

# MOTIVATION IN PROFIT AND NON-PROFIT ORGANIZATIONS

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## **Abstract**

The article describes the differences in employee motivation in profit and non-profit organizations. The qualitative research, done in 2014 – 2016 confirmed the theory (Drucker, 1996), that employees in for profit organisations mostly motivate financial rewards. Employees in non-profit organizations prefer a meaningfulness and sense of the work. Motivation is a key component in human resource management. The companies invest in recruiting, so it is crucial to know the candidate's motivation. The fit of candidates' profile and expectation with the company culture is important. It helps to increase the employee retention. Long term employee motivation and satisfaction are closely connected with the company results. Motivated or even engaged employees bring added value to the company and help increase the profit and long term sustainability. The leader of profit or non – profit organization can adapt her leadership style per the main motivational factors of the employees. Employees in profit sector expect a higher financial reward, employees in non – profit sector meaningfulness of their work.

**Key words:** motivation, leadership, employee satisfaction, non – profit organization

**JEL Code:** M12, M14, O35

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## **Introduction**

This paper comes out from the assumption that people working in the profit sector are more motivated by remuneration for work than its sense (Drucker, 2006). However, this is true only to a certain level of earnings. When people meet the requirements for salary, which is enough to ensure the basic physiological needs, begins meaningful work in the profit sector be a greater motivating factor. The amount of remuneration, which remuneration ceases to be the main motivation, is very individual, and depends on the needs of each. What is sufficient for one, for another it may be completely inadequate, and vice versa. Research on the meaning of

work carried out by the Journal of Economic Behavior implies that people who see the meaning of their work are more motivated. (Arieli, Kamenica, Prelec, 2008)

The second premise from which the research proceed, is that people working in non-profit non-governmental organizations (non-profit sector) motivates meaningfulness of their work and the remuneration is perceived as a tool to satisfy the physiological needs, then as the main motivation for working (Francois, 2001). Therefore, if we compare two persons with the same salary, one works in the profit sector and the other in a non - profit sector, will be the first mainly motivated by the reward, while the other mainly the sense of work. From a certain amount of remuneration (when this amount is very individual) will the demand for the meaningfulness of work for those working in the profit sector also increase.

## **1 Non – profit organizations**

Non-governmental non-profit organizations are one of the forms of organization of the so-called organized civil society. It is the part of civil society, which is made up of formal organizations and uses for its designation the civil sector. Civil society organizations (CSOs) are all over the world and in various countries can be classified differently. They are defined and known by many types and legal forms of organizations. Salamon and Anheier created an international definition of CSOs in 1990. It overcomes the shortcomings of the older definitions and allow comparisons between CSOs in different countries. It is a structurally-operational definition that does not result from a legal or statistical definition, but it focuses on the actual layout and functioning of the organizations, i.e., their structure and operations (Anheier, 2005). The mission of non – profit organizations is to add value to the society, to help others.

Profit organizations are defined as companies with the main goal to create profit.

## **2 Motivation**

Work motivation or motivation to work means access to an individual's work, his willingness to work, stemming from internal impulses. There are two types of work attitudes: the first is a general position, i.e. the relationship to work as such. Second, the relationship to work in a company or organization, related to the satisfaction of work (Tureckiová, 2004). The motivational factors are very individual. Different factors may motivate each employee. Financial reward is only one of many factors that motivates to work. Money represents

important, but limited and short-term motivational factor. It is considered only for the subset of the resource that should be used to attain the final objectives.

Profit and non – profit sectors do not divide motivational theories. For social enterprises therefore applies the same motivational theory as for the enterprises profitable. The significant difference in profit and non - profit businesses is in the motivation of individual employees.

Employees of the social enterprises are more motivated by their internal motivation than employees in profitable enterprises (Bacchiega and Borzaga, 2003). Besley and Ghatak (2005) describe the staff of social enterprises as agents who aim at achieving certain goals, because it brings an inner satisfaction. The staff of nonprofit organizations more than people working in profitable companies prefer work that is useful for society. The non-profit sector attracts more workers who are trying to be useful to others, and have a desire to change things. The needs of society and their meeting puts on a higher level in the field of motivation than high income. The work in non - profit sector is often linked to the theme of altruism, thus the benefit of working for others.

### **3 Research**

#### **3.1 Methodology of research**

The research was conducted in 2014 - 2016 using the quantitative approach. The research answered the main hypothesis: Employees in profit organizations are more motivated by financial reward than employees in non – profit sector. A structured questionnaire was distributed to the employees of profit and non – profit organizations. The research sample was chosen across the sectors, the response rate represented 35 %. 134 respondents answered the questionnaire, 53 % of the from profit sector, 47 % from the non – profit sector.

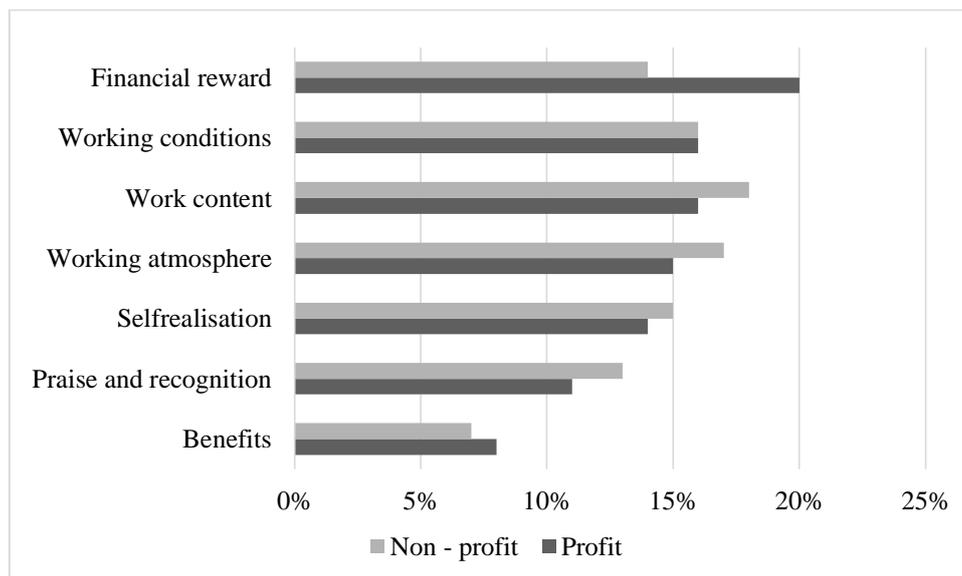
#### **3.2 Main findings**

The first part of research to ascertain the motivation of employees involved seven motivational factors (content of work, employee benefits, praise and recognition, the possibility of self-realization, the financial remuneration, working conditions and working hours, the atmosphere in the workplace). The task of the respondents was to sort the factors in order of what they consider themselves the most and the least important. There was a scale of one to seven, where one meant the most important and seven the least important.

In profit organizations according to the respondents is the most important motivational factor the financial reward, followed by the content of work and working atmosphere. In the non-profit organisations the content of work is dominant, followed by the working atmosphere and financial reward (see Figure 1). In both types of organizations occurred the same factors, but in a different order. In profitable organizations is in first place financial reward, which in non-profit organizations occupies third place. In contrast, employees of nonprofit organizations in the first place most frequently chose the contents of the work, which in the profit sector was the second. The atmosphere in the workplace is a factor emerging in the rankings of the three most important factors. Other factors are in the following order: working conditions, working hours, the possibility of self-realization, praise and recognition, and benefits.

Employee benefits put none of the respondents in the first place. On the contrary, in most responses appeared in the last place as in profitable as in non-profit organizations. Benefits as a motivation factor were the least important.

**Fig. 1: Motivation factors: comparison between profit and non – profit organisations**



Source: Legnerova, 2016.

The results of the questionnaire survey showed that for workers of profitable organizations is the most important motivating factor financial reward, the following are the working conditions and working hours, the content of the work and the atmosphere in the workplace. In the non-profit sector are considered as the most important content of the work,

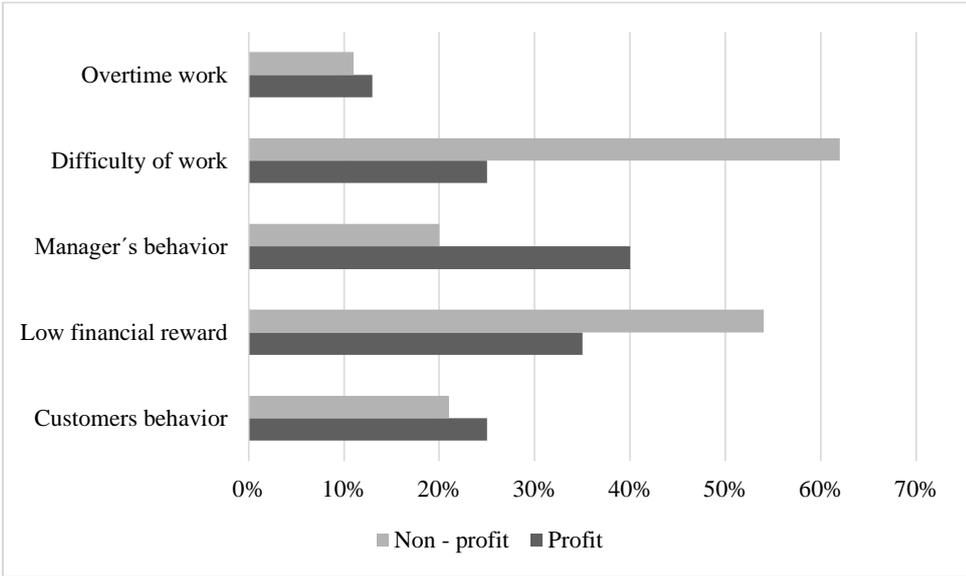
followed by the atmosphere in the workplace, working conditions and working hours, and on the fourth-place money. Three factors, namely the possibility of self-realization, praise and recognition and employee benefits are in the profit and non-profit sector seen as less important motivational factors, of which the benefits are the least important. The main hypothesis was confirmed. Financial reward motivates the employees in profit organizations more than employees in non – profit organizations.

One of the sub-questions of the questionnaire was also what factors act on the employees as demotivators. In profit organizations, most respondents identified the main demotivating factor which is the behavior of the manager (40 %). Low salaries followed, which identified 35% of the respondents. The way of the behavior and actions of customers identified 25 % of respondents, the difficulty of work 17 % and overtime work 15 % of respondents.

In non-profit organizations mentioned low salaries 51% of respondents and work difficulty 62 %.

There is a significant difference between profit and non – profit organization. Respondents working in non – profit sector saw their work as very demanding. Non – profit organizations take care of people with health handicap, difficult employable people, minorities or seniors. The work itself represents higher stress and high difficulty. For most employees of non-profit organizations it is typical that they feel the need to help others, they want to be useful to society and often see the work for this sector as their mission.

**Fig. 2: Demotivation factors: comparism for profit and non – profit organisations**



Source: Legnerova, 2016.

The voluntary sector enable employees to identify with the work. Extraordinary work intensity and high commitment cause some forms of the overworking and often pass into burnout. It brings excessive emphasis on work that is beneficial to the other, not taken into account the needs of the employee himself. In the long term it is important that the people of non-profit organizations learn to distinguish between work and home life and find a balance between satisfying the needs of others and their personal needs.

In the open question of the questionnaire mentioned the staff of profitable organizations as a disincentive:

- time demands
- the failure of production (if it occurs)
- acceleration of work done
- the processing of the annual plan at the last minute
- the lack of internal communication
- failure to perform the tasks of co-workers

In non-profit organizations:

- the lack of time for individual tasks
- the behavior of some collaborators
- low interest and support from the organization
- commuting to work.

### **3.3 Discussion and limitations**

The results confirmed the theories mentioned in the first part of this article. Motivation and remuneration in non-profit organizations are significantly affected by the non-profit character. It is based on the principle of no-profit, voluntary work and from the fact that non-profit organizations use to finance its activities public budgets, grants and donations, that are time limited. The motivation by a sense of work replaces the security of the job and financial advantages.

The research sample consists of 134 respondents from both sectors. The research sample is too small to generalize the results. The sample did not follow the regional or sector differences or the size of organizations. Be aware of those limitations the research represents a

probe into employees' motivation in two different sectors, profit and non – profit organizations. Further research will help to understand the differences more deeply.

## **Conclusion**

Employees motivation is a critical part of the success of any organization. The aim of the research was carried out by a comparison of the motivational factors of workers in profit and non-profit organizations by using quantitative research in the form of a questionnaire survey. The results of the survey showed that for workers of profitable organizations is the most important motivating factor financial reward, the followings are the working conditions and working hours, the content of the work and the atmosphere in the workplace.

In the non-profit sector are considered as the most important contents of the employees' work, followed by the atmosphere in the workplace, working conditions and working hours, and on fourth-place financial reward. Three factors, namely the possibility of self-realization, praise and recognition and employee benefits are in the profit and non-profit sector seen as less important motivational factors, of which the benefits are the least important.

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