

**Univerzita Palackého Olomouc**

**Filozofická fakulta**

Angličtina se zaměřením na aplikovanou ekonomii

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## **Bakalářská práce**

**A Comprehensive study of employee motivation in  
Meopta – optika, s.r.o. and Meopta U.S.A., Inc**

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To my mother for her great support and patience

This bachelor thesis deals with factors affecting employee motivation in the Czech Republic and the United States of America. The research has been carried out on employees of Meopta – optika, s.r.o., Přerov and Meopta U.S.A., Inc., Long Island, NY. This is a comparative study of factors affecting the motivation of employees and their will to work. The research tries to find differences between relevancy of motivation factors to American and Czech employees.

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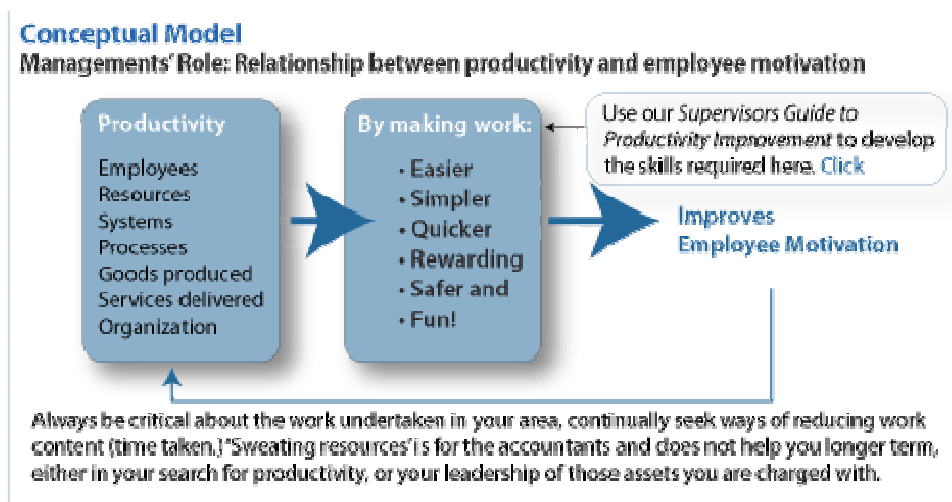
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# 1.0 The Introduction

Motivation practice and theory are difficult subjects, touching on several disciplines.

In spite of enormous research, basic as well as applied, the subject of motivation is not clearly understood and more often than not poorly practiced. To understand motivation one must understand human nature itself.

An understanding and appreciation of human nature is a prerequisite to effective employee motivation in the workplace and therefore effective management and leadership.



Picture 1. 1

There are several main theories on motivation. The authors are Douglas McGregor<sup>1</sup> (theory Y), Frederick Herzberg<sup>2</sup> (two factor motivation hygiene theory,) Abraham Maslow<sup>3</sup> (theory Z, hierarchy of needs), Elton Mayo<sup>4</sup> (Hawthorne Experiments) Chris Argyris, Rensis Likert and David McClelland (achievement motivation.)

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<sup>1</sup> For more details see McGregor (2005)

<sup>2</sup> For more details see Herzberg (1987)

<sup>3</sup> For more details see Maslow (1943)

## **2.0 The Methodology**

The issues highlighted in *Chapter 1.0* and critical conditions in motivation of Meopta – optika, s.r.o. employees indicate the need for investigation in the area of factors affecting this situation. The comprehension to employees of Meopta U.S.A. is taken to point out some interesting differences between Czech and American employees' values.

### **2.1 Aims**

The aim of this research is to investigate importance of various facts and factors to employee motivation and will to work.

### **2.2 Objectives**

2.2.1 To obtain demographic data of respondents.

2.2.2 To find out what means information in the company takes.

2.2.3 To evaluate the value of various motivators, social surrounding and the hierarchy of needs.

### **2.3 Research approach**

A wide range research on employee motivation has been taken by the HR department of Meopta – optika, s.r.o. this research is used as a basis of this thesis. The questionnaire has been translated into English and Spanish and with the help of Meopta U.S.A. HR department distributed among employees there.

### **2.4 Research methods**

By using statistic methods, results of both researches have been compared to each other in graphic forms and described. Results of the comparison were discussed with main theories in motivation.

In the next chapter we will examine main trends in employee motivation.

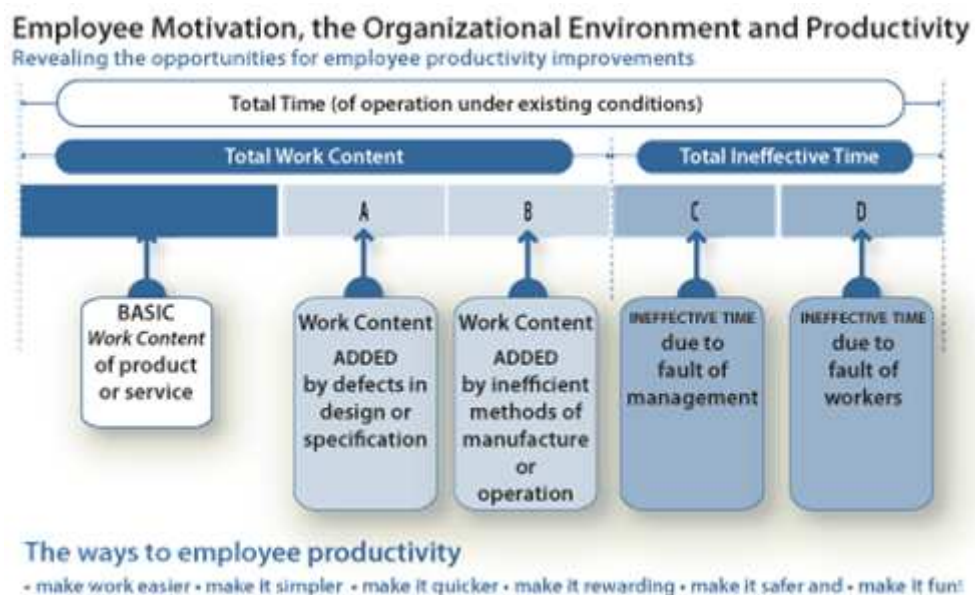


## 3.0 The Literature

This chapter consists of literature and publications found during the research and related to the topic of this thesis.

### 3.1 *Statement of purpose for employee motivation*

Quite apart from the benefit and moral value of an altruistic approach to treating colleagues as human beings and respecting human dignity in all its forms, research and observations show that well motivated employees are more productive, creative and add value. The inverse also holds true. The schematic below indicates the potential contribution that the practical application of the principles this paper have on reducing work content in the organization.



Picture 3.1

### 3.2 *Motivation is the key to performance improvement*

There is an old saying you can take a horse to the water but you cannot make it drink; it will drink only if it's thirsty and has a desire to do so - so it is with people. They will do what they want to do or as they are otherwise motivated to do. Whether it is to excel on the

workshop floor or in the 'ivory tower' they must be motivated or driven to it, either by themselves or through external stimulus.

Are they born with the self-motivation or drive? Can they be motivated? Is motivation a skill which can be learnt? This is essential for any business to survive and succeed.

Performance is considered to be a function of ability and motivation, thus:

- **Job performance = function (ability) (motivation)**

Ability in turn depends on education, experience and training and its improvement is a slow and long process. On the other hand motivation can be improved quickly. There are many options and an uninitiated manager may not even know where to start. As a guideline, there are broadly seven strategies for motivation.

- Positive reinforcement / high expectations
- Effective discipline and punishment
- Treating people fairly
- Satisfying employees needs
- Setting work related goals
- Restructuring jobs
- Base rewards on job performance

These are the basic strategies, though the mix in the final 'recipe' will vary from workplace situation to situation. Essentially, there is a gap between an individual's actual state and some desired state, the manager tries to reduce this gap.

Motivation is, in effect, a means to reduce and manipulate this gap. It is inducing others in a specific way towards goals specifically stated by the motivator. Naturally, these goals as also the motivation system must conform to the corporate policy of the organization. The motivational system must be tailored to the situation and to the organization.

In one of the most elaborate studies on employee motivation, involving 31,000 men and 13,000 women, the Minneapolis Gas Company sought to determine what their potential employees' desire most from a job. This study was carried out during a 20 year period

from 1945 to 1965 and was quite revealing. The ratings for the various factors differed only slightly between men and women, but both groups considered security as the highest rated factor.

The next three factors were;

- advancement
- type of work
- company – pride in working for the firm

Surprisingly, factors such as pay, benefits and working conditions were given a low rating by both groups. So after all, and contrary to common belief, money is not the prime motivator. (Though this should not be regarded as a signal to reward employees poorly or unfairly.)

Although the process of management is as old as history, scientific management as we know it today is basically a twentieth century phenomenon. Also, as in some other fields, practice has been far ahead of theory.

This is still true in the field of management, contrary to the situation in some of the pure sciences. For instance, Albert Einstein, formulates a theory, which is later proved by decades of intensive research and experimentation. Not so in the field of management.

In fact this field has been so devoid of real fundamental work so far, that Herbert A. Simon is the first management theoretician to win the Nobel Prize for Economics in 1978. His contribution itself gives a clue to the difficulty, bordering on impossibility, of real fundamental work in the field of management concerned with people. In order to arrive at a correct decision, the manager must have all the information necessary relevant to the various factors and all the time in the world to analyze the same.

To have all the necessary information is seldom, if ever, possible. Both the information available and the time at the managers disposal are limited, but he or she must make a decision. And the decision is, therefore, not the optimum one but a 'satisfying' one - in effect, a satisfactory compromise under the real conditions prevailing in the management 'arena'.

### **3.3 Basic theories in the human resource management**

In this subchapter we will present main theories in employee motivation and their philosophy.

#### **3.3.1 Sigmund Freud<sup>4</sup>**

Traditional theory 'X'. This can best be ascribed to Sigmund Freud who was no lover of people, and was far from being optimistic. Theory X assumes that people are lazy; they hate work to the extent that they avoid it; they have no ambition, take no initiative and avoid taking any responsibility; all they want is security, and to get them to do any work, they must be rewarded, coerced, intimidated and punished. This is the so-called 'stick and carrot' philosophy of management. If this theory were valid, managers will have to constantly police their staff, whom they cannot trust and who will refuse to cooperate. In such an oppressive and frustrating atmosphere, both for the manager and the managed, there is no possibility of any achievement or any creative work. But fortunately, as we know, this is not the case.

#### **3.3.2 Douglas McGregor<sup>1</sup>**

Theory 'Y'. This is in sharp contrast to theory 'X'(3.3.1). McGregor believed that people want to learn and that work is their natural activity to the extent that they develop self-discipline and self-development. They see their reward not so much in cash payments as in the freedom to do difficult and challenging work by themselves. The manager's job is to 'dovetail' the human wish for self-development into the organizations need for maximum productive efficiency. The basic objectives of both are therefore met and with imagination and sincerity, the enormous potential can be tapped.

Does it sound too good to be true? It could be construed, by some, that Theory 'Y' management is soft and slack. This is not true and the proof is in the 'pudding', for it has already proved its worth in the USA and elsewhere. For best results, the persons must be carefully selected to form a homogeneous group. A good leader of such a group may conveniently 'absent' from group meetings so they can discuss the matters freely and help

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<sup>4</sup> For details see internet sources [www.accel-team.com](http://www.accel-team.com)

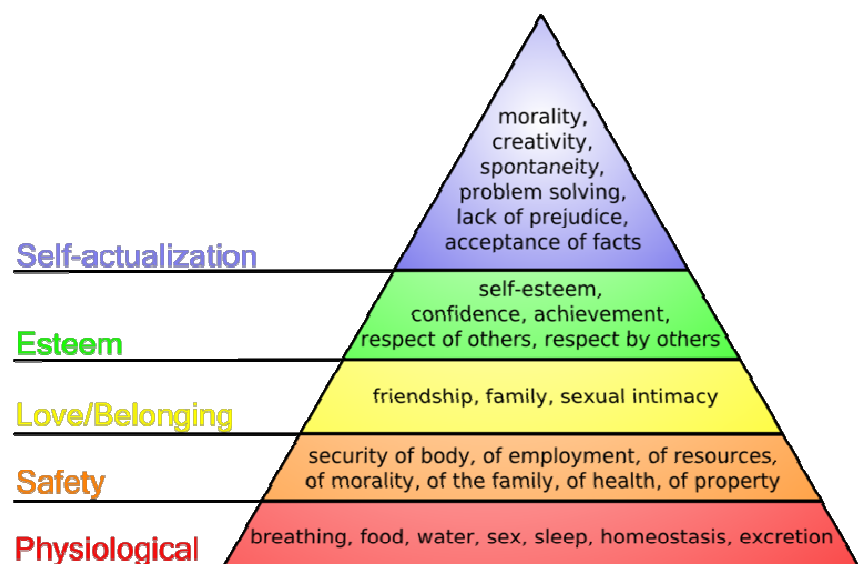
select and 'groom' a new leader. The leader does no longer hanker after power, lets people develop freely, and may even (it is hoped) enjoy watching the development and actualization of people, as if, by themselves. Everyone, and most of all the organization, gains as a result.

### 3.3.3 Abraham Maslow<sup>3</sup>

Theory 'Z'. This is a refreshing change from the theory X (3.3.1) of Freud, by a fellow psychologist, Abraham Maslow. Maslow totally rejects the dark and dingy Freudian basement and takes us out into the fresh, open, sunny and cheerful atmosphere. He is the main founder of the humanistic school or the third force which holds that all the good qualities are inherent in people, at least, at birth, although later they are gradually lost.

Maslow's central theme revolves around the meaning and significance of human work and seems to epitomize Voltaire's observation in Candide, 'work banishes the three great evils - boredom, vice and poverty'. The great sage Yajnavalkya explains in the Brihadaranyaka Upanishad that by good works a man becomes holy, by evil works evil. A mans personality is the sum total of his works and that only his works survive a man at death. This is perhaps the essence of Maslow's hierarchy of needs theory, as it is more commonly know.

<sup>5</sup>Maslow's major works include the standard textbook (in collabouration with Mittlemann), Principles of Abnormal Psychology (1941), a seminal paper, 'A Theory of Human Motivation' (1943)



Picture 3.2

<sup>5</sup> For details see internet sources [www.wikipedia.org](http://www.wikipedia.org)

and the book, Eupsychian Management (pronounced yew-sigh-keyan) published in 1965. Maslow's theory of human motivation is, in fact, the basis of McGregor's theory 'Y' briefly described above (3.3.2). The basic human needs, according to Maslow, are:

- physiological needs (Lowest)
- safety needs;
- love needs;
- esteem needs;
- self-actualization needs (Highest)

Man's behavior is seen as dominated by his unsatisfied needs and he is a 'perpetually wanting animal', for when one need is satisfied he aspires for the next higher one. This is, therefore, seen as an ongoing activity, in which the man is totally absorbed in order to attain perfection through self-development.

The highest state of self-actualization is characterized by integrity, responsibility, magnanimity, simplicity and naturalness. Self-actualizers focus on problems external to themselves. His prescription for human salvation is simple, but not easy: 'Hard work and total commitment to doing well the job that fate or personal destiny calls you to do, or any important job that "calls for" doing'.

Maslow has had his share of critics, but he has been able to achieve a refreshing synthesis of divergent and influential philosophies of:

- **Marx** - economic and physical needs;
- **Freud** - physical and love needs;
- **Adler** - esteem needs;
- **Goldstein** - self-actualization.

### **3.3.4 Frederick Herzberg<sup>2</sup>**

Hygiene / Motivation Theory. This is based on analysis of the interviews of 200 engineers and accountants in the Pittsburgh area in the USA. According to this theory, people work first and foremost in their own self-enlightened interest, for they are truly happy and mentally healthy through work accomplishment. Peoples needs are of two types:

#### ***Animal Needs (hygiene factors)***

- Supervision
- Interpersonal relations
- Working conditions
- Salary

#### ***Human Needs (motivators)***

- Recognition
- Work
- Responsibility
- Advancement

Unsatisfactory hygiene factors can act as de-motivators, but if satisfactory, their motivational effect is limited. The psychology of motivation is quite complex and Herzberg has exploded several myths about motivators such as:

- shorter working week;
- increasing wages;
- fringe benefits;
- sensitivity / human relations training;
- communication.

As typical examples, saying 'please' to shop-floor workers does not motivate them to work hard, and telling them about the performance of the company may even antagonize them more. Herzberg regards these also as hygiene factors, which, if satisfactory, satisfy animal needs but not human needs.

### **3.3.5 Chris Argyris<sup>6</sup>**

According to Argyris, organization needs to be redesigned for a fuller utilization of the most precious resource, the workers, in particular their psychological energy. The pyramidal structure will be relegated to the background, and decisions will be taken by small groups rather than by a single boss. Satisfaction in work will be more valued than material rewards. Work should be restructured in order to enable individuals to develop to the fullest extent. At the same time work will become more meaningful and challenging through self-motivation.

### **3.3.6 Rensis Likert**

Likert identified four different styles of management:

- exploitative-authoritative;
- benevolent-authoritative;
- consultative;
- participative.

The participative system was found to be the most effective in motivation, it satisfies the whole range of human needs. Major decisions are taken by groups themselves and these results in achieving high targets and excellent productivity. There is complete trust within the group and the sense of participation leads to a high degree of motivation.

### **3.3.7 Fred Luthans**

Luthans advocates the so-called 'contingency approach' (*Paragraph 3.3.7*) on the basis that certain practices work better than others for certain people and certain jobs. As an example, rigid, clearly defined jobs, authoritative leadership and tight controls lead in some cases to high productivity and satisfaction among workers. In some other cases just the opposite seems to work. It is necessary, therefore, to adapt the leadership style to the particular group of workers and the specific job in hand.

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<sup>6</sup> For paragraphs 3.3.5 – 3.3.8 see internet sources [www.accel-team.com](http://www.accel-team.com)



### **3.3.8 Victor Vroom**

Vroom's 'expectancy theory' is an extension of the 'contingency approach' (*Paragraph 3.3.7*). The leadership style should be 'tailored' to the particular situation and to the particular group. In some cases it appears best for the boss to decide and in others the group arrives at a consensus. An individual should also be rewarded with what he or she perceives as important rather than what the manager perceives. For example, one individual may value a salary increase, whereas another may, instead, value promotion. This theory contributes an insight into the study of employee motivation by explaining how individual goals influence individual performance.

We have mentioned above only a selection of the motivation theories and thoughts of the various proponents of the human behavior school of management. Not included here are, among others, the thoughts of **Seebohm Rowntree** - labour participation in management; **Elton Mayo** - the Hawthorne Experiments; **Kurt Lewin** - group dynamics; force field theory;

In the next chapter we will focus on legislative framework of employment both in the Czech Republic and the United States of America.

## 4.0 Legislative framework

### **4.1 Legislative framework of employment in the Czech Republic<sup>7</sup>**

The top legislative authority, for labour affairs in the Czech Republic is the Ministry of Labour and Social Affairs. It is responsible for social policy (e.g. people with disabilities, social services, social benefits, family policy), social security (e.g. pensions, sickness insurance), employment (e.g. labour market, employment support, employment of foreigners), labour legislation, occupational safety and health, equal opportunities of women and men, migration and integration of foreigners, European Social Fund and other social or labour related issues.

Ministry of Labour and Social Affairs provides methodological guidance for Labour Offices, Czech Social Security Administration, State Labour Inspection Office, Regional Labour Inspectorates and for the Office for International Legal Protection of Children.

### **4.2 Corporate Social Responsibility (CSR)<sup>8</sup>**

“Corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders (i.e. employees, consumers, shareholders, investors, public authorities, non-governmental organizations, suppliers) on a voluntary basis.”

“The European Union is concerned with corporate social responsibility as it can be a positive contribution to the strategic goal decided in Lisbon: “to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.”<sup>9</sup>

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<sup>7</sup> For details see internet sources [www.mpsv.cz](http://www.mpsv.cz)

<sup>8</sup> For details see internet sources [www.mpsv.cz](http://www.mpsv.cz)

<sup>9</sup> For details see „*Promoting a European framework for corporate social responsibility*”

When the Czech Republic became a member state of the European Union the Ministry of Labour and Social Affairs got engaged in the concept of corporate social responsibility within Directorate-General for Employment and Social Affairs, European Commission.

In the area of labour law and social affairs concerning relationships between employees and employers, the principle of corporate social responsibility is asserted e.g. through the institute of collective bargaining, mainly thanks to the existence of enterprise-level collective agreements and higher-level collective agreements, that enable certain obligations to be agreed voluntarily above the statute-given minimum and further thanks to the institute of extension of binding force of higher-level collective agreements.

### ***4.3 The Labour Code of Czech Republic<sup>10</sup>***

The Labour Code regulates legal relations arising in connection with the performance of dependent work between employees and their employers; such relations are referred to as “labour relations” (or “labour relationships”, “industrial relations” or “employment relations”)

Further regulates labour relations of collective nature. Legal relations of collective nature concerning the performance of dependent work also labour relations; implements transposition of relevant EC Directives. Also regulates certain legal relations before the formation of labour relations under. The Civil Code shall apply to labour relations under this Code only where this Labour Code so expressly provides.

### ***4.4 Legislative framework of employment in the The United States of America<sup>11</sup>***

In the United States there are several governmental agencies that deal with labour laws. The Federal (United States) government sets national minimum wages, Sexual Harrassment, Discrimination and similar matters. The United States Department of Labour administers these laws.

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<sup>10</sup> For details see “*The new Labour Code*”

<sup>11</sup> For details see internet sources [www.eeoc.gov](http://www.eeoc.gov)

#### ***4.5 The Equal Pay Act and related regulations<sup>12</sup>***

The right of employees to be free from discrimination in their compensation is protected under several federal laws, including the following enforced by the U.S. Equal Employment Opportunity Commission (EEOC): the Equal Pay Act of 1963, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, and Title I of the Americans with Disabilities Act of 1990.

The Equal Pay Act requires that men and women be given equal pay for equal work in the same establishment. The jobs need not be identical, but they must be substantially equal. It is job content, not job titles, that determines whether jobs are substantially equal.

Specifically, the EPA provides:

Employers may not pay unequal wages to men and women who perform jobs that require substantially equal skill, effort and responsibility, and that are performed under similar working conditions within the same establishment.

Safety in the workplace is under the jurisdiction of US Federal government and the relevant agency is OSHA (Occupational Safety and Health Administration)<sup>13</sup>.

#### ***4.6 The Occupational Safety and Health Act of 1970<sup>14</sup>***

The act has been issued to assure safe and healthful working conditions for working men and women; by authorizing enforcement of the standards developed under the Act; by assisting and encouraging the States in their efforts to assure safe and healthful working conditions; by providing for research, information, education, and training in the field of occupational safety and health; and for other purposes.

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<sup>12</sup> For details see internet sources

<sup>13</sup> For details see internet sources [www.osha.gov](http://www.osha.gov)

<sup>14</sup> For details see internet sources [www.osha.gov](http://www.osha.gov)

The third area US Federal government controls is labour unions. This is under the jurisdiction of the NLRB (National Labour Relations Board)<sup>15</sup> and the relevant law is the National Labour Relation Act.

#### ***4.7 National Labour Relations Act<sup>16</sup>***

Congress enacted the National Labour Relations Act ("NLRA") in 1935 to protect the rights of employees and employers, to encourage collective bargaining, and to curtail certain private sector labour and management practices, which can harm the general welfare of workers, businesses and the U.S. economy.

Each State within the United States has its own labour laws as well. New York State has its own minimum wage law, which is higher than the Federal minimum wage, prohibits employers from deducting certain expenses from an employee's paycheck and has its own safety requirements.

US labour laws are complicated and a U.S. lawyer, when he has a question must research Federal law, Federal Regulations and State law as well.

#### ***4.8 The worldwide situation in legislative employment conditions***

European workers enjoy far greater levels of Employment protection and benefits than do their American counterparts. But it seems that even relatively poor countries now provide statutory protections at work that millions of Americans can only dream of.

Just how far the United States lags the rest of the developed World when it comes to family-oriented workplace policies such as maternity leave, paid sick leave and support for breast-feeding was underlined in a study by Harvard and McGill University researchers released last week.<sup>17</sup>

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<sup>15</sup> For details see internet sources [www.nlrb.gov](http://www.nlrb.gov)

<sup>16</sup> For details see internet sources [www.nlrb.gov](http://www.nlrb.gov)

<sup>17</sup> For details see internet sources [www.management-issues.com](http://www.management-issues.com)

Not only is the U.S. one of only five countries that does not guarantee any form of paid maternity leave - along with Lesotho, Liberia, Swaziland and Papua New Guinea - but it is also one of only a handful that provides no statutory paid sick leave or even paid holiday. Yet in some other areas of employment protection - notably protection against discrimination on the basis of race, ethnicity, gender, disability or age – the report found that the U.S. leads the world.<sup>18</sup>

According to website *RetirementJobs.com*, the overwhelming majority of Americans believe that age discrimination is still widespread, with some three-quarters claiming to have actually experienced or observed it where they work.

But demographic realities mean that ageism could be undergoing its own posed retirement. Because employers know something employees may not know: namely that long-predicted worker shortages are now a reality, meaning that they have no choice but to hire older workers.

Nowhere in the world, however, has legislation yet outlawed discrimination on the basis of how you look. And as a raft of recent research has highlighted, your physical appearance may have much more of an effect on the amount you earn than you might think.

In the U.S, the spiraling cost of health insurance has given employers a real financial incentive to discriminate against the obese and those who are in situation of poor health, while employers in the UK who discriminate against obese job candidates are quite within their rights to do so.

A survey of more than 3,000 employees by research and consultancy firm, ISR, has found some alarmingly low levels of employee engagement, commitment and motivation in Australia, China, Malaysia, Singapore and Thailand, with up to half of employees either disillusioned with their employer or completely disengaged.<sup>19</sup>

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<sup>18</sup> For details see internet sources [www.management-issues.com](http://www.management-issues.com)

<sup>19</sup> For details see internet sources [www.management-issues.com](http://www.management-issues.com)

Describing these disillusioned employees as 'talent-at-risk', the survey found that the situation is at its worst in Malaysia, where almost half of high-flyers saying that they are no longer committed to staying with their organization.

What about family values? At the turn of the last century, family-owned companies spearheaded industrial development in Europe and the United States. However, in the second half of the 20th century, this model was challenged and increasingly gave way to a model of widely dispersed shareholders.

Now research by Credit Suisse has found that European companies in which the founding family or manager has a stake of 10% or more have outperformed other stocks by an average of eight per cent annually since 1996. Similar results were seen in the United States.

In the next chapter we will focus directly on lists of benefits, compensation and incentives provided by examined subject i.e. Meopta – optika, s.r.o. and Meopta U.S.A., Inc.

## 5.0 Compensations and benefits in Meopta – optika s.r.o. and Meopta U.S.A., Inc.

### 5.1 Employees' benefits in Meopta – optika, s.r.o.

There is a list of benefits provided by Meopta – optika, s.r.o. as it's given to newly hired employees in the inaugural package.

- **Contribution to the retirement plan for each employee.** In order to enroll the employee must have completed his probation period.
- **Contribution to employee meal costs.** Company provides a contribution of 30Kč to each employee. Excluding days of sick leave and vacation.
- **Education.** Fully provided by the employer. Provided services are: Language courses, Computer skills courses and Legal & Legislative courses.
- **Company bulletin for each employee.**
- **Ten best employees of the year (employee evaluation is a part of annual evaluation process and is a responsibility of managers) are awarded with coupons in 10 000Kc value.** These coupons are applicable for recreation, relaxation services.
- **Significant jubilee bonus.** This bonus is provided to an employee who has a significant life or employment jubilee. The height of the bonus depends on the age or length of employment.
- **Retirement leave bonus.** When an employee retires he/she is awarded with a money bonus.
- **Contribution to employees' children recreation in the volume of 450 000Kc per a year.**
- **Christmas bonus and a present from the company owner.** Each employee is given a money bonus and a present for the Christmas.
- **Sponsorship of the company ball.**
- **Sponsorship of the sport day "Meolympics"**



## **5.2 Money spent on benefits in Meopta – optika, s.r.o.**

| <b>Year</b>        | <b>2006</b> | <b>2005</b> |
|--------------------|-------------|-------------|
| Employment jubilee | 489 000     | 513 000     |
| Life jubilee       | 47 000      | 78 000      |
| Retirement leave   | 667 000     | 380 000     |
| Rtirement plan     | 3 057 722   | 1 420 927   |

Chart 5.1

## **5.3 Employees' benefits in Meopta USA**

There is a list of benefits provided by Meopta USA as it's given to newly hired employees in the inaugural package and stated in the employee's book.

- **Payroll.** The payroll is processed on biweekly pay cycle. An additional 15 minutes is allowed for lunch on pay day dates so that associates may cash their paychecks.
- **Payroll deduction.** There are several required payroll deduction, which are applicable to the most of employees, such as Federal and State income taxes, social security and retirement. There may be also an optional payroll deduction, including medical insurance, dental insurance etc.
- **Holidays.** The company is closed on the following nine holidays: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labour Day, Thanksgiving, Christmas, and on floating holiday per year. A full time employee is eligible for holiday pay.
- **Vocation Leave.** Full time employees, after completion of one year of employment, are entitled to two weeks paid vocation. Full time employees are to save one week of their vocation to be used during the holiday closing in December, or be suspect to leave without pay.
- **Sick Leave.** Full time employees are entitled to five sick/personal days per year.
- **Jury Duty Leave.** Meopta USA recognizes that serving on a jury is an important civic duty. Employees are eligible to be paid for the jury service up to a maximum of seven business days.
- **Bereavement Leave.** In a case of death in the immediate family.
- **Family and Medical Leave.**

- **Medical / Dental Information.** All full time employees who have completed three months of service are eligible to participate in the Meopta USA medical and dental plans.
- **Marriage and Childbirth.** A full time employee who gets married or has a child while employed in Meopta USA is eligible for a \$50 bonus.
- **Retirement plan.** 401K-retirement plan is available for full time employees. In order to enroll, employees must have completed one year of service to the company and be 21 years old or older.

#### ***5.4 What is a 401K retirement plan?<sup>20</sup>***

A 401K Plan is a kind of retirement plan which allows employees to save money and invest for their future retirement. Through a 401K Plan, employees can allow their employer to withhold a certain amount of money from their check (before taxes) and invest that money into a 401K Plan for them. Employees make the decision about where their money is invested when they choose from the options which are available to them from within their companies 401K Plan. The government established 401K Plans in 1981 with special tax advantages, to encourage people to start preparing for their retirement. The name actually comes from a section of the Internal Revenues Code that established the 401K Plan - section 401(k).

#### ***5.5 Money spent on benefits in 2006 by Meopta U.S.A., Inc.***

|                               |            |
|-------------------------------|------------|
| Health insurance contribution | 345 539 \$ |
| Dental care contribution      | 22 313 \$  |

Chart 5.2

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<sup>20</sup> For details see internet sources [www.beginnersinvest.about.com](http://www.beginnersinvest.about.com)

## 5.6 Summary of compensations and benefits provided by Meopta – optika, s.r.o. and Meopta U.S.A., Inc.

| Meopta – optika, s.r.o.   | Meopta U.S.A., Inc.  |
|---|--|
| <ul style="list-style-type: none"> <li>• Contribution to superannuation scheme</li> </ul>   | <ul style="list-style-type: none"> <li>• Health care</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Contribution to employee meal costs.</li> </ul>  | <ul style="list-style-type: none"> <li>• 41K – social security <ul style="list-style-type: none"> <li>- Personal retirement account</li> </ul> </li> </ul>                                   |
| <ul style="list-style-type: none"> <li>• Education: <ul style="list-style-type: none"> <li>- Language courses</li> <li>- PC courses</li> <li>- Professional and legislative training</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Dental care <ul style="list-style-type: none"> <li>- Lower</li> <li>- Higher</li> </ul> </li> </ul> <p><i>(Employees contribute 10\$/month)</i></p> |
| <ul style="list-style-type: none"> <li>• Best employee of the year (10 000 Kč bonus provided in Sodexo coupons)</li> </ul>  | <ul style="list-style-type: none"> <li>• Disability insurance</li> <li>• Cancer insurance</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Anniversary bonus for employees</li> </ul>   |  |
| <ul style="list-style-type: none"> <li>• Sponsoring of cultural and sport events</li> </ul>   |  |

Chart 5.3

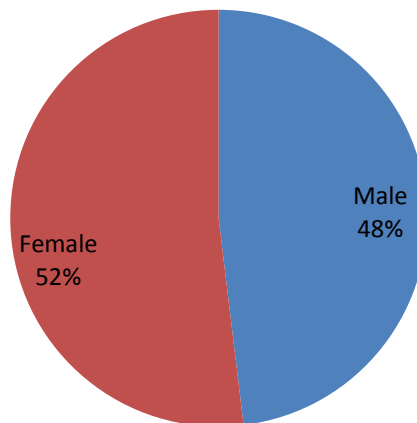
The next chapter represents findings of a research executed on employees of Meopta – optika, s.r.o. and Meopta U.S.A., Inc.

## 6.0 The Research

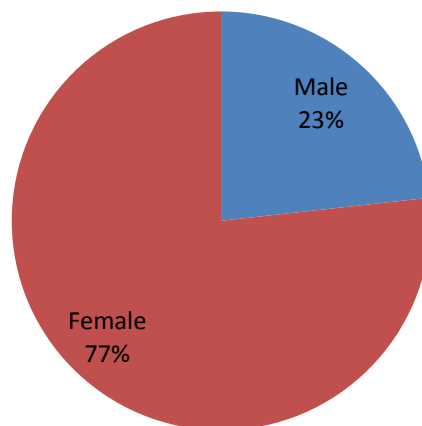
### 6.1 Demographic data of respondents

In this chapter of the research we will focus on the demographic data of respondents.

#### ***6.1.1 Gender ratio among employees of Meopta – optika s.r.o. (The Czech Republic) and Meopta U.S.A., Inc. (The United States of America). Actual status in the year 2007***



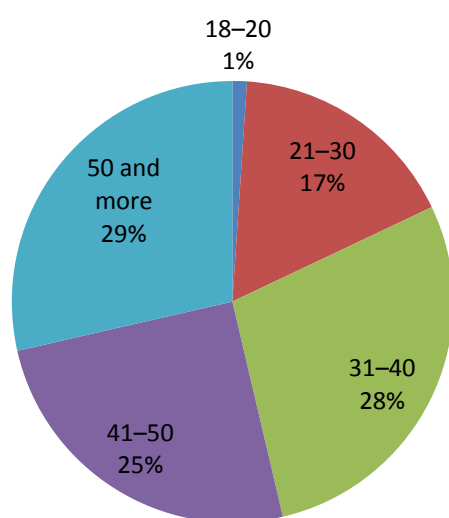
*Figure 6.1a* Meopta - optika, s.r.o.



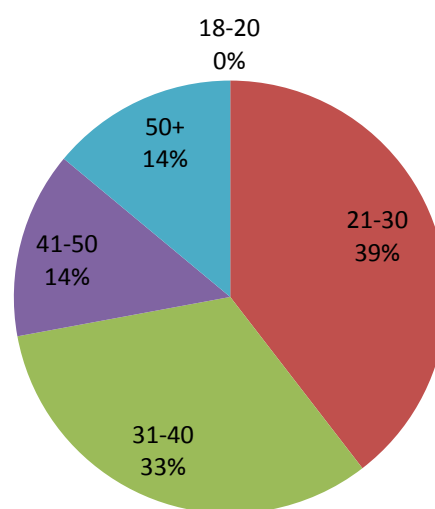
*Figure 6.1b* Meopta U.S.A., Inc.

In the Figure we can see a considerable difference between the number of male employees in Meopta - optika, s.r.o. and Meopta U.S.A., Inc..

**6.1.2 Age ratio among employees of Meopta – optika s.r.o. (The Czech Republic) and Meopta U.S.A., Inc. (The United States of America). Actual status in the year 2007.**



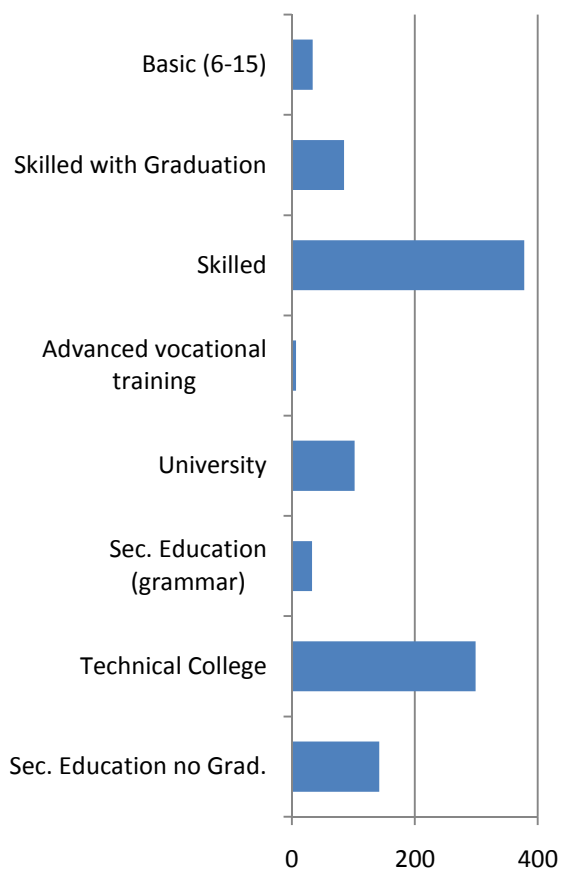
*Figure 6.2a Meopta - optika, s.r.o.*



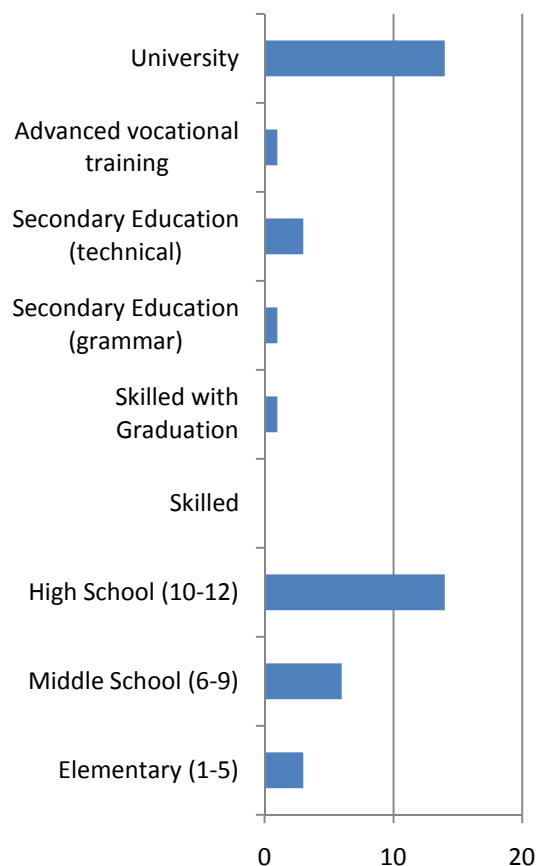
*Figure 6.2b Meopta U.S.A., Inc.*

The majority of employees in Meopta –optika s.r.o. represent 31+ age groups. The percentage rate among 31+ age groups is balanced. Whereas in Meopta U.S.A., Inc. the majority represents the 21-30 age group followed by 31-40 age group, 41+ groups are minor.

**6.1.3 Highest education reached by employees of Meopta – optika, s.r.o. (The Czech Republic) and Meopta U.S.A., Inc. (The United States of America). Actual status in the year 2007.**



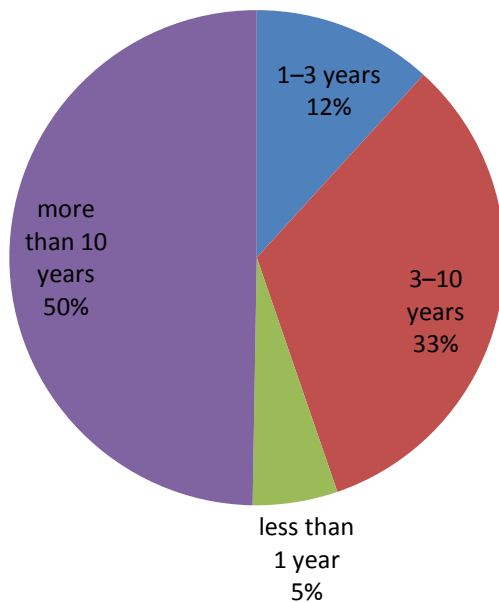
*Figure 6.3a Meopta – optika, s.r.o.*



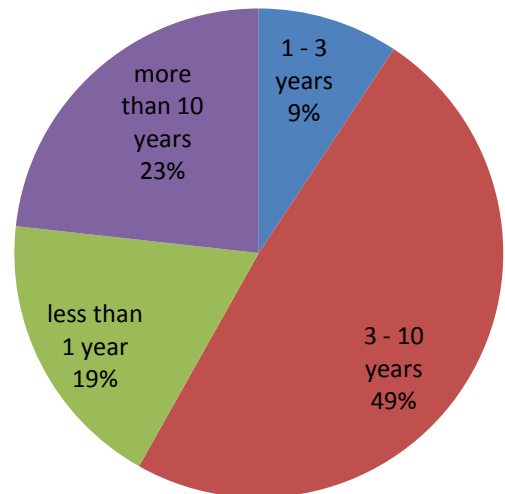
*Figure 6.3b Meopta U.S.A., Inc.*

Most of employees in Meopta – optika, s.r.o. has reached middle education levels and just a minority, mostly consisting of middle and top management, reached university education. In Meopta U.S.A., Inc. the rate is balanced.

**6.1.4 Employment duration among employees of Meopta – optika s.r.o. (The Czech Republic) and Meopta U.S.A., Inc. (The United States of America). Actual status in the year 2007.**



*Figure 6.4a* Meopta – optika, s.r.o.



*Figure 6.4b* Meopta U.S.A., Inc.

Both in Meopta – optika, s.r.o. and Meopta U.S.A., Inc. the 3-10 years of employment group and employees working for the company for more than ten years represent two dominants.

In the next chapter of the research we will focus on factors affecting motivation of employees and on related facts.

## 6.2 The Research on Motivation

In this chapter of the research we will focus on questions directly related to motivation of employees and other, for the motivation important, facts.

### 6.2.1 Where do you get info about compensation and benefits in your company? Actual status in the year 2007.

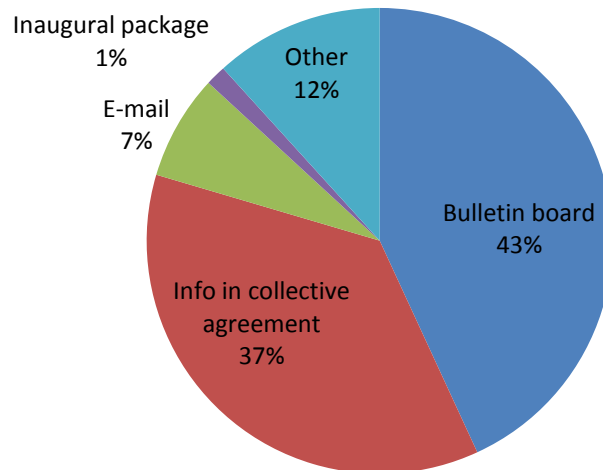


Figure 6.6a Meopta - optika, s.r.o.

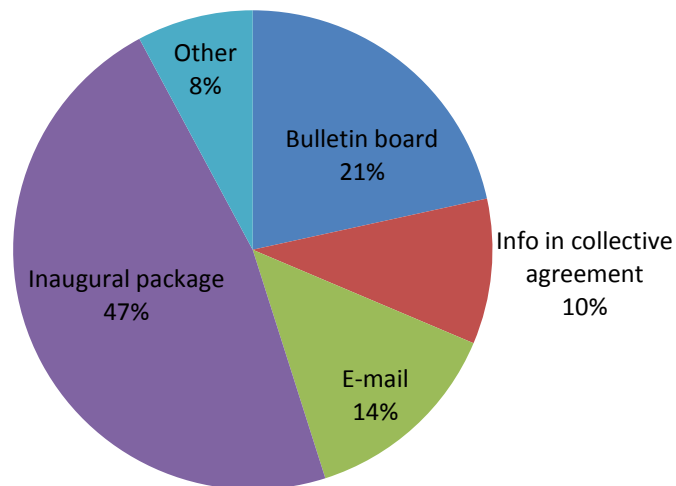
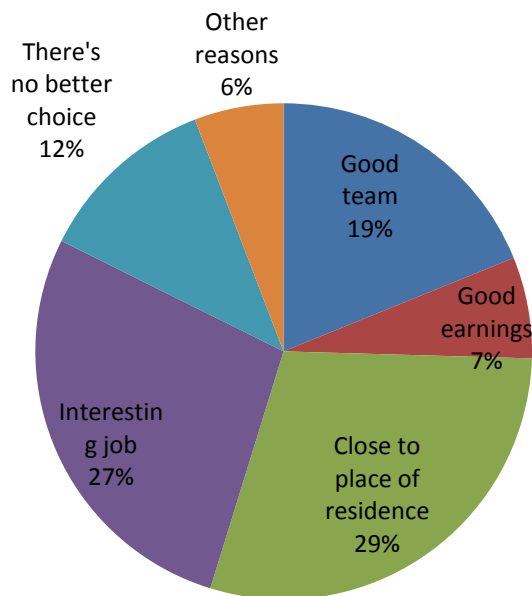


Figure 6.6b Meopta U.S.A., Inc.

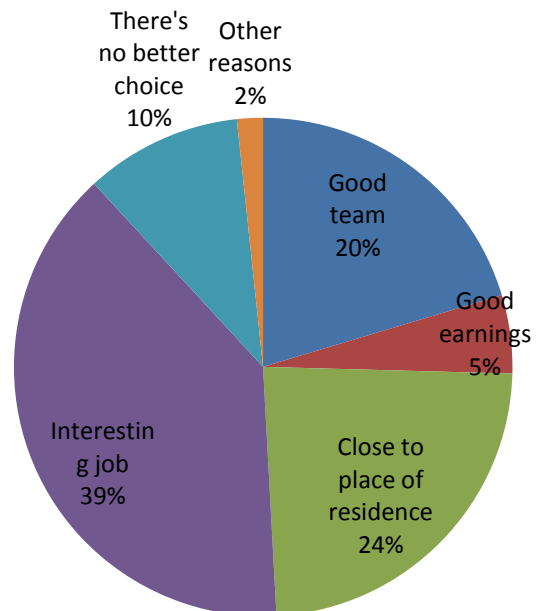
Prevailing source of information for employees in Meopta U.S.A., Inc. is the inaugural package whereas in Meopta - optika, s.r.o. that are bulletin boards and collective agreement information.



**6.2.2 What motivates you the most to keep working in Meopta – optika s.r.o. (The Czech Republic) or Meopta U.S.A., Inc. (The United States of America). Actual status in the year 2007.**



*Figure 6.5a* Meopta - optika, s.r.o.



*Figure 6.5b* Meopta U.S.A., Inc.

Both Meopta - optika, s.r.o. and Meopta U.S.A., Inc. three most motivating factors are: interesting job, short distance from employees' residence and good team of associates.

**6.2.3 Relationship between associates in Meopta – optika s.r.o. (The Czech Republic) or Meopta U.S.A., Inc. (The United States of America). Actual status in the year 2007.**

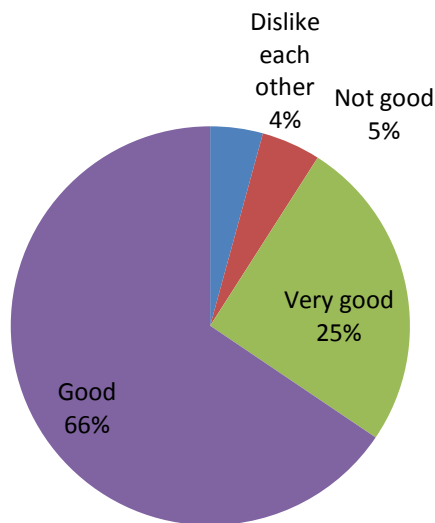


Figure 6.7a Meopta - optika, s.r.o.

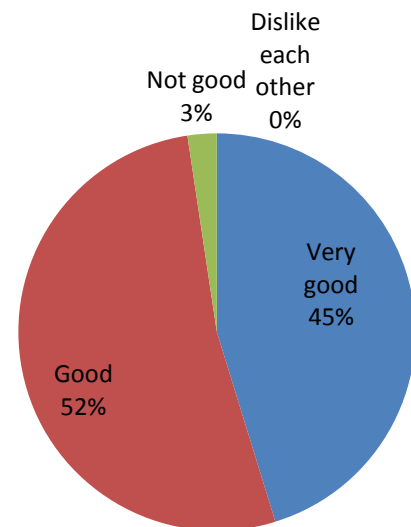


Figure 6.7b Meopta U.S.A., Inc.

Relations among employees of both companies are in a large measure good or very good.

**6.2.4 Do you think that compliments, evaluation and other verbal stimulations are important for your performance and productivity? Actual status in the year 2007.**

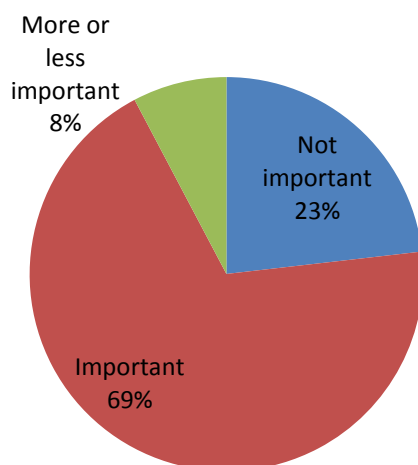


Figure 6.8a Meopta - optika, s.r.o.

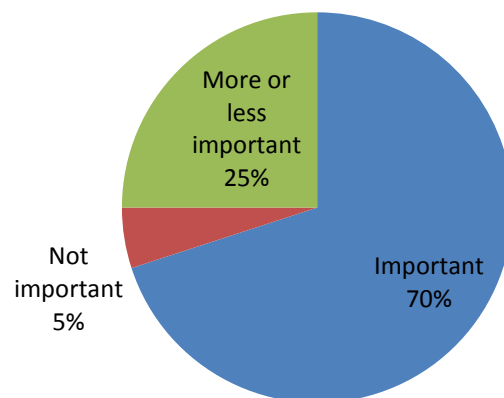
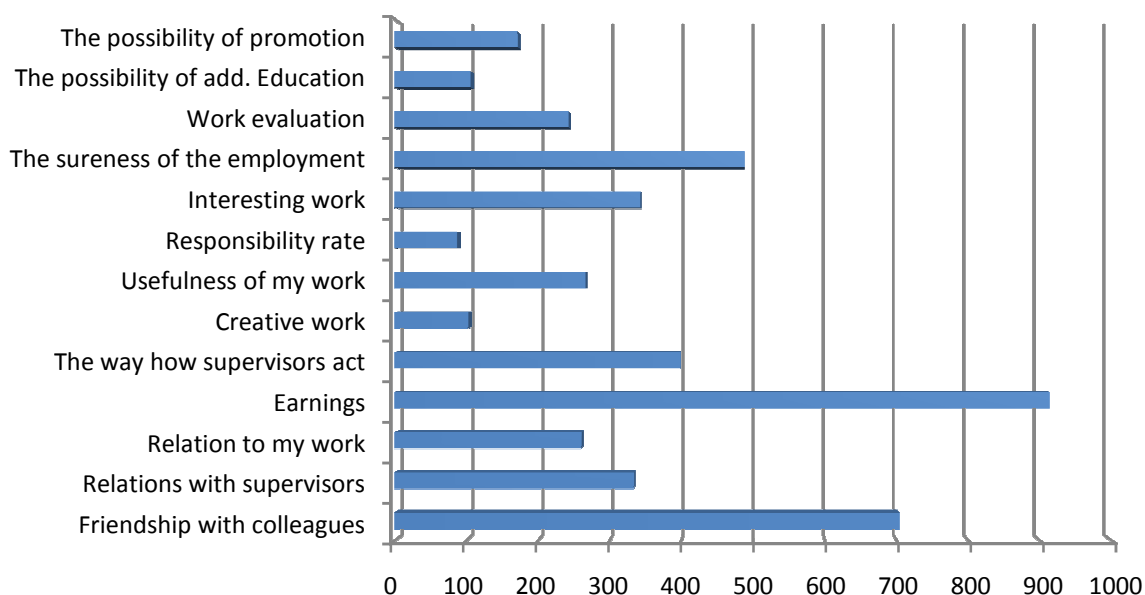


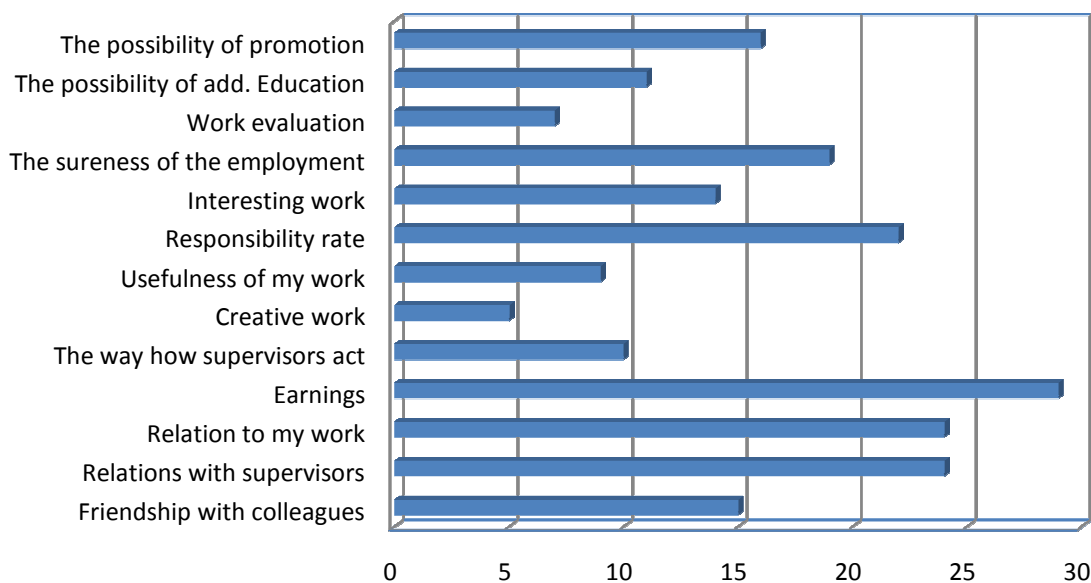
Figure 6.8b Meopta U.S.A., Inc.

Certainly verbal stimulations are important to employees of both companies and there is almost no difference between rates of importance for Czech and American employees.

**6.2.5 Which of these factors are, and how are they important for employees. Actual status on the year 2007.**



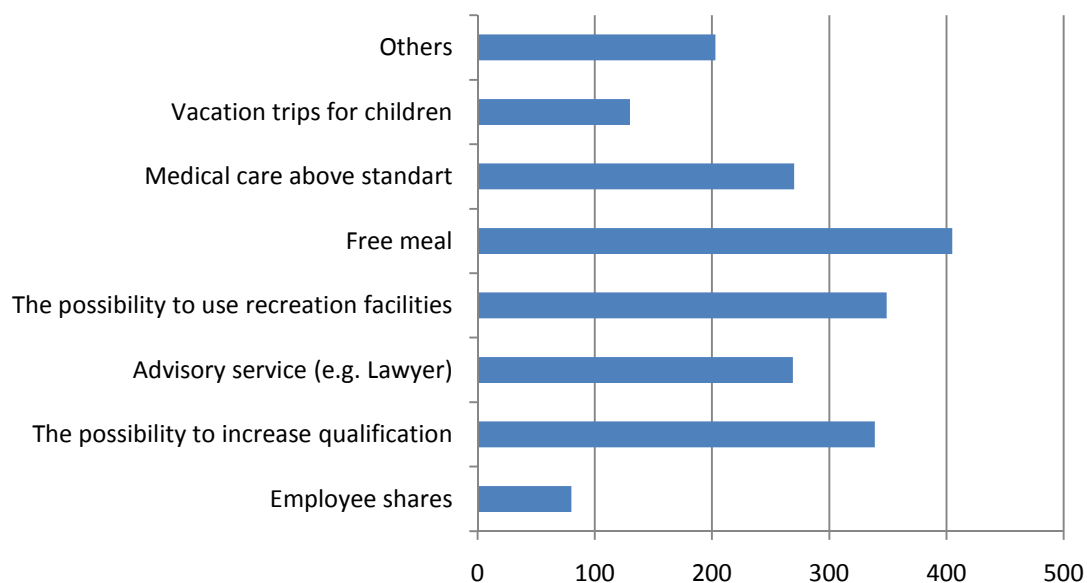
*Figure 6.9a Meopta – optika s.r.o.*



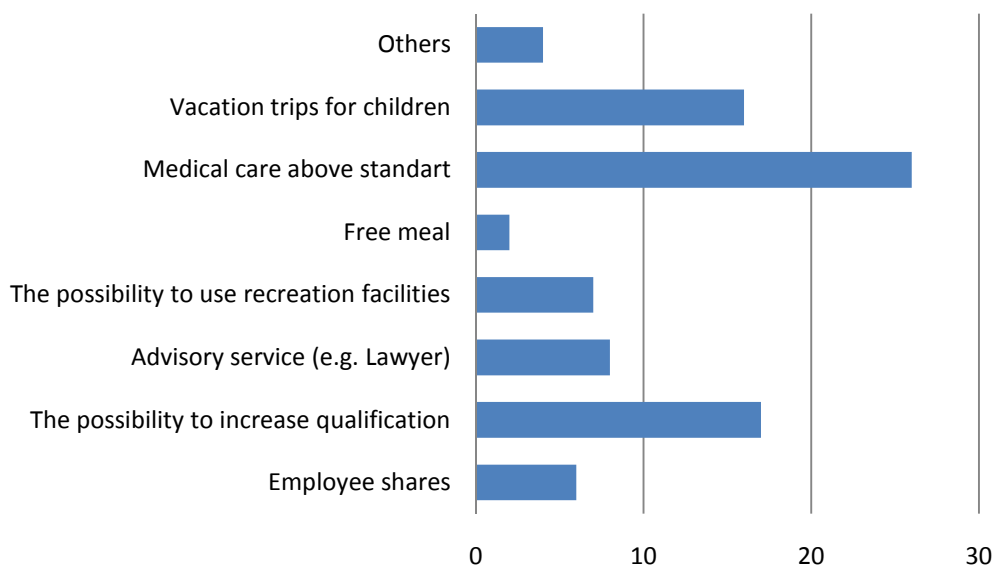
*Figure 6.9b Meopta U.S.A., Inc.*

For both groups of employees earnings represent the most important factor of their employment. Social relations in general are relevant for employees' satisfaction. Sureness of employment is one of important factors as well. There is a considerable difference between the value of personal responsibility among Czech and American employees what is similar to the possibility of promotion which is much more valuable for American employees.

**6.2.6 Which of these benefits you would like to have as a part of your personal compensation scheme? Actual status on the year 2007.**



*Figure 6.10a Meopta - optika, s.r.o.*



*Figure 6.10b Meopta U.S.A., Inc.*

There is a major difference between Czech and American employees' demand of optional benefits. In The United States of America is the medical care the most desired benefit followed by the possibility to increase qualification. In the Czech Republic is the most desired benefit elimination of meal costs, followed by the possibility to use company recreation facilities.

**6.2.7 Can you by yourself choose a benefit listed above? Actual status on the year 2007.**

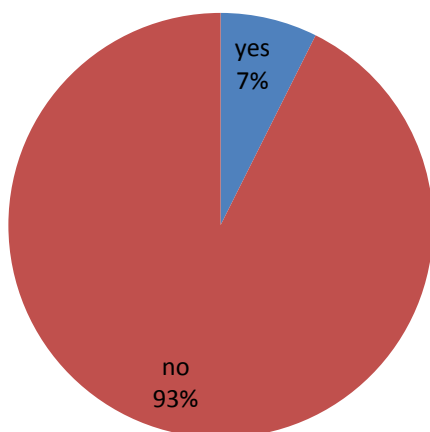


Figure 6.11a Meopta - optika, s.r.o.

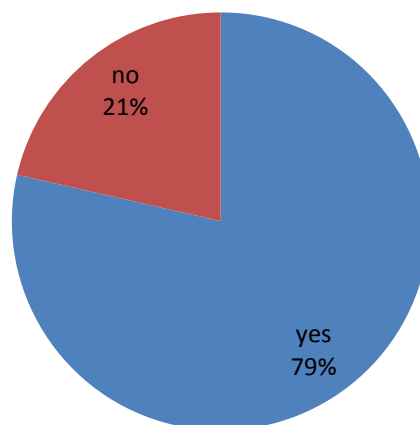


Figure 6.11b Meopta U.S.A., Inc.

Most of the benefits in Meopta – optika, s.r.o. are fixed and not optional (*see. Chapter 5.1*) whereas in Meopta U.S.A., Inc. some of the benefits mentioned in the Figures above (*see. Figure 6.10a,b*) can be optionally chosen by employees (*see. Chapter 5.3*). This fact affects the rate of answers.

**6.2.8 Are employees' benefits the main reason why you work for Meopta – optika s.r.o. (The Czech Republic) and Meopta U.S.A., Inc. (The United States of America). Actual status in the year 2007.**

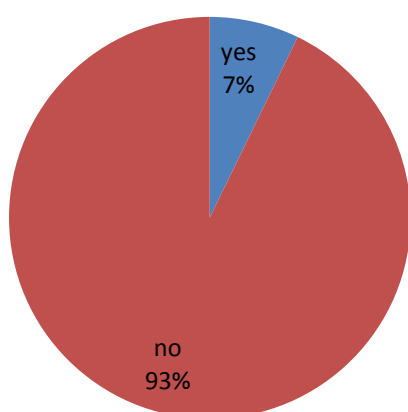


Figure 6.12a Meopta - optika, s.r.o.

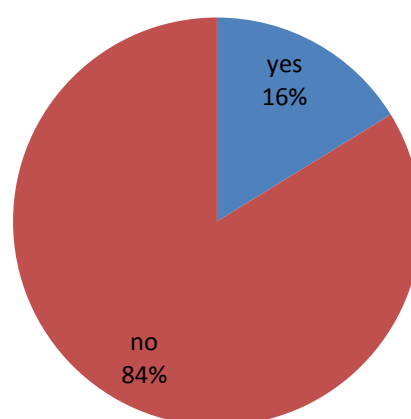


Figure 6.12b Meopta U.S.A., Inc.

The importance of benefits, as we can see in this Figure, is very low both for employees of Meopta - optika, s.r.o. and employees of Meopta U.S.A., Inc.

**6.2.9 What would satisfy you the most when you've done something extraordinary? Actual status in the year 2007.**

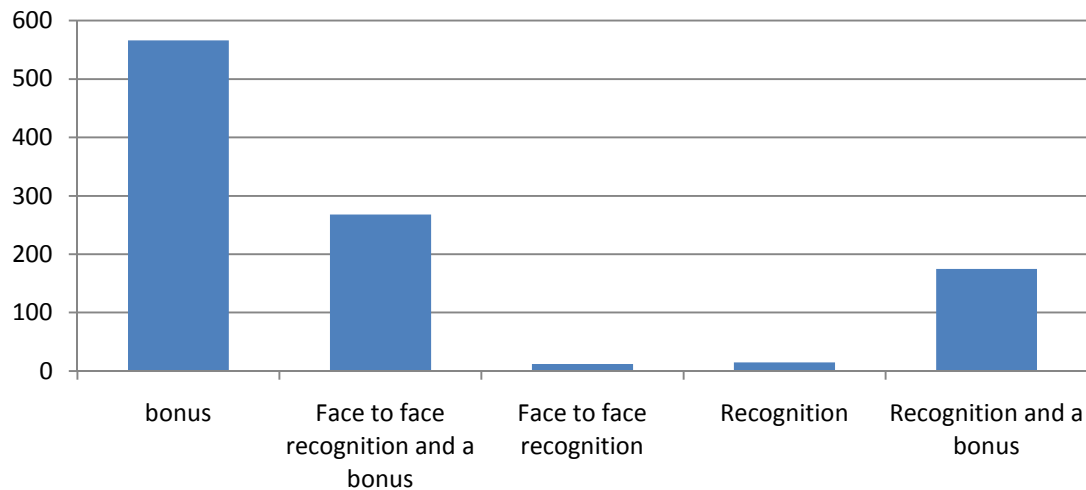


Figure 6.13a Meopta – optika s.r.o.

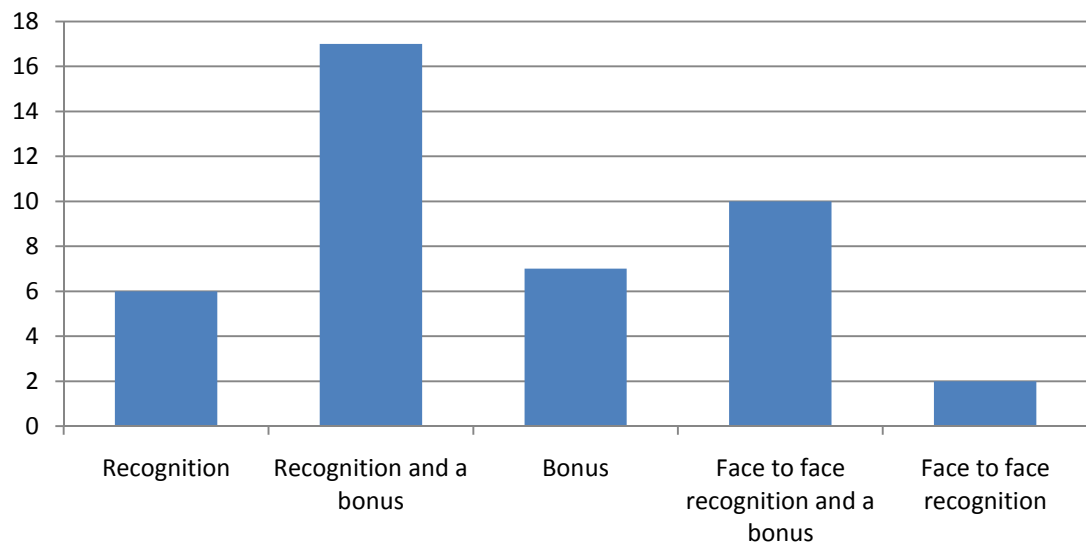
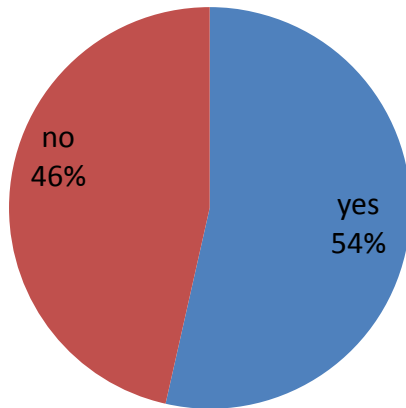


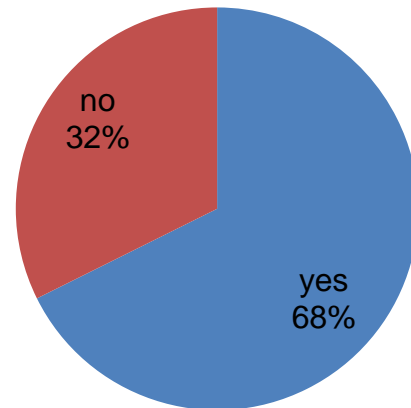
Figure 6.13b Meopta U.S.A., Inc.

From the Figure above we can see that recognition is less valuable to employees of Meopta – optika s.r.o. compared to employees of Meopta U.S.A., Inc., while a money bonus is important in both cases.

**6.2.10 Would you greet a commute service provided by your employer? Actual status in the year 2007.**



*Figure 6.14a* Meopta - optika, s.r.o.



*Figure 6.14b* Meopta U.S.A., Inc.

From the Figure above we can see that a possibility to use company organized commute service would be more interesting for employees of Meopta U.S.A., Inc. while approximately half of Meopta - optika, s.r.o. employees is content with other means of commuting to work.

The next chapter summarizes findings of the research (*Chapter 6.0*) and compares it to the literature (*Chapter 3.0*).

## 7.0 The Discussion

In this chapter I would like to discuss findings of the research.

In both Czech Republic (*Paragraph 4.1*) and The United States of America (*Paragraph 4.4*), legislative authorities establish basic conditions, rules and regulations in the area of employment and do not focus themselves straight onto employees' benefits. The volume of incentive program is dependent on the company employment policy and strategy.

According to facts mentioned in the Paragraph worldwide situation (*Paragraph 4.8*) Czech legislative system is far more social oriented and focused on securing many aspects of employment, American employees can only dream of. Yet in some other areas of employment protection - notably protection against discrimination on the basis of race, ethnicity, gender, disability or age – the report found that the U.S. leads the world.

The study of the Minneapolis Gas Company (*Chapter 3.2*) says that the most desired factors/outcomes of employment is security followed by advancement, type of work and pride of working for the company. From the research also results a conclusion that items such as pay, benefits and working conditions are minor factors having lower value to workers. The research of this thesis (*Figure 6.9*) shows that earnings are the most important factor for both Czech and American employees. Interesting is that the order of sub sequential factors in responses of American employees differs significantly from the order of factors in responses of Czech employees. For employees of Meopta U.S.A., Inc. the second factor in the order of importance is relation to their work and their supervisor. The responsibility rate is in the third place. For employees of Meopta – optika, s.r.o. the second most important is also a relationship factor but a relation to friends at a workplace. This finding is surprising and if we consider relationship to be a part of working conditions it speaks against the study of the Minneapolis Gas Company (*Chapter 3.2*). Maslow's Theory of Needs (*Paragraph 3.3.3, Picture 3.2*) positions friendship into the middle of human needs scale, under self esteem and personal responsibility. On the basis of Frederick Herzberg theory (*Paragraph 3.3.4*) we can see that Czech employees are more hygiene oriented (*Paragraph 3.3.4*) than their American counterparts which consider motivators (*Paragraph 3.3.4*) to be their major desire.



There is a considerable difference between the value of personal responsibility between Czech and American employees. The research shows (*Figure 6.9a*) that Czech employees do not have a desire to obtain personal responsibility almost at all and this seems to be in agreement with the ‘Theory X’ by Sigmund Freud (*Paragraph 3.3.1*) which says that people don’t want to take responsibility for their work. In a great opposite to that fact are employees of Meopta U.S.A., Inc. (*Figure 6.9b*) where personal responsibility is one of the most desired and most important factors. This leads us again back to the Herzberg’s theory (*Paragraph 3.3.4*).

The research shows (*Figure 6.5*) that factors motivating employees to keep working for their company are several and in both cases the rates among them are very similar. Two major factors are: the interest of work and the closeness to residence of employees. Again a good team of people is mentioned and highly rated. This again elevates Animal Needs (*Paragraph 3.3.4*) above Human Needs (*Paragraph 3.3.4*). This Figure (*Figure 6.5*) proves the statement mentioned in Paragraph 3.2 that money isn’t the most motivating factor although they are important for satisfaction from work.

When were responders asked about benefits they would like to have as a part of their incentive program (*Figure 6.10*) a difference between Czech and American employees appeared. For Czech employees an elimination of meal costs and a possibility to use company owned recreation facilities became their leading desires. These two facts can be related to Maslow’s Hierarchy of Needs (*Paragraph 3.3.3*) and represent two base levels of the Pyramid of Needs (*Picture 3.2*). Research also pointed (*Figure 6.10a*) that a possibility to increase qualification is the third in attractiveness and is a representative of “higher” needs according to Herzberg (*Paragraph 3.3.4*). For American employees the most desired benefit is the medical care above standard (*Figure 6.10b*) according to legislative and health care aspects of the U.S.A. employment policy (*Paragraphs 4.4, 4.6*) this is a logic desire and it may not have any relation to motivation but to basic social values and standards, on the other hand it corresponds the safety/security factor which is motioned in Maslow’s Theory (*Paragraph 3.3.3*) and also in the above mentioned study of the Minneapolis Gas Company (*Chapter 3.2*) . Among employees of Meopta U.S.A., Inc. the second benefit they would like to have is the possibility to increase their qualification which again represents “higher” needs according to Herzberg (*Paragraph 3.3.4*). The

research shows (*Figure 6.10a*) that desires of Meopta – optika, s.r.o. employees are divided among all possibilities without any significant divergence, excluding Employee shares, whereas in Meopta U.S.A., Inc. (*Figure 6.10b*) three of benefits prevail and the rest got a low rate from respondents.

Most of the benefits in Meopta – optika, s.r.o. are fixed and not optional (*see. Chapter 5.1*) whereas in Meopta U.S.A., Inc. some of the benefits mentioned in the Figures above (*see. Figure 6.10a,b*) can be optionally chosen by employees (*see. Chapter 5.3*). This fact affects the rate of answers in the Paragraph 6.2.7.

According to the research (*Figure 6.12*) employees' benefits are not the main reasons why people work for both companies. There is a slight difference in rates but the general result remains the same. Much more importance holds the interest of the work and closeness to the place of residence.

Although the work evaluation (*Figure 6.9*) was not important neither to employees of Meopta – optika, s.r.o. nor Meopta U.S.A., Inc. when it comes to recognition the research shows (*Figure 6.13*) a difference in behavior of employees in different countries. In the Czech Republic the most desired satisfaction is money (*Figure 6.13a*). Recognition itself has almost no value to them, what they expect is a bonus and a compliment is just a value added, doesn't matter if it's a public or a private commend. For American employees a money bonus is also important (*Figure 6.13b*) but almost the same value holds the recognition. American employees significantly prefer public recognition. The rate between simple recognition and a bonus is balanced and especially the clear recognition has much greater value in U.S.A. than in the Czech Republic.

To be motivated an employee has to be aware of compensations and benefits provided by his company. The research shows (*Figure 6.6*) that there are different communication channels in Meopta – optika, s.r.o. and in Meopta U.S.A. In the Czech Republic the most common means of announcement are Bulletin boards and the Collective agreement information whereas the most common means in Meopta U.S.A. is the inaugural package.

The next Chapter is a conclusion of the whole thesis.

## 8.0 The Conclusion

This chapter will detail the findings and observations made during the course of this dissertation.

The research has shown that there are many similarities among employees of Meopta – optika, s.r.o. and Meopta U.S.A., Inc. From my point of view both groups of respondents are motivated by very similar factors in very similar rates.

It is interesting to me that both described their working conditions in the same manner and that they are mostly content with relations in the workplace. Both groups consider relations in the company to be very important for them and even if it doesn't affect their performance straightforward it has a great influence on their psychical hygiene. From my own experience it really makes a big difference to go to work where people hate each other and to work with great team of people.

Yet there are differences between both groups and I would say most of them are related to the hierarchy of values/needs. Employees in Czech Republic seem to be much more selfish, their main interest is to earn money, have someone to talk to at the workplace and please no responsibility on extent. The reason of that might be in the fact that benefits as stated in the *Paragraph 5.1* have become standard in today's companies. Benefits such as contribution to retirement plan, no meal costs etc. are something what you expect and do not consider being something extraordinary. From my point of view is that a reason of "lower" needs of employees in Meopta – optika s.r.o. They want to satisfy basic values and are not lead to improve and perform better. We should also think about a negative legacy of the communist era. Regarding to the employees age ratio in Meopta – optika, s.r.o. there certainly have to be anachronisms in look on the work moral. And that absolutely affects hierarchy of values of those employees. Young generation is not affected that much but still they were brought up by their parents.

A motivation program which will be truly motivating has to be set in Meopta – optika, s.r.o. Otherwise, on my opinion, performance will decrease as well as motivation of workers to the point where even salary won't be enough to prevent people from leaving the

company. Yes, European workers are fastidious but a good manager knows that there still are motivators to offer and that the quality of workers in the Czech Republic will payback all costs spent onto motivation.

Based on the *Figure 6.13* American employees appreciate oral recognition in much greater measure than their Czech counterparts what is the reason for that we can only guess. It might be a greater respect to authorities as well as the role of the company size. From my point of view *Figure 6.9* can give us, at least some explanation to that fact. American employees are much more loyal to the company and to their supervisors than Czech workers. That might be a reflection of significantly different social and historical background of employment and the sureness of employment in America. We have to take into consideration that U.S.A. are not a social state like the Czech Republic. Sureness of work and employment itself are one of the greatest incentives there. One other reason for different approach to motivational value of recognition might be in the American relish for collecting of trophies, cups, certificates of merits etc. This inclination to various forms of honorable mentions can give us a clue.

From my research and opinion American employees are more self-motivated than their Czech counterparts. Certain motivation actions have to be taken on both sides, but for the time being the situation is much more critical in Meopta – optika, s.r.o. Based on my own experience there is a great will to work but also a great wish to be worthily rewarded.

It was found that the situation at the labour market will change in the near future. Eastern countries are climbing up the ladder of qualified work power and these countries will soon become an equal competition to central Europe. This will probably (hopefully) lead to awakening among workers in Europe, they will realize that without self motivation and continuous improvement there won't be any work for them tomorrow. So don't rest on your laurels!

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