

Employee motivation and organizational performance

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Abstract. *The majority of organizations are competing to survive in this volatile and fierce market environment. Motivation and performance of the employees are essential tools for the success of any organization in the long run. On the one hand, measuring performance is critical to organization's management, as it highlights the evolution and achievement of the organization. On the other hand, there is a positive relationship between employee motivation and organizational effectiveness, reflected in numerous studies. This paper aims to analyze the drivers of employee motivation to high levels of organizational performance. The literature shows that factors such as empowerment and recognition increase employee motivation. If the empowerment and recognition of employees is increased, their motivation to work will also improve, as well as their accomplishments and the organizational performance. Nevertheless, employee dissatisfactions caused by monotonous jobs and pressure from clients, might weaken the organizational performance. Therefore, jobs absenteeism rates may increase and employees might leave the organization to joint competitors that offer better work conditions and higher incentives. Not all individuals are the same, so each one should be motivated using different strategies. For example, one employee may be motivated by higher commission, while another might be motivated by job satisfaction or a better work environment.*

Keywords: motivation, organizational performance, empowerment.

JEL codes: M54.

1. Introduction

All organizations want to be successful, even in current environment which is highly competitive. Therefore, companies irrespective of size and market strive to retain the best employees, acknowledging their important role and influence on organizational effectiveness. In order to overcome these challenges, companies should create a strong and positive relationship with its employees and direct them towards task fulfillment.

In order to achieve their goals and objectives, organizations develop strategies to compete in highly competitive markets and to increase their performance. Nevertheless, just a few organizations consider the human capital as being their main asset, capable of leading them to success or if not managed properly, to decline. If the employees are not satisfied with their jobs and not motivated to fulfill their tasks and achieve their goals, the organization cannot attain success.

People have many needs that are continuously competing one with another. Each person has a different mixture and strength of needs, as some people are driven by achievement while others are focusing on security. If the managers are able to understand, predict and control employee behavior, they should also know what the employees want from their jobs. Therefore, it is essential for a manager to understand what really motives employees, without making just an assumption. Asking an employee how he feels about a particular situation does not provide an accurate evaluation of his needs, as the interpretation could distort

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the reality itself. The closer one gets his perception to a given reality, the higher is the possibility to influence that specific reality. Thus, managers can increase their effectiveness by getting a better grasp on the real needs of the employees.

2. Literature review

Bartol and Martin (1998) consider motivation a powerful tool that reinforces behavior and triggers the tendency to continue. In other words, motivation is an internal drive to satisfy an unsatisfied need and to achieve a certain goal. It is also a procedure that begins through a physiological or psychological need that stimulates a performance set by an objective.

As compared to financial resources, human resources have the capability to create competitive advantage for their organizations. Generally speaking, employee performance depends on a large number of factors, such as motivation, appraisals, job satisfaction, training and development and so on, but this paper focuses only on employee motivation, as it has been shown to influence to a significant degree the organizational performance. As Kalimullah (2010) suggested, a motivated employee has his/her goals aligned with those of the organization and directs his/her efforts in that direction. In addition, these organizations are more successful, as their employees continuously look for ways to improve their work. Getting the employees to reach their full potential at work under stressful conditions is a tough challenge, but this can be achieved by motivating them.

On the other hand, Mary (1996) explains organizational effectiveness as the extent to which an organization fulfills its objectives, by using certain resources and without placing strain on its members. The goal model defines organizational effectiveness referring to the extent to which an organization attains its objectives (Zammuto, 1982), while the system resource model defines it in terms of the bargaining power of the organization and its ability to exploit the environment when acquiring valuable resources (Yuchtman, 1987).

2.1. Theory X and Theory Y

According to McGregor, a traditional organization, which has a centralized decision-making process and a hierarchical pyramid, is based on several assumptions about human nature and motivation. These assumptions are called Theory X by McGregor and consider that most people want to be directed, they do not want to assume responsibility and value safety above all. Moreover, this philosophy assumes that people are motivated by financial means and by the threat of punishment. Managers who embrace this theory are likely to supervise and control their employees, as they feel that external control is needed when dealing with irresponsible people.

Nevertheless, McGregor started to question the validity of Theory X, especially in the context of the contemporary and democratic society. Using Maslow's hierarchy of needs, McGregor concluded that Theory X is not universally applicable, as its assumptions about human nature are in many cases inaccurate. In addition, most of the management practices developed from these assumptions failed to motivate individuals to work for attaining the organizational goals. McGregor highlighted that these methods are not applicable to people whose physiological and safety needs are satisfied, while social esteem and self-actualization needs are becoming more important. Moreover, he considers work very similar to play, as both are physical and mental activities. Nevertheless, under Theory X management, there is a clear distinction between them, as on the one hand play is controlled by the individual, while on the other hand work is controlled by others. Therefore, people look for any excuse not to go to work, in order to satisfy social and self-actualization needs, especially if they have enough money for the basic needs. Under these circumstances, people do not find work challenging at all and consider it more like a necessary evil.

On the other hand, Theory Y practices focus on creating a pleasant work environment and aligning the individuals' goals with the organizational goals. In these organizations, the productivity levels are high and people come to work gladly, as the works satisfy their superior needs. This theory considers that people are not lazy and unreliable. On the contrary, it assumes that people can be self-directed and very creative, if they are motivated properly. Subsequently, one of the main tasks and challenges for management is to exploit the

full potential of each employee. Motivated people will achieve their own goals by focusing on attaining the organizational goals.

Nevertheless, we cannot draw the conclusion that Theory X is bad and Theory Y is good. On the contrary, these theories are attitudes towards employees. Although, generally speaking, a manager should base his/her assumptions on Theory Y, there are cases in which a directive and controlling behavior is required, as to help some people develop, until they become creative and self-directed. One employee may be motivated in his work with higher commissions, whereas other employees may be interested in a better working environment (Tietjen & Myers, 1998).

2.2. Pattern A and Pattern B

Chris Argyris has identified and discussed behavior patterns A and B, in addition to Theory X and Y. On the one hand, Pattern A reflects the interpersonal behavior, group dynamics and organizational norms that are associated with Theory X, while on the other hand, Pattern B represents the same phenomena but associated with Theory Y. Pattern A individuals are not open, reject experimenting and do not perform properly in teams. In contrast, Pattern B employees are open, enjoy experimenting and also encourage others to act similarly. Even if Theory X is usually associated with Pattern A individuals and Theory Y with Pattern B individuals, some managers could be XB or YA. XB managers have negative assumptions about employees, but they usually are supportive and encourage individuals to be creative, as they have learned from experience that in this way they will increase productivity. In addition, XB managers engage in supportive behaviors, as they want to integrate in the organizational environment. On the other hand, YA managers control and supervise people, although they generally assume people are independent and self-motivated. These managers use pattern A behavior as they are trying to help individuals develop the skills and competencies needed for creating an environment where they can act as YB managers (Hersey et al, 2001).

2.3. Informal work groups

Generally speaking, informal work groups have the power to control the behavior of their members and therefore, influence the level of productivity. George Homans developed a model of social systems to explain from where their power comes to influence individuals' behavior. Homans identified the three elements that compose a social system: activities, interactions and sentiments. Activities are the usual tasks employees perform, interactions are the behaviors between people while performing the tasks and the sentiments are the attitudes that occur between individuals. Although these concepts are distinct, there is a strong and mutual dependency between them. As a result, any change that happens in one of these elements will influence the other two.

In any organization, certain activities, interactions and sentiments are required from its members otherwise they would have to leave. Therefore, certain activities should be done by people that work together and be satisfying for people to continue working within the organization. As people work together they develop sentiments, therefore it is essential to create the premises for developing positive sentiments. Moreover, if the sentiments are becoming more positive, people will enhance the interactions between them. If this process continues, people will develop similar sentiments and behaviors. Once the cohesion of the group increases, the group will also develop expectations and norms that highlight the accepted behavior of the people in specific circumstances.

Therefore, if the group is significantly cohesive, the members would not want to leave and they will embrace the norms quickly. If there are situation when people deviate from the norms, they will be either sanctioned or forced to leave the organization. A strong informal group should not be seen as an issue for the

organization, as it can help improve the overall performance. Therefore, it is essential to help them integrate and align their own goals with the ones of the organization.

3. Increasing interpersonal competence

Management based on Theory X assumptions is still widely practiced, although McGregor and others consider it as being outdated. Therefore, there are many companies that still use it today, although it considers people as being immature and lazy at the workplace. Argyris considers that bureaucratic-pyramidal values lead to poor and superficial relationships between the members of an organization. Moreover, these relationships are not authentic and lead to low interpersonal competence, as they do not allow the natural expression of feelings. Further on, Argyris points out that an environment that is not psychologically safe is a proper ground for conflict, rigidity and low performance.

On the other hand, if management emphasizes on humanistic and democratic values, authentic relationships developed on trust will develop among people, leading to higher interpersonal competence and organizational competence. In such an environment, people are given the opportunity to develop to their full potential and management strives to create an exciting and challenging environment. The members of the organizations are treated as persons with a complex set of needs and are given the chance to influence the way in which they relate to work and environment.

The bureaucratic-pyramidal values that dominate most organizations have lead to many issues. Therefore, individuals have to change in order to make the transition toward mature people. First, they need to move from a passive attitude to a state of activity. Next, they should develop to a state of relative independence and start behaving in many ways. Moreover, the members should develop deeper and stronger interest, while having a long-term perspective. While in traditional organizations members are subordinate to everyone, they should move to equal or superior positions as adults. Last but not least, the individuals should not only become aware of themselves but also be able to control themselves. Although these changes are only broad tendencies, they provide insightful information regarding the matter of maturity. The norms developed inside the groups limit the expression and the growth of individuals, but the natural tendency is to move towards maturity with age. Nevertheless, there are a handful of persons that are able to develop to full maturity.

In most of the cases, employees do not develop to maturity due to management practices that give them minimal control and independence, rather than because they are lazy or lack self-awareness. Usually, organizations are created to achieve certain objectives, so employees are fitted to the job. Moreover, the management of these organizations tries to increase organizational and administrative efficiency by transforming the workers into interchangeable parts. Decision-making is held by several persons from top management and the rest of the members are strictly controlled through budgets, incentive systems or standard operating procedures. The jobs are designed in such a way that makes work unchallenging and repetitive.

As I have already pointed out, needs such as esteem and self-actualization are more important for people as they develop. Herzberg (1964) identified two different categories of needs: hygiene factors and motivators, which are independent and influence behavior in different ways. People that are dissatisfied with their jobs are concerned about the work environment, while satisfied individuals feel comfortable with their jobs. The first category (hygiene factors) refers to organizational policies, supervision, working conditions, money security or interpersonal relations. Although these factors are not an intrinsic part of the job and they do not influence the worker's output capacity, but they prevent low performance due to work restrictions. On the other hand, the second category is represented by factors that involve feelings of achievement, professional growth and recognition. These factors do not only have a positive effect on job satisfaction, but they also increase one's total output capacity. When hygiene factors are satisfied, they will eliminate dissatisfaction and work restrictions, but they have no impact on achieving superior performance. On the other hand, enhancing the motivators will help an individual to grow and develop. Therefore, hygiene factors influence an individual's willingness and motivators affect an individual's ability.

If one knows the high-strength needs of the individuals, it is possible to set the goals that will create the environment to motivate those persons. Similarly, if one knows the goals of those individuals, one can predict their high-strength needs. These predictions are possible as it has been demonstrated that money and benefits satisfy needs at the physiological and security levels, interpersonal relations and supervision are hygiene factors that satisfy social needs, while increased responsibility, challenging work and growth are motives that satisfy needs at the esteem and self-actualization levels.

In addition, people with high achievement motivation tend to be interested in the motivators. People who are motivated with achievements want to know how well are performing their tasks. Oppositely, people with low achievement motivation are concerned about the work environment and want to know how others perceive them rather than their job efficiency.

Taking into account overspecialization leads to repetitiveness and low levels of motivation, researchers have researched ways to enhance the job satisfaction. Therefore, workers could gain more satisfaction at work if the managers enlarge their jobs (job enrichment). In other words, the number or the variety of tasks should be increased for the employees, as this will also increase their level of performance. In order to achieve these results, the tasks should be redesigned and the workers should be given more responsibility (horizontal and vertical job expansion). In order to foster growth and maturing, both horizontal and vertical job expansion are required. If people are involved in the planning, organizing, motivating and controlling of their own tasks, they will satisfy their esteem and self-actualization needs, and increase their performance.

Managers should be aware of the differences between motivation and satisfaction. On the one hand, motivation is influenced by forward looking perceptions about the relationship between performance and rewards, while on the other hand, satisfaction is the result of past events and refers to people's feelings about rewards they have received. Therefore, this distinction is important when trying to improve the organizational performance, as they need to focus on all the possible means to enhance motivation.

In order to sustain their competitive advantage, nowadays organizations have to adapt to the latest technologies and to face globalization. As Ford (2005) noticed, the inevitable challenges that organizations face are the economic, social, political and technological changes, all of them taking place in the external environment. Nevertheless, adapting to these changes can be an opportunity and a source of motivation for sustaining the competitive advantage. All these changes have a direct and significant impact on the employee motivation, as the organizations need to invest into getting the most intelligent and committed workers. However, managers are reluctant to redesigning the work place, as they either distrust the employees, have financial issues or the levels of ambiguity are high. The most used strategies to reduce costs are the implementation of new technologies, cutting down the number of employees and outsourcing. These changes in the internal environment might have a negative impact on employee motivation, as they might feel that the organization is becoming less loyal and dependable to them (Boldman et al, 2003).

4. Factors enhancing employees' motivation

Employees want to earn reasonable salaries, as money represents the most important incentive, when speaking of its influential value (Sara et al, 2004). Financial rewards have the capacity to maintain and motivate individuals towards higher performance, especially workers from production companies, as individual may use the money to satisfy their needs. Therefore, pay has a significant impact in establishing employees' diligence and commitment, being a key motivator for employees. Nevertheless, studies have shown that pay does not boost productivity on the long term and money does not improve performance significantly (Whitley, 2002). Moreover, focusing only on this aspect might deteriorate employees' attitude, as they might pursue only financial gains. Fortunately, there are other non-financial factors that have a positive influence on motivation, such as rewards, social recognition and performance feedbacks.

Numerous researches have also pointed out that rewards lead to job satisfaction, which in turn influence directive and positively the performance of the employees. Moreover, rewards are one of the most efficient tools of management when trying to influence individual or group behavior, as to improve organization's effectiveness. The vast majority of companies use pay, promotion, bonuses and other types of rewards to motivate employees and to increase their performance. In order to use salary as a motivator, managers have

to develop salary structures, according to the importance of each job, individual performance and special allowances.

Employees can also be motivated through proper leadership, as leadership is all about getting things done the right way. In order to achieve these goals, the leader should gain the employees' trust and make them follow him. Nevertheless, in order to make them trust him and complete their tasks properly for the organization, the employees should be motivated (Baldoni, 2005). The leaders and the employees help one another to attain high levels of morality and motivation.

Trust represents the perception of one individual about others and his willingness to act based on a speech or to comply with a decision. Therefore, trust is an important factor for an organization that wants to be successful, as it has the ability to enhance employees' motivation and foster interpersonal communication.

Irrespective of the degree of technical automation, attaining high levels of productivity is influenced by the level of motivation and effectiveness of the staff. Therefore, developing and implementing employee training programs is a necessary strategy to motivate workers. In addition, a good communication between the managers and the workforce can instigate motivation, as the degree of ambiguity decreases.

4.1. Empowerment and organizational performance

Empowerment is defined according to Bennis (1989) as an approach to leadership that empowers subordinates as a main constituent of managerial and organizational effectiveness. Moreover, employees are given authority and the freedom to make decisions, which encourages them to discover and use their full potential. Having more control over their own jobs is the main driving force of empowerment that encourages growth and better productivity. Therefore, the empowerment process focuses on solving the problems of the organizations by people. Furthermore, empowering makes workforce feel appreciated and that their feedback on performance is valuable for the organization. The contribution of the employees and their participation in designing the organization are essential for the well-being of the organization, as individuals should do efforts in the environment where they are responsible for their actions.

Empowerment gives people responsibility and authority to act as if they are in control of their own destinies. It is essential for an organization to recognize the quality and the results of the employees' work, as next time they will be even more efficient to get more recognition.

Employee participation and empowerment is about the contributions of the employees in administration and decision-making regarding the policies, objectives and the strategies of the organization. Studies have shown that employees' perception of the goals and the norms of the organization are positively related to employee motivation. Taking into account that high levels of motivation can be achieved through empowerment, this process also leads to organizational growth.

Customer satisfaction can also be achieved through empowerment, as employees can make quick decisions to solve the problems without having to ask the manager what to do. Moreover, increased autonomy increases the productivity and enhances their capabilities and motivation to accept new challenges and solve them. Proper remuneration and empowerment combined are imperative if an organization wants to obtain greater dedication and trust from its members. If the employees are loyal to the organization and highly motivated, superior levels of effectiveness and growth can be achieved by the organization.

Employee involvement and empowerment are two aspects that should not be overlooked as it increases commitment and understanding. Therefore, employees will be less likely to be resistant to changes and not only feel valued by the organization, but also come up with important information, as they are in direct contact with the customers or with the operational processes.

On the one hand, autocratic leadership and top-down decision-making create a rigid work environment where employees are given orders to achieve certain tasks. In these organizations, innovation is suppressed and motivation decreases, which has in turn a negative impact on performance. On the other hand, satisfied and motivated employees will contribute to enhanced organizational productivity, which leads to better profits.

5. Concluding remarks

People seek security and the underlying needs are fundamental to people's existence. After these needs are satisfied, people will focus more on job performance. People also see social systems, so the sociability aspect of effective organizations cannot be neglected. Last but not least, personal growth is also important to people, as self-actualization and the need for achievement and growth are very powerful needs that influence the development of effective organizations.

Management should evaluate employee suggestion scheme and use the feedback from the workforce to improve the organizational environment and fulfill their needs and skills. People are different and they are motivated by diverse needs, such as physiological needs, safety requirements and self-actualization needs. Thus, focusing on employees at every level of the workforce and analyzing each department of the organization will provide detailed accurate information regarding the needs of employees.

A motivated and qualified workforce is essential for any company that wants to increase productivity and customer satisfaction. In this context, motivation means the willingness of an individual to do efforts and take action towards organizational goals. The challenge for any manager is to find the means to create and sustain employee motivation. On one hand, managers should focus on reducing job dissatisfaction (working conditions, salary, supervision, relationship with colleagues), while on the other hand should use motivating factors such as achievement, recognition, responsibility and the work itself.

Employee participation and empowerment do not only enhance efficiency, growth and innovation but they also increase employee motivation and trust in the organization. If employees feel appreciated for their work and are involved in decision-making, their enhanced enthusiasm and motivation will lead to better productivity and loyalty.

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ISSN: 2247-6172;

ISSN-L: 2247-6172

Review of Applied Socio- Economic Research

(Volume 5, Issue 1/ 2013), pp. 60

URL: <http://www.reaser.eu>

e-mail: editors@reaser.eu

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