

EMPLOYEE MOTIVATION AND REWARD SYSTEM IN LOCAL GOVERNMENT

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Abstract. *Since the beginning of the 80s of the last century, many changes in the contemporary business environment have contributed to the economy of Serbia having problems regarding business improvement and motivating employees. Business improvement, employees motivation, and knowledge generating is certainly a major problem in most of transition countries. Facing new circumstances, business systems require flexible behavior, in regard to changes in business environmental conditions. Knowledge and team work are main and key drivers of business productivity growth in all business areas, and because of that, motivation and rewarding of employees are both the condition and assumption of productivity growth in private and public business sector. In this paper, the authors research and analyze the system of motivating and rewarding employees in local government, which evolves under specific political, security and economic conditions.*

Key Words: *contemporary business conditions, motivation system, rewarding employees, motivators, team work*

INTRODUCTION

New business conditions require changes in business behavior of economic entities. Traditional business and employee motivation and reward systems, which were, many years ago, the key factors in a stable economic environment, are not able to fulfill the goals determined in front of them today, because of their static nature, inappropriate attitude towards employees and limited motivation that was focused only on salary. The future belongs to those business systems which will be able to adjust to the changes, and to be most innovative and flexible. Innovation, flexibility, communication, learning and acceptance of changes are the essence of development of new employees' motivation and rewarding system in business systems, organizations and institutions, both in private and in public sector, including also local governments.

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By arrival of foreign companies, domestic private business systems intensively, and public sector gradually have accepted experience from most developed countries in the sense of doing business and motivation and rewarding systems. Such experiences are transferred from public sector to the local governments. The way of doing business is connected to the improvement of quality, strengthening of research and development function, permanent work on the innovation of knowledge, especially in information and communication technology domains. There is also a need for constant improvement of knowledge, skills, abilities and values of employees and managers, which in sum increase the level of motivation to achieve targeted goals. Non-material incentives are represented in form of various recognitions and work measurements, participation in managing, shaping and determining work, public commendation, organizing of seminars, paid courses etc. All of that is needed to secure desirable employees' behavior. In that sense, in this paper, we will first give theoretical basis, then key elements and forms of incentives in motivating and rewarding systems for employees, after which we will set the hypothesis, explain research methodology for development of motivation and rewarding systems for employees in Local government "City of Priština", and in the end we will show the results of research with appropriate discussion and give conclusions.

1. THEORETICAL BACKGROUND: MOTIVATION AND REWARD SYSTEM OF EMPLOYEES AND KEY FACTORS

The traditional business system which could have been proved as effective in a more stable business environments is no longer able to cope with challenges and problems that new business conditions bring due to its limitations in contemporary business environment (Sekerez, 2003, 210). Many of our economic entities have organizational structure founded during the self-management period, which had such main values as: maximum employees' protection, guaranteed work place, and their right to make decisions about the management of the company, which represent strong obstacles for employees' adoption of new business systems (Maslow, A. (2004); Janićijević, N. (2008); Jovanović- Božinović, M., Kulić, Ž., Cvetković, T. (2004); Grinberg, Dž., Baron, A.R. (1998)).

According to the forecasts of the leading experts in the fields of economics and management, the dominant influence on the development of the current companies will be (Matić, 2007, p.12-14):

- economic,
- social,
- information,
- political environment.

When it comes to the economic environment, primary business goals are maximum profit and minimal costs, with models, methods, techniques and instruments for achieving this goal in the sense of minimization of activity costs which do not add value for buyers, and with maximizing activity costs which add value for buyers, because all that leads to the maximization of profit (Šarčević, M., Balotić, G. (2011)).

Social impact implies the integration of economic and social values, with stronger accent on the preservation of business environment. Information environment has a special impact on business operations, because with the introduction of high productive, information and communication technologies, conditions are created for increasing

effectiveness and efficiency of modern business systems, as well as application of modern models, methods, techniques and instruments of managing.

In order to make a profit, it is necessary to follow the modern trends in the development of science and technology, advancements of information technology and modern management information system. Better knowledge of all the types of information technology enables better communication in the global market and favorable results in terms of international economy. Political environment is very important, especially in respect of making important strategic decisions. The government regulation and the political system in the country enhance or limit impact of all factors of environment, on existence, growth and development of business systems.

Complex and altering business conditions in the new business environment require flexible behavior from the economic entities with regard to the changed business conditions. In order to adapt to the business, it is required from the management structure to be ready for the appropriate actions that will contribute to increasing competitiveness. A necessary condition for this kind of action is the motivation and incentives for all of the employees, starting from the head managers to the executors of tasks. In order to survive, an economic entity has to implement a reward system as one of the company's motivational policy factors, which will include both the management structure and the staff of the company as a whole and its organizational units (Gajić, 2003, 190; Malinić, S. (2000); Trklja, R. (2010)). According to this, key factors for building and development of the new reward and motivation system are (www.telecollege.dcccd.edu):

- **Employee salary** for full working time, commonly speaking, is projected to fulfill all basic employee's needs. Possibility to earn bigger salary by doing the same work in the same period of time encourages managers and all employees to change their working position within their current business system or outside the current business system. It should be emphasized that the increased intensity of work in current working place can be the cause for extra earning, on condition that the system of motivation and reward predict that issue. However, it must be also emphasized that "*money is not the only factor of motivation, but far away from other factors of motivation*". Namely, with growth of living standard, the significance of this motivator is decreasing, and building of adequate motivation and reward system in company demands incorporation of current potential motivators such as rewards, material or non material stimulations, promotion of work satisfaction and enrichment of work, participation in decision making and collective negotiation, possibility of research in preferred area and similar motivators.

- **Working conditions** are another important factor for the development of the new reward and motivation system. For some people, good working conditions are related to career advancement, and for the others, to health, lifestyle, standard of living etc., and in both cases working conditions can be the factor for bigger engagement of employees and better result achievement. Good working conditions enable the activation of creative energy of employees and relieve the feeling of discomfort which characterizes poor working conditions. On the other hand, bad working conditions in longer period of time will affect employees' motivation negatively, and they can be the cause for leaving current business system.

- **Work organization** is also an important factor that management would need to address in order to encourage employees to make a greater effort and better performance. Good work organization will enable each employee to find their place and contribute to accomplishment of work tasks and objectives of the organization. Revised terms of business operation require work within teams with responsibility and authority. For an

efficient operation of a team and team management, the team composition is of exceptional importance, operation mode and objectives of the team, as a group of people, which are, together with the head of the team, directly involved in realization of a particular task or project. Teams have the responsibility and authority within the new business environment. They are transferred from the managers to the team members, so that they manage their own operations by themselves, they have authorization to make decisions concerning the tasks entrusted to them, and bear the consequences if the task is not completed as it was planned, or if satisfactory performance is not achieved. In contrast, the lack of good working organization cancels employees' devotion effects and affects them discouragingly.

- It is very important that the management fosters fair **interpersonal relationships** and collaboration among employees, creating a climate of understanding and awareness of legitimate rights of workers. Working climate and culture means creation of conditions for progressing at work, personal affirmation, professional development, more responsible, creative and interesting work, awards for work, etc. Such climate and culture will encourage employees to research for possibility of acquiring competences, which will contribute to the increase of work efficiency.

- Extremely important factors which make people think good about themselves and have a positive impact on the reward and motivation system are strong **competitive instinct and learning** throughout life. It is the energy in person, which encourages his/her competitive potential. Competitive instinct is constantly raising the level of knowledge and skills, especially leadership skills, thus creating huge potential for dealing with the increasingly complex and dynamic global economy.

Motivation and reward system means that harmonization and achievement of different individual needs of employees are in line with the goals of business system. Properly placed reward system is directed to bigger productivity of employees and to the success of business system. New system of rewarding encourages high level of motivation and responsibility in taken commitment, which, for business system, is possibility for attracting competent persons (Ćamilović, S., Vujić, V. (2007).

Rewarding system involves the existence of incentives in material and non material form. Material incentives are shown in form of salaries, stimulations, encouragements, bonuses, benefits in form of life, social, health and pension insurance, and they can be earned as substitute for inputted labor of employees.

Non-material forms of incentives contribute to the increasing of the motivation of employees by meeting the needs that are not related to money or other material rewards. Non-material work incentives are related to (Vidaković, 2012, 166; Malinić, 2000, 138; Henderson, I.R. (2000); Janković, I. (2006)):

- higher order needs (need for recognition and respect);
- self-affirmation and development of personal skills;
- the opportunity to research within the desired field;
- the opportunity for advancement through the hierarchy of management structure;
- feeling of satisfaction with the achieved performance and achievement of the generally established goals, the work environment, interpersonal relationship in the workplace;
- working conditions, clean and healthy environment; management style, job enrichment, job improving;
- prestige, status, reputation etc.

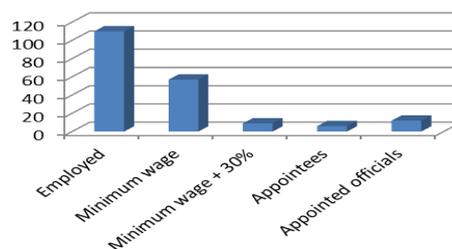
Afore determined reward and motivation system is valid for all business systems, organizations and institutions, whether they perform their activity in private or in public sector. It is valid, also, for systems in local governments. On the example of local government 'City of Priština' with seat in Gračanica, we will survey the development level of employees' reward and motivation system, in the sense of implementation level of theoretical and practically applied forms of rewards in local governments of developed countries (Pantić, S. (2010)).

2. RESEARCH METHODOLOGY AND HYPOTHESIS FORMULATION

The local government unit "City of Priština" was founded in 1946 as an administrative center of the Autonomous Kosovo-Metochia area, within the People's Republic of Serbia, and in 1963, within the Autonomous Province of Kosovo and Metochia. Until the war of 1999, it was headquartered in Pristina and included 14 Secretariats with 271 employees. After the war in Kosovo and Metochia, the local government unit 'City of Pristina' was dislocated to Gračanica, as the state bodies of the Republic of Serbia which should take care about all aspects of the development of Serbian community, although "Constitutional Framework for Provisional Self-Government in Kosovo" was proclaimed by the decree (Uredba br.2001/9) by the Special Representative of the UN Secretary-General, and taking into account the decrees (Uredba br.1999/1 od 25.jula.1999.god.) of the United Nations Interim Administration Mission in Kosovo (UNMIK) and its amendments on the Authority of the Interim Administration in Kosovo.

In other words, it is the area that is now under the patronage of the international community, the area which apart from numerous economic, social, demographic and personnel problems, is faced with a problem of personal safety and the safety of citizens. Also, Albanian Authorities have declared independence in February 2007. On the other hand, The Constitution of the Republic of Serbia, within the Seventh section precisely regulates the territorial organization of Serbia, defining an autonomous province, local government and cities. Named entities have legal entity status (Article 176), and responsibilities for their development. In respect of that, local government 'City of Priština' is governed by principles and system of Republic of Serbia, and employees' motivation and reward system must be based on laws and rules of the Republic of Serbia.

Local government 'City of Pristina', at the time of study, has 194 employees, 110 of them are employed, 57 are working on the minimum wage, 9 of them on the minimum wage +30% (Zaključak Vlade Republike Srbije, 05 broj 02-4586/03-01 od 17.07.2003.god.), 6 are appointees and 12 are appointed officials. Review of this structure is depicted in the Graph 1.

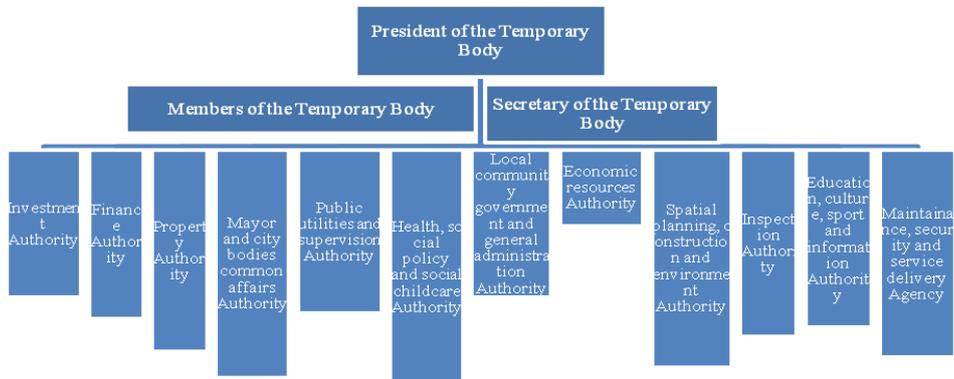


Graph 1 Number of employees of local government – "City of Pristina"

Local government 'City of Pristina' besides development activities, in the operative part provides to its beneficiaries (Zakon o matičnim knjigama („Sl.glasnik RS", br. 20/2009):

- Document notarization services,
- Issuance of birth certificates,
- Issuance of certificate of citizenship,
- Parental and child support services,
- Cadastral Services (real estate certificate, certificate of ownership, blueprints and deeds),
- Internally displaced persons services provided by the Commissioner for Refugees,
- Payment of fees to the young mothers in collaboration with the Ministry of Labor and Social Affairs etc.

Based on the Rule Book on the organization and Decisions on the city governments (Odluka o gradskim upravama grada Prištine), hierarchical and functional organizational structure of the local government unit "City of Pristina" is established, which ensures the exercise of activities in accordance with the business principles. The organizational structure of the "City of Pristina" is shown in the Graph 2.



Graph 2 Organizational structure of the local government "City of Pristina"

Management structure of the 'City of Pristina' consists of 5 members of the Temporary Body,¹ and the Secretary. Within the local government of the 'City of Pristina' there are 12 Authorities with 2 to 3 divisions as separate organizational units.

The subject of the study is the level of development of motivation and reward system of local government from the aspect of involvement, primarily, theoretically investigated and practically applied form of rewards in developed economies.

Researches are based on the following hypotheses:

Hypothesis 1: In the local government 'City of Priština', employees prefer salaries and material forms of incentives, which are in line with dynamic of salary payment.

Hypothesis 2: Employees in local government 'City of Priština' are not satisfied with current motivation and reward system.

¹ Službeni glasnik Republike Srbije br.073/2013, kao i Rešenje o imenovanju predsednika i članova privremenog organa u Gradu Prištini doneto na Vladi Republike Srbije 24 broj 119-7131/2013 od 16.08.2013.god.

Hypothesis 3: Motivation and reward systems of local government 'City of Priština' do not motivate employees to increase quality, engagement, creativity and innovativeness of work.

The research was conducted with the survey and comparing obtained results with theoretically investigated and practically applied motivation and reward system in developed economies. Keeping in mind the complexity and delicacy of subject research, as well as the fact that the respondents have different levels of education, work profile, different age and interests, the questionnaire for the purpose of this work included 70 working personnel from total number of 110 working personnel in the local government 'City of Priština'.

The survey was conducted according to precise guidelines, so that the obtained data are considered to be reliable. The questionnaires were distributed to the Authorities. From a total of 70 respondents, which is the size of the sample of this survey, 43 respondents answered the questions, which represents 61% of the sample which is considered relevant for this research. With the aim of getting more quality research the respondents are divided according to:

- a) respondent's gender,
 - b) respondent's years of service,
 - c) respondent's education level
 - d) functions in the company.
- a) respondent's gender was defined on two possible levels as follows:
- male respondents,
 - female respondents.

The number and structure of respondents by gender is presented in table 1.

Table 1 Respondent's gender

Employees		Number	Participation percent
Gender	Male	23	54%
Gender	Female	20	46%

b) respondent's years of service i.e. working experience, was defined on the four levels, by number and percentage share, which is shown by Table 2.

Table 2 Respondent's years of service

Employees	Number	Participation percent
From 0 to 10 years	8	19%
From 11 to 20 years	14	33%
From 21 to 30 years	17	39%
Above 30 years	4	9%

c) respondent's education level was defined on the four levels, according to number and percentage share: skilled workers (VKV), secondary education – IV level (SSS), higher degree – VI level of expertise (VŠS) and graduate level – VII level of expertise (VSS), which is shown in the Table 3 below:

Table 3 Respondent's education level

Employees	Number	Participation percent
SW	1	2%
SE	23	53%
HD	2	5%
GL	17	40%

d) functions in the local government defined on the two levels by number and share is shown in Table 4.

- managers,
- executors.

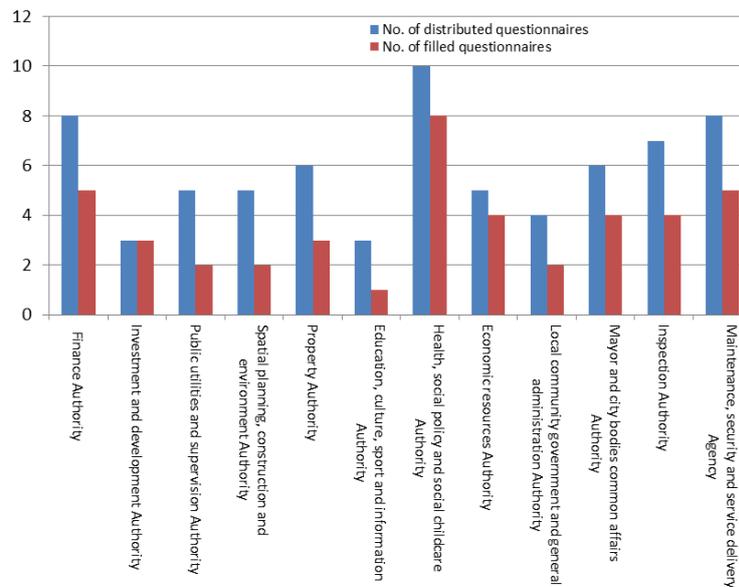
Table 4 Functions in company

Employees	Number	Participation percent
Function in company Managers	8	19%
Function in company Executors	35	81%

In addition, Table 5 and Figure 3 show disposition of participants on the 'City of Pristina' Authorities, as well as employees' degree of responsiveness.

Table 5 Distribution of questionnaire participants by the "City of Pristina" Authorities

City Authorities	No. of distributed questionnaires	No. of filled questionnaires	Degree of responsiveness (%)
Finance Authority	8	5	62,5%
Investment and development Authority	3	3	100%
Public utilities and supervision Authority	5	2	40%
Spatial planning, construction and environment Authority	5	2	40%
Property Authority	6	3	50%
Education, culture, sport and information Authority	3	1	33,33%
Health, social policy and social childcare Authority	10	8	80%
Economic resources Authority	5	4	80%
Local community government and general administration Authority	4	2	50%
Mayor and city bodies common affairs Authority	6	4	66,7%
Inspection Authority	7	4	57,14%
Maintenance, security and service delivery Agency	8	5	62,5%
Total	70	43	61,4%



Graph 3 Distribution of questionnaire participants by the "City of Pristina" Authorities

All employees in local government filled out the same questionnaire, which included a total of 11 multiple-choice questions.

3. RESEARCH RESULTS AND DISCUSSION

The main indicators of the sample structure with respect to the essential characteristics of the respondents are presented within this research as tables and graphics. In data processing software packages such as Microsoft Office Word 2007 and Microsoft Office Excel 2007 have been used. The total number of the respondents was 43. The number of female respondents was 23, and male 20. The respondents that have 0-10 years of service were 8, 14 respondents have 11-20 years of service, 17 respondents have 21-30 years of service and 4 respondents have above 30 years of service. Among the surveyed there were 8 managers, and 35 executors. The majority of sample consists of male respondents, who have 21-30 years of service, secondary education and are executives.

During the research respondents chose from the offered answers. The questions have been conceived according to the main characteristics of the new motivation and reward system.

Satisfaction with a job is one of important assumptions for growing work intensity or productivity, which is essential of new motivation and reward system, from which arises the first question:

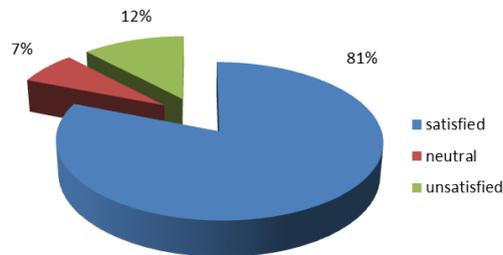
Question number 1:

Are you satisfied with your job?

Offered answers:

- satisfied,
- neutral,
- unsatisfied.

Results in percentages are given on the graph 4.



Graph 4 Structure of answers to the question: Are you satisfied with your job?

As you can see on the graph, 81% of the respondents were satisfied with their job, while 7% were neutral, and 12% of the respondents were unsatisfied. This proves that more than half of the respondents were satisfied with their job, but there are some which are unsatisfied and neutral. 8 respondents are unsatisfied or neutral, which shows that there is a growing tendency towards changing the job and leaving the local government. Objectively there is no chance for changing or leaving current job position in given circumstances, because there are no attractive jobs in local government at the present, and by leaving local government they will practically lose their job, because there are no other chances for finding jobs on their territory.

Good working conditions give, beside salary that secures material condition for existence, activation and creative energy, and in line with that we ask them the second question:

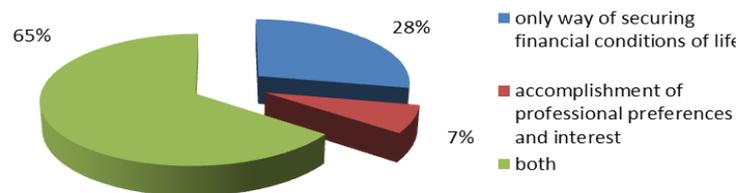
Question number 2:

What does the job that you are currently doing in the company mean to you?

Offered answers:

- only a way of securing financial conditions of life,
- accomplishment of professional preferences and interests,
- both.

Results in percentages are given on the graph 5.



Graph 5 Structure of answers to the question:

What does the job that you are currently doing in the company mean to you?

As we can see on the graph, 68% of respondents chose the third answer which means that the largest number of respondents believes that their job will bring them both the financial conditions of life and accomplishment of professional preferences and interests. It may show that the largest number of employees in local government are assigned jobs and tasks for which adequate salary is determined and on which professional propensity and interests can be realized. However, 28 % of respondents said that their job represented to them a way of ensuring the financial conditions of life, not a way for realization of professional affinity and interest, and that a limitation of possibility for finding other jobs, forces them to stay on these jobs and tasks. It is interesting that 3 respondents or 7 % of the respondents see their jobs and tasks like a basis for realization of professional affinity and interest.

As one of important tasks of management in all business system, including the local government, is permanently following work and dedication of employees, and their results, with the aim of objective and fair evaluation and measurement of height and shape of rewards, it is logical to answer the next questions:

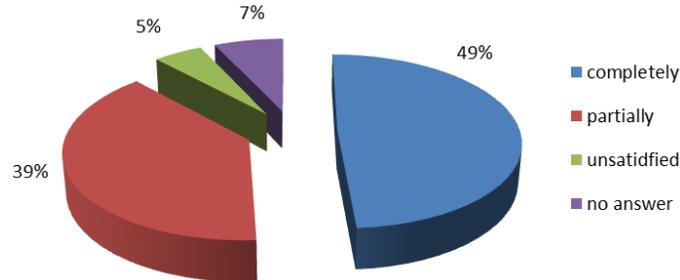
Question number 3:

Are you satisfied with the attitude of your immediate supervisor towards you?

Offered answers:

- very satisfied,
- mostly satisfied,
- not satisfied,
- no answer.

Results in percentages are given on the graph 6.



Graph 6 Structure of answers to the question: Are you satisfied with the attitude of your immediate supervisor towards you?

This graph clearly shows that 49 % of the respondents claim that their work and dedication are permanently growing and that their immediate supervisor have correct attitude towards them, but under the economic crisis the reward in any form is absent, except maybe occasional commendations. However, 39 % of the respondents consider that the attitude of immediate supervisors is only periodically correct. Two respondents consider that their work is not evaluated in the adequate way, and three respondents have not formed an opinion about the relations between the superior and inferior.

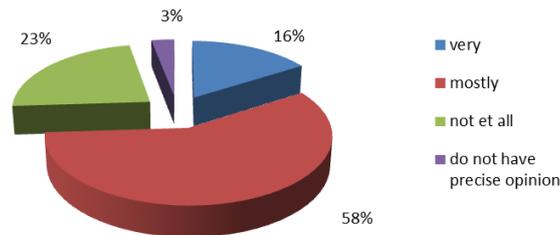
The salary is a key element of all motivation and reward system, so it logically imposed the following questions:

Question number 4: Are you satisfied with your salary?

Offered answers:

- very satisfied,
- mostly satisfied,
- not at all satisfied,
- I have no precise opinion on the topic.

Results in percentages are given on the graph 7.



Graph 7 Structure of answers to the question: Are you satisfied with your salary?

58% of the respondents were partly satisfied with the salary level. General discontent was manifested by 23% of the respondents. Relatively small number of respondents, only 7 or 16% are very satisfied with their salary, and 1 respondent does not have precise opinion about that. Besides that, we can conclude that a very small number of respondents is satisfied with their salary level.

Incentive in any motivation and reward system appears in material and non material form. Which type of incentives are preferred by employees in analyzing local government was the fifth question.

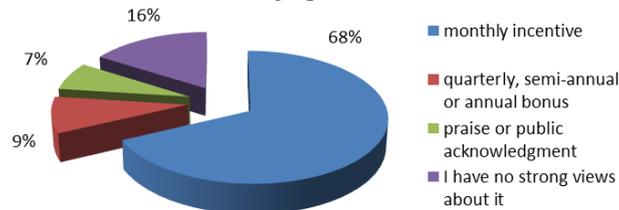
Question number 5:

What type of incentive, in your opinion, has the greatest impact on the employees?

Offered answers:

- monthly incentive,
- quarterly, semi-annual or annual bonus,
- praise or public acknowledgment,
- I have no strong views about it.

The structure of answers is shown in graph 8.



Graph 8 Structure of answers to the question:

What type of incentive, in your opinion, has the greatest impact on the employees?

On the graph it can be clearly seen that the incentive in material form is preferred by 77% of the respondents. From that number, 29 respondents preferred monthly incentive to quarterly, semi-annual or annual incentive. These answers are logic, having in mind the answers to question number 5. Only 3 respondents prefer praise and public acknowledgment, as non-material form of incentive. Through these answers to questions number 5 and 4, the hypothesis number 1 is proven, which means that the local government 'City of Pristina' employees prefer only salary and material form of incentives which are delivered with the dynamics of salary disbursement.

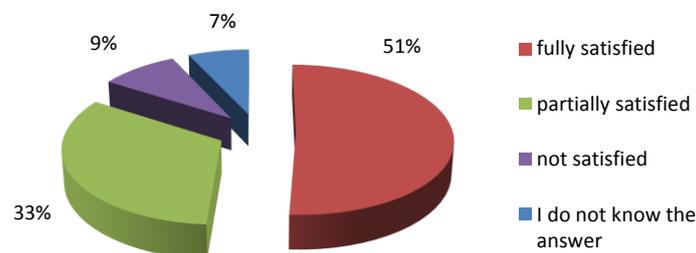
The possibility of advancing in carrier is one of the important aspects of working conditions, as an element of motivation and reward system, and because of that for the system evaluating it is necessary to ask the following question.

Question number 6: Are you satisfied with the opportunities for advancement?

Offered answers

- fully satisfied,
- partially satisfied,
- not satisfied,
- I do not know the answer.

The structure of answers is shown in graph 9.



Graph 9 Structure of answers to the question:
Are you satisfied with the opportunities for advancement?

From 43 respondents, 6 of them believe that they have conditions for advancement, 21 of them consider that conditions are partially satisfactory, 13 respondents believe that good conditions do not exist and 3 respondents do not have any opinion about the conditions for advancement.

Good motivation and reward system stimulate work quality, engagement, creativity and inovativity, and because of that we ask the respondents to answer the next question.

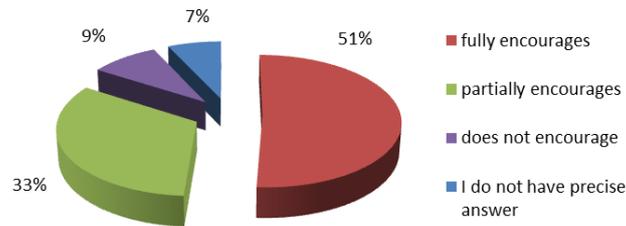
Question number 7:

Does, in your opinion, the reward system within the local government encourage quality of work, devotion, creativity and innovativeness?

Offered answers:

- fully encourages,
- partially encourages,
- does not encourage,
- I do not have precise answer.

The structure of answers is shown in graph 10.



Graph 10 Structure of answers to the question: Does, in your opinion, the reward system within the local government encourage quality of work, devotion, creativity and innovativeness?

On the graph it can be clearly seen that only 3 respondents, or 7%, believed that the reward system within the company fully encouraged quality of work and devotion, 22 of them, i.e. 51%, said that it was partially encouraging, 14 respondents (33%) said that it was not encouraging, and the rest of respondents do not have precise answer. Having in mind the above stated, we proved hypothesis 3, that motivation and rewarding system in local government 'City of Priština' does not motivate employees to work with more effort, devotion, creativity and inovativity.

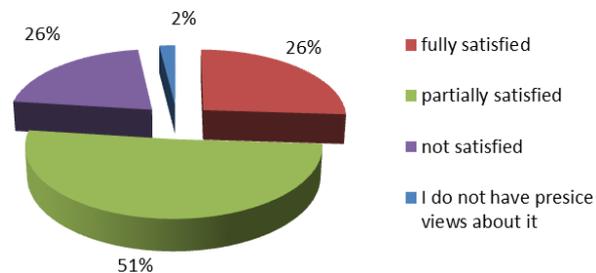
Question number 8:

Are you satisfied with the emphasis that local government puts on vocational and professional education and staff development (seminars, foreign languages, training courses, workshops...)?

Offered answers:

- fully satisfied,
- partially satisfied,
- not satisfied,
- I do not have precise views about it.

The structure of answers is shown in graph 11.



Graph 11 Structure of answers to the question: Are you satisfied with the emphasis that local government puts on vocational and professional education and staff development (seminars, foreign languages, training courses, workshops...)?

The graphical illustration clearly shows that more than 50% of respondents are not satisfied with emphasis that the local government puts on vocational and professional education and staff development; 26% of respondents are partially satisfied, as many as 21% of respondents do not have an answer to this question. Only 2% of respondents are

satisfied with emphasis that the local government puts on vocational and professional education and staff development. All that goes in favour of hypothesis 3..

Conditions necessary to be met for promotion at work are an important component of quality motivation and reward system. Whether such conditions exist was the next question.

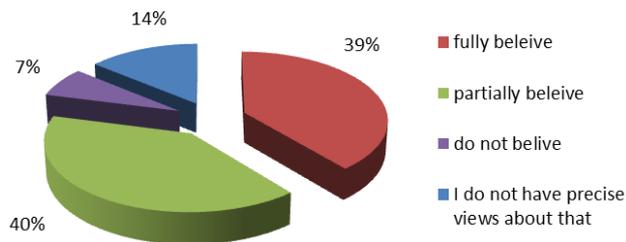
Question number 9:

Do you believe that you have all conditions for career advancement within the Authority?

Offered answers:

- fully believe,
- partially believe,
- do not believe,
- I do not have precise views about that.

The structure of answers is shown in graph 12.



Graph 12 Structure of answers to the question: Do you believe that you have all conditions for career advancement within the Authority?

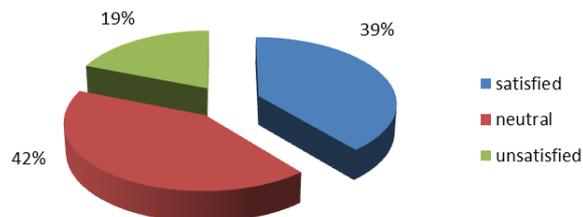
We obtained the following results from the survey: 6 respondents (14%) believe they have all conditions for advancement within the company, 17 respondents (39%) believe that they have partial conditions, 17 of them (40%) said that there are no satisfying conditions, and only 3% of the respondents did not have precise views about it. By looking at these answers we can get the impression that employees do not have all the necessary conditions for career advancement within the 'City of Pristina', headquartered in Gracanica.

Question number 10: If you could change your job you would be:

Offered answers:

- satisfied,
- neutral,
- unsatisfied.

The structure of answers is shown in graph 13.



Graph 13 Structure of answers to the question on willingness to change jobs

Because the respondents answered as follows: 17 respondents (39%) would be satisfied if they changed their job, 18 of them, which represents 42%, gave a vague answer, while 8 respondents would be unsatisfied with changing their job; it can be concluded that majority of the respondents were not satisfied with their current job, and expressed a desire to change it.

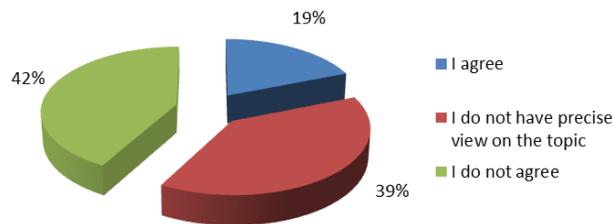
Question number 11:

Do you agree with the research results which suggest that the motivation of employees is above the earnings?

Offered answers:

- I agree,
- I do not have precise view on the topic,
- I do not agree.

The structure of answers is shown in graph 14.



Graph 14 Structure of answers to the question: Do you agree with the research results which suggest that the motivation of employees is above the earnings?

Based on the answers to the last question from the questionnaire, it can be seen that the greatest motivator in the 'City of Pristina' is salary, and that there is no investment in new forms of rewarding (by professional specialization, seminars, training courses etc) in order to adopt to the newly formed business conditions and changes

CONCLUSION AND RECOMMENDATIONS

Dramatic changes in the environment, during which the traditional reward and motivation systems have "lost track of time", created the need for establishing a new reward and motivation system based on non-material form of rewarding that is characteristic of new business environment. Modern management puts the greatest emphasis on people, recognizing their knowledge, skills and abilities as its most valuable resource. According to the new concept of employees management, motivation and rewarding, special importance is attributed to the problem of hiring a person as an independent individual and holder of professional knowledge. In order to achieve success in business, economic entities and local government units need to motivate and adequately reward employees for performing entrusted tasks. It is necessary to build such a reward system that will serve the motivation of employees that will represent the optimum combination of financial and non-financial rewards determined by the objective evaluation of the contribution of employees to achieving the goals of organization.

Quality research of motivation and reward system in local government 'City of Priština', with seat in Gračanica, showed that system is developed in framework of specific political, security and economic conditions, and as such, system could not be capable of developing in the sense of adoption of non-material motivators that are prevalent in modern systems of motivation and rewards. Such motivation and reward system had created low level of employees' satisfaction and productivity, without the possibility of promotion and progress in career, system in which the salary is the main motivator, non-material rewards appear in rudimental form, and conditions and form of work organization are not far from traditional systems. The perspective of such motivation and reward system can be relatively good, if foreign capital intended for the arrangement of public sector came forth from the Republic of Serbia, and at the end in public sector of Serbian community at Kosovo and Metochia.

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MOTIVACIJA ZAPOSLENIH I SISTEM NAGRAĐIVANJA U LOKALNOJ SAMOUPRAVI

Od početka 80-ih godina prošlog veka, mnoge promene u savremenom poslovnom okruženju su doprinele tome da privreda Srbije ima problema sa unapređenjem poslovanja i motivacije zaposlenih. Poslovno poboljšanje, motivacija zaposlenih i generisanje znanja su svakako veliki problemi u većini zemalja u tranziciji. Suočeni sa novim okolnostima, poslovni sistemi zahtevaju fleksibilno ponašanje prema promenama u poslovnim uslovima sredine. Znanje i timski rad su glavni i ključni pokretači rasta poslovne produktivnosti u svim oblastima poslovanja, i zbog toga. motivacija i nagrađivanja zaposlenih su uslov i pretpostavka rasta produktivnosti u privatnom i javnom poslovnom sektorau U ovom radu autori istražuju i analiziraju sistem motivacije i nagrađivanja zaposlenih u lokalnoj upravi, koja se razvija u specifičnim političkim, bezbednosnim i ekonomskim uslovima.

Ključne reči: *savremeni uslovi poslovanja, system motivacije, nagrađivanje zaposlenih, motivatori, timski rad.*