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Manager's Role in Recruiting, Motivating and Retaining Employees in Latvia

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MANAGER'S ROLE IN RECRUITING, MOTIVATING AND RETAINING
EMPLOYEES IN LATVIA

(Title)

BY
ANDA PEIPINA

THESIS

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF

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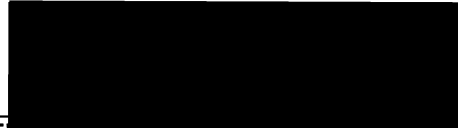
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Other things may change us, but we start and end with family.

Anthony Brandt

To my family – both in Latvia and United States of America – I would be
nothing without you.

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Abstract

After regaining independence, Latvia has accomplished a lot in terms of reforms and education in the field of human resource management of public sector. However, there are several serious problems that need to be solved, such as, lack of motivation and recognition of public employees; low pay; problems to attract and retain employees. That is why it was interesting to find out what do employees value when it comes to recruitment, motivation and retention. In addition, what is the manager's role in these processes. Literature represents the American experience in human resource management. McGregor's Theory X and Theory Y as it explain two different kinds of managers and their impact on employee motivation was used as a basis for research. Actions that should be undertaken in order to better recruit, motivate and retain employees were discussed. Data support the hypothesis which states that fair recruitment meaning selection decisions, are based on job related rather than subjective and potentially discriminatory reasons and is significant in explaining employee's job satisfaction. The second hypothesis statement assumes that open communication and delegation of authority will motivate and retain employees. Regression analysis showed that these two variables do not explain motivation and retention best but data supported the assumption that training possibilities have a significant positive impact on employee motivation.

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CHAPTER 1

INTRODUCTION

Human resource management is very important in any private or public sector organization. In a sense, it is the decisive factor of the performance of the employees. There are no organizations yet that can do without human capital. This means that humans are important to any organization's success in its field. Therefore, effectively managing human capital in an organization can improve the overall performance of organization as it provides goods or services. If an organization's management does not take care of its employees then different problems can arise, for example, high turnover that increases the costs of recruiting, training, and retaining employees. In other words, organizations lose money if employees are not happy. Some companies in the U.S. have reported that turnover costs them \$10,000 when an employee leaves (Sunno, 1998). Turnover costs in the public sector are equally problematic. When employees are not satisfied with their work, working conditions or the way management treats them, they are less productive, tend to think about things other than work, or they leave. Although most of the literature about human resources is related to the private sector, many principles of managing human capital stay the same across the public/private divide.

The above-mentioned principles should hold true across geographic divides as well, because the overall globalization and internationalization trends continue to increase. In other words, private and public sectors continue to learn from

experiences and practices, which exist in other countries, therefore, comparative research that addresses problems and issues of human resource management is needed. Especially, there is a necessity for doing comparative human resource management studies between developed and developing countries (Budhwar, Khatri, 2001). It is also important to find out how managers and people are working in other countries to develop more efficient management techniques (Budhwar, Debrah, 2001). Comparative research answers two main questions: what is common and general between countries involved in the research and what are the differences (Clark, Grant, Heijltjes, 1999/2000). The big picture of human resource management can be created by including both the common and the different aspects. Comparative or international human resource management gives more options to managers to achieve their goals within given context (Kidger, 2001). Keeping that in mind, this research can be considered as a part of comparative public administration, because the literature represents the American experience in human resource management but data illustrates employees' attitudes in Latvian public agencies.

For better understanding of the scope of transition Latvia went through, a short summary of accomplishment in major fields of the state is offered.

On August 21, 1991, following the collapse of Soviet Union, the Latvian Supreme Council adopted a resolution for the full restoration of Latvian independence. Following independence, free speech and free enterprise rapidly extended beyond politics. Most state-run newspapers were either privatized or closed, and new, independent daily, weekly and monthly publications

proliferated. Public television (LTV1 and LTV2) and radio (4 channels) were supplemented by new, independent TV and radio stations in a highly competitive media market. While the State educational system began a difficult period of reform and restructuring, over 30 private colleges, technical schools and secondary schools have been established since 1991, and the numbers continue to grow. The English literacy rate has reached 90%, as proficiency in other European languages also increased. Civic participation in democracy-building has blossomed, especially after the UNDP, The Soros Foundation of Latvia and the government of Denmark helped establish an NGO centre in Riga in 1996. Of the over 6,000 NGO's that have been registered in Latvia in the last ten years, more than 800 actively make use of the NGO Center's resources in Riga and are engaged in ongoing projects and programs. As Latvian government moved quickly in the early 90s to restore a free market economy, encourage privatization, stabilize the currency and diversify import and export flow, Latvia rapidly emerged as one of the economic success stories of post Cold War period. Like many countries in the region, the Latvian economy suffered setbacks during the Russian economic crisis in 1998. This came on the heels of a banking crisis that had begun in 1995. Yet both of these shocks served as a catalyst for further change and reform. Budget stringency and a gradual reorientation of exports to EU and other Western countries reduced Latvia's trade dependency on Russia. Latvia's rapid recovery enabled it to join the World Trade Organization in 1999 - the first Baltic country to do so. Further reforms, foreign experience and the growth of other branches of the economy, spurred the recovery and development

of the Latvian banking system. Growth was broad-based and driven by domestic demand, particularly investment. The structure of value-added has evolved, reducing agriculture's share of the economy from 10% to 4%, while the service sector has grown from 56% to about 71%. Latvia's foreign policy priorities were clear from the outset and have remained constant during its first decade of restored independence. They include co-operation with strategic partners and countries in the Baltic Sea region, integration into a unified Europe and transatlantic security structures, and active engagement in international organizations. The Soviet occupation had also left a legacy in Latvia, which required special attention in Latvian-Russian relations. In 1998, Latvia joined Estonia and Lithuania in signing the US Baltic Charter with the United States (Latvian Institute, 2003).

As a member of Soviet Union, its human resource management practices were completely different from Western Europe or the U.S. when it comes to understanding how human capital in an organization should be developed and motivated. Everybody had a job and a salary. It did not matter whether the person actually worked or not. During the years of independence, a lot has been accomplished in terms of reforms and education in the public sector but there are still problems that need to be solved.

One of the political scientists in Latvia – Lolita Cigane (Cigane, 2003), wrote an article about problems of Latvian civil service. Her premise is that public agencies in Latvia lack employees who are motivated, who are recognized for

good performance; who have initiative and are creative. Motivation is a concern in Latvia.

Authors of “Human Development Report of Latvia 2000/2001” (“Human Development Report”, 2000/2001) have expressed a different concern - retention. By exploring state agencies and human capital capacity, they found that the salary system is not attractive for potential government workers. Government agencies have problems attracting and retaining competent people. It is also difficult for government agencies to attract the interest of university graduates as well. Groups of society, like politicians, public and local government officials routinely mention the following problems in the civil service of Latvia: arrogance, rudeness, lack of skills and professionalism, experience; and above all corruption. Civil servants admit that they are bureaucratic and arrogant. They also add that they feel insecure in their places (Human Development Report, 2000/2001).

Even the Latvian Civil Service Agency (CSA) has identified the problems that the civil service has in Latvia: there is no career-planning, high turnover because of frequent organizational structure changes, low pay, or high demands for performance of work, lack of clearly defined goals and criteria for performance evaluation (Civil Service Agency, 1999).

The courses that CSA (Civil Service Agency, 1999) are concentrating on for human resource managers to take in State Administration School (SAS) are the following: public management: the system and implementing changes; the quality issue in public service; internal auditing and planning career. This sounds very

good, but in no CSA report was there information about how they are going to deal with high turnover, low motivation, or the ever-present recruitment problem.

The question that arises is what generates problems, such as low motivation, lack of skills, arrogance, sense of insecurity, or difficulties attracting capable people to work for government agencies? Is it the high turnover problem that further accelerates other problems, for example, loss of knowledge and contacts, lower morale, or ruined reputation? Is there bad human resource management in the state level?

My aim is to conduct research in several agencies in Latvia to find out what human resource managers and public service employees have to say about their work, their motivation, or their willingness to stay in public agency and serve people no matter what. Looking through the CSA surveys and interviews, I found that they have not explored how employees feel about their job. What agencies do to retain employees and motivate them? Do managers believe they can influence the way in which employees are motivated? These are questions to answer and those answers will contribute to the understanding of public agencies' employees in Latvia and what needs to be done to recruit, motivate and retain them better.

CHAPTER 2

LITERATURE REVIEW

As a basic part of the literature review, McGregor's Theory X and Theory Y are used, as they most profoundly explain the impact that managers have on their employees, as well as the consequences for the employees caused by different strategies adopted by managers.

Basic assumptions of McGregor's Theory X and Theory Y

Theory X

The first assumption of McGregor's Theory X is that, generally, people are lazy, hate to work, and will avoid work if they are able to. Often, management places a great emphasis on productivity and the pay for performance, which tells us that usually it follows the principle that people are lazy by nature (McGregor, 1960). What McGregor means is that managers want to increase the productivity of their employees but they know that it has to be done with "carrot and stick" kind of methods. People will not work more unless they are paid for their work. If the manager pays for employees' work, so they better be productive. As a consequence of human dislike for work, managers have to make them work. In order to do that, employees need to be controlled and their efforts directed to the achievement of the organization's goals. Employees can be punished if

necessary and it makes them work in accordance with an organization's needs. It is in human nature to always ask for more. Therefore, employees should not be given too many rewards – it is a waste of resources, because it will not make them work harder. However, people will do more and better out of the fear of punishment (McGregor, 1960). It is all right to punish, control and direct people, as the next assumption of the theory X states, because people do not like responsibilities; they like and need to be controlled. Employees do not want to make decisions or to be responsible for the consequences of those decisions. Instead, they prefer that somebody else, like a manager, tells them what to do. As long as they are secure, employees do not ask for more (McGregor, 1960).

Theory X implies that employees' needs and wants are not important, everything is done and said in order to achieve the organization's goals. Salary alone should be enough to keep an employee working (McGregor, 1960). In general, the agreement between the organization and the employee states that the person working will accept the control exercised by the management of the organization. The thought that there could be self-control or integration is not familiar to the management operating under Theory X assumptions (McGregor, 1960).

Theory X shows the consequences of the activities of the management, not human nature (McGregor, 1960). It is because the management assumes that people like to be controlled, they are lazy and they do not want any responsibilities. Management is not really concerned with finding out what people want, because it is easier to work using the abovementioned assumptions. As a

consequence, employees are not happy with the way management treats them and they become lazy at work, they avoid responsibilities and do what they are told. It is not human nature that dictates how people are working; it is the management that creates this kind of attitude, because of the treatment employees receive from the management. This leads McGregor to Theory Y.

Theory Y

Theory Y implies that the effort people make at work or when they rest is natural. People work out of their free will and can gain satisfaction from it. In addition, people can be self-controlled and self-directed if they see their own objectives related to the organization's objectives. Therefore, control and coercion are not the only means of managing people. People will feel more committed to the organization's objectives if they will receive rewards linked to their performance (McGregor, 1960). People also are eager to learn and to have responsibility if the conditions promote that. It is also widely known that human beings only partially use their capabilities and potential, therefore, through learning, there is always room for improvement (McGregor, 1960).

Theory Y assumptions illustrate the human being as one that goes towards growth and development of skills and knowledge. The ideas pointed out by Theory Y indicate that managers should adapt the work environment to the employee and not just exercise control over the employee. McGregor, using Theory Y, argues that employees are a resource, which can be developed further (McGregor, 1960).

It is management's responsibility to discover how to use an employee's capabilities as much as possible. Theory Y shows that it is management's fault if the organization's employees are lazy, unresponsive, uncooperative etc. The cause of this kind of human behavior lies in the way management treats and controls its people (McGregor, 1960). Theory Y proposes to use integration – creation of conditions that favor the achievement of employee goals that coincide with organization's goals (McGregor, 1960). Using integration, the needs and goals of both the organization and the employee are recognized. Of course, perfect integration is not likely to become reality. However, having integration as the basic principle of working, managers can aim to achieve employee goals through the achievement of the organization's objectives. That means employees will voluntarily improve and develop their knowledge and skills to help achieving organizational goals (McGregor, 1960).

What McGregor shows with the different assumptions of both theories is that it is management's responsibility to discover how to use an employee's capabilities as much as possible. It is a manager's direct responsibility to motivate people, to make sure that an employee's personal goals and organizational goals coincide. As a consequence, employees will feel that they are working voluntarily without being coerced or controlled but encouraged to take responsibility and participate more in the organization's life. The manager's job is to create this participatory environment and evaluate employees on the basis of their performance, if necessary, provide them with additional education

or training. If this is not done, employees feel neglected and unappreciated. Then they can become lazy and unwilling to put an effort to do something for the organization as a response to manager's attitude and treatment. If the manager treats employees like stated in McGregor's Theory X, then employees are not enthusiastic about the thought that they should do their best for the organization.

Other authors reviewed in this work have continued McGregor's ideas and generally agree that managers are the ones responsible for the well-being of the employee at work and for their development and growth. Whether employees are satisfied with their work or they want to leave the organization as soon as possible, depends mostly on the management's skills and the strategies it employs.

In the following sections, thoughts expressed by other authors regarding management's impact on employees are reviewed.

Manager and the Organization

As the definition of organization suggests, it consists of a group of individuals that have defined authority and roles. They work together to achieve specific goals of the organization. It is necessary to have a certain hierarchy of authority in the organization and this means that management is crucial for the proper functioning of the organization. Management, therefore, deals with every aspect of an organization's life – managing finances, human capital, and other resources

to achieve defined goals of the organization (Crane, Jones, Jr,1982). Managing human capital can be regarded as one of the most important functions of managers because people who work for them and the organization will be the ones that make this organization either succeed or fail. Therefore, it is important for the managers to know how to recruit, retain, and motivate their employees (Crane, Jones, Jr,1982). Managers will fail unless they understand their people – superiors, co-workers, or sub-ordinates (Tracey, 1988). Therefore, the first step towards cultivating a satisfied and effective workforce in the organization is to train the manager to understand people and their behavior (Sanzotta, 1977).

It is even more difficult for public sector personnel managers. They are in the middle of cross influence of organizational interests, public interests, interests of elected officials, and employee interests. They have a pressure from all the stakeholders of the organization and their demands. However, public personnel managers do not just receive directives; they have the discretion to interpret and apply different directives to the policies of their organization. Personnel managers have power to influence the way human resources are managed in public organizations (Dresang, 1991).

McGregor argues that an employee's personal goals should coincide with organizational goals and then employees will be more effective, because through achievement of the organization's goals they are accomplishing their own goals. Therefore, a manager should clearly define organizational goals for the employee and let employees understand that their goals are connected to employees' goals. Otherwise, they can get confused about the targets of the organization. If

employees get confused about the organizational goals, they may not see the connection between the goals of the organization and their personal goals, motivation can decline, and employees' performance can deteriorate, and the organization's effectiveness can be under threat, because the real goals are not met.

In the following sections, a manager's role in recruitment, retention and motivation will be shown. As it will be discussed in the next section, goals of the organization are important in the recruitment process as well. One of the reasons why organizations have problems with low productivity and efficiency, high turnover and high costs related to turnover, is that the recruitment process in the organization is not developed according to the organization's needs and goals (Edith, Amig, 2001).

Managers and the Process of Recruitment

Recruitment and the goals of the organization

Human resource managers of today are in the position where they have to plan and develop human capital according to the goals as well as the culture of the organization. Furthermore, a manager has to be aware of the environment the organization operates in – the social, economic, and political environment. As mentioned before, employees will largely determine how efficiently the organization will accomplish its goals. Therefore, the manager has to be careful

when matching an applicant to a vacant position because when employees influence how effective an organization will be, they also play a role in its survival (Famularo, 1986). It is important that the managers work together throughout the organization to establish and follow sound and effective hiring procedures. That will help to recruit the right people for the right positions (Tracey, 1988).

Recruitment and selection involve financial costs. The estimated cost for the person that stays in the organization can be around \$1 million dollars for the salary alone, depending on the amount of the salary, of course (Tracey, 1988).

Fister (Fister, 2003) in his article stresses the importance of putting candidates for the job to the test in order to avoid bad hiring decisions that cost a lot of money for the companies. It is necessary especially in times when the overall economy is slow. Assessment tests save time spent for interviews and help to identify the best candidates more effectively because the tests evaluate not only the job experience but also the character of the applicant. In addition, assessment tests save money for the company, for example, the organization known as OSI's savings reach about \$5,000 per person. Another example mentioned in the same article – organization called Spectrum: reduced turnover rates and reduced personnel problems like dishonesty, absenteeism and tardiness that have a negative effect on company's morale and productivity. Careful evaluation and selection of applicants also increase the rates of retention because the manager hires employees who are devoted to the work and want to work in that particular organization (Fister, 2003).

The U.S. Department of Labor has estimated that bad hiring decisions create expenses associated with low morale, potential lawsuit, lower productivity, time, and training (Hacker, 1997). Therefore, it is important to review recruiting procedures constantly because mistakes in the recruitment process cost a lot. If the person is not right for the job, a manager has to find a substitute, train that person, or even start the whole recruiting and selection process from the beginning. There is a loss of time, money and productivity, as well as morale.

Recruitment and equal employment opportunity

Organizational culture influences how fair the recruitment process is. For example, if the organization tolerates segregation and accepts inequality then it probably will not change its practices in the recruitment process and one can expect that it will be unfair (Schuler, Farr, Smith, 1993). It means that managers in the organization have a lot of influence on minimizing or maximizing the level of inequalities or discrimination in all the process, including recruitment.

If recruitment and selection procedures are discriminatory, it can turn out to be very costly for the organization to correct them. On the one hand, there are obvious costs that relate to litigation and settlement payments, in case the organization loses in court. On the other hand, there are not so obvious costs for the organization that relate to the loss of public image of the organization. The loss of image or reputation can result in difficulties to recruit and retain high quality employees (Terpstra, Kethley, 2002). In order to avoid these costs, authors suggest doing a proper job analysis to understand what kind of applicant

the job requires and re-evaluate the present selection procedures to determine which of them are still useful, appropriate and non-discriminatory (Terpstra, Kethley, 2002).

Equal employment opportunity is a concern in Europe, where, for example, women and Indian or Pakistani men are underrepresented in managerial and supervisory positions. As a consequence, representatives of these groups earn less money than white men, because they occupy lower level positions which are not well paid (Schuler, Farr, Smith, 1993).

Other authors (Pecora, Austin, 1987) also admit that in order to get a qualified employee and not discriminate against other applicants, it is essential to have a proper job analysis that identifies the essential duties, qualifications and skills that the applicant should possess. The job analysis will be discussed in the next section in more detail. In addition, it is important that the methods managers use for recruiting are non-discriminatory and do not involve personal biases. Structured and well defined interviews, in terms of goals and criteria led by a professional interviewer would enhance the fairness of the recruitment process (Schuler, Farr, Smith, 1993).

If an organization wants to accomplish its goals, it needs to hire well qualified people for this task. It is not enough for a manager to organize a recruitment process. It has to be fair and give equal opportunity for everybody to apply for the job in order to avoid discriminating applicants on the basis of sex, race, ethnicity, religion, etc. The manager is the one who can minimize or maximize inequalities in an organization by creating environment accordingly.

In the next section, job analysis will be discussed as one of the methods that can be used to avoid discrimination and make recruitment process fairer. The job analysis also ensures that the right people are hired for the right positions.

Job analysis – preparing for the recruitment

Research done in the human resource management field shows that there is a high correlation between the way employees are hired and the way they perform later on (Tracey, 1988). Just before the publishing the ad in the newspaper about a vacant position, managers have to prepare for the selection and recruitment process: they should have an understanding what this position is about, what the requirements are for it and what skills, capacities, and personality traits an applicant should have. What is the authority that this vacant position entails, should some changes be made to the position (Tracey, 1988)? If there is no clarity about the position, then there is a great possibility that the wrong person will be hired for the vacancy. This can result in the losses discussed earlier. Another issue that shows the importance of job analysis is, again, discrimination. How will an organization prove that this person is not right for the job if there are no clear requirements for the position? On what basis can managers turn the applicant down as unqualified? If the job analysis is done, then a clear set of skills, educational level, amount of experience, qualifications related to the job and position are laid out and the applicants are informed about them (Chruden, Sherman, Jr, 1984). A careful job analysis prevents any misunderstandings between the manager and the employee, because all the

duties and responsibilities are spelled out. Employees then know, from the beginning, what to do. Later on, if they do not fulfill their duties, a dispute can be more easily sorted out (Chruden, Sherman, Jr, 1984).

As noted previously, a job analysis is one way of avoiding discrimination against applicants. If a manager knows what skills, qualifications, capacities are needed for a certain set of duties, it is easier to argue why this or that person is not right for the vacant position. Therefore, having done a job analysis ensures that the recruitment process is fairer and it is more likely that the manager will hire the right people for the right jobs and they will accomplish organizational goals.

Evaluation of the applicants

Not many managers understand the complexity of the recruitment process. It is not just hiring and evaluating applicants. This process involves a job analysis, attracting applicants, evaluating applicant's skills, capacities, personality, deciding whether to hire the applicant or not, introducing the new employee to the organization and other employees, training employees and following up on their progress (Tracey, 1988). During the recruitment process, a manager should identify any differences between the pace of an applicant and organization, decision-making style, values, behavior and find out whether some adjustments can be made (Arthur, 2001).

Some employers tend to believe that there are positions in the organization, for example, receptionist, which do not require special talents. This kind of position, they believe, does not require special skills or talent and can be filled by anyone. Therefore, managers hire the first person that applies. They usually end up with a person who is able to do the job, but is not attached to it and does not like the job. To correct this mistake, managers tend to issue many regulations and become more like police officers than managers. It can reach a point where managers are afraid of what employee might do when managers are not around simply because the person is not carefully selected (Buckingham, Coffman, 1999).

Mistakes during evaluation of the applicant can create unnecessary tension between employer and employee. This relationship then is characterized by a lack of trust from the part of the manager that employee will not do the job properly. It leads to extensive control over the employee by the manager, even if the manager believes in Theory Y assumptions.

Introducing employee to the organization and the job

New employees will definitely have some stress when starting a new job. They need to find out what the organization is all about and what the working environment and colleagues are like (Schuler, Farr, Smith, 1993). Organizations can develop orientation programs that are very helpful in reducing this stress, increasing the motivation, and make the willingness to stay of the new employee – all in the first day of the work. This is how the organization can support young

employees to start their work well (Schuler, Farr, Smith, 1993). During the orientation process, managers make clear how a newcomer can contribute to the organization, give the basic information about the job (hours, pay, parking facilities, and security requirements), and can discuss the overall strategies and goals of the organization. Orientation programs are a continuous process where many employees are involved and have a follow-up, as well as evaluation (Chruden, Sherman, Jr, 1984).

Most managers admit that formal orientation helps to lower the turnover rate, improve employee morale and the willing to learn, and retains and motivates people (Robbins, 2002). Orientation programs answer the question why an employee is needed and hired in the organization. Manager's involvement is the most important to make orientation program work, because employees are very interested how the cooperation between them and the manager will develop, what will their communication be like later on (Robbins, 2002).

This is the stage where a manager starts to motivate the young employee and provide with support in the stressful time for the newcomer. The manager has to explain not only the primary duties and responsibilities of employees, but also give them an understanding of the organization's mission and goals so that the employee does not get confused of what is important. It leads to role ambiguity, which is considered to be one of the three most frequent sources of distress for the employees (Douglas, 1996). This source of distress is created by unclearly stated goals and badly written job descriptions. Role ambiguity can be enhanced by manager's expectations that do not correspond with job description. As a

result, role ambiguity leads to lower performance of an employee (Douglas, 1996).

It is also a time when manager determines what new employees can do and what training they need. Orientation programs are sometimes considered already as training programs where the new employee is introduced with the job, colleagues and the organization. It is a part of the socialization process for the newcomer. During this training, employee gets to know the stories, history of the organization and the most common concepts used there. It helps them to participate in the conversations with colleagues and be accepted faster (Klein, Weaver, 2000).

Training and education for the new employee

Many newcomers already have the necessary skills and qualifications to start their work effectively. Others may need to have a training program and it is better if the training is well organized and shows how the new employee can contribute to the organization (Chruden, Sherman, Jr, 1984). Even if the newcomers already have necessary skills, the working environment can change so quickly, and then there is a need for new skills to be obtained. Supervisors should acknowledge that the better prepared the employees are, the more productive they will be, and their work will be of higher quality. Therefore they need to be trained to achieve higher levels of performance (Halloran, Frunzi, 1986). Managers need their employees to feel secure about themselves in terms of their

skills and knowledge. The more secure they will feel, the better prepared they will be for the future and will show higher performance (Halloran, Frunzi, 1986).

By providing training and education to the new employee, a manager does not only enhance employee performance but also gives them a sense of security about their capacities and confidence for the future in the organization. As McGregor argued, if managers give their employees a chance to learn, then they will develop efficient and motivated human capital in the organization. His statement can be attributed to the newcomers, as well as employees that have already spent some time in the organization.

Other authors argue that managers should hire employees who already possess the necessary skills and can start working on day one. Those employees, who can perform as soon as they are hired, increase the value of the organization. There is loss of productivity in the organization if managers have to invest time and organizational resources in an employee that has a potential. It also involves a loss in morale of other employees whose work is dependent on the performance of the new employee. If newcomers cannot do the work on the first day, then their colleagues have to wait till the training finishes. Other employees cannot fulfill their duties and become frustrated by that (Pfau, Kay, 2002). This means that during the recruitment and selection procedures, manager has to identify the applicant that already can start working without a preliminary training. A job analysis will certainly help to identify the crucial skills necessary for the job so that the closest fit from the applicants can be found.

Usually people know well the traditional types of discrimination but discrimination between the same sex or race is also important. For example, a group of women talking about their intimate life can make some women uncomfortable. These kinds of situations are considered as same sex type of discrimination that create hostile working environment. In order to prevent it, managers should educate their employees and have updated policies about discrimination issues (Flynn, 2003).

Therefore, a manager has to define organizational goals and develop an employee recruitment process that is fair and nondiscriminatory. In order to prepare for the recruitment process, a manager does the job analysis so that it is clear what the vacant position entails and what kind of person should be hired. When the applicant is evaluated and later on hired, the manager introduces the young employee to the duties and responsibilities and explains what the organization is all about and what is important for the organization to achieve. Through the process of education and training, a manager can motivate employees and give them confidence about the skills and capacities, and give employees a feeling that they are needed and are given value by the organization. Aside from the recruitment process, there are several other reasons why organizations experience high turnover. For example, when employees do not feel recognized, they are less likely to advance themselves. Employees will not see how their efforts to improve and train themselves could benefit them. This relates to the retention and motivation aspects of the manager's work (Edith, Amig, 2001).

Manager's Role in Employee Retention and Motivation

Motivation and management are closely interrelated. The managers and their choice of motivation techniques determine the results of the motivation process. Environmental factors, such as, culture, mission, and colleagues of the organization should be combined with the personal factors of the employees, for example, employee's career and pay that could create individual things that motivate employees. Motivation cannot be produced but employees can be influenced and conditions created that bring out the best of the employee and help them realize their full potential (Tracey, 1988).

When giving employees recognition managers should be very specific why the recognition is given and why the contribution of the employee to the organization is important. Recognition should also be something that employees value, appreciate and perceive as important otherwise it will not have the necessary effect on improving employee morale (Ginther, 2000). In general, people do not consider salary as the primary motivator. However, in some working environments where employees do not receive any other recognition salary gains more importance. Money is like a psychological comfort for doing the work they do not enjoy and that does not give them any motivation or satisfaction (Nelson, 2002). When a manager gives employees new possibilities to perform their job, training or growth as a part of recognition have a very positive effect on employees' motivation. For example, asking top employees to

participate in hiring and training new employees (Nelson, 2002). Motivation should be associated with individual needs. If employees prefer to work in a team, they will cooperate more with others as opposed to independent employees who will prefer following individual goals (Messmer, 2002).

There are many different motivators, for example, intrinsic, extrinsic, external, internal, feedback, and incentives. Nevertheless, the most important thing for managers to remember is that this motivational system should be people-oriented, flexible, effective, and easy to understand. Managers should use a motivational system to reduce the stress for employees. Human resource managers should consider using delegation, job enrichment, and creating a participative management (Tracey, 1988).

Participation of the employees in the decision – making

It is important to find ways for employees to participate in the decision-making process – in the discussions that determine organizational objectives and long-term goals (Arthur, 2001). That is a way to create a permanent emotional bond between the organization and employee. Employees are actually seeking to make difficult decisions, to discuss and think, use their knowledge and skills, and to interact with their environment so they can show others and themselves how competent they are (Halloran, Frunzi, 1986). This corresponds to McGregor's Theory Y where it is said that employees like to take responsibility and they can enjoy their work.

Kim's research (Kim, 2002) on participative environment and effective communication between a manager and an employee shows that these two factors improve job satisfaction. Therefore, managers should consider changing the organizational environment from traditionally hierarchical to participative environment.

Several aspects comprise retention policies. The most important thing is to create an environment that promotes open and regular communication, credibility and more positive recognition (Arthur, 2001). The organization's communication process should be two-way. Employees are not the only ones that need feedback and appraisal. It is necessary for managers to get their feedback from employees. A two-way communication can improve productivity and job satisfaction (Chruden, Sherman, Jr, 1984).

Employees' involvement in the decision-making process helps them to feel more important and valuable to the organization. In this way, manager can develop a stronger bond between the employee and the organization. Employees feel more attached if they see that their opinions and skills are appreciated and used for the organization's development. Employees' involvement in the decision-making process entails a two-way communication between the interlocutors. This way Theory X's one-way communication, where only managers are allowed to determine what employees have to do, is prevented and employees feel more motivated, because they are achieving organizational goals set by employers. A manager should make clear in the first days of an employee's work what kind of environment the organization has – whether it

appreciates individual initiative and participation or not. If managers follow Theory Y assumptions then they can evaluate the positive effect of a participative environment on an employee's motivation. Consequently, if employees feel motivated, they will stay in that organization for a longer time.

Control vs. Autonomy

Some managers think that being a manager means to have control over employees. A manager does not know what happens when employees are left alone to make decisions on their own. Managers can only motivate and influence employees to do things that are best for the organization. A manager does not need to stand by employees' side all the time to see whether they are working and how they perform the duties. The manager has to trust that employees will do their job and do it well. Managers can motivate employees to work for the organization and achieve its goals and explain clearly what is expected from them. Employees need not to be controlled; they can do the work without someone looking over their shoulder all the time (Buckingham, Coffman, 1999). Therefore, the motivation process that manager conducts is very important.

The whole motivation process should direct people toward better performance. One of the ways to acquire a better performance is to define the right goals and allow employees to determine their own way of accomplishing those goals (Buckingham, Coffman, 1999). The managers will benefit in several ways through this approach: it encourages employees to take responsibility for

their actions, it empowers employees and gives them the autonomy to make their own decisions (Buckingham, Coffman, 1999).

Throughout the organization, managers should establish practices that encourage employees to work better, create an environment that respects initiative, creativeness and inspires employees to give their best to the organization (Tracey, 1988). Managers should not be only controlling but also motivate employees. Controlling the performance, motivating employees to do better, and showing trust and confidence in employees – these are things that managers should do (Chruden, Sherman, Jr, 1984).

Public employees themselves admit that relationship with a manager that is characterized by trust, good communication and employee empowerment is positively influencing job satisfaction (Ellickson, 2002).

Once again it is emphasized that employees need to understand the goals of the organization well. If a manager has explained the goals, as well as let them know what is expected from them, there is no need to control employees all the time, as Theory X implies. Employees should be trusted enough by the manager who should let them make their own decisions on how to accomplish a certain goal. Managers can show that they have confidence in employees' capabilities and skills; in turn it will create a positive environment for the employees to develop their initiative, creativeness, and use all their potential to do better for the manger and organization that trusts them.

Ways of communicating between employer and employee

Through interviews and counseling, a public manager can gain insight into employee needs, wants, aspirations, and ambitions in the organization. By knowing and understanding their employee, a manager can help the employee to become an efficient member of the organization (Crane, Jones, Jr, 1982).

Managers have to understand that their employees are human beings and at some point, they will have problems in their lives whether they are work or family related. When it happens, a manager should develop an environment where employees know they can always turn to the manager and ask for help and assistance (Crane, Jones, Jr, 1982). Listening, therefore, is an important function of managers. It helps to create a feeling for the employees that they all are an essential part of the organization and that the manager values their needs and supports them (Crane, Jones, Jr, 1982).

Communication between an employer and an employee is not the only way of communication that exists in an organization. Ellickson's research shows that one of the strongest factors that positively affect job satisfaction is social relations in the workplace. If there is a positive, cooperative and friendly atmosphere in the organization then employees show higher level of job satisfaction and are more productive (Ellickson, 2002).

A part of two-way communication and participatory environment lets employees know that a manager will always be a person to talk to and ask for assistance. Employees want the manager to understand that they are not just workers – they are human beings with lives outside work and problems that are

not always work related. A manager should let employees know that they can receive support when they need it. One way to do it is through personal conferences. It is based on Theory Y assumptions that the organization cannot operate alone; it needs employees who make it work and succeed. A supportive environment will only help to motivate employees to work better and stay in the organization.

Delegation of functions

One way to create participative environment is using a delegation. Managers who delegate some of their functions develop the trust between them and their employees. It also motivates employees and gives them the opportunities to show their capabilities, use their initiative, and be creative (Tracey, 1988). However, managers should not forget that delegation means not only assigning duties but also giving substantial authority to perform the delegated task. By delegating some of their duties, managers can reduce their workload and stress accompanied with it. It increases their effectiveness. Managers can focus on functions that are more important than the delegated task. Delegation also reduces negative aspects that sometimes occur in the workplace, such as suspicion, frustration, impatience among employees. Delegation improves motivation, morale, and job satisfaction (Tracey, 1988). Delegation also improves skills of the employee and it is like an additional training. If the task is delegated, manager should expect results but should not determine how the task should be

carried out (Halloran, Frunzi, 1986). Here the autonomy of the employee can really flourish.

Yet, there are several obstacles why managers do not use delegation. In some cases managers are afraid to delegate because they think that employees are not capable of accomplishing a certain task. It shows a lack of trust in manager's own personnel that certainly does not motivate employees. In other cases, functions or responsibilities are delegated but the authority stays with the manager. This situation can really lower employees' morale because they have a task but are not able to accomplish it without a certain authority. Some managers maintain a strong control over the delegated responsibilities so that "nothing goes wrong." Theory X kind of thinking is that employees cannot be left alone – they need to be controlled (Pecora, Austin, 1987).

Whether managers do the delegation or not, the way they do it shows what kind of assumptions managers have about their employees – Theory X or Theory Y based. If managers do not delegate some of the functions or delegates without giving authority to do the task, it means that they tend to think according to Theory X. Managers who work in line with Theory Y, tend to delegate more and in a way that shows their trust in employees. They assign tasks together with authority and let employees make their own decisions on how to achieve the goal set for them. It corresponds with the discussion earlier about autonomy vs. control.

Education and training of employees

In order to retain skilled people in the organization, managers have to create motivation, especially intrinsic motivation. A crucial element for retention programs to succeed is to educate employees so they understand clearly what the organization's objectives and goals are and improve their skills.

A manager should make sure that employees are trained; they have the information necessary for their job, and they are able to accomplish the goals of the organization (Crane, Jones, Jr, 1982). Of course, it is very difficult to acknowledge the different needs and potential of the human capital taking into account the diversity of the workforce nowadays (Crane, Jones, Jr, 1982). Many managers make the mistake of assuming that there is "one best way" of doing things. They make employees to do things in this "one best way" and think that this will increase the productivity and efficiency of the organization. Usually it does not happen that way. People become resistant and are not satisfied with their work because not everybody can accept the way of functioning as the manager wants them to (Buckingham, Coffman, 1999). In that case, employees tend to react according to Theory X, because they are forced to do what the manager tells them to do. There is no initiative, autonomy or participation. It presents one – way communication. As noted earlier, two – way communication motivates employees more and is more beneficial for the organization, because it creates participatory environment. As Theory Y states, participatory environment develops personnel that work more effectively, therefore, organizational goals are achieved faster and better.

Educational and training programs for employees should be an on-going process in the organization, in order to improve the skills and capacities of the employee, as well as adapt to always changing requirements of the organizational environment (Pecora, Austin, 1987).

Organizations are spending large sums of money, sometimes over two hundred billion dollars a year, for employee training. Although it seems too much, managers in these organizations do that because they recognize the importance of the training for the improvement of employee performance and long-term success of the organization (Stanley, 2002).

As noted in previous sections, training and education are important for both newcomers and employees that have worked in the organization for some time. It gives them confidence in their capabilities and in the organization, which shows their support and appreciation of the employee by providing the opportunities to learn. As stated in Theory Y, if a manager allows personnel to learn and improves it constantly, then employees will be more efficient and willing to work for the benefit of the organization and themselves.

Of course, it is not enough that training and education are provided; managers should also evaluate the impact of these activities on employee's performance. It is discussed in the next section in more detail.

Performance evaluation

Performance evaluation allows an organization to determine whether employees do their work according to the job description and the guidelines the organization or manager has set. It helps to find out where improvement can be made. Performance evaluations help to understand who is eligible for promotion, bonuses or who should be disciplined (Pecora, Austin, 1987). In other words, performance evaluation is needed for evaluating the employee's work and determining how the future of the employee and the organization will develop further. Managers should be the first people who commit and support performance evaluation to avoid mistakes in evaluating employees, such as allowing personal biases to come in, using hardly measurable standards for evaluation or ill-defining goals for the process (Novit, 1986). Performance evaluation is one of the ways that employees can get some feedback on how they are doing and also creates means of protection against discrimination or discharges. Clearly set principles, objectives, standards, as well as precise performance evaluation record, can be useful tools that will protect both employee and employer (Chruden, Sherman, Jr, 1984).

Stubblebine did a research to determine which type of evaluation employees accept more, those made by peers or managers. The results show that employees prefer evaluations made by managers over peers. The reasons for this are the following: employees perceive managers as more accurate and more trusted. Managers are viewed as more qualified to evaluate their employees, have the opportunity to observe the performance and are less subjected to

friendship bias. Other research identified by the author indicates that peer evaluation can reduce group cohesiveness and trust among group members. Employees have usually accepted manager evaluations as something that cannot be avoided and that has always been there. As for peer evaluations, they are not trusted and considered as bias. Managers should take these results into account and use managers' evaluations more otherwise the organization risks having lower performance, group trust and low satisfaction (Stubblebine, 2001).

It is important for managers to understand what they want to achieve with performance evaluation of employees. It can be useful for motivation, because performance evaluation provides manager with useful data on the basis of which manager can decide on promotion, bonuses, additional training, and ways for employees to exercise more of their skills. Performance evaluation allows manager to find out what employee wants, needs, or concerns and to get some feedback from the employee about the organization and manager's work. This is a way of ensuring the two-way communication and letting employees to participate in designing, for example, their tasks and set goals for the next evaluation period. Performance evaluation is useful to find out whether organizational goals are achieved and how employee feels about working in the organization.

Therefore, the basic requirement to retain and motivate employees is to have a good supervision, that is, good managers. An organization can make big financial investments in human capital, have elaborate retention and motivation programs but it will all fail unless there are good managers that can implement all

that (Cambell, Alleyne, 2002). Employees' perception that they have a bad supervisor is mentioned as one of the most frequent reasons why employees leave (Jardine, Stacey, 2001).

Summary

As stated before, managers can motivate and influence the working environment and employees' intentions to a great extent. It can be argued the other way around too. If a manager fails to recruit the right employees for the right vacancies, retain the employees, motivate them, and create participatory and satisfactory working environment, then employees tend to leave the organization to find an employer that is more effective and have greater respect for employees. Therefore, there is a direct connection between high turnover and the way managers treat their employees.

In sum, managers have to carefully prepare for the recruitment process by doing a job analysis and setting clearly defined goals of the organization, which is a way of understanding the vacant position better and what kind of employee the organization needs to hire. It also helps to prevent discrimination against applicants if an organization knows exactly what it needs. When a manager has evaluated applicants and hired them, a proper introductory process with the organization and training needs to be organized. This is one of the ways of starting to motivate the new employee. Managers should show their support to

newcomers from the first day, as well as give them an understanding what the duties and responsibilities, the goals of the organization are, and how newcomers can contribute to the organization and vice versa. Further on, managers should create participatory environment for employees that allows them to participate in the decision-making and have autonomy to do their duties. Within the participatory environment, managers exercise two-way communication with their employees and delegate some of the functions along with authority to accomplish the tasks set. Managers should also make sure that an on-going education and training of employees take place, in order to give them sense of security in employees' capacities and their future in the organization. Performance evaluation is organized to determine whether organizational goals are achieved, what the demands and needs of employees are, where the improvement can be made, and get some feedback from employees.

Given what has been written, we can expect to find the following in Latvia:

1. A manager, who has a clear idea of an open position's essential functions and makes selection decisions based on job related, rather than more subjective and potentially discriminatory reasons, will be able to better recruit employees who are satisfied and will stay with the organization longer.
2. Managers who engage in open communication, delegation of authority, and on-going training and education of workers will more successfully motivate and retain employees.

CHAPTER 3

METHODOLOGY

Research data

In order to determine the impact of recruitment and selection decisions, open communication, delegation of authority, and on-going training and education on employee satisfaction and motivation, a survey of employees and interviews with managers were conducted.

This research is based on employee survey conducted in three public agencies in Riga, Latvia, March 2003. These agencies were selected randomly*. Survey questions were the same for all three agencies and sent by e-mail to managers of these agencies. Managers made sure that survey was distributed to the full time employees and filled out by them (See Appendix Nr.1). Fifty two employees filled out surveys from the overall of seventy three employees in all three agencies taken together. The average response rate is 71%.

In addition, interviews with a manager, dealing with human resource management, were conducted to find out what formal recruitment, motivation and retention procedures are in place in each of the organizations. It will be useful later in the research to compare statements made by the managers with opinions of employees. The same set of questions (See Appendix Nr.2) were asked to all three managers and, with their permission, recorded to ensure precision.

Survey measures

Job satisfaction, the dependent variable, is measured on a 7-point scale with 1 representing “very dissatisfied” and 7 – “very satisfied”. Satisfaction is also measured by willingness of the employees to advise their friends to work in a particular agency. The independent variables, trust in leadership; fair recruitment; equal treatment; good communication between employee and the manager; opportunity to show initiative; support provided by the manager; clear career path; training opportunities; enough authority; recognition of the work done; fair salary; reasonable workload; fair treatment; respectful treatment; participation in the decision-making; effective management; manager as a leader; good working atmosphere are measured by a Likert scale of “strongly disagree”, “disagree somewhat”, “neutral”, “agree somewhat”, and “agree strongly”. Employees were asked to provide their own answers to question asking to state reasons why they work for that public agency. Retention as a dependent variable is measured by years that employee plans to work in the agency in the future by a Likert-type scale. Motivation as a dependent variable is measured on a Likert-type scale. Sex, age and longevity are independent variables. Age is measured on a scale of “less than 21”; “21 to 34”; “35 to 44”; “45 to 54”; “55 and older.”

All independent and dependent variables are either direct or indirect measures of hypothesis.

Independent variables

Fair recruitment was defined by using one indicator: “The recruitment process was fair”.

Equal treatment was defined by using five indicators: “Managers treat all the employees equally, they do not play favorites”; “I feel that men and women are provided equal opportunities to fulfill their career potential within this agency”; “My supervisor treats me fairly”; “I feel that people get ahead primarily on the merits of their work” and “My salary is fair for my responsibilities”.

Good communication between employee and the manager was defined by using four indicators: “Managers do not say one thing and do another”; “I have a clear understanding about this agency’s objectives and priorities”; “There is adequate communication between an employee and a manager”; “Managers are communicating with me clearly and frequently about agency’s objectives and plans”.

Support provided by the manager was defined by two indicators: “I can always go to my supervisor and tell him about my concerns without fearing that he/she would not want to listen to me”; “I have opportunities to learn and grow”.

Clear career path was defined by one indicator: “I know very well how my career will develop in this agency”.

Recognition of the work done was defined by three indicators: “This agency gives enough recognition for the work well done”; “I feel I am contributing to this agency’s mission”; “My supervisor treats me with respect”.

Reasonable workload was defined by two indicators: “My workload is reasonable” and “I can keep a reasonable balance between work and personal life”.

Participation in the decision-making was defined by four indicators: “My supervisor asks for my input to help make decisions”; “I feel as a part of a team working towards a shared goal”; “I am given enough authority to make decisions I have to make”; “Individual initiative is encouraged in this agency”.

Manager as a leader was defined by two indicators: “My supervisor is a leader” and “I have a confidence in the leadership of this state agency I am working at”.

Good working atmosphere was defined by one indicator: “Generally, there is a good mood throughout the agency”.

Age, sex and longevity are control variables.

Dependent variables

Satisfaction was defined by two indicators: “Overall, how satisfied are you with your job at the state agency as an employee” and “Would you recommend working in the state agency to a friend”.

Motivation was defined by three indicators: “Nothing at this agency keeps me from doing the best I can every day”; “I feel I am valued by this agency” and “I am proud to work in this state agency”.

Retention was defined by two indicators: “I believe my job is secure” (If the manager gives employees a feeling that they are secure in their jobs, they will

probably think twice before leaving. Given the political and economic circumstances, this security aspect could be a feature that characterizes more Latvian employment than American). “How long do you plan to continue your career in this state agency”.

CHAPTER 4

RESULTS

Quantitative analysis

Pearson correlation was used to test the hypotheses. The results of this widely used test can be seen in Table 1. Different measures of dependent variables are tested separately because they show individual and different results when correlated with independent variables therefore these different measures cannot be combined. For example, as one can see from the table fair recruitment has a significant correlation at the 0.01 level with the employees' willingness to recommend the agency they work at to a friend, but it is not correlated with the overall job satisfaction. As the data put in this table shows age, gender, the time worked for the agency, employee' s assumption that the present workload is reasonable and whether an employee has authority to make decisions at work are not correlated with any of the dependent variables. Therefore, these independent variables will not be discussed in further data analysis.

Employees will have higher overall job satisfaction when they have a clear understanding of agency's objectives and priorities; managers who frequently and clearly communicate with employees about agency's plans and objectives; managers who listen to their concerns and give them opportunities to learn and grow; they have a clear understanding about their career development, receive enough recognition about their work and are treated with respect by the manager; they can maintain a balance between their work and private life; they

feel like part of the team that has a shared goal and managers ask for their input in making decisions and encourage them to show initiative; they have confidence in their leadership and feel that there is a good working atmosphere in the agency.

Employees will feel comfortable enough to recommend the agency as a possible workplace to their friend when they are certain that recruitment was fair and they have a clear understanding of agency's objectives and priorities; and they have opportunities to learn and grow.

Employees will feel like doing the best they can every day when they are certain that recruitment was fair; managers treat all employees equally without playing favorites, fairly and emphasize that employees are valued by the merit of their work; they have a clear understanding of agency's objectives and priorities; managers are maintaining adequate communication with employees as well as clearly and frequently inform them about agency's plans and objectives; managers listen to their concerns and give them opportunities to learn and grow; managers treat employees with respect and give them enough recognition for their work; employees feel like a part of a team working towards a shared goal and have confidence in the leadership of the agency; and think that there is a good working atmosphere in the agency.

Employees will feel valued by the agency when they are certain that recruitment was fair; managers treat all employees equally without playing favorites and fairly; managers are consistent in what they say and do; employees have a clear understanding of agency's objectives and priorities; managers are

maintaining adequate communication with employees as well as clearly and frequently inform them about agency's plans and objectives; managers listen to their concerns and give them opportunities to learn and grow; employees have a clear understanding about their career development; managers treat employees with respect, give them enough recognition for their work, and employees feel that they are contributing to the agency's mission; employees' individual initiative is encouraged, they feel like part of the team that has a shared goal and managers ask for their input in making decisions; employees have confidence in the leadership of the agency; and think that there is a good working atmosphere in the agency.

Employees are proud to work at the agency when they are certain that recruitment was fair; managers treat all employees equally without playing favorites, fairly and emphasize that employees are valued by the merit of their work; employees have a clear understanding of agency's objectives and priorities; managers are maintaining adequate communication with employees as well as clearly and frequently informing them about the agency's plans and objectives; managers listen to their concerns and give them opportunities to learn and grow; managers treat employees with respect, give them enough recognition for their work, and employees feel that they are contributing to the agency's mission; employees' individual initiative is encouraged, they feel like part of the team that has a shared goal and managers ask for their input in making decisions; employees have confidence in the leadership of the agency; and think that there is a good working atmosphere in the agency.

Employees will feel more secure about their job when they are certain that recruitment was fair; managers treat all employees equally without playing favorites; women and men are given equal opportunities; managers are consistent in what they say and do; they have a clear understanding of agency's objectives and priorities and there is adequate communication between the supervisor and employees; they have also a clear idea how their career will develop at the agency; employees feel that they are contributing to the agency's mission and managers treat them with respect; they can keep reasonable balance between work and private life; they feel like part of the team that has a shared goal and managers ask for their input in making decisions; they also think that there is a good working atmosphere in the agency.

Employees will plan to stay and continue their career at the agency if they think that their salary is fair to the responsibilities and their manager is a leader. However, clear understanding about agency's objectives and priorities, adequate communication between the supervisor and employee, manager's willing to listen to employees concerns, as well as manager's encouragement to show individual initiative will not make the employees stay at the agency.

Table 1: Pearson's correlations between management style and employee attitudes

	Treatment										Communication					Support		Decision-making					Workload		Recognition				Leadership		Atmosphere		Controls							
	Recruitment	t1	t2	t3	t4	t5	c1	c2	c3	c4	supp1	supp2	dec1	dec2	dec3	dec4	lead1	lead2	load1	load2	reco1	reco2	reco3	load1	load2	dec1	dec2	dec3	dec4	lead1	lead2	Age	Sex	Long						
Satisfaction																																								
	satisf1																																							
	satisf2	.39**																																						
Motivation	motiv1	.34*	.37**		.31*	.44**																																		
	motiv2	.45**	.34*	.39**	.31*	.44**	.34*																																	
	motiv3	.40**	.32*	.30*	.37**	.30*	.34*	.30*	.29*																															
Retention	reten1	.42**	.35*	.31*	.31*	.33*	.33*	.33*	.35*	.35*																														
	reten2		.36**																																					
Satisfaction	satisf1																																							
	satisf2	.48**																																						
Motivation	motiv1	.45**	.33*																																					
	motiv2	.32*	.72**	.51**																																				
	motiv3	.52**	.41**	.35*	.32*	.32*	.32*	.31*	.53**	.33*																														
Retention	reten1	.38**	.48**	.30*																																				
	reten2		.36**																																					

** . Correlation is significant at the 0.01 level (2-tailed)

* . Correlation is significant at the 0.05 level (2-tailed)

All independent variables that had significant correlation with one or more dependent variables were included in a multiple linear regression. The multiple linear regression is a better way to determine which independent variable best predicts the dependent variable because the hypotheses are concerned with association between the independent variables and dependent variables, and most of the variables are interval level. Again, different aspects of dependent variable were considered as separate variables as they produce different results and cannot be combined. In the multiple linear regression all independent variables are entered at the same time. This method was chosen over the stepwise method because stepwise method might neglect some of the marginal results that could be of theoretical importance.

Hypothesis #1:

A manager, who has a clear idea of an open position's essential functions and makes selection decisions based on job related, rather than more subjective and potentially discriminatory reasons, will be able to better recruit employees who are satisfied and will stay with the organization longer.

Table 2: Overall job satisfaction

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Work atmosphere	-.02	-.03	.91
Employees are asked for their input	.05	.07	.74
Clear path of career	.12	.15	.44
Balance between work and home	.19	.23	.20
Growth and learning possibilities	-.01	-.02	.93
Trust in leadership	-.14	-.15	.54
Individual initiative	-.004	-.01	.98
Employees are heard by the manager	.08	.09	.66
Recognition for a work well done	.28	.32	.14
Team work	.32	.18	.08
Communication about plans and objectives of the agency	.07	.09	.69
Clear understanding about priorities	-.05	.07	.78
Respectful treatment	-.13	-.17	.52

Adjusted R square: 18%
 F: 1.76
 Sig of F: .10
 N= 44

Table 2 adjusted R square is indicating that 18% of the variance in the overall job satisfaction can be predicted from the entered independent variables. F shows that significance is marginal. It can be seen from the Table 2 that only the manager's respectful treatment against employees is a marginally significant predictor of the overall job satisfaction. The ambiguous results demonstrated in this table may be due to the inclusion of too many independent variables. Therefore another multiple linear regression was run using stepwise method which eliminates insignificant variables from the equation in Table 3.

Table 3: Overall job satisfaction and teamwork (Stepwise regression)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Team work	.55	.32	.02

Adjusted R square: 8%
 F: 5.53
 Sig of F: .02
 N= 51

This time the adjusted R square indicates that 8% of variance in overall job satisfaction can be predicted from the independent variables entered. The F value is significant and this time the teamwork clearly explains the greatest amount of the variance and is statistically significant.

Team work is one of job satisfaction measures. According to hypothesis, managers who practice fair recruitment process are able to select more satisfied employees. Data in tables 2 and 3 show that overall job satisfaction is best explained by teamwork. Employees who feel that they are working together with a common goal in mind are more satisfied in general. However, next measure of job satisfaction – employee’s willingness to recommend agency as a possible workplace to a friend – shows that hypothesis is supported by the data.

Table 4: Employees willingness to recommend the agency to a friend
(Satisfaction measure)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Growth and learning possibilities	.16	.25	.07
Fair recruitment	.27	.31	.04
Clear understanding about priorities	.06	.08	.61

Adjusted R square: 17%
F: 4.54
Sig of F: .01
N: 51

Table 4 illustrates that fair recruitment best predicts employees willing to recommend the agency as a possible workplace to a friend. The opportunity to learn and grow at the agency comes as a second important predictor of the dependent variable. Seventeen percent of the variance of employees willing to recommend the agency as a possible workplace to a friend can be predicted from the entered independent variables.

Data in table 4 support the hypothesis which states that fair recruitment meaning selection decisions, are based on job related rather than subjective and potentially discriminatory reasons and is significant in explaining employee's job satisfaction. When employees are satisfied with the job then it is more likely that they will suggest this workplace to a friend. Growth and learning is also important for employees when recommending the agency to a friend. It is a great advantage for the employees if they receive necessary education and training for fulfilling their duties and can be a reason for job satisfaction but data shows it is of marginal significance. Hypothesis statement does not include growth and training as affecting the satisfaction of employees.

Hypothesis #2

Managers who engage in open communication, delegation of authority, and on-going training and education of workers will more successfully motivate and retain employees.

Table 5: Employees willing to do the best they can every day (Motivation measure)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Working atmosphere	-.28	-.304	.13
Communication about plans and objectives of the agency	-.07	.08	.68
Employees evaluation based on the merits of their work	.30	.29	.06
Fair recruitment	.13	.13	.44
Growth and learning possibilities	.33	.41	.01
Employees are heard by the manager	.17	.18	.37
Ongoing communication between an employee and a manager	.27	.29	.09
Team work	.03	.03	.85
Clear understanding about priorities	.17	.20	.28
Recognition for a work well done	.23	.23	.28
Equal treatment	-.07	-.08	.67
Respectful treatment	.02	.02	.96
Trust in leadership	.06	.05	.81
Fair treatment	-.36	-.39	.21
Adjusted R square: 30%			
F: 2.52			
Sig of F: .01			
N: 50			

In Table 5 adjusted R square indicates that 30% of the variance in employees' feeling that nothing keeps them from doing the best they can every day is predicted from the independent variables entered. The F is significant and the table shows that opportunities to learn and grow best predicts employees' feeling that nothing keeps them from doing the best they can every day. Employees' feeling that they are evaluated based on the merit of their work and that there is adequate communication between the manager and employee are marginally significant in predicting employees' feeling that nothing keeps them from doing the best they can every day.

Though of marginal significance to job satisfaction, growth and learning are important in explaining doing the best every day, which is one of the motivation

measures. Employees are willing to put all the effort in doing the best they can every day at the workplace when they know that the effort will be acknowledged by getting a promotion and/or getting the necessary training. If one has the knowledge to do all the duties assigned, then that person will feel motivated to do the best every day. Hypothesis states that training and education provided by manager should motivate employees and data in Table 5 support this statement. Table 5 also shows that evaluation based on merit and ongoing communication between the manager and the employee are marginally significant meaning that there could be other things affecting the employee's willing to do the best every day besides the above mentioned independent variables.

Table 6: Employees feeling valued (Motivation measure)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Working atmosphere	-.25	-.28	.10
Employees are asked for their input	-.01	-.01	.93
Clear path of career	.08	.09	.54
Individual initiative	.11	.11	.47
Growth and learning possibilities	.11	.14	.29
Managers being consistent in what they say	-.02	-.03	.84
Feeling of contribution	.56	.56	.00
Trust in leadership	.02	.02	.93
Ongoing communication between an employee and a manager	-.06	-.07	.64
Fair recruitment	.21	.22	.11
Equal treatment	-.002	-.003	.99
Team work	.27	.30	.05
Employees are heard by the manager	.04	.05	.79
Clear understanding about priorities	-.05	-.06	.74
Recognition for a work well done	.08	.08	.64
Respectful treatment	.40	.43	.12
Communication about plans and objectives of the agency	-.12	-.14	.49
Fair treatment	-.32	-.36	.22
Adjusted R square: 54%			
F: 4.14			
Sig of F: .000a			
N: 49			

Table 6 shows that the adjusted R square indicates 54% of the variance in employee's feeling of being valued by the agency can be predicted by the independent variables entered. The F is significant and the Table 6 illustrates that employees' feeling that they are contributing to the agency's mission best predicts employee's feeling of being valued by the agency. The second best predictor of dependent variable is employees' feeling that they are a part of team working to achieve a shared goal. Generally good atmosphere at the agency is marginally significant predictor of the dependent variable.

Other measure of motivation – feeling valued – is best explained by feeling of contribution and teamwork. When employees feel they are contributing to agency's mission by doing the job, then they will feel valued by the agency. Employee however, cannot create this feeling of contribution alone. The manager who recognizes employee's job as important and contributing to the mission will create that feeling in the employee.

It can be seen that the teamwork does not only explain overall job satisfaction, but also the motivation measure – feeling of being valued. Therefore, those managers who support teamwork at their agencies will increase both employee satisfaction and motivation. Although teamwork and feeling of contribution are not directly mentioned in hypothesis, they are nevertheless important in explaining motivation and satisfaction.

Working atmosphere is marginally significant in explaining employee's feeling of being valued. However, when the working atmosphere is hostile and full of

tension, then it is likely that employees will feel less valued as opposed to employees who work in a supportive atmosphere.

Table 7: Feeling of pride for working at a particular agency (Motivation measure)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Working atmosphere	.29	.32	.05
Employees are asked for their input	.26	.31	.04
Individual initiative	.20	.22	.15
Growth and learning possibilities	.06	.08	.53
Employees evaluation based on the merits of their work	.13	.13	.35
Ongoing communication between an employee and a manager	.070	.08	.57
Fair recruitment	.10	.10	.46
Trust in a leadership	.34	.34	.06
Feeling of contribution	.181	.18	.22
Team work	.19	.21	.13
Equal treatment	-.17	-.21	.18
Employees are heard	-.15	-.17	.30
Clear understanding about priorities	-.10	-.12	.48
Recognition for a work well done	.23	.23	.19
Communication about plans and objectives of the agency	-.12	-.14	.42
Respectful treatment	-.14	-.15	.56
Fair treatment	-.27	-.31	.28
Adjusted R square: 56%			
F: 4.74			
Sig of F: .000a			
N: 50			

Table 7 data show an adjusted R square, which indicates that 56% of the variance in employee being proud to work for a particular agency can be predicted from the independent variables entered. The F is significant and one can find that the best predictor of employees being proud to work for a particular agency is supervisor willing to accept employees' input in decision-making process. The second best predictor of the dependent variable is that the agency has generally good working atmosphere. Marginally significant predictor is the

employees' confidence in agency's leadership. There are rather abnormal results of Beta and significance that indicate a presence of multicollinearity. However, it does not reach the critical line where these variables should be excluded. The fluctuation of the numbers is minimal therefore results are not seriously affected.

According to data showed in table 7, when employees feel proud of working at a particular agency then it can be explained by good working atmosphere and involvement in decision-making process. Tension, unresolved conflicts, fear and hostility will certainly not create pride in employee about working in that kind of agency. Good working atmosphere is something that can increase employees' motivation to work in that agency. When manager asks for employees' input in making decisions at the agency, it also creates employees' pride of working at the agency because they feel themselves as a part of the organization and can see results from the decisions they helped to make. Employees being a part of decision-making process feel empowered and therefore motivated. These two variables were not considered in the hypothesis but as data show are important in order to understand what motivates employees.

Table 8: Sense of job security (Retention measure)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Working atmosphere	.07	.08	.67
Equality of men and women	.15	.16	.22
Balance between work and home	.30	.32	.06
Clear path of career	.11	.13	.41
Employees are asked for input	.16	.19	.30
Feeling of contribution	.05	.05	.73
Managers are consistent in what they say	.10	.13	.46
Ongoing communication between an employee and a manager	.07	.08	.65
Fair recruitment	.04	.04	.80
Clear understanding of priorities	-.03	-.04	.83
Team work	.10	.12	.50
Equal treatment	-.05	-.06	.74
Fair treatment	-.56	-.66	.02
Respectful treatment	.48	.53	.09

Adjusted R square: 31%
 F: 2.53
 Sig of F: .01
 N: 49

Table 8 data illustrate that 31% of the variance in sense of job security can be predicted by the independent variables entered. The F is significant and shows that the best predictor of sense of job security is when managers treat their employees fairly. Balance between work and home and manager treating employees with respect are marginally significant predictors.

Sense of job security as a retention measure was chosen because it is commonly considered as very important in Latvian society. This belief is reinforced also by qualitative data later in this chapter although in a different sense. From Table 8, it can be seen that it is best explained by fair treatment. When employees feel that the manager treats them fairly, meaning as objectively as possible, then employees will feel secure and it would be less likely that they leave the agency. Marginally significant in explaining sense of job security are

respectful treatment and ability to have balance between the life at work and outside it. Fair treatment is not mentioned in hypothesis but as data show is important in explaining motivation of employees.

Table 9: Plans to stay with the agency (Retention measure)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Manager is a leader	.12	.11	.45
Employees are heard	-.12	-.10	.53
Clear understanding of priorities	-.09	-.08	.61
Fair salary	.29	.28	.08
Ongoing communication between an employee and a manager	-.10	-.08	.59
Individual initiative	-.26	-.21	.19
Adjusted R square: 19%			
F: 3.00			
Sig of F: .02			
N: 51			

Table 9 shows that 19% of variance in employees' plans to stay with the agency can be predicted by the independent variables entered. Although the F is significant only employees, who feel that salary is fair to their responsibilities occurs as marginally significant predictor of employees' plans to stay with the agency.

To produce clearer results multiple linear regression test was run using stepwise method. The results of the test can be seen in Table 10.

Table 10: Plans to stay with the agency and individual initiative, fair salary

(Stepwise regression)

<i>Independent variables</i>	<i>B</i>	<i>Beta</i>	<i>Sig</i>
Individual initiative	-.41	-.34	.01
Fair salary	.35	.33	.01
Adjusted R square: .21			
F: 7.79			
Sig of F: .001			
N: 51			

Table 10 shows that 21% of the variance in employees' plans to stay with the agency can be predicted by the independent variables entered. The F is significant and shows that manager's encouragement of individual initiative is the best predictor of employees' plans to stay with the agency followed by marginally significant predictor – employees' feeling that salary is fair to their responsibilities.

Although motivation and satisfaction of the job are very important, Table 10 shows that money best explains retention. If employees are not paid according to their responsibilities, it is less likely that they will stay. Managers themselves, in qualitative analysis of the interviews, express the same idea. However, if managers support individual initiative of the employees it also positively affects employees' plans to stay at the agency. From the data in Table 10 it can be seen that individual initiative encouraged by manager and fair salary are equally important factors for employees when they consider about staying at the agency or leaving it. Nowadays, it is considered that money is not the primary factor that makes employees stay, however the data proves otherwise.

Hypothesis statement assumes that open communication and delegation of authority will motivate and retain employees. Regression analysis tells us that these two variables do not explain motivation and retention best; however, open communication and delegation of authority are correlated with motivation and retention.

Results from the statistical analysis of the data set, created from the survey responses, support hypotheses posed at the beginning of this paper. However,

there are variables that are not considered in either of the hypotheses, such as, teamwork, feeling of contribution, working atmosphere, fair treatment and salary and individual initiative.

In sum, as the Pearson's correlation table (Table 1) shows, employees in Latvia value participative environment factors discussed in literature review in more detail. There is a correlation between different measures of satisfaction, motivation, retention and communication, support, fair recruitment, recognition and others. However, regression analysis shows us better which factors exactly influence satisfaction, motivation and retention. Teamwork and fair recruitment have the most impact on satisfaction of Latvian employees. Therefore, data support the first hypothesis. Growth and learning possibilities, feeling of contribution, teamwork, working atmosphere, and participation in decision-making process are factors that influence employee motivation. As for retention, regression analysis shows that the most important factors for employees are fair recruitment, individual initiative and fair salary. In general, data support second hypothesis as well, however, it is shown that several factors named above have not been considered in the hypotheses.

Qualitative analysis

According to managers who were interviewed at three public agencies in Latvia, it is clear that recruitment is a standard procedure. All agencies have already written job descriptions that seem rarely altered unless there are some changes in general laws or regulations coming from ministries. Only one agency

does the job analysis by evaluating the workload of the open position, skills, education and qualification of applicant as well as personal traits. According to hypothesis #1, a manager needs to have a clear idea of an open position's essential functions. If job analysis is not done regularly, meaning every time there is an open position, then it is likely that the manager will not be able to select an applicant that best fits this position. The consequences of not doing the job analysis were discussed in literature review in more detail. It also endangers practice of fair recruitment procedures that employees value very highly and that positively affects their job satisfaction as quantitative analysis shows. If there is no job analysis done, and managers rely on job descriptions that are written some time ago, then how can they ensure that all applicants are treated fairly and selection of employee is made on the basis of nondiscriminatory principles?

Managers try to attract applicants indirectly using different means of public relations, such as, maintaining an agency's web site, organizing informative events or giving lectures at higher education institutions where the specialists needed for a particular agency are prepared. Managers emphasize the job security at the public agency, which is one of the main attractions to potential employees.

All managers admit that the main things they evaluate in an applicant are professionalism, education and work experience. Managers denied that they evaluate applicants on the basis of their nationality or gender. The hiring process is strictly about professionalism and skills of the applicant according to managers. According to what managers say they evaluate in an applicant, the

recruitment process is fair and produce positive affect on employees' job satisfaction. Both employees' and managers' statements support the hypothesis that states fair recruitment as very important in producing job satisfaction for employees. Even if recruitment process is fair, Central Statistical Bureau of Latvia (CSBL) identifies differences between the amount of money paid to men and women. Average gross wages per hour for women in public sector are \$1.32 as opposed to men in public sector who receive \$1.6 per hour. Therefore it can be concluded that discrimination against women is an issue in Latvian public agencies.

Managers always personally introduce newcomers to all colleagues. Then the new employees get familiar with their duties, facilities of the building etc. Only one agency has introduced the idea of tutoring the new employees for a month to get them better acquainted to the organization and work.

Employees are evaluated once a year at all three agencies. Based on the results of the evaluation and personal initiative, employees can participate in different trainings provided by State Administration School. If employees have new duties that require additional skills, then managers provide the employees with necessary courses. All training and learning asked by employees must be job related. Frequent training is another attraction of public agencies. According to managers, employees have individual initiative and they have rather extensive training and education possibilities. Managers acknowledge them as being important for employees. As the quantitative analysis showed, training and individual initiative are those variables that explain best motivation, satisfaction

and retention. This also supports hypothesis #2 assuming that managers who provide training possibilities to their employees are successful in motivating them.

Managers admit that the most important influence managers have is the way they affect the working atmosphere at the workplace. The climate of the organization is very important. One of the managers considers also the influence of the manager over interpersonal relationships among employees. If there are any unresolved conflicts in the agency, it deteriorates the working atmosphere. Just like quantitative analysis showed that employees consider working atmosphere as part of motivation, managers also realize a simple fact – if the working environment is deteriorating, then employees will not feel motivated to work.

There are no clear motivation mechanisms in place at any of the agencies but managers have identified several incentives that motivate employees. Monetary incentives include stable salary; training opportunities; monetary rewards/bonuses; job related traveling is paid by the agency; health insurance; and adequately equipped workplace. Recognition diplomas; the prestige of being a civil servant; and a feeling of contribution in doing public service were identified as non-monetary incentives. Managers and employees feel similarly about salary being that crucial factor for employees in making decision to stay with the agency or go to other organization that pays better. Training and non-monetary incentives such as feeling of contribution and prestige of being a civil servant are recognized as important for motivation not only by employees but also by

managers. Two agencies admitted that it does some kind of recognition like diplomas for a well-done job or emphasizing feeling of contribution. Hypotheses do not include independent variables like the feeling of contribution and prestige of being a civil servant.

There is no retention strategy at any of the agencies. Managers rather have separate incentives for keeping the best employees at the agency. Due to the reason that much cannot be done to raise the salary or give a promotion to an employee, managers emphasize training possibilities at the agency, the team spirit, if possible then a more flexible work schedule is created. Managers admit that the most important thing after all is the salary that employees value most. Managers think they cannot do anything to retain employees regarding salary. As found by Central Statistical Bureau of Latvia (CSBL), there is a difference in average gross wages per hour in public and private sectors – \$1.32 and \$1.14 respectively. These data show that public sector employees are better paid; however, they work more hours as well. Average number of hours actually worked per week – 37.6 in public sector and 35.4 in private sector (CSBL, 2001). Data showed that individual initiative is just as important in retaining employees as salary is. Managers can definitely do something to encourage individual initiative that employees value so highly and retain them more effectively. As for promotion, yes, employees consider it as very important for them to feel satisfied with their job and motivated to do better according to quantitative analysis.

In sum, all managers admit that a contest for a vacant position is organized. During this contest, managers evaluate professionalism, education and

experience of an applicant. According to managers, the recruitment process is fair. Newcomers are personally introduced to the organization and colleagues, which suggest that managers establish the bond between the agency and the new employees on the first day of job. Employees are also trained frequently and evaluated once a year. Managers acknowledge that learning, good working atmosphere, feeling of contribution are important in motivating employees. Other factors that influence employee attitudes towards agency are their salary and promotion opportunities. Both factors are problematic when it comes to practice. All managers admit that paying more to their employees and promoting them for a good work are something they want to give their employees, but are unable to do because of scarce resources at their disposal.

Summary

Quantitative analysis showing attitudes of Latvian public agencies' employees is supported by qualitative analysis that illustrates managers' actions and opinions about the same issues. Both employees and managers consider teamwork, fair recruitment, growth and learning possibilities, feeling of contribution, good working atmosphere and fair salary as very important for satisfaction, motivation, and retention. However, individual initiative and participation in decision-making process matter to employees more than to managers. In general, it can be said that managers know what is important and valued by their employees. As was argued by some authors, it is necessary for

managers to understand their employees well, in order to motivate them better.

Both qualitative and quantitative data show that managers in Latvia have a good basis for motivating employees – the understanding of employees' needs.

Interviews with managers revealed why some of the incentives, that were found important by employees, are rarely used in practice of public agencies. Managers explain that there are scarce financial resources and binding regulations, which do not allow the increasing of the salary. Sometimes agency's structure is organized in a way that excludes an opportunity to promote employees.

In general, the hypotheses were supported by results from data analysis. Fair recruitment, clear idea of open position's essential functions positively affect employees' satisfaction and retention as stated in hypothesis #1. Although hypothesis #2 states that open communication and delegation of authority help managers to motivate or retain employees, data do not support it. Data analysis showed that there are several other independent variables not considered by hypothesis but proved to be important by quantitative and qualitative data. These variables are the following: teamwork, feeling of contribution, working atmosphere and asking for employees' input affecting motivation; fair treatment, individual initiative and fair salary affecting retention.

CHAPTER 5

CONCLUSIONS

The aim of this research was to contribute to the understanding of recruiting, motivating and retaining employees at Latvian public agencies. It started by acknowledging literature that was written on the topic of human resources management focusing on the relationship between the manager and the employee. It is assumed by the author that the way employees feel at the workplace is directly affected by the way manager treats them. Literature is taken from American sources. It was done on purpose to see how American practice, opinions and values differ from the ones in Latvia. Literature review covers large number of topics including manager's role in recruitment procedures, job analysis, equal employment opportunity, evaluation of applicants, introduction of employee to the organization, training and education of employee, involving employees in decision-making process, controlling and giving autonomy to employees, communication, delegation of functions, and evaluating performance.

The hypotheses were stated as follows:

1. *A manager, who has a clear idea of an open position's essential functions and makes selection decisions based on job related, rather than more subjective and potentially discriminatory reasons, will be able to better recruit employees who are satisfied and will stay with the organization longer.*

2. Managers who engage in open communication, delegation of authority, and on-going training and education of workers will more successfully motivate and retain employees.

The U.S. is a developed country with long established democratic traditions and can be considered as example for developing countries, such as Latvia. It is clear from American literature sources that human resource practitioners and academics put emphasis on Theory Y-kind of approach to managing personnel. They have found that this human approach to personnel management increases employees' motivation, decreases turnover rates and costs. Main principles of human resource management taken from American literature and identified in hypotheses were tested in Latvian public agencies, proved to be true in general. In other words, fair recruitment and clear idea of open position's essential functions positively affect employees' satisfaction and retention both in Latvia and the U.S. Both quantitative and qualitative data analyses support the hypothesis #1. However, as literature on job analysis shows, agencies, which neglect doing proper job analysis, might jeopardize fair recruitment process. Hypothesis #2 assumes that open communication, delegation of authority and on-going training and education of employees help managers to motivate and retain employees better. Data showed that open communication does not explain either motivation or retention in Latvia. Therefore this part of the hypothesis #2 along with delegation of authority is not supported by data. It means that although American employees value open communication, Latvians do not consider it as a sufficient factor to be motivated or stay in the agency. Training

possibilities however play very significant role in motivating employees, which is proved both by quantitative and qualitative data. Therefore, it can be concluded that training opportunities at the workplace are important for motivation of both Latvian and American employees. There are also several independent variables not included in both hypotheses that nevertheless are significant in motivating, satisfying and retaining employees: teamwork, feeling of contribution, working atmosphere, managers asking for input, fair treatment, fair salary and individual initiative. These variables are proved to be important by regression analysis and analysis of the interviews.

As there is not much research done in the field of public agencies' employees in Latvia, it is interesting to find out what they value in their work, how they would like to be motivated and whether managers know what to do to recruit, motivate and retain better. Quantitative analysis of surveys showed that Latvian employees value teamwork and fair recruitment. If these two factors are considered, then employees will stay satisfied with their job. Employees are motivated when they have growth and learning possibilities, feel they are contributing to agency's mission, have teamwork, are asked for input, and they have generally good working atmosphere. Employees will feel secure about their job when treated fairly by the manager. Employees will stay longer with the agency if paid fairly and their individual initiative is encouraged. Things that motivate Latvian employees are mostly non-monetary incentives except for growth and training possibilities, therefore it can be said that it is the manager's job to ensure that employees' job is recognized and they are asked for input.

Teamwork, which can also be introduced in public agencies without any major financial investments, positively affects both job satisfaction and motivation. Growth possibilities are harder to satisfy according to managers due to the organizational structure and limited abilities to change it, but managers sending employees to State Administration School use training extensively. Employees also value it. Motivation was mentioned in the introduction as one of the problems in public service in Latvia. The above mentioned non-monetary incentives can be used more often and used to diminish the number of people that leave because they do not feel satisfied with their job or motivated to do the job. Retention, which was identified as another problem in public service, can be lessened by encouraging individual initiative, which is valued by employees just as highly as fair salary is.

It cannot be denied that Latvian employees' perceptions at workplace are probably still influenced by the experience when Latvia was a part of Soviet Union. There are major differences between the way people were recruited, motivated and retained during the time of occupation. Recruitment and promotions, at that time, were thoroughly based on the loyalty to the oppressive regime and Communist Party. Soviet *nomenklatura* was an instrument to maintain a political power over the country, therefore it cannot be considered as bureaucracy in a Western sense. Soviet *nomenklatura* was based on planning and assigning people for positions in agencies not recruiting them in a way that is described in Western literature. Now, civil service in Latvia develops to be impartial and neutral where recruitment is based on professionalism and skills

(Vanagunas, 1997). Data analysis shows that Latvian public agencies gradually adopt processes that are identified in literature as good human resource management, such as, performance evaluation, training and education, fair recruitment. However, Latvian employees also value fair salary, which usually is not regarded as primary factor increasing motivation or retention according to the American literature, and teamwork that was not discussed in literature and considered in hypotheses.

This research is one of the few that quantitatively proves the connection between the manager's style and employees' attitudes in Latvia and as such is a contribution to human resource management literature and comparative public administration. This research should be continued in a way to include more survey respondents so that generalizations could be made. Questions to the managers should be reconstructed so that more concrete and precise answers are given. Hypotheses should be expanded to include variables that data analysis proved as important in order to find out, for example, what impact teamwork or feeling of contribution has on satisfaction, motivation and retention. Another problem that should be addressed more is discrimination. As mentioned earlier, there are statistical data that show women receiving less salary than men. More research should be done on how nationality of an applicant influences recruitment process. Taking into account the history of Latvia where relationship between Latvians and Russians is rather strained, it can be anticipated that ethnical biases are involved during recruitment process. These are different

aspects that should be looked at in **the future research** but is beyond the scope of this research.

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I have opportunities to learn and grow					
I am given enough authority to make decisions I have to make					
I feel I am contributing to this agency's mission					
I feel I am valued by this agency					
This agency gives enough recognition for the work well done					
My salary is fair for my responsibilities					
I feel part of a team working towards a shared goal					
I believe my job is secure					
My workload is reasonable					
I can keep a reasonable balance between work and personal life					
My supervisor treats me fairly					
My supervisor treats me with respect					
My supervisor asks for my input to help make decisions					
My supervisor is an effective manager					
My supervisor is a leader					
Generally, there is a good mood throughout the agency					
I am proud to work in this state agency					
I feel that people get ahead primarily on the merits of their work					
I feel that men and women are provided equal opportunities to fulfill their career potential within this agency					

3. What attracted you to work in a public agency?

4. How long do you plan to continue your career in this state agency?

<input type="checkbox"/>	Less than a year
<input type="checkbox"/>	One to two years
<input type="checkbox"/>	Two to five years
<input type="checkbox"/>	More than five years
<input type="checkbox"/>	I don't know

5. Would you recommend working in the state agency to a friend?

<input type="checkbox"/>	Definitely not
<input type="checkbox"/>	Probably not
<input type="checkbox"/>	Maybe
<input type="checkbox"/>	Probably would
<input type="checkbox"/>	Definitely would

6. How long have you worked for this state agency?

<input type="checkbox"/>	Less than a year
<input type="checkbox"/>	One year to less than two years
<input type="checkbox"/>	Two years to less than five years
<input type="checkbox"/>	Five years to less than ten years
<input type="checkbox"/>	More than ten years

7. What is your age?

<input type="checkbox"/>	Under 21
<input type="checkbox"/>	21 to 34
<input type="checkbox"/>	35 to 44
<input type="checkbox"/>	45 to 54
<input type="checkbox"/>	55 and older

8. What is your sex?

<input type="checkbox"/>	Male
<input type="checkbox"/>	Female

Thank you for your time answering these questions!

Questions for the interview

1. What is the preparation process for hiring a person?
2. How do you attract applicants to your agency?
3. What do you evaluate in an applicant when you do the hiring? What is the procedure for that?
4. When a person is hired, how do you introduce him/her with the workplace?
5. How do you determine whether a person needs a training or additional education?
How do you determine what training a person needs?
6. Are there any values or principles that you base your hiring process on, for example, social equity, or diversity in the workplace?
7. What is your opinion about the manager's role in motivating employees?
8. What motivation mechanisms do you have at your agency?
9. What incentives do you use to motivate your employees?
10. What do you do to keep your employees from quitting the job in your agency?
11. How long have you worked for tis state agency?
12. What is your education?

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* The identity of three Latvian agencies is confidential in this research, therefore names or services delivered by these agencies will not be mentioned.