

## MOTIVATION AND STIMULATION OF MANAGERS IN THE "COMMERCE"<sup>1</sup> RETAIL CHAIN

Božidar Roca<sup>2</sup>  
Deniz Ahmetagić<sup>3</sup>

---

Classification: L20, L22, L81

*Original paper*

Primljeno / Received: March 06, 2014

Prihvaćeno / Accepted: April 11, 2014

---

### **Abstract**

*Motivation of a manager and his/her job satisfaction are a prerequisite for the proper communication with subordinates. The manager should be professional, experienced and authoritative, in order to achieve good communication and be a motivator for employees. The basic functions of the company can be divided into: the operative function (operations), the coordination and harmonization function (management) and the control function (arising from the ownership of the company). Managers have a task to carry out the target function, defined by controllers, competently and in the best practice. The central problem is to devise appropriate criteria for measuring the effectiveness of managers in order to accomplish the target function of the retail chain. This issue will be elaborated through the management structure of the "Commerce" trade chain and a motivation system with a critical commentary on the same. The questionnaire for the analysis of the motivation and stimulation system was sent to the headquarters of three retail chains operating in Serbia, "Delhaize Serbia", "Mercator S" and "Univerexport".*

**Key words:** retail chains , motivation, globalization , reward system.

### **1. INTRODUCTION**

Defining the business strategy of a company is the way the company will go towards the achievement of business objectives within the market space where those objectives are to be accomplished. The basic functions of the company can be divided into: the operative function (operations), the coordination and harmonization function (management) and the control function (arising from the ownership of the company). Managers have a task to carry out the target function, defined by controllers, competently and in the best practice.

---

<sup>1</sup> The name "Commerce" is used for the retail chain due to the confidentiality of data obtained from a retail chain.

<sup>2</sup> University of Novi Sad Faculty of Economics Subotica

<sup>3</sup> University of Novi Sad Faculty of Economics Subotica, e-mail:  
deniz.ahmetagic@ef.uns.ac.rs

Managerial structure instigates the operative employees (in procurement, supermarket, transport, marketing) to carry out certain tasks i.e. to achieve the intended business policy. Company's results greatly depend on how higher-ranking managers motivate managers all the way to operational managers who motivate the employees in retail outlets. The motivation of operative employees directly depends on whether the managers are adequately motivated. Without going deeper into the theoretical discussion on the phenomenon of motivation, by motivation we here mean "the process of initiating and activating the person, directing his/her activities towards certain subjects and coordination of these activities in order to achieve certain objectives." This suggests that, in addition to internal incentives, the manager receives external stimuli that are directing him/her towards a specific targeted and desired behaviour. The result of manager's activities is higher or lower work productivity. Motivation is one of the important factors in raising the work productivity, but not the only one. Sometimes the technical equipment of work (level of automation) is crucial in increasing productivity, but many of works have motivation as a crucial factor. It is believed that work productivity of the retail manager primarily depends on adequate motivators. Here we reach the viewpoint that different people react differently to certain motivators. The motivational process, basically, consists of seven phases and starts with unfulfilled need, tension and specific incentives to steer the managers towards the target oriented behaviour. The second part of the process goes towards satisfying the need and reducing tensions.

The subject of this research is the identification and analysis of the system, motivation and stimulation in a particular retail chain in Serbia, aimed at establishing a correlation between the effects of managers and compensation the managers receive. The central problem is to devise appropriate criteria for measuring the effectiveness of managers in order to accomplish the target function of the retail chain. This issue will be elaborated through the management structure of the "Commerce" trade chain and a motivation system with a critical commentary on the same. The research hypotheses are set as follows:

H1: Motivation system of managers needs to mobilize their individual characteristics in a given organizational milieu in order to achieve the planned performance and effects.

H2: Adequate motivation of managers in the retail chain should enable them to motivate the operative staff in retail outlets and achieve the planned sales volume, profitability and satisfaction of the sales staff.

The questionnaire for the analysis of the motivation and stimulation system was sent to the headquarters of three retail chains operating in Serbia, "Delhaize Serbia", "Mercator S" and "Univerexport". After repeated requests, two negative responses were received saying that the requested information is a trade secret and that they cannot be obtained. One retail chain responded positively, submitted the completed questionnaire and gave an insight into the specific details of the motivation and stimulation system. This retail chain is the actual subject of research in

this study. The aforementioned retail chain explicitly requested not to be identified by name for the data that are trade secret. The research of the motivation and stimulation system in the "Commerce" retail chain ("Commerce" trade company) was performed using the general questionnaire, through personal interview, by analysis of available internal documents of the company and panel discussion with particular managers. The study was conducted in the May-September period in 2013.

## 2. STRATEGIES FOR MANAGER MOTIVATION

Motivation process indicates that the different needs of managers produce different tensions that again require different incentives (motivators) and satisfying the needs. This attitude indicates that somewhere the material motivator outweighs the intangible motivators and vice versa. Whether the increased salary, stock options or higher level in decision making and similar incentives will be the motivator for a manager, depends on his/her personality and personal performance. Most often, motivators are combined in practice. "Managers as the most responsible individuals for the implementation of strategies, policies and objectives of organization, represent one of the most important motivational target groups."<sup>4</sup> Excluding the technical equipment of work as an objective factor, we can rightly state that the importance of motivation in work productivity is greater than other subjective factors. Motivation influences the potential of work productivity in creating the abilities and practical skills, knowledge and practical achievement. There is a direct correlation between the motivation and effects of work (Diagram No. 1.) The diagram below shows that the person and the organization are the input factors, to which the motivational strategy of management is relevant or applicable. Outputs are performance or work productivity – a result important directly to the company and individually to the employee, another output factor is the personal satisfaction as an important motivational factor in further work engagement of the manager. We shall elaborate one of the existing motivational strategies consisting of four stages:

- Communication of the manager;
- Design of job position;
- Participation of employees in management;
- Cash compensations (incentives) <sup>5</sup>.

The first stage is related to the permanence of communication between a manager and employees. Motivation of a manager and his/her job satisfaction are a prerequisite for the proper communication with subordinates. The manager should be professional, experienced and authoritative, in order to achieve good communication and be a motivator for employees. Hence, it is essential that the

---

<sup>4</sup> Štangel Šušnjar G., "Motivacija i stimulacija menadžera," *Lider Direktor* no. 3/2008. p. 50

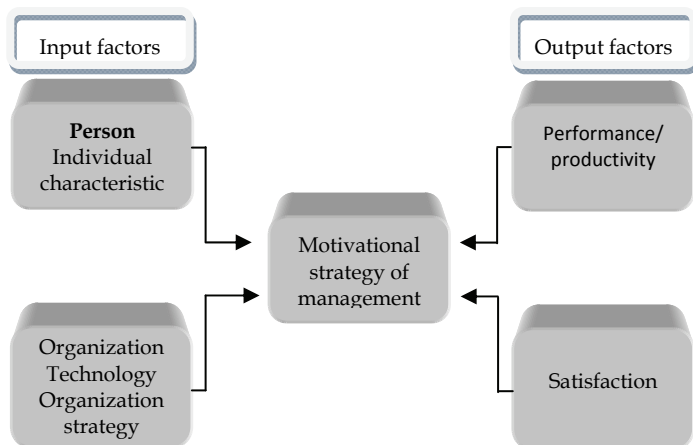
<sup>5</sup> [www.biznisplan.com](http://www.biznisplan.com)

company creates and permanently maintains the channels of communication. If a manager knows the business, knows the people and their working capacities and abilities, he/she will be able to motivate them to work and to determine their performance.

---

Diagram No. 1: Model of motivation and performance

---



Source: Štangl Šušnjar G. Zimanji V - Menadžment ljudskih resursa, Ekonomski fakultet Subotica, 2005

---

The second step is designing a job position that is a logical continuation of job satisfaction.

It is necessary to promote and maintain an atmosphere of job satisfaction in order for employees to be effective. Job satisfaction stems from love of particular work, pleasurable working environment, independence and creativity at work, opportunities for career development, etc.

A special aspect is the feeling of job security and less amount of stress caused by the possibility of losing the job. In their approach to creating and redesigning the job position, the authors<sup>6</sup> suggest certain strategies, such as: periodical rotation of jobs, increasing the number of work operations, designing jobs with more independence in creating planning works, coordination of realization and evaluation.

The third step of this strategy is the so-called participation of employees in management and other aspects of work. This is a three-stage participation: participation in the management, participation of employee representatives and participation by the so-called Quality circles. Here we have workgroups of ten people

---

<sup>6</sup> Robbins J, Judge T. *Organizational behavior*, Mate, Zagreb, 2010 pages 229-327.

who have an area of responsibility for which they meet and participate in decision-making. These groups have a supervisor. The so-called cash benefits or incentives are the fourth step in the strategy of motivation of employees. Here a set of motivators appears, based on financial motivators provided on the individual or company level, and they might be the so-called direct financial compensation or indirect financial compensation. These are different forms of motivation used to implement and improve the financial status of employees and increase efficiency.

The company's task is to focus on creating management teams rather than isolated individuals and to develop long-term plans for stimulation of managers. Stimulation of managers is done through identifying and implementing the stimulating earnings of managers.

The stimulating system of earnings should achieve "causality in relations of ability - commitment - performance - awards. The basic idea is that employees should feel as business partners who share both the financial risks and the profits of the business. The advantage is that the stimulation is not constant but must be earned through performance. Many successful companies in the world link stimulation directly to profitability"<sup>7</sup>.

### **3. THEORETICAL FRAMEWORK OF MOTIVATION AND STIMULATION IN RETAIL CHAINS**

Managers can be stimulated by individual stimulation, group stimulation and stimulation at the company level.

Stimulation of managers is done by stimulating earnings where the earnings of managers are a complex category comprising the following elements:

- 1) base pay (fixed salary) ,
- 2) benefits ,
- 3) privileges ,
- 4) short-term incentives ,
- 5) long-term incentives .

This structure of earnings model is used in this work.

Stimulating earnings is a complex of activities implemented in order to achieve the strategic goals and objectives of the organization in terms of economic and non-economic goals and satisfaction of employees in the organization<sup>8</sup>. Compensation for work i.e. stage management compensation can be briefly specified as: 1) elaboration of jobs, 2) analyzing jobs, 3) internal balance of compensations, 4) external balance of compensations (aligning compensations in the company with the similar in the region), 5) harmonization of external and internal balance (value).

---

<sup>7</sup> Štangl Šušnjar G. Zimanji V - Menadžment ljudskih resursa, Ekonomski fakultet Subotica, 2005

<sup>8</sup> Elling R. Bruce, The Complete Guide to Executive Compensation, McGraw Hill, New York, 2002

System of stimulation earnings represents several steps where the following activities are performed:

1. The importance of position on the market for individual elements of the reward system is determined (Table no. 1). Here we analyze the threshold, maturity and decline of the importance of that position on the market. When a company enters the growth stage on the market, long term incentives must continue to be forced for continued growth, while salaries, benefits and short-term incentives should reflect (averaged out) other similar companies in the region to prevent managers' leaving i.e. retaining them. At the maturity stage of the company on the market, sales are good and should be encouraged, and the emphasis should be put on salaries and short-term incentives (e.g., increase in salaries of managers of 10% from increased sales). In the stage of decline, costs should be reduced, but the re-growth, with new product range, new forms of sale etc. will put the emphasis on salaries, benefits and privileges. With these incentives, one should return to the growth stage.

Table no. 1. Relation of compensation elements and position on the market

ELEMENTS OF THE REWARD SYSTEM	EMPHASIS ON THE POSITION ON THE MARKET			
	THRESHOLD	GROWTH	MATURITY	DECLINE
SALARY	LOW	MEDIUM	HIGH	HIGH
BENEFITS	LOW	MEDIUM	MEDIUM	HIGH
PRIVILEGES	LOW	LOW	MEDIUM	HIGH
SHORT-TERM INCENTIVES	LOW	MEDIUM	HIGH	MEDIUM
LONG-TERM INCENTIVES	HIGH	HIGH	MEDIUM	LOW

Source, Elling R.B.-The Complete Guide to Executive Compensation, McGraw-Hill, New York 2002

2. The analysis of the influence of the elements of the reward system on the managers is performed (Table No. 2). The elements of the reward system are analyzed in order to attract managers, retain managers in the company and motivate them. The table shows that managers can be attracted with high salaries and high short-term incentives. High salaries and high long-term incentives - career development opportunities and potential stock options, are effective in retaining the managers. Motivation of managers is achieved through harmonization of salaries and long-term incentives with similar companies. Short-term incentives have a great influence on current motivation.

3. The third step is determining the effects of certain elements of compensations on the degree of risk (Table no. 3). The degree of risk may be low, medium and high. The operational risk of a company is always present in the business on the market. Mitigation of that risk depends on the actions of managers i.e. their mana-

gement of business. Motivating managers with adequate salaries, benefits and privileges is needed for low operational risk. In other words, in order for risk to be low, high emphasis should be placed on salaries, benefits and privileges. Medium emphasis on elements of the reward system will result, in principle, in medium degree of operational risk. If the emphasis is low on salaries, benefits and privileges, as elements of the reward system of managers, a high level of operational risk in company may be expected.

Table no. 2 Effect of five compensation elements on managers

ELEMENTS OF THE REWARD SYSTEM	EFFECT ON THE MANAGERS		
	ATTRACT	RETAIN	MOTIVATE
SALARY	HIGH	HIGH	MEDIUM
BENEFITS	LOW	MEDIUM	LOW
PRIVILEGES	LOW	MEDIUM	LOW
SHORT-TERM INCENTIVES	HIGH	MEDIUM	HIGH
LONG-TERM INCENTIVES	MEDIUM	HIGH	MEDIUM

Source: Elling R.B.-The Complete Guide to Executive Compensation, McGraw Hill, New York 2002

Table no. 3. The importance of the degree of risk on elements of rewarding

ELEMENTS OF THE REWARD SYSTEM	EMPHASIS ON REWARDING		
	DEGREE OF RISK		
	LOW	MEDIUM	HIGH
SALARY	HIGH	MEDIUM	LOW
BENEFITS	HIGH	MEDIUM	LOW
PRIVILEGES	HIGH	MEDIUM	LOW
SHORT-TERM INCENTIVES	LOW	MEDIUM	HIGH
LONG-TERM INCENTIVES	LOW	MEDIUM	HIGH

Source: Elling R.B.-The Complete Guide to Executive Compensation, McGraw-Hill, New York 2002

4. Combination of the three elements indicated above is performed in the reward model. By these combinations, we try to find our own model of attracting and retaining managers, making the degree of risk as small as possible and achieving growth in turnover on the market.

Bearing in mind the experience of successful companies in the remuneration of managers, an example of good paying practice is shown below (Table no. 4).

Table no. 4 The good and not as good practice in the payment of managers

GOOD PRACTICE	NOT AS GOOD PRACTICE
Paying for performance; Involving all employees in incentives; Basic pay in shares; Encouraging the shareholding plan; Basic pay based on performance; Use of contracts for all employees; Adding a new plan by replacing the old one; Realistic distinction in paying all employees; Regular issuance of shares to managers; Connecting shareholders and managers to market value of the share; Required approval of the shareholders for barely achieved result; Required approval of shareholders for new shares; Repeat options using only mature shares; Use of awards in shares based on performance.	Paying for time spent on the job; Limiting incentives only to managers; Basic pay in cash; Not encouraging internal shareholding; Basic pay based on assessment; Giving contracts only to managers; New plan added as a continuation of the old plan; Unnecessary control of employees' work; Introduction of cancellation of shares and replacement; stock option Paying only for internally declared financial goals; Accepting the fulfilment of one of the many goals; Accepting the plan for automatic exchange of shares for cash; Replacing shares using cash; Use of awards in shares not based on performance.

Source, Elling R.B.-The Complete Guide to Executive Compensation, McGraw-Hill, New York 2002

Good practice implies a differentiated remuneration for various works in accordance with performance of employees. Remuneration of managers should be stimulating and preferably aimed at involving them in the ownership structure by shares through basic payment and rewards. This example of good practice advocates using employment contracts for all levels of management. Not as good practice suggests avoiding paying for time as well as basic paying in cash. In addition, replacing shares using cash as well as unnecessary and redundant control of employees are considered to be poor practice.

### 3.1 Retail chains in Serbia

Globalization of relations in the world also includes the sphere of trade so the retail chains appear as forms of cooperation between manufacturers and retailers in a wider geographical area. The presence of a large number of trading companies in one market brings competitive game and large benefits for consumers. Small number of retailers will certainly lead to a reduction in competition, but there are other views. There is an opinion that the consolidation of trade companies in one market brings a wider range of products, lower prices and better service. The



analysis of retail chains in the Serbian market shows the presence of a large number of chains ("Maxi", "CBA", "DIS trgovina", "Idea", "Interex", "Roda", "Mercator", "Super Vero", "Metro", "Tempo", "Univerexport", "Lurdy"), although in the sense of market participation, we can point out three of the largest: "Delhaize" with about 365 retail outlets, "Idea" with about 180 outlets and "Mercator" (with Roda) with about 190 outlets. Purchase of "Mercator" by "Agrokor" has created a duopoly where "Delhaize" and now "Agrokor" hold about 2/3 of the market in Serbia. Without deeper analysis of the consequences of the created duopoly on the Serbian market, it can be concluded that it is bad for consumers. The opposite view is the opinion of Prof. Dr. Stipe Lovreta who argues that with the merger of "Mercator" and "Idea" we get "one strong player" that will be able to face the leader on the market more successfully. In the opinion of this author, this situation can have a positive impact on competitiveness and even lower prices.

The official policy of Serbia aimed at opening doors to new retail chains confirms the viewpoint on the negative effects of the establishment of a duopoly. "Lidl" announced its arrival in Serbia and has already bought the land for retail stores in Belgrade, Niš, Novi Sad, Subotica, Zrenjanin, Valjevo and Smederevo. "Carrefour", a French retail chain announced its arrival in Serbia in 2025.

Swedish furniture manufacturer "Ikea" plans to open the first department store in Belgrade by the end of 2013.

Retail chains in Serbia should offer a higher percentage of domestic goods. There are different retail outlets within the structure of the retail chains such as:

small shops 80-350 sq m of retail space;

hypermarkets up to 10,000 sq m;

shopping malls, etc.

The structure of these chains is usually set functionally. The central place in the structure is occupied by wholesale and retail, procurement and logistics, marketing, manufacturing and hospitality, followed by other supporting functions such as human resources, finance, accounting, general affairs, etc. on the same level.

Globalization creates the need to raise the trade to a much higher scientific and operational level than it was during the so-called "domination of manufacturing" period.

Development of science and application of new technologies have raised the efficiency of production to a very high level. Considered globally, to produce something is not a fundamental problem any more in the developed world. The main problem becomes the response to the question: How to sell goods? Such an approach gives great importance and need for research to the management of a trading company. Sales management explores how to make the sales function more effective. Classic functions of management (Diagram No. 2) can be reduced to resources, as potential, and sales management sub-functions (planning, employee selection, training, leadership and control) and specific performance of a trade company i.e. retail chain.

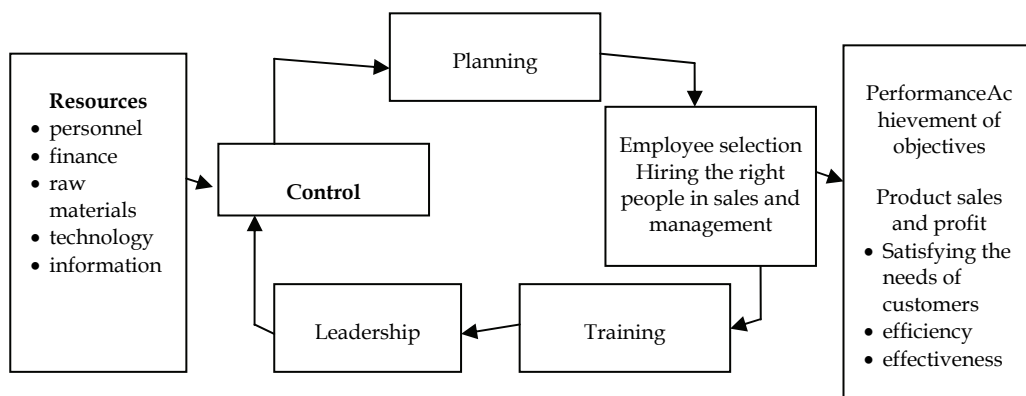
To achieve this performance i.e. selling products, satisfying the needs of customers, and making a profit, it is necessary to adequately motivate the sales staff and managers in the trading company.

### 3.2. Motivation of managers in the commercial chains

The managers of the retail chain are in charge of motivating the sales staff, and their superiors, the higher managers and ownership structure of the trading company are in charge of motivating managers.

Structure of management, primarily sales managers (there are also procurement, finance, logistics managers, etc.), may have, in practice, the following levels: (Gašović M. 2002).

Diagram No. 2 Classic functions of management in sales



Source: Gašović M. Menadžment prodaje, Institut Ekonomskih Nauka, Beograd 2003.

Top management (strategic or highest level managers)

- President,
- Chief Executive Officer,
- Vice president of sales,
- National sales manager,
- Vice president of international sales .

Middle management (tactical, regional or district managers)

Operational management (first-line managers responsible for the sale of goods and services)

- Head salesperson ,
- Salesperson ,
- Trainee salesperson, etc.

One of the main tasks of managers in the retail chain is motivation and stimulation of the sales staff.

Analysis of a few retail chains in Serbia shows that the most common motivators are those expressed in money. In traditional terms, there are three forms of remuneration or compensation of managers and sales staff:

- Salaries (weekly or monthly),
- Commission (percentage) of sales or profits,
- Combined approach with salaries and commissions and possibly premiums.

Various companies build systems of motivation, starting from top management to the sales staff that does not participate in business management. Common to all these methods is linking compensation, primarily those of managers, to the success of a retail chain as a whole, and the success of the organizational part of the retail chain they directly manage.

Motivation of operational managers is linked to the success of the group i.e. retail outlet they are responsible for.

## **4. THE RESEARCH RESULTS**

### **4.1. Data Analysis**

a) Basic data on the retail chain.

"Commerce" trade company is organized as an LLC, as one of the three existing companies in the country of one trading group. There are 14 trading companies in the structure of the parent company.

The group "Commerce" company belongs to, is one of the leading and successful retail chains in the region of Southeast Europe. The "Commerce" company is a limited liability company for trading and manufacturing. The company was incorporated in 2001, with the registered capital of €187.890.781,79. Number of employees in the "Commerce" company (on 30.09.2013): 4219 employees.

b) The structure of management of the "Commerce" company (Exhibit 1) is presented in three levels.

The company structure is functionally set and consists of seven executive areas led by executive directors, being the first level of "Commerce" company management (the "Commerce" company director is also in the top management).

At the second level, within the executive areas, are divisions as organizational units headed by the division directors. Operations managers lead the third organizational level (wholesale, procurement, finance, etc.) where there are retail managers (store, supermarket, hypermarket), wholesale managers, store managers and other managers.

c) The system of compensation for the management structure of the "Commerce" retail chain

The system, with all of the elements of compensation, representing the collective agreement is defined at the level of the entire parent company (the "Commerce" company is part of a company). Compensation of managers at all three hierarchical levels has the following structure:

BASIC SALARY + VARIABLE PART OF SALARY (bonus for group performance) + VARIABLE PART (individual performance linked incentive)

In addition to salaries and stimulations, the top managers enjoy certain benefits and privileges:

- a) Payment of pension.
- b) Periodic health examination.
- c) Car for managers.
- d) Paid education i.e. training.
- e) Other benefits.

#### **4.2. Calculation of compensation for all management levels**

Calculation of compensation for top management is defined through base salary and a variable part, depending on the overall business performance of the Company as a whole.

The variable part is accounted on a quarterly basis. Base salary of a top manager is defined by job position coefficients, which depend on the complexity of work, level of responsibility and required competences. This salary is defined at the level of individual companies but it also adjusted at the level of the group, so that the levels of salaries are aligned and are of the similar order of magnitude but they are also weighted with the price of labour on certain markets. This is because the group, in addition to the Serbian market, also operates in other countries. In addition to the variable part there are opportunities for additional bonuses for top managers that can go up to 6 monthly salaries. Annual bonuses depend on the overall business performance of the whole company, and are defined at the end of the fiscal year, i.e. after the balance sheet and are paid as a lump sum.

In addition to salaries and stimulations top managers enjoy certain benefits and privileges (defined in management contracts):

- The possibility of payment of pension (separately)
- Periodic medical examinations
- Car for managers and their families available around the clock
- Other benefits.

Calculation of compensation for middle management

Calculation of compensation is performed in a similar way as the top management with the exception of annual bonuses and reduced scope of benefits and other remunerations.

The calculation is made up of base salary that is defined similarly as in top management and variable parts, the variable part depending on performance of the group and the variable part depending on the individual performance (based on the so-called procedure for defining monthly work achievements of employees). Middle management also enjoys certain benefits:

- paid periodic medical examinations,
- official car available for commuting and performing the work.

Calculation of compensation for operations management

Operations managers of the "Commerce" company have no managerial contracts, benefits or other privileges. Their compensation comprises three components:

- salary (based on the job position requirements and adequate qualification),
- variable part according to the group performance (e.g. operations manager at a supermarket depends on the operating results of his/her supermarket in the month observed) and
- the variable part according to individual performance based on the appraisal.

**4.3. Procedures for defining monthly work achievements of employees**

This procedure has been developed and represents quite objectified instrumentation which the management of the "Commerce" is proud of. Monthly appraisal of the achievements of all employees is carried out on a unified list and in this way individual performances are linked to the objectives of the company as a whole. During the interview it was noted that this is a multiply useful tool of the company and, in the opinion of the management, represents one of the most important processes in human resource management. This tool improves the commonality of interests of employees as individuals and the company as a system. The benefits by this tool for the company and the employees are shown in Table no. 5.

Working effectiveness of employees must be correlated with the goals of the company. The Table No.5 shows that an adequate relationship between managers and the staff, through higher earnings, affects the performance i.e. quality of work. From the standpoint of the company, proper working behaviour of employees raises motivation to achieve the goals of the company

Table no. 5 Benefits of work efficiency evaluation

Benefits of work efficiency evaluation	
Company	Employee
Provides information on working behaviour of employees	Provides feedback on their work
Provides raising the work performance of all associates	It helps faster and better onboarding
Raises the motivation to work	Improves associates and supervisor relations
Provides a good basis for the selection of management	Motivates to work through the possibility of higher earnings
Allows planning for training employees	Provides insight into the need for additional education
Points to the need of shifting employees	Strengthens self-confidence and self-esteem

Monitoring the efficiency of work of each individual is in the interest of the employee as well as the company because:

- a) Employees receive information about their work from their immediate superior that helps them in their professional development, possible promotion and stimulation through compensation.
- b) The interest of the company is to obtain relevant information on the working behaviour of employees in order to assess the total opportunities and set long-term development goals in certain areas.

The appraisal of the individual performance in the "Commerce" company is based on the following criteria: expertise, workload, quality of work, work discipline, attendance at work, attitude to the customer / consumer responsibility, and attitude to colleagues.

There are several steps in evaluating the work efficiency of the employees:

1. Preparation activities for evaluation;
2. Stages of appraisal of work achievements of employees;
3. Appraisal of the quality of the assessment procedure;
4. Reviewing the contents of the procedure;
5. Approving stimulations or disincentives to the compensation of associates;
6. Procedure in case of non-harmonizing assessment of evaluation of work efficiency for associates.

Appraisal of monthly performance is divided into 11 stages:

1. Self evaluation of the employee with signature of the associate after the self appraisal and date of appraisal;
2. Review of the assessment by the immediate superior with his/her signature and the indicated function he/she performs, he/she gives assessment explanation in writing according to each criterion;
3. Discussion on assessment by associates and immediate superior;
4. Defining corrective measures and tasks as well as the deadline when improvements must be visible;
5. The superior gives his/her opinion on the work of associates for the past month in the provided section;
6. Suggestion for the assessment in the operations is made by the immediate superior, and the overall assessment is given by the manager of the retail outlet;
7. Suggestion for the assessment is given by the head of the department / unit and the overall assessment by the manager of the division;
8. In case the assessments of the immediate supervisors of the retail outlets do not coincide, it is necessary for the hierarchical superior manager to explain his/her opinion to the immediate superior, who then gives immediate information to the associate;
9. In case the assessment is harmonized the associate confirms it by his/her signature;

10. In case the assessment is not harmonized, an associate has the right not to sign, but is required to attach the explanation in the form of written statement;
11. The form is then signed by the person who conducted the interview with the associate.

Appraisal sheets are collected in the human resources unit, where the formal aspects of the procedure are reviewed. Reviews for the previous month must be submitted by the second day of the next month. The quality of assessment procedure is appraised by the employees in the human resources division based on the following indicators and the question:

Table No.6 Appraisal of the quality of the assessment procedure

1.	Has the employee been interviewed about the assessment, what does associate confirm by his/her signature?
2.	Have the conditions for granting the stimulations or penalties been complied with?
3.	Are the assessments discriminatory?
4.	Has the overall assessment been suggested by the manager or the manager of the division, which has to be certified with the seal and signed?
5.	Are the assessments that deviate from the standard, explained by the superiors for each criterion?
6.	Have the associates been self appraised?

Corrective interviews with managers or managers of the divisions are performed in case errors are observed in the assessment procedure of the employees or there are complaints by employees. Upon completion of review the employees in the human resources department further forward the suggestions of assessment for approval (the ones that deviate from the standard). Assessments of the retail outlets are reviewed by the wholesale or retail managers and the members of the Board of the company review the assessments of the professional services.

Analysis of the managers of the retail outlets consists of:

- comparison of the results achieved in the retail outlet with a number of award-winning associates,
- comparison of the results achieved in the retail outlet/division with the amount of the proposed award,
- appraisal of the validity and credibility of the explanations for associates who are punished.

At the end of appraisal the wholesale / retail managers and the members of the Board verify reviews by their signature and then forward the sheets to the payroll unit, based on which employees receive stimulation or disincentive.

Suggestions for assessments that are not approved must be substantiated to the managers of retail outlets, managers of the divisions so that the associates to whom

the assessments relate could get the feedback. Sheets with assessments that are not approved are returned to the human resources unit. Sheets with assessments of associates who are awarded or punished remain in the payroll unit. Human resources experts create a list of the heads of the organizational units that have not done this task in a proper manner and according to the instructions, which represents an element for the appraisal of their work. Additional motivation is performed by payment of various awards or fixed bonuses that is applied when performing tasks beyond the job description for the particular job position, for a longer period, as well as involvement in the project.

## **5. CRITICAL COMMENTARY OF THE SYSTEM OF MOTIVATION AND STIMULATION IN THE "COMMERCE" RETAIL CHAIN AND SUGGESTED IMPROVEMENT MEASURES**

The above analysis of the system of motivation and stimulation of managers confirms the hypothesis that adequate motivation has a direct impact on the increase of results of managers and motivates the immediate operative employees to achieve the sales being the end results of operations. Positive aspects of the system is finding ways of equalizing managers' interests with the interests of the company and the interests of the sales operative. The existence of three elements of compensation indicates that there is a part that does not depend on the performance - the fixed salary, and two variable parts that depend on the performance of the group the particular manager coordinates, and individual or personal performance of each manager. We think that in a situation of crisis, which the greater part of retail chains experience, motivation needs to be raised to a higher level.

Announcements of new arrivals and existing performance of some of the global retail chains in the Serbian market sets even greater tasks for the motivation system. Those tasks are: increasing the volume of sales i.e. turnover and entering in fair competition with global retail chains. The system of compensations and generally, stimulation should firstly be defined by plan through specific goals that must be achieved by managers. Thus, several key objectives that are to be achieved in the fiscal year should be determined for top managers, and their compensation corrected in accordance with the percentage of achievement of those objectives. On the other hand, the so-called system of evaluating the work efficiency is a good model but it should be elaborated with more specific indicators and less subjective assessments by superior managers. Additionally, and modelled on of the global retail chains, the top management should be more permanently tied to the Company (loyalty) through participation in the company ownership - by allocation of shares. From the standpoint of directors of executive areas, criteria for assessment of managers' performances should be separated and objectified according to individual functions: procurement, reetail, -wholesale, marketing, finance, and human resources.



It is necessary to introduce managers' agreements for all levels of management in order to clearly specify and define the tasks and responsibilities, and the compensation depending on percentage of achievement.

## 6. CONCLUSION

Motivation is one of the most important factors in raising the productivity of work. Cost efficiency of work in the analyzed retail chains is primarily dependent on adequate motivators. In some markets material, and in some markets non-material motivators have preponderance. In domestic retail chains, the material motivators are the basic motives of employees and managers, while in developed countries the possibility of education, job promotion and benefits represent a very important driver for managers and their associates.

Whether increased salary, stock options, a higher level of decision-making will be a motivator to the manager depends on his/her personality and personal performance. Most companies combine some of the motivators. Advocates of the thesis that the enlargement of trading companies in one market brings a wider range of products and better prices for the customers are not right. This view is confirmed by the official policy of the country to allow other retail chains to enter the market, first of all: "Carrefour", "Lidl", "Ikea" and others, that will, by their performance, contribute to a healthier and more equal competition in the market.

Analysis of the retail chains in Serbia shows that money is one of the most common motivators to the managers and that leaves the future retail chains and their managers the possibility to use incentives and benefits as motivators for increasing the performance of managers and thereby to increase turnover and profit. The analyzed retail chain, in addition to salaries and incentives, offers a number of privileges and benefits that contribute to increasing the productivity of managers. Benefits from evaluation of the work efficiency and motivation are enjoyed not only by the employees but also by the very company.

Based on the usefulness of the managers' work evaluation it can be concluded that the goals of employees and companies are equalized and correlated. The analysis of retail chains shows that the crisis and the reduction in purchasing power, certainly affect the turnover and the performance of the management and the managers, which implies the necessity of finding new combinations of motivators for managers and their efficient use.

## REFERENCES:

- Elling R.B.(2002), *The Complete Guide to Executive Compensation*, McGraw-Hill, New York .
- Gašović M.(2003), *Menadžment Prodaje*, Institut Ekonomskih Nauka, Beograd.
- Porter L.W., Bigley G.A., Steers R.M.(2003) *Motivation and Work Behavior*, McGraw-Hill Irwin, Boston .
- Robbins J., Judge T.(2010), *Organizacijsko ponašanje*, Mate, Zagreb.

Štangl Šušnjar G. Zimanji V.(2005),Menadžment ljudskih resursa,Ekonomski fakultet Subotica.

Štangl Šušnjar G.(2008), „Motivacija i stimulacija menadžera“, Lider Direktor vol. 3 , p.p. 50-58.

Šušnjar G., Ostojić D.(2000), Menadžment i motivacija, Čikoš Holding , Subotica .

Vuković D.(2008), „Motivacija zaposlenih-nezaobilazna staza uspeha“, Lider Direktor vol. 3 , p.p. 58-67

[www.biznisplan.com](http://www.biznisplan.com)