

CENTRAL ASIAN JOURNAL OF LITERATURE, PHILOSOPHY AND CULTURE

Volume: 03 Issue: 02 February 2022

The Impact of Business Strategic Decisions of Company Management on Human Resources and Employee Motivation

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Received 27th Dec 2021, Accepted 26th Jan 2022, Online 24th February 2022

Abstract:

One of the most important business strategic decisions of company management is the impact on human resources and employees' motivation. Business strategic decisions have the great affection on human resource sector that has a great impact on employees' motivation. On the other hand, employee's motivation as part of the human resources is the most important link for successful business that follows the strategic decisions of the company management team for achievement of best company results.

The presentation of the influence of the management team and managers in encouraging motivation in conditions of strong competition and globalization processes, the activities they undertake and the types of motivators they use in the process of motivating employees is a crucial moment for making strategic business decisions that can positively influence the business decisions in the company. The area of business strategic decisions for better performance of the company through the motivation of employees, is becoming an increasingly relevant area for research by practitioners and management theorists. Those involved in the studies of this kind of human resources and their correlation with the business strategic decisions of the company's management, more and more clearly emphasize the impact of human resources, as well as motivation as a driving force that needs to be constantly maintained. It is one of the factors besides the knowledge, means and conditions that influences the behavior of employees in enterprises and a tool or way in which managers regulate relations in the company. Through motivation, managers direct their work in the direction of achieving the best business strategies for the company.

Keywords: business strategic decisions, company management, human resources department, motivation of employees.

Introduction:

One of the most important factors for success of the company is the human resource department and the employees themselves. In order to achieve the best business strategic decisions, the management team or the manager/s of the company through motivation, managers direct their work in the direction of achieving the goal of the company. She is the initiator of the managers but at the same time she is the initiator of the

employees in the company. As part of the functions of management, motivation is aimed at encouraging and encouraging individuals to take action to achieve the desired goals.¹

To enable the realization of business strategic decisions, companies need to take care of their employees, to strive to understand their needs, to motivate them so that they can build a situation in which employees will feel the company as part of themselves. Business decisions made by management through the human resources department are the most important part of a company's success. The motivation that is the driving force and encourages the employees to behave positively should be initiated by the business strategy of the company owners and realized through the human resources services.

The strategic business decisions of the management team as well as the motivation, are one of the answers to the challenges of modern work. Management leadership is a force for change. The strength of leadership arises from the vision of the leader or manager of the company, ie his driving energy that encourages overcoming obstacles by making the right important strategic business decisions. The importance of leadership stems from the leader's ability to create a vision, to successfully achieve goals, to motivate followers, to move and direct their energy to achieve that vision. That vision is realized with a strategy created by the business decisions made by the management and transmitted to the employees through the human resources service which is in charge of monitoring the work of the employees and their achievements.²

The leadership of the management team as well as the motivation, are one of the answers to the challenges of modern work. The right business strategic decisions of the manager are a force that encourages change. The strength of the right business strategic decisions of the manager comes from the vision of the leader, ie his driving energy that encourages overcoming obstacles. The importance of a company's progress stems from the leader's ability to create a vision, successfully achieve goals, motivate followers, motivate and direct their energy to achieve that vision by making truly relevant business strategic decisions.³

Many leaders try to figure out the simplest, most appropriate, and most immediate way for someone to want to work. Should he be asked to work harder and better, should he be forced to, should he be stimulated with money, should he use examples?

Employees have the greatest impact on the success of the company's operations as a key business resource. The man is the one who gives meaning to the organization, because without people it could not exist. Because humans are thought-provoking and self-conscious creatures with their own goals and lives outside of companies, it is concluded that humans are significantly more complex than other resources. Human working potential can not be cruelly exploited as a machine for work, because man is a creature with emotions that in order to give his maximum performance in the workplace he must be respected and his personality must be respected. People in the companies where they work invest not only their qualifications but also their fears, insecurities, arrogance, complexes, envy and hatred, and all this can turn into negative destructive energy and destroy organizational goals. Therefore, human energy should be directed and concentrated in one direction in which it will have the power to overcome any obstacle. Human resources have unlimited internal capacity for development and it is the only resource that with use does not decrease but increases.⁴

¹ Jovanović P.(2005). Menadžment – teorija i praksa, FON, Belgrade Serbia

² Certo S.(1988) Principles of Modern Management, Allin and Bacon, Boston,

³ Wren D., Voich Dan Jr.(1994). Management - the process of structure and behavior, Business system „Grmeč“, Belgrade

⁴ Baros, Z.(2004) Organizacija i upravljanje preduzećem, Banja Luka, pp.63.

In today's world of globalization of scientific and technological development, the knowledge is increasingly crystallized that the knowledge potential of employees and managers is a decisive factor for the survival of those business systems in future competitive competition in the market. The demand of employers for profiles of academically educated managers is sharply actualized, because in an environment of modern market economy and free entrepreneurship, there is an expansion of management development which, by making the right business decisions, encourages the employee to give his maximum in working with to bring the company to a high market value level.

Business decisions - significant impact on human resources and profitability of companies:

Management can use a number of management techniques and tools in the process of making and implementing various business and development decisions in the company in order to raise the level of human resources and get greater development of employees work progress.⁵

Basic management business plan tools are the following: analysis and forecasting; planning and preparation of planning documents (strategies, plans, project tasks, programs); organizational solutions and measures (systematization of work, flow of materials, information and orders and organizational culture, i.e. unwritten standards of behavior in the organization).

The management process that directs human resources with its decisions is a key process that includes four basic functions: planning, control, organizing and leading.⁶

Every manager who performs his duty professionally must perform all functions. The functions that make up the management process provide a solid foundation for analyzing, studying and performing the work of the manager.

Planning is the choice of an effective course of action between several possibilities. The task of the company manager is to set goals and develop a strategy by making the right business decisions that will achieve those goals. Targets are set in relation to the estimated demand for a particular product or service. Overall, the plans represent the company's preparation for dealing with the changing environment. The planning, ie the business plan with the decisions, is done by the managers from all levels of the company. Planning is necessary due to the fact that the business environment is extremely turbulent, in modern business changes are frequent, sometimes difficult to predict, so if the company wants to achieve stability in work, it must act in a way that will try to reduce the impact of unpredictable actions. from the environment. Planned response implies taking actions in advance, based on the analysis of the situation and the assessment of the various strategic variants of action on the specific situation. In that sense, the business plan with the right decisions, is a definition of the direction of the actions in a certain period of time in which the goals of the company are achieved, ie the selected concept of operation. Having an adequate business plan is a basic prerequisite for successful running of any business. The elaboration of the business plan reduces the possibilities for market mistakes, because, with the previous analysis of the market, all the risks are perceived, the ways for their avoidance are determined.

Organizing refers to choosing the right organizational structure or combining all the resources to achieve the projected goal of the company. The function of the organization is to distribute the work of individuals in accordance with the human resources department, which establishes a balance in the company.

⁵ Burns Paul, Jim Dewhurst. (1996). *Small business and entrepreneurship*, Second edition, Macmillan

⁶ Drucker Peter F., (2001). *Management challenges for the 21st century*, Harper Business, USA

Leadership includes a series of activities related to the relationship of managers and employees in order to achieve the goals of the company.

Managers define tasks and demand results. But leadership means more than that - directing and motivating employees to work for the best interests of the company. Leadership is important because of the role that the leader plays in the effectiveness of the company.⁷

Controlling, as a management process, means recognizing whether the planned and actual results of the operation coincide. Once the plan is adopted, the manager must control the decisions made in the business plan to make sure things are going smoothly. In this way, the control closes the circle shown in the above diagram and sends feedback on how successfully the company achieves the set goals and how successfully people develop their potentials.

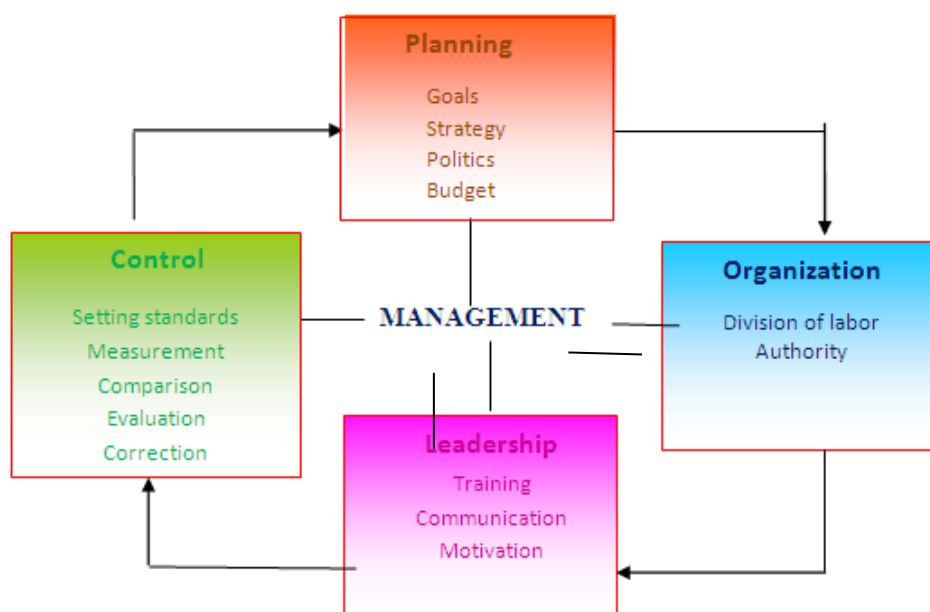


Figure 1: Functions of the management (source: made by the author)

In order for companies to have high commercial and market value, ie to have satisfied motivated employees, they must have a whole and a management structure. That management structure whose interests do not always coincide with the interests of the human resources department aims to achieve high results in the work versus human resources who have an interest that the employees in that company are always satisfied with the conditions in which they work and are motivated to work.⁸

The manager has to be a good leader of the employees in order to have a prospective business:

Leadership is part of management and represents the power, knowledge and ability of a person to influence other people in different ways in order to realize business ideas. When running a business, the leader needs to make some changes. The leader should motivate and activate the employees in the company. A leader is a person who has to perform specific leadership roles.

⁷ Todorović J., Đuričin D., Janošević S., (2000) Strategic Management., Institute for Market Research, Belgrade, Serbia

⁸ Kotler J.P. (1996) *Leading Change*, Harvard Business Scholl Press, Boston, USA

n the professional literature and practice there are different approaches and definitions for good business decisions. Thus, according to Jukl, leadership is influencing others to understand and agree on what should be done and how that should be done and as a process to facilitate individual and collective efforts to achieve common goals.⁹

Northaus, on the other hand, defines leadership as the process by which a leader influences a group of people to achieve common goals.¹⁰ According to Kotler, leadership is the ability to mobilize others who want to fight for common goals.

Analyzing the definitions of leadership, the following components can be highlighted:

- leadership is a process,
- involves the influence of others,
- takes place in the context of the group,
- involves achieving the goal that leaders share with employees.

Defining leadership or managing and making good decisions for the company is a process that involves the influence of the leader (manager) on employees (human resources) which can be positive or negative.

Leadership (manager) who with his business decisions can have an impact on his subordinates, is considered extremely capable in terms of organization and his position to lead things in the right direction.

In contrast, the manager who with his decisions fails to influence his employees as a resource that is most important for moving the company forward and upward, is considered insufficiently organized and his decisions are considered poor and bad, because of his business decisions the company may go down and fail.

Good leaders (managers) always listen to their employees, ie the driving factor in their company, and that is human resources. Everything can be replaced to buy and repair but not the man as a driving factor in the company in which he works.¹¹

The manager performs a number of different important functions: creates a vision, sets group values and norms, serves as an example and model for identification, coordinates the work, controls the internal relations between the group members, plans the way of accomplishing the tasks, mediates in case of internal conflicts and conflict management, praises, encourages, but also accuses, represents one's group to others and so on.

The main primary tasks of good managers are: to ensure that employees not only understand the mission, but also to comply with it, to "live" and "breathe" in accordance with the company's mission, to improve their team, (through the human resources department), to build self-confidence among team members, with the help of honesty, openness and praise to build trust in their organization, to radiate positive energy and optimism, to make unpopular decisions and bold moves, etc.¹²

Management as a process of valuing human resources:

In the present, and especially in the time to come, in which the most important resource is the people, and at the same time the most important factor of the effectiveness and efficiency of the company (and thus of its

⁹ Available at: www.sagepub.com/upm-data/33554_Chapter1.pdf ,pp.1.

¹⁰ Available at: www.sagepub.com/upm-data/33554_Chapter1.pdf ,pp. 1.

¹¹ Higgins, J.M. (1994), *The management challenge*, Macmillan College Publishing Company, New York, USA

¹² Jovanović P. (1997). *How to become a good manager*, Grafoslog, Belgrade, Serbia

competitiveness, growth and development), the motivation of employees is emphasized. the interest of all holders of responsibility in the company.¹³

Management in the process of valuing human resources is the main component for a successful business in any company regardless of what that company works with.

The most important thing that managers should value and encourage through their human resources department is motivation.

Motivation can be defined as the process of moving, directing and maintaining human behavior towards a specific goal. Motivation can be seen as a chain reaction to the needs that employees feel: they lead to the desires and goals they aspire to, it causes tension that leads to the achievement of goals, which ultimately results in satisfaction.¹⁴ Such a chain reaction sequence is shown in the following figure.

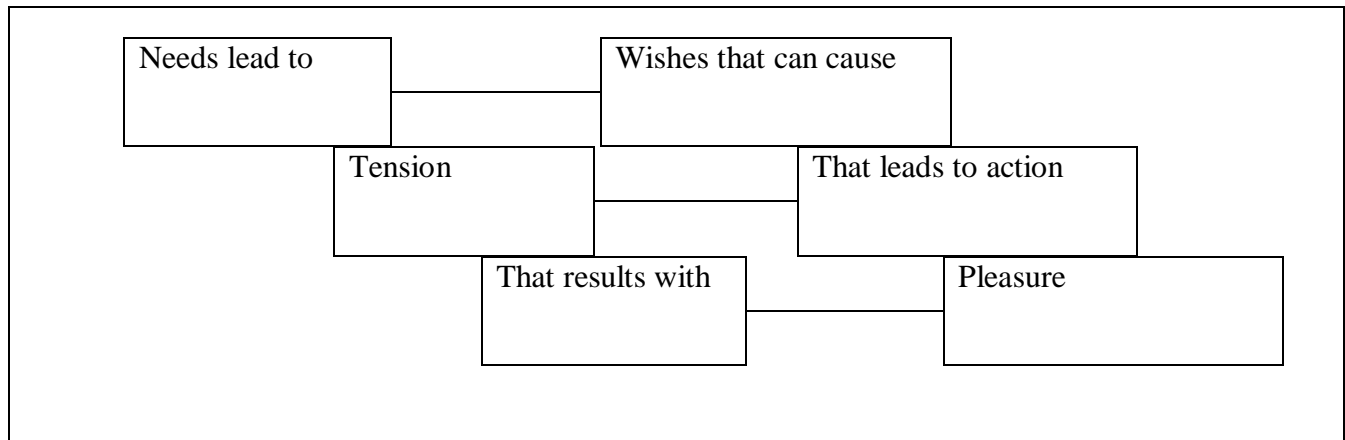


Figure no.2 Chain sequence of needs - desires - tension - action – pleasure

Source: *Wehrich, H., Koontz, H. (1998). Management, Mate d.o.o., Zagreb pp. 463.*

The realization of the company's vision is largely conditioned by the adequate motivation of all insiders (both the holders of responsibilities and the employees). That is, it is a motivation that will encourage insiders of behavior that provides a successful response to the challenges of a dynamic and turbulent organizational environment.

Motives are the driver of human activities, directing them in a certain direction and maintaining them until the goal is met. Many researchers and leaders have addressed the question: what drives human activity? Getting the answer to that question would be essential for leaders who could motivate the people they lead in the company towards greater achievement, both organizational and individual goals. Motivation is one of the most important topics in leadership. The reason for this is very simple: the company achieves its goals by the way its leaders and employees accomplish their work tasks. The accomplishment of the tasks is the result of three key factors:

- The ability of employees to perform tasks
- The ability of employees to perform tasks and

¹³ Gallagher, K., Rose, K., McClelland, E., Reynolds, B., Tombs, S. (1997). *People in Organizations*, Blackwell Publishers Inc., Oxford, United Kingdom.

¹⁴ Ivancevich, J., Konopaske, R., Matteson, M. (2005). *Organizational Behavior and Management*, Boston.

➤ The desire or motivation of employees to perform tasks.¹⁵

The ability of employees to successfully perform tasks is achieved through their education and on-the-job training. The ability of employees to perform tasks is a result of the organizational structure of the company, but despite the fulfillment of these two factors, the achievement of performance would not be possible if employees are not motivated to perform the work. Achieving the goals in the company is completely dependent on the efficiency of the work of all participants, but above all the leaders and employees. In order to achieve efficiency in the work, it is necessary for all participants to be motivated and interested in achieving the goals of the company, and also their behavior to be directed towards efficient completion of the work. So, it is necessary to motivate the team members and all employees to act in the direction of fulfilling their desired goals.¹⁶

Human behavior, as a rule, is aimed at achieving certain goals. In order for individuals to focus on achieving the goals of the enterprise, the goals of the enterprise must be aligned with their individual goals, so that by fulfilling their individual goals, the goals of the enterprise will be met at the same time. All this is achieved with good management of human resources.¹⁷

In everyday contacts, a quality manager equally respects co-workers, values quality work, perceives the quality and value, knowledge and ability of his employees, respects their opinions and ideas, includes them in daily problem solving and shows care for them.

It can be said that theories, approaches and concepts about employee behavior and motivation, emerged in response to the leadership challenge of managers to find a way to manage the behavior of people in the company to achieve its goals.¹⁸

Conclusion:

From all the mentioned above, the impact of business strategic decisions of company management on human resources and employee motivation is very important part of doing a good profitable business. In these days, when it becomes harder every day to make the right choice and to have a successful business, brings out the quality of the managers, their connection and good cooperation with the human resources department and the satisfaction of the employees. Employee motivation and satisfaction are becoming a topic of interest for modern management, because the construction of a quality motivation system can help the company to increase its competitiveness and value.

It can be said that motivation is a complex phenomenon that is influenced by many factors. Understanding motivation issues is essential to understanding the effect of variation on other complementary factors such as: job redefining - jobs, reward system, promotion system, leadership style, etc.

This paper explores contemporary approaches to good management decisions in relation to business and the specifics of leaders, as well as the importance of leadership in corporate businesses. The conclusion is that the goal of leadership is to influence employees, how they would do their best and achieve the best results.

Managers and the motivation of employees are related terms that influence each other. A successful manager needs to have the necessary knowledge and skills to do his job, to make good business plans for the future, to

¹⁵ Kotler J.P. (1996) *Leading Change*, Harvard Business Scholl Press, Boston, USA

¹⁶ Masic, B. (2007) *Management principles, concepts and processes*, University Singidunum, Belgrade, Serbia

¹⁷ Ibid

¹⁸ Northouse P. G. (2013), *Leadership – theory and practice*, 6th Edition, SAGE

make the right decisions so he/she will have good prosperity on the market. In addition, the manager should work on common aspects of motivation, communication, teamwork and interpersonal relationships. The manager should be able to solve the problem of employee motivation. Good managers need to be carriers of good communication. Through good communication, they will find out the problems of their followers, will provide them with a sense of security and belonging in the company. The good business decisions they make have a great impact on the job and the employees that are the driving force of every business. Therefore, the good experienced managers will motivate their employees if they have a positive attitude towards them and if they start from the assumption that the employees are the most valuable ring in the chain of having a good business.

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