. This paper deals the specific needs of Generation Y on the labor market. The research questions focus, for example, on the most attractive financial advantages, benefits, and forms of job satisfaction – as well as on what Generation Y expects from a professional career. Furthermore, the paper also deals with the question of the extent motivation and stimulation affects business performance. The research methodology is based on a questionnaire conducted in the Czech Republic in 2016. The research results show a correlation between the motivation and stimulation of employees and business performance. This paper concludes that Generations X and Y show certain differences in the intrinsic and extrinsic factors for their motivation.

Keywords: *Company Performance, Generation Y, Motivation, Stimulation*

1 INTRODUCTION

The entrepreneurial environment is currently changing at a very fast pace. These changes are primarily caused by global competition, quickly developing information and communication technologies, decreasing product development time, and rapidly changing consumer needs. Naturally, all these influences have an impact on businesses. The processes that make a company successful today do not guarantee success in the upcoming years. Therefore, if managers would also like to ensure the success of their company in the future, they must know how to make good decisions. In order to make good decisions, they must have access to relevant information on company performance and use this as the basis for managing the company. A financially healthy company is attractive for investors; this can be seen both in the investors' interest in investing and appreciating capital via the activities of this type of company as well as by using capital market indicators. A company's performance and financial stability is one of the main areas that deserves attention. Regular evaluation of

a company's financial health helps to identify and determine the causes of poor management (Neumaierová & Neumaier, 2002, p. 15).

1.1. Company Performance

On the basis of changes in the socioeconomic situation, companies are pressured into a strategy that focuses on balancing between focusing on individual needs and the requirement of increasing company performance. Managing company performance requires the creation of a system that makes it possible to quantify company performance. In order for a company to exist and fulfill its vision, strategy, and the owners' objectives, it needs financial and human capital (Dedouchová, 2001, p. 10). A company's financial performance and financial health, as a necessary prerequisite of its financial condition, are determined by its ability to create value added (profit) – thus, the overall profitability of company activities, return on invested capital, and the profitability of the provided inputs. From the perspective of the resulting effect, maximum activity is essential as a key prerequisite for effectively evaluating the basic factors. When evaluating company performance from the financial perspective, a whole range of benchmarks are used – from traditional ones such as profit, sales, expenditures, and the growth of cash flow to financial analysis ratios (liquidity, activity, debt, and productivity indicators as well as the indicators of a company's market value) and various methods that evaluate return on investment. The financial perspective is primarily founded on value-based management (Tomek & Vávrová, 2009, pp. 53-54). According to Wagner, performance is defined as follows: *“the component that describes the way – or, respectively, the process in which – the examined entity performs a specific activity on the basis of similarity with a referential way of performing (the process of) this activity.”* (Wagner, 2009, p. 17) However, this definition is very general. It points to the fact that there is no precise definition of company performance in practice, because company performance must be evaluated differently for each entity. The company's owner can define company performance as meeting their own expectations regarding return on invested resources, i.e., the company's ability to use its invested resources. It is necessary to keep in mind that the activity whose performance is evaluated is always intentional, i.e., it will result in a specific state or activity in the future, or at least in the attempt to achieve such a result. Two mutually dependent dimensions of performance exist in conjunction with intentionally directed activities (Wagner, 2009, pp. 18-19). The first aspect is focused on effectiveness, i.e., “do the correct things”; this points to the possibility of choosing activities. The second aspect is focused on efficiency, i.e., “do things correctly”; here, performance is understood as the way of executing the selected activity.

2.1. Motivating and Stimulating Generation Y Workers

Human capital is one resource that is able to react actively to turbulence and changes in the surrounding environment. The authors Barney and Agarwala agree that human capital and its management and creation result in higher competitiveness and productivity (Barney, 1995; Agarwala, 2003). Thus, intellectual capital helps companies increase competitive advantages and values (Wen-Ying & Chingfu, 2005). However, each generation has its own particular character. It is possible to label individual generations that are distinct and specific in their behavior and expression by defining them chronologically. The first outstanding generation was the so-called baby boomers, who were born in the post-war period – roughly between 1946 and 1964. After this comes a generation primarily from Western countries, Generation X – people born between 1965 and 1974; however, certain definitions of this period extend up to 1982, thereby partially covering the following generation (Mc Crindle, 2006, pp. 8-10).

Young people born after 1976 (or 1974), termed Generation Y, are divided into two further sub-categories by human resource professionals. These are those who are older than 25 years – and thus closer to Generation X – and those who are younger. Just as every generation does, these people have their specific way of life and perspective on it as well as specific requirements resulting from it – primarily in direct comparison with Generation X. Also relating to this are their different requirements, attitudes, and expectations when looking for work and building careers, which the company Manpower has confirmed in its research. As the study shows, representatives of Generation Y are very economically active, they require a high living standard, they feel greater responsibility for their social security, and they place emphasis on self-efficacy. At the same time, however – and this is the greatest difference between them and the previous generation – personal life also has taken a foremost position in their interests, especially relationships with family and partners, i.e., exactly those things which were ranked at the bottom of the previous generation's values. The same as the previous generation, the new one also wants to fully use all the possibilities that an open society and the world offers, but they do not plan to sacrifice their personal life. It is this attitude that begins to outline their characteristics and needs, such as flexible working hours or place of employment, the diverse resources of modern communication, etc. (Sheahan, 2005, pp. 92-108; ManpowerGroup, 2016). The same as all other generations, Generation Y also has its faults; currently, it is this subject of Generation Y, which is now replacing Generation X on the labor market, that is being discussed by human resource professionals.

A new reality is coming into effect for employers – in order for their companies to be successful in the future, they must attract and retain Generation Y. Even more than before, employers must focus on that which is important for Generation Y employees and adapt both their motivational strategy and means of stimulation accordingly. A number of authors and research studies present a guide for appropriately motivating Generation Y employees. In his book, Baldonado describes a number of relevant ways to motivate in an appropriate way; some examples of this are developing relationships with superiors and inferiors, giving the opportunity to take responsibility for performed work, and providing suitable rewards (Baldonado, 2008, pp. 19-44). Hill states that the most important factor for motivation is acknowledgment. *“In a Gen Y world that is made up of ambitious, talented and demanding individuals, employers need to recognise that resourcing and retention strategies for these future leaders need to reflect their unique make-up,”* stated Jon Hill. He further adds that, even though the majority of managers are currently taken from the ranks of Generation X (esp. strong years), the companies that understand and are able to accept this new generation of workers will be successful in the future. The results of research by the company Reed were completely in contrast to the expectations of employers. For example, 52% of employees listed that they were dissatisfied with the benefits their employer offered, and every seventh listed that benefits play a large role when making a decision about which job offer to accept. Nevertheless, 83% of employers believed that their employees were satisfied with the benefits. Indeed, research further demonstrated that Generation Y is motivated not only by money and employee packages, but also expects that the employer will offer professional growth supported by training programs and personal development, regardless of how long they intend to work for the employer (Moderní řízení, 2011). Other research results from the company Engage Hill point to the fact that the willingness of Czech employees to work overtime has been decreasing each year despite the fact that companies have been forced to continually increase the pressure put on their employees' performance. Another motivational factor that was seen in the research is flexibility, which is emphasized by this generation. Research confirmed that an individual approach to personal development and the opportunity

to organize their work on their own is no less important to them. Generation Y wants to know their place in the organization, desires feedback from superiors, and requires explanations for the significance of the tasks they are given on a daily basis. Another key factor for young talent when making decisions is access to social networks. According to research by Cisco Systems, 56% of young people answered that they do not want to work for a company that does not allow them to use social media freely. According to research, 90% of employees request to work out of the office or from home (Brodan, 2013)

2 RESEARCH METHODOLOGY

This paper is concerned with the specific needs of Generation Y on the labor market. Some examples of the issue at hand include the most attractive financial advantages and benefits, the forms of work satisfaction, and what Generation Y expects from a professional career. Another goal of this paper is to determine the extent to which motivating and stimulating workers influences company performance. The research methodology is based on a questionnaire performed in the Czech Republic in 2016 during the months of May and June.

The primary research for determining Generation Y's specific needs was conducted on the basis of a questionnaire. The questionnaire was conceived to address Generation Y, designed in online format with the use of the application Google Forms, and distributed via online social networks. The results of the rate of response totaled 125 respondents. Secondary research for determining the degree to which motivating and stimulating Generation Y workers influences company performance was conducted by survey using a questionnaire. The basic sample for questioning included top managers and line managers. The companies were selected on the basis of predetermined criteria and established using secondary analysis. The rate of return brought in a total of 26 respondents. Empirical generalization and interpretation of the results were conducted using the research survey.

3 SURVEY RESULTS

Generation Y's specific needs and conceptions of the world of employment are derived from the results of the primary research. The first research question concerned factors that are decisive in the choice of employer. From the research results and Fig. 1, it can be seen that the benefits offered, flexibility, development programs, career growth, and the possibility of using social networks at work are the most important.

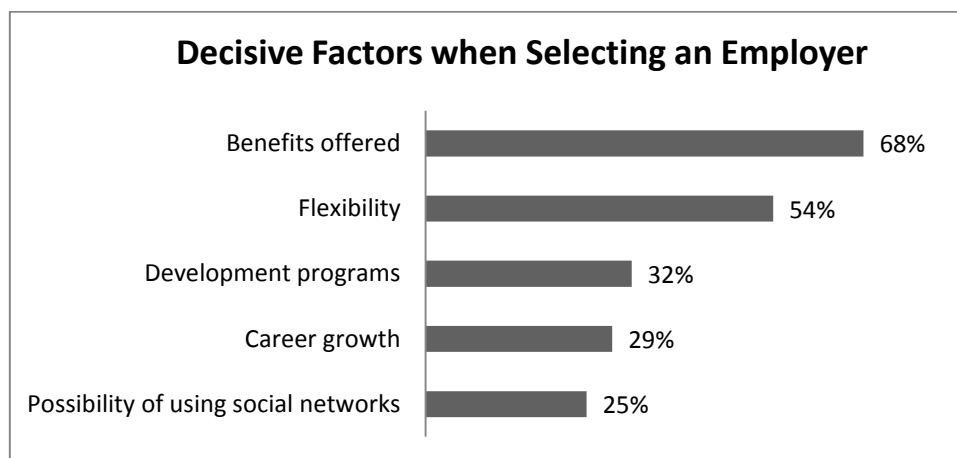


Figure 1: Decisive Factors when Selecting an Employer (Own calculation)

The second research question dealt with driving motivators, i.e., what most meets the needs of Generation Y at work. From the research results and Fig. 2, it can be seen that the most important are acknowledgment, being a member of a motivated team, the feeling that they are able to influence company affairs, as well as the option of utilizing BYOD (Bring Your Own Device).

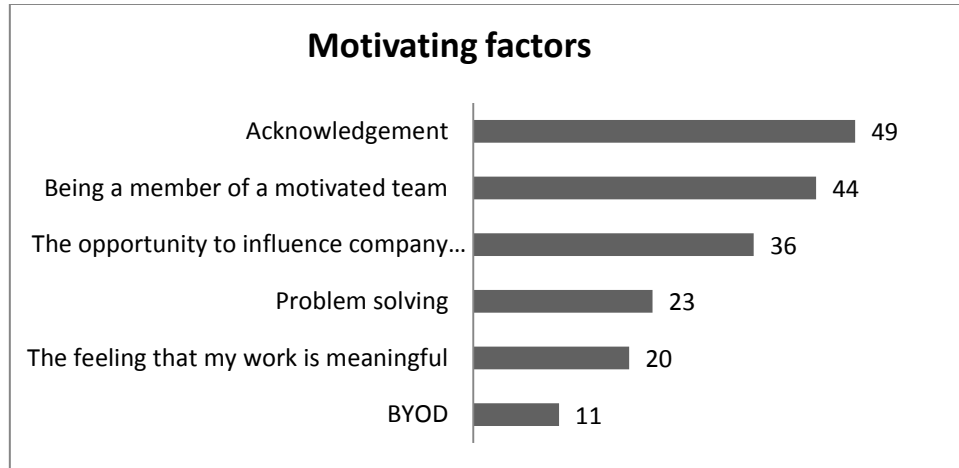


Figure 2: Motivating factors (Own calculation)

The third research question concerned financial stimulus, i.e., the rewards and benefits most attractive to Generation Y. From the research results and Fig. 3, it can be seen that the most important are bonuses for overtime work, a contribution towards vacations, special bonuses for innovative activities, a cafeteria plan, and a pension plan or other supplemental insurance.

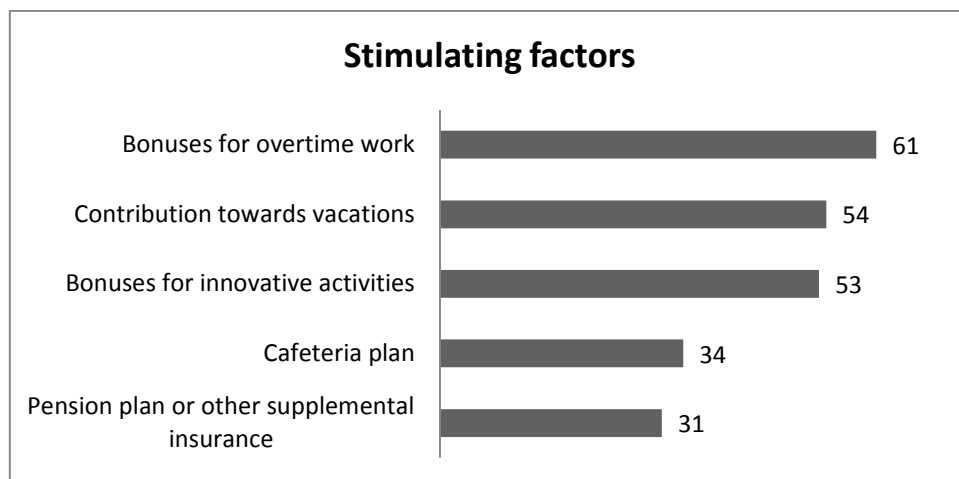


Figure 3: Stimulating factors (Own calculation)

The results of secondary research indicate the degree to which motivating and stimulating Generation Y workers influences company performance. The following research question was formulated:

H₀: Motivating and stimulating Generation Y employees does not influence company performance.

H₁: Motivating and stimulating Generation Y employees does influence company performance.

The hypothesis whose validity we are verifying expresses the statement that motivating and stimulating Generation Y employees does not influence company performance. If the null hypothesis is not valid, the opposite statement will be true. Respondents were allowed to choose between different ranges of percentages as they apply to increasing company performance. From the set type of variable, a one sample t-test was selected. The reference value was set at 0 (there was no influence). The test's level of significance was set at $\alpha = 0.05$, which indicates a 5% probability that we reject the null hypothesis even though it is valid. If the p-value is less than or equal to the set level of significance, we will reject the null hypothesis.

The STATISTICA program was used for statistical evaluation. The results of the one sample t-test were calculated on the basis of the embedded data matrix, the selected test, the defined variables, and the reference value. Tab. 1, below, shows a summary of the test results.

Table 1: The Results of the T-Test in the Program STATISTICA (Own calculation)

Variable	Test of Means Against the Reference Value			
	Mean	N	Referent (constant)	p
x ₁	6.78	26	0.000000	0.000000

It can be seen from Table 1 that the p-value for the given variable was less than the level of significance α ; therefore, we reject H_0 . Accordingly, we accept that motivating and stimulating Generation Y employees influences company performance at 6.78%.

4 CONSLUSION

A number of international research papers present results focused on the subject of Generation Y. The authors of this paper conducted primary research via a survey that presents the specific needs and conceptions of Generation Y about the world of employment. From the results, it can be seen that the most attractive factors are benefits with flexibility and the option of working from home coming next. Other significant factors are development programs, career growth, as well as the option to use social networks during working hours. This current research confirms some of the research that was presented in the paper's introduction. In comparison to the preceding Generation X, Generation Y has different expectations concerning their employers. They choose their job positions and companies very carefully and assert their ideas and values when building their careers. It is likely that their positions, opinions, and even behavior will influence the form company culture takes within organizations. This should force companies to change managerial stereotypes that have been implemented and not only make organizational changes but also adapt work conditions to Generation Y's requirements – including an appropriately designed system for motivating and stimulating them. According to the research that was conducted, the greatest motivation is acknowledgment and being part of a motivated team. Other predominant stimulation factors are bonuses for overtime, contributions for vacations, and special bonuses for innovative activities.

The secondary research was intended to determine whether appropriately motivating and stimulating workers influences a company's performance factors. Findings by international empirical studies differ on how strongly human capital influences company performance. In their work, the authors Gartner et al. and Frese et al. demonstrate an average or even a very strong positive relationship (Gartner et al., 1990; Frese et al.; 2007).

In contrast, the authors Davidsson et al. and Gimeno present this relationship in their work as positive, though very weak (Davidsson et al., 2003; Gimeno, 1997). On the basis of the research that the authors of this paper have conducted, the null hypothesis was rejected on the basis of a statistical t-test. Thus, we conclude that motivating and stimulating employees positively influences company performance.

Generations X and Y can learn much from each other. Generation X can learn the art of asking questions, because the working world is undergoing change at a faster pace. Changes require them being able to handle new environments, people, and culture. Generation Y is not tied down to one place; they want to be more flexible, work more from home, and combine work and family affairs in a more favorable way. Generation Y has grown up surrounded by modern technology, whereas the older generation must learn to handle modern technologies (Kejlová, 2014, pp. 20-21). Thanks to the internet, this so-called “global” generation is able to connect with young people across the world. It is thus possible to communicate, hold discussions, and share information all around the world in real time.

Companies that want to be successful cannot continue to ignore the requirements of Generation Y. Progressive companies have already commenced hiring members of Generation Y and have designed their model for managing employee affairs so that it accommodates the specific requirements of this generation – naturally, in a way that is beneficial to the organization as well. It is important to realize the fact that Generation Y will comprise the greater part of the population in their productive years up until the year 2025. Their requirements of the labor market have a number of aspects that employers must take into account in time. If an organization is able to listen to the needs of Generation Y, this will help them find a way to develop the abilities and skills of all their employees. This approach also creates a unique opportunity for a general overhaul of the model for human resource management and for integrating all employees into the process of building a highly productive company.

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