

**Effective motivation practices that could enhance employee performance in the
mining industry**

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ABSTRACT

HR is the most important resources in any organisation. The goals of the company are: increase profitability, enhance quality and innovation; in contrast with the objectives of employees: increasing wages and improving working conditions. Tension between employees and employers affect the performance of individuals thus affecting the growth of the company. HRM plays a crucial role motivating employees for peak performance, improving the relationships between employees and employers. Low levels of motivation are unclear in the mining sector; this paper investigates through qualitative approach, the intrinsic and extrinsic factors that motivate employees to enhance their work performance and found five main factors that motivate most employees: remuneration, safety, social, supervision and equity. Recommendations are made to enhance employees' performance.

Key words: motivation factors, HRM, work performance

INTRODUCTION

In any company, the most expensive resource is its human capital (Tracy, 2013). Hence, Price (2011) states that human resource management (HRM) involves all management decisions and actions that affect the relationship between the company and employees. The primary goals of the company are to increase the company's profitability, enhance the quality of the product and continue to innovate (Cathcart, 2013). At the same time, the objectives of employees are to increase wages and improve their working conditions (Tucker, 2013). This tension between employees and employers can affect the performance of individuals that ultimately can affect the growth of the company. In this regard, HRM can play a crucial role in improving the relationships between the employees and the employers. This is because HRM is concerned with organizing human resources within the company to get maximum output for the business and to develop employees in the company to the fullest satisfaction. HRM needs to have good strategies in order to increase the productivity of employees and achievement of the organization goals. One of the most important functions of HRM is the ability to motivate employees to have peak performance (Tracy,

2013). Motivated employees work harder and better than those who are not motivated. This leads to better overall performance of the company as a whole. The researchers' have conducted research in the HRM field by focusing on solutions regarding the impact of work performance in the mining sector with the aim to determine suitable employee motivation tools or methods that leaders or managers should consider applying in their companies in order to motivate their employees to work effectively. Therefore this paper investigates employee motivation that is the basis of modern HRM to increase their organisation's competitiveness and value

PROBLEM STATEMENT

The problem is that some employees in the mining sector have low motivation levels to perform according to the company's goals and it is unclear how to identify what it takes to influence employees in the mining industry to be more active and to use their utmost potential to accomplish company goals. It is important for management teams in the mining sector to determine solutions to improve their employee performances. The research seeks answers to the main research question: **“What are the motivational factors that would influence Lao employees to enhance their work performance in the mining industry in Lao PDR?”**

AIMS OF THE STUDY

Setting appropriate tasks and rewards for employees means applying appropriate motivational practices which are important for companies in terms of influencing employees to produce an effective performance in order to achieve the goals of the companies. Therefore, the aim of this study is to investigate the factors that motivate employees to enhance their work performance and to make recommendations to the managers about how they can enhance their employees' performance.

LITERATURE REVIEW

It is crucial for companies to retain efficient employees in their companies because their performance affects the overall performance of their companies (Du Plessis, 2015). Human resources are the most important resources in any organisation (Du Plessis, 2015). To improve the performance of the company, it is necessary for managers to motivate their own employees. This is because motivated employees push companies to be more competitive and profitable (Nel et al., 2014). In other words, motivation affects expenditure of energy at work and will probably have a bearing on performance. Motivation not only enhances good work performance of employees but it also enhances creativity of employees. Therefore, motivating employees is one of the most important managerial functions.

Motivation

Many people differ in their definitions of the word “motivation”. Motivation is from a Latin word *movere*, the meaning of which is to move (Chinunda, 2014). This means that if a person needs to be motivated, they should be moved to do something. In other words, people who are moved to act are those who are motivated (Włodarczyk, 2010). There is no specific definition for motivation, but the majority of the definitions describe motivation as the interaction of motive and incentive, which activates human behaviour (Bandt, 2013). DuBrin (2013) states that motivation can be referred to two different but related ideas. From the view point of the individual, motivation refers to an internal state that leads to chasing the objectives. From the view point of the manager, motivation refers to the process that gets employees to accomplish objectives. Rubin and Babbie (2011) refer to motivation as encouraging employees to be willing to work effectively toward achieving the company’s goals.

Intrinsic motivation

Intrinsic motivation refers to soft motivation such as challenging tasks and a genuine desire to help others, creating a friendly and enjoyable work environment (Härtel & Fujimoto, 2010) that is engaging with a task because it is interesting and enjoyable. Intrinsic motivation refers to motivation derived from internal

rewards (Byrne, 2015). These internal rewards refer to the satisfaction a person receives in the process of performing a particular action (Draft, 2008). Intrinsic motivations are experienced by employees directly from the job they do, especially the work that satisfies them (Thomas, 2010).

Extrinsic motivation

Extrinsic motivation refers to doing something because it leads to an outcome that an individual values (Nelson & Quick, 2013). It is used by a third party, for example managers or supervisors motivate their employees by using both tangible rewards such as promotion, payment, punishment and intangible rewards such as public commendation, and praise (Härtel & Fujimoto, 2010). Anderson and Anderson (2010) are of the opinion that extrinsic rewards are distributed by supervisors in order to ensure that the work is done properly and rules are followed, and rewards include bonuses, salaries, benefits, perks, commissions and cash rewards. Tracy (2013) emphasizes that managers cannot motivate anybody from the outside. They can only create the environment to stimulate their employees to be motivated internally in order to do better work (Chinunda, 2014). This means that managers should motivate their employees to have a sense of willingness to do the job rather than working because they have to work.

Performance

Performance refers to “how well employees perform their essential, prescribed duties of their jobs” (Schneider & Barbera, 2014, p. 48). In this study employee performance refers to products or services that are produced by employees in order to be consistent with the overall strategic goals of the company (Van Veldhoven & Peccei, 2015). Employee performance is what employees do on their job in order to complete tasks that contribute to achieving organizational goals (Byrne, 2015). Another view of job performance is that it refers to a process or actions, whereby process refers to behaviours or actions that are to accomplish work tasks and outcome refers to the results of the actions (Roe, 1999 as cited in Byrne,

2015). Performance represents a demonstrative act that is gained from skills, knowledge, competencies and behaviours in order to achieve the outputs of work (Forrester, 2011).

HRM and employee motivation

HRM is responsible for developing the people or talent required by the functional, and operational departments in order to organise the structures and scheduling of who does what and the associated reporting mechanism. In other words, HRM facilitates the departmental achievements by recruiting appropriately skilled employees to get maximum output to the company and providing appropriate tools to develop the talent of employees within the company to their fullest satisfaction (Price, 2011). Employees who are highly satisfied with their job are highly motivated. Lussier (2011) suggests that managers need to satisfy employees in order to make them more productive. To satisfy the employee, employee motivation tools should be identified and applied in the company in order to ensure that employees are satisfied with the company's conditions. Wlodarczyk (2010) asserts that when motivational strategies are implemented, the employee performance increases considerably. This is because motivated employees perform better than those who are not (Lussier, 2011). Hence, the companies that aim for their goals and more effective results have to motivate their own employees (Vengel, 2010). However, many businesses still face a number of issues when attempting to influence employees to produce better work performance. This is because motivating employees is challenging and complex for many business owners and managers (Daft, 2013). Therefore, managers are required to know factors that drive individuals to accomplish both personal and their company's goals in other words HR managers should know what motivates employees to perform effectively. Du Plessis, Sumphonphakdy, Oldfield, and Botha (2013) emphasise that the HR manager should focus on building skills, commitment and motivation of employees to meet the need of the companies.

Motivation approaches through theories of motivation

For the purpose of this paper the authors only refer to motivation theories. According to Härtel and Fujimoto (2010) **content theories** include four important content theorists such as Maslow (Hierarchy of needs theory), Alderfer (ERG theory), McClelland (Achievement motivation theory) and Herzberg (Two-factor theory). The content theories provide managers with an understanding of the particular work – related factors that start the motivational process. However, these theories promote little understanding of why people choose a particular behaviour to achieve task-related goals.

Tosi and Pilati (2011) postulate that **process theories** highlight how behaviour change occurs and how a person comes to act in a different way. The prevalent process theories include important process theorists such as Vroom (Expectancy theory), Adam (Equity theory), Locke (Goal setting theory), and Skinner (Reinforcement theory).

Factors influencing employee motivation

Employee motivation is considered as a challenging task for HRM because every person has his or her unique set of drivers such as values, beliefs, attitudes, expectations, experiences, personality and intellectual qualities. Some people have a strong desire to work and want to increase responsibility, while others are inactive and lack aspiration. Some factors are: firstly income influencing employee motivation to improve their performance; secondly the working environment; and thirdly the employee's job description; another factor that affects the problem and provides obstacles that affect employee motivation is the work burden of the employees, because they have a large amount of key performance indicators (KPIs) set such as insurance, funds, credit, and targets to meet Sriyai (2011). How is this related to mining?

According to recent research, it was found that pay for individual performance (PFIP) is associated with higher level of perceived competence and intrinsic interest (Fang & Gerhart, 2012). This corresponds to Maslow's hierarchy, which categorized financial compensation in the level of basic needs. The theory

also states that the incentives offered to the employees at each level have to be different (Härtel & Fujimoto, 2010). This leads to many businesses employing extrinsic motivation to influence their employees, both new and existing employees, to work hard in order to achieve the goals of the businesses (Tremblay, Blanchard, Taylor, Pelletier, & Villeneuve, 2009). However, equity theory suggests that the manager should recognize an employee's multiple simultaneous needs. In other words, focusing on one need at a time will not motivate employees (Griffin & Moorhead, 2013). In contradiction to Fang and Gerhart (2012), DuBrin (2012) discovered that using non-monetary incentives can be effective for improving performance and employee satisfaction. To support this, Javed and Javed (2013) conducted a research with five-star hotel employees. The study revealed that intrinsic motivation is more important than extrinsic motivation. According to the recent research conducted in Laos and reported by Du Plessis et al. (2013), the main factors for employee retention in Laos are better working conditions and effective bonus schemes. Based on the findings in the literature discussed above, it was observed that the factors that motivate employees are different depending on the area and the kind of organization and it supports the main research question, as in the problem statement above.

Based on the main research question, the study adopts four hypotheses as below:

Ho1: Using extrinsic motivation such as monetary tools to motivate employees to work in the mining sector cannot lead to high job performance.

Ha1: Using extrinsic motivation such as monetary tools to motivate employees to work in the mining sector can lead to high job performance.

Ho2: Using intrinsic motivation to influence employees in the mining sector cannot lead to high job performance.

Ha2: Using intrinsic motivation to influence employees in the mining sector could lead to high job performance.

METHODOLOGY

Data collection

Data collection for this research started from September, 2014 to October, 2014. The researchers conducted semi-structured interviews with 2 HR managers and 13 non-management employees in two mining companies. The interviews were recorded with permission from the participants and saved in the researcher's computer and are password protected. To protect the confidentiality of the participants, the names of the participants were changed in this paper and replaced with numbers.

Quantitative and qualitative approaches

Quantitative methods involve collecting data which can be quantified and analysed using statistical methods (Collis & Hussey, 2013). Furthermore, quantitative is more structured than the qualitative approach and it also is based on the self-response questionnaires which consist of the structured format of responding (Zikmund et al., 2013). The researchers considered not using the quantitative method.

A qualitative study involves collecting and analysing qualitative data using interpretative methods (Collis & Hussey, 2013). Qualitative is less structured than most quantitative approaches (Bansal & Corley, 2012). It is useful for further understanding and developing insight of phenomena in much greater depth and detail. Zikmund et al. (2013) also state that using the qualitative approach can crystallize a research problem. Therefore, the qualitative approach was employed for this research.

Sample selection

The mining sector is one of the biggest contributors to the Lao economy. Therefore, the scope of this study focuses on employee motivation in the mining industry in Laos. The interviews were conducted on a sample frame population of the leading mining companies in Laos. The two main reasons for choosing these two mining companies are: they are big companies in Laos that have international working standards with an organised way of handling employee issues as compared to other mining companies; and employees in these two companies are good representatives for the study as they are from different

educational backgrounds so the differences of perceptions towards motivational factors are more obvious. After receiving organisational consent letters, interview arrangements were made through the HR managers and they communicated with potential participants in order to inform them that the research is completely voluntary and there are no adverse consequences for individuals who want to participate. The researcher later collected consent forms and contact information and made appropriate schedules for the interviews. The interviews were carried out in the Lao language and also were recorded to ensure that important information was not missed out. All participants are coded by letters and numbers such as P1 represents the first participant which means that all 15 participants are coded as P1, P2, P3, P4, P5, P6, P7, P8, P9, P10, P11, P12, P13, P14 and P15 respectively. The names of the companies are anonymous in this study.

ANALYSIS OF THE RESULTS

The researcher used the inductive approach rather than a deductive approach for analysing the data. In this regard, the researcher used the data analysis process adopted from Wilson (2010) to guide in analysing the data and writing the report. Thematic coding was applied to analyse and identify the theme of the data. Regarding coding, the researcher used P1-P15 as letter and number coding of the participants. N and M represents the participants who are management and non-management employees.

The factors that motivate employees to work

According to Maslow's Hierarchy Needs, there are five stages of needs: Physiological needs, Safety needs, Social needs, Self-esteem needs and Self-actualisation. To identify the factors that motivate employees in the company, the employees were asked to share their views what factors are influencing them to work with the company. The managers were asked to give opinions on this motivational issue. This was designed to examine the views of managers and employees toward the factors that motivate employees in the mining companies and addresses the **main research question** and tests **the hypotheses**.

According to the respondents, managers expressed their views that safety issues are the most important issues for the mining company. Failure on safety can affect other activities and the valuable resources of the company. Hence, management of mining companies always emphasise safety as a priority for them. However, physiological needs of employees are other factors that managers insisted to be one of the important factors for employees. This was because most employees were living a subsistent type of living. A total of 76.9% of respondents agreed that money is the main factor for them in terms of motivation. They explained that they work because they want money to support themselves and their families. The following factor that employees think that was important for them was safety with 46.1%. They explained that they want to be safe while working. They want to go back home after working without any employees being injured. In addition to this, they mentioned job security by saying that they want to have a stable job because they do not want to move to new companies where they have to adapt themselves to new environments or start from the beginning again.

The next factor is that 38.4% of employees prefer to work in a good working environment while other people also want to have their own needs such as good supervision (23%), getting new positions (7.6%), good policy (15.3%), and advancement (7.6%). These factors are important to employees in the company in terms of motivation. However, these participants did not pay much attention to self-esteem, advancement and fairness in the workplace. Their levels of motivation are likely to be different from a study by Vongphanakhone (2014) who conducted a research study with employees in the banking sector in Laos.

Extrinsic Motivation

Ho1: “Using extrinsic motivation such as monetary tools to motivate employees to work in the mining sector in Laos cannot lead to high job performance”

The data showed that monetary tools are important to most employees and they are likely to be the most influential factor for most employees to perform their best in working. A total of 66.6% of participants are likely to prefer to have extrinsic motivation rather than intrinsic motivation. This finding demonstrates that monetary tools can motivate the majority of employees in the mining sector to achieve their own objectives and the company's goals therefore the study **rejects Ho1** and **supports Ha1** that is using extrinsic motivation such as monetary tools to motivate employees to work in the mining sector in Laos that **can lead** to high job performance.

Intrinsic Motivation

Ho2 and Ha2: "Using intrinsic motivation to influence employees in the mining sector in Laos cannot lead to high job performance". Based on the findings, less than half of participants who mentioned about intrinsic motivation, agreed that intrinsic motivation was important for them in terms of motivation and 26.6% of the participants who responded that they wanted to be involved in the decision making process. A further 26.6% appear to be active with having challenging work to do, they don't want a boring job but a challenging task is interesting as it can help them to improve their skills and have new experiences. This finding illustrates that the total amount of employees who prefer intrinsic motivation is less than those who prefer extrinsic motivation. This affirms that most employees in the mining sectors are not likely to be motivated by intrinsic factors. Hence, this finding result **supports Ho2 and Ha2** that using intrinsic motivation to influence employees in the mining sector in Laos **cannot lead** to high job performance.

Insert **Figure 1 The Factors that motivate employees in mining companies in Laos** here

Figure 1 illustrates that the first four factors that most affected employee performance in the mining sector in Laos are salary, safety, relationships, and supervision respectively.

Insert **Figure2 Motivation factors suggested by employees in mining sector** here

The findings in Figure 2 show remuneration is the most important factor followed by safety.

RECOMMENDATIONS FOR HR MANAGERS

HRM is responsible for all aspects of the management of people in a company. Therefore, HR managers need to employ different strategies in order to increase the effectiveness of employee performance. Based on the results of this study, there are many issues that management in the mining companies in Laos still face in term of motivating employees to have better performance. Due to the limitation on the length of this paper not all the issues could be dealt with but a few recommendations that are evident from the study are:

Developing better reward policies - remuneration is the most powerful factor for employees in terms of motivation.

Providing safety training programs for employees - Safety is the second factor that motivates most employees

Arranging activities for employees – Social life is categorised in the third level of needs of employees in the mining sector in Laos

Insert **Figure 3 Employee Motivation approach that could enhance employee performance in the mining companies in Laos** here

CONCLUSIONS

The study concludes that the five main factors that motivate most employees in the mining sector in Laos are remuneration, safety, social, supervision and equity. These factors are formulated as motivational approaches for employees in the mining sector according to the level of importance of each factor as shown in Figure 3. This model can be useful for management in the mining sector in Laos to apply to their companies in order to improve employee motivation and result in better performance. This study has answered the main research question and addressed all relevant issues explaining it and supported it with literature.

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Figure 1 The Factors that motivate employees in mining companies in Laos

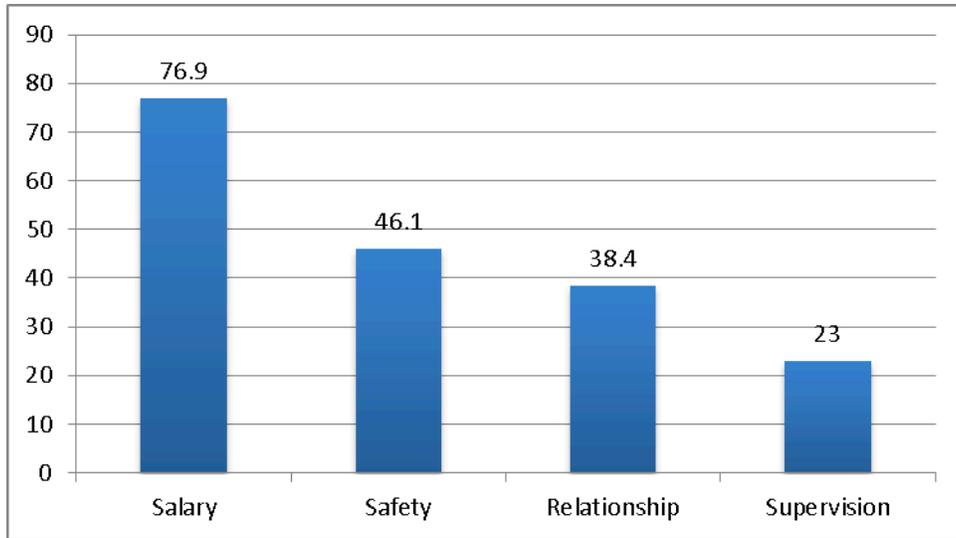


Figure 2 Motivation factors suggested by employees in mining sector

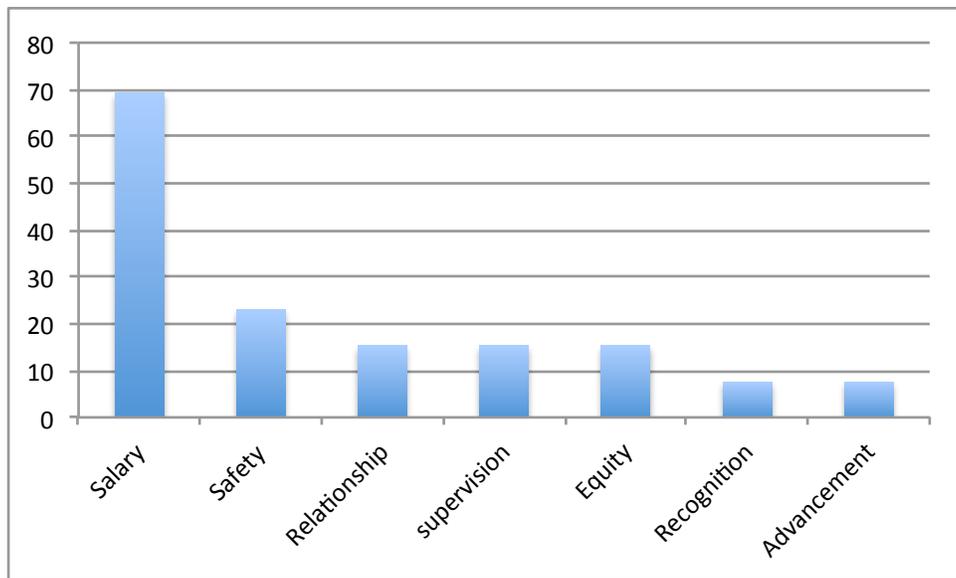
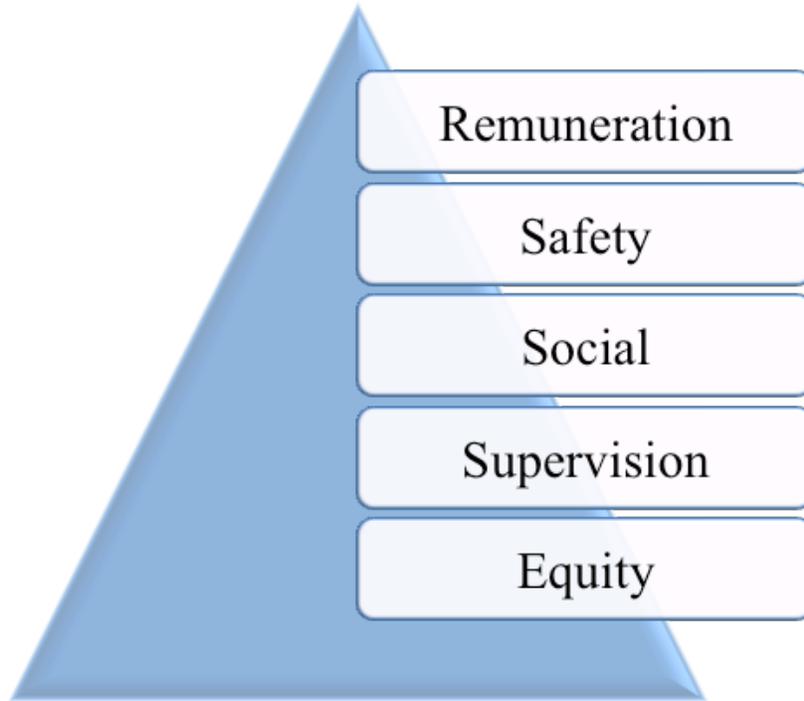


Figure 3: Employee Motivation approach that could enhance employee performance in the mining companies in Laos.



Source: Developed by the authors from the study