

IMPACT OF HUMAN MOTIVATION ON EMPLOYEES PERFORMANCE

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Abstract

Although the link between economic growth and employment is well documented in the economic literature, this study aims to illustrate how certain human resource management practices contribute to the performance of an organization. It will review the literature on the interconnection between the effects of change and employee performance, impact of stress on efficiency, the effects of financial or non-financial incentives on performance. This paper will answer the question: can a strategic human resources policy lead to increase performance in organizations? In this way will be formulated two hypotheses: the effects of extrinsic motivation on performance vs intrinsic motivation - hypotheses to be tested in future research.

Keywords: *stress management, organizational performance, extrinsic motivation, intrinsic motivation;*

JEL Classification: J53, L25, O157

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1. Introduction

At the core of any human behavior there are always endogenous or exogenous factors. The interaction between the two categories of factors is conditioned by instincts, habits, wills. When the willingness plays a leading role we speak about motivation. Every behavior is motivated when he is

aware desired. People are the most powerful force and the basic resource of any organization, and when they are motivated, the organization is performing better and better. There is no miracle to stimulate motivation; motivation sources are neither unique nor perennial nor immutable. Starting from the idea that motivation is, above all, to know how to give reasons for each individual to act, we can say that motivation is the decisive factor in the development of any organization. This research aims to operate with concepts such as intrinsic motivation and extrinsic motivation in order to identify the most effective means of control and human resource performance management.

2. Interconnection stress - efficiency - performance in the organizations

People need interesting work, appropriate working conditions and the chance to feel valuable to be effective in the organizations in which they work. The contribution to organizational success is not valued, leading to the failure of deadlines, low productivity, absenteeism and inefficient decision making. In general, the man needs a certain level of stress to have an interesting life. The optimal level of stress varies from person to person and from one situation to another, leading to poor decision-making process when its level increases. Stress may decrease productive thinking and increase thoughts that distract. The stress is higher, the higher the risk of making a decision is for which there would have been choosing to at stress free conditions.

When the consequences of workplace stress is manifested in a significant number of employees, the problem is at the organizational level - which means that if 40% of the employees from a group (department or entire organization) are affected by organizational stress problems, the whole group is unhealthy and efficiency in the organization will be of course low (European Commission, 20120.)

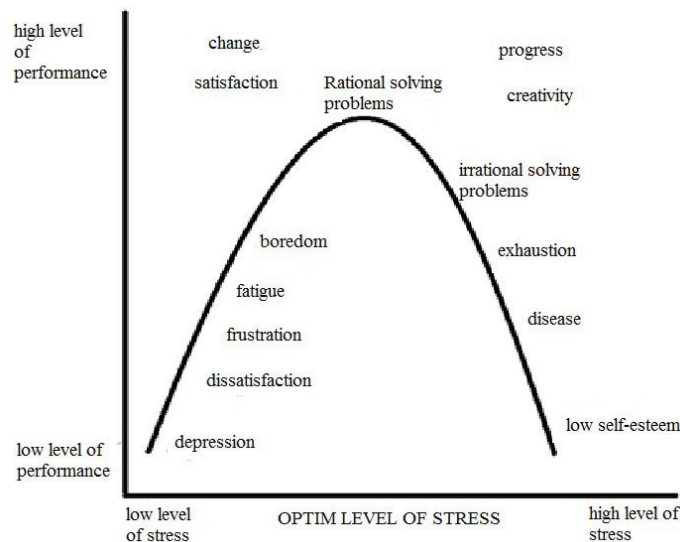
The most common effects of stress on work performance are: reduced availability for work involving a high rate of employee turnover, absenteeism, low job performance and productivity, increased customer complaints and increase of complaints for lack of compensation from employees (Dumitriu M, Cirkovic, 2012).

People can come to work under pressure, stress, but in this case, they will not perform very effectively - which is called presentism¹ activity. Figure 1 shows the relationship between stress and performance. The graph

¹The presentism occurs when people spend too much time at work, even if they are sick or if they should have taken holidays; they want the employer to see them working all the time. (Dumitriu M, Cirkovic M., 2012)

shows that too much or too little organizational stress results in minimal performance quality.

Figure 1. Stress and professional performance.



Source: Adapted from M. Dumitriu, M. Cirkovic 2012

Solving problems irrational and poor state of health of the employees are the symptoms of excessive stimulation, while boredom and depression are symptoms of insufficient stimulation. Exhaustion at work, presented in the literature as job burnout is not just an individual problem. This decreases the effectiveness of training of employees, reduces positive communication with supervisors, increased absenteeism and even result in leaving the organization in which the affected person work. In 1990, the Japanese Ministry of Labour found that 10,000 of employees die annually because of working overtime hours. Among them were even famous businessmen, who before had no other health problems (Vague P., 2007).

In order to capitalize proper human resources, managers need to understand the differences that exist between employees can lead to measures to improve work performance if they are valued and set correctly.

Employee evaluation methods proposed in the specialty literature abounds in examples: graphic rating scale method, the method of checklists, simple comparison, comparing on pairs, forced distribution, personality tests, critical incident essay, a review of a specific domain,

complex evaluation methods: based on behavior, assessing the results (Spitzer D., 1996). Objective evaluation is setting a conducted link between the performance and reward granted, stimulating the motivation of employees to achieve performance. This is achieved only when the assessment is correct and awards are done based on this element.

Another objective of the evaluation is the detection of performance employees with good results and sectors where they need improvement. Edwin Locke and Gary Latham (1984) make the following conclusions on performance measurement¹:

- The stimulating and accurate objectives leads to a better improvement than vague objectives, like, do your best, give it your best;
- The most successful and motivating goals have two characteristics. First the goal should be as precise as it may be, including a time limit, where possible. Secondly, the aim should be stimulating, but achievable.
- Positive feedback on the performance of the employee gives the feeling of achievement, recognition and fulfillment;
- Only feedback alone will not improve the performance, but if it lack from a performance evaluation system, it will not progress;
- The objectives set by employee through his participation and acceptance it lead to a substantial improvement in performance. Participation is important, but only to the extent that leads to setting objectives difficult.
- Competition influences productivity by encouraging employees to get involved in that goal. In other words, a direct competitive environment does not motivate performance, but convinces employees to accept targets, which then causes them to struggle to meet them.

The authors deliberately chose to use the term management performance than simple performance evaluation to indicate that the area of interest is the whole process and not just an annual review. According to Armstrong, M. (1997), performance management is a way to get results of individual, group and organizational best by understanding performance in an agreed framework of planned objectives and requirements on standards and competencies.

¹ Performance management has emerged in the 1980s, incorporating the philosophy of management by objectives and the importance of regular review of performance against objectives accepted. (E. Lukacs, 2002)

3. Effects of emotional and material incentives in the organization's performance

Of the many factors that influence performance, motivation plays an important role. Thus, behavioral acts do not occur free in their base there are some internal motives that boosts the activity and support it in an energetic manner. It is impossible to study theories of motivation, without speaking of the *whip and carrot*¹ in other words the use of rewards and sanctions to induce desired behavior.

Economists and a good part of managers, unlike specialists in human behavior problems tend to place the money in the first place among the factors of motivation. None of the views of the two categories of specialists is probably correct. But if money must become the kind of motivator that can and should be, managers should consider the following (CO Donnell, 1992):

- Money seems to have greater importance for those who have a family, than for those who already have financial independence. Money is a means to achieve a minimum standard of living, which tends to increase as the economy grows and people earn more.
- In most companies, the money is used as a way to retain staff as employees and not as a motivator;
- remuneration practice within the same companies, managers' behavior caused that money as motivators to lose interest; managers usually are interested, first, to ensure equity in remuneration - persons that occupy positions of comparable level should receive approximately the same salary. According to the two-way theory of motivation, in this case, money is a hygiene factor rather than a motivator;
- If money should be an effective motivator factor is important that employees who occupy the same job or are located on the same hierarchical level, to have salaries and bonuses according to their individual performance;
- Money cannot motivate unless the amount is relatively large in relation to the total income of the employee. Many times, salary increases are not significant enough to motivate employees. These additions to wages may prevent an individual to become dissatisfied or search for another job, but not significant enough to be linked to performance, which is not a very

¹ Phrase that originated in a fable, according to which the best way to determine a mule to move forward is to put a carrot on his nose and beat his back with a bat. (Vagu P., 2007)

powerful motivator factor. Money is the most obvious way that organizations use to reward employees.

Conflicting opinions about the amount of money necessary to motivate at work dates from the period when they were formulated theses of human relationships. The advocates of this theory argues that greater importance have social needs of people, while scientific management theorists argued that material rewards leads to economic growth.

The nature of incentives for employees to get a positive trajectory of the motivation axis - performance - reward - satisfaction depends largely on at least the following elements (Padurean V., 2004):

- Nature of the activity;
- The level of training;
- Conditions of work;
- The expectations of employees;
- The objectives of the organization.

Emotional incentives, by their nature, are fortified stimulus that influences long-term activity of each individual, its performance, increased motivation, satisfaction and performance obtained. The emotional incentives, because they act by excellence on the psyche of employees, require a specific approach from management regarding the nature and methods of their application to individuals and groups.

Expected results following the application of the emotional incentives to individuals will be achieved only if individuals will know in advance the intrinsic value of these incentives. Among individual emotional incentives, the most popular and high impact on employee should be mentioned (D. Spitzer, 1996):

- Promoting on a higher post;
- Job enrichment through increasing scope and depth;
- Providing professional titles or honors;
- Praising in front of the team or during the meetings of the organization;
- Laudatory articles in the press.

As individuals are motivated by providing emotional incentives, in a similar manner the group of employees should be encouraged to increase motivation. There are different views of many analysts and researchers work study showing that groups cannot be motivated only individuals can be (Vagu P., 2007).

Practice shows that where are set clear aims to be achieved for certain groups and performance depend on a very high proportion of the group's collective action are necessary and mandatory incentives granted to the whole group. Of these the most common are:

- Granting diplomas to the whole collective;

- Laudatory articles in the press;
- Filmmaking with group work and presentation within the organization at various events;
- Direct dialogues with senior management of the organization.

Group incentives are a very effective way to form a strong spirit within the collective, to encourage the team and at the same time to create a sense of interdependence among group members.

Each individual having a unique personality, will react at work in a different way from the application of different stimulus, also will react differently from other members of the group to which it belongs, so the interaction among the members of the group will be influenced by the nature stimulus and his attitude towards work, these two elements being very difficult to control by managers. In the end, the application of incentives is a very difficult work, yet very important with immediate impact on behavior, motivation and satisfaction of individuals and groups in the organization.

Material incentives can be divided into individual incentives, such as: salary, bonuses, commissions, annual or periodic premiums, profit sharing, equity awards - and group incentives such as free trips organized by the company, free tickets to various shows or sports activities, free work equipment (E. Lukacs, 2002).

Giving material incentives must be done in at least: the following conditions

- To appreciate the results of each individual in order to not over stimulate some employees and under stimulate other employees;
- Amount incentives to be substantial in order to have an impact on individuals;
- To exist legal basis and internal rules for the implementation of incentives;
- To create some competition within the group so that the consequence of granting incentives not to diminish its business activity.

Taking into account all that have been mentioned above one could say with certainty that incentives and procedures for granting constitutes a scientific process and that this process involves a professional action of managers who give proper importance to this important segment of their business. Emotional and material reward systems, before being implemented, should have a large popularity in organizations so that individuals or groups to act knowingly, reward systems elements must be so well known as plans and production standards for performance and behaviors recorded by the organization following the granting of rewards to be those desired.

4. Intrinsic motivation and intrinsic motivation within the organization

Staff motivation is one of the traditional themes of study of organizational behavior. The motivation, reward word has a broader meaning than mere money or satisfaction with which this word is commonly associated. The most widely used classification of rewards is that it groups the rewards intrinsic and extrinsic rewards.

The basic idea of the needs motivation theory - Maslow and Herzberg, is to make a clear distinction between extrinsic reward - separate payment for the work tasks (salary, job security, promotion of employment opportunity) and intrinsic reward - reward linked directly of the work (feeling achievement, satisfaction of performing the task work). Intrinsic rewards are directly related to a task, the execution of specific works and the yield obtained. This is the case for example of the sense of satisfaction that attempts the individual when performing a very complex project. This reaction, specific to any individual, is part of the motivation. Friendship and communication incurred in working process are also considered intrinsic rewards. Natural intrinsic reward is self-managed, meaning that is generated by the individual who faces the task. It is the sense of obtaining success being sought, content and importance of the task fulfilled, of self-esteem. Major sources of intrinsic reward are a sense of competence, personal professional development and self-employment. In contrast to extrinsic rewards, intrinsic rewards and motivational stimulus are internal and do not depend on the actions of other individuals. It is about a phenomenon of auto tuning, to the extent that the individual is the one who assigns a reward and not another person, such as for example, his superior (Vagu P., 2007).

The safest way to ensure intrinsic rewards is the creation of appropriate working conditions, clearly wording the tasks. Intrinsic rewards resulting for example from freedom to create or take, of the opportunity to learn or to transform knowledge of job satisfaction and recognition met. Intrinsic motivation is what causes the performer to give the maximum possible in his work for the simple satisfaction of a job well done, its job or working position occupied by him being constituent of a set of tasks that he must perform. When managers define the tasks of performers, from which they obtain intrinsic rewards, they must take account of factors likely to motivate these performers (F. Herzberg, 1988):

Individual needs + Work assigned characteristics + Work framework → Have a bearing on the efficiency and satisfaction in work.

Intrinsic rewards management is an additional responsibility to managers. The manager must devise tasks to subordinates so that they get the right intrinsic rewards as a result of their work. He also must define the

tasks of each employee so that to obtain maximum intrinsic reward (Schermerhorn A., A. Templer, 1994).

Extrinsic rewards have their origin in work positively assessed and issued to a person by another person within the working environment. These are significant external reinforcement measures or consequences of the working environment and can have effect under the law, a considerable influence on professional behavior. Whether the intrinsic reward the ones who provide reward and its beneficiary are the employee themselves, none other interfering in this process in the case of extrinsic reward and his motivational stimulus originate outside the individual. It follows that the reward does not appear in the task and is attributed to the individual by the organization where he operates. Extrinsic reward includes: salaries, their size premiums, promotion at work, state symbols and prestige, recognition of merit and other benefits - additional leave, company car (Schermerhorn A., A. Templer, 1994).

The relationship between the employee and the employer can be considered as an exchange relationship. While employees offer time, skills, ability, talent, receive rewards. Four alternative systems determine the nature of this exchange. In pure form, each leads to a system of validation substantially different rewards (R. Kreitner, Kinicki A., 1998). These are: profit maximization, fairness, equality and need. These systems show that rewards should be granted according to the needs of employees rather than according to their contribution to the overall result. This is mainly explained by the fact that it puts too much emphasis on monetary rewards, the rewards without so much effect of appreciation that extensive benefits become standard, that sometimes counterproductive behavior is rewarded, that there is a time very high between performance and rewards that the use of extrinsic compensation excessive.

Conclusions

Motivation remains a vital factor in the performance of workers. When workers are not motivated to produce a domino effect on the entire company produces that ultimately leads to poor performance.

When an activity is focused only on one type of motivation: intrinsic and extrinsic motivation level is weak. Extrinsic motivation does not imply outstanding performance in the long term, people working just to get rewards - and after they obtain, they stop. In the case of intrinsic motivation, the main attention is not directed to the development and strengthening of desired reasons for the subject rewarding to take action, but rather the weakening of those reasons which prevent efficient use of labor. The differences between intrinsic motivation and extrinsic motivation are very

important, the manager cannot use them both in the same way in motivating employees.

To determine how and in what proportions can be used both types of rewards to motivate, the management team should determine which the needs of employees are. Sometimes the rewards are not a motivator. Although great efforts are being made - money and time - for greater efficiency in the organizational system of rewards, the desired motivational impact often is not reached. This is mainly explained by the fact that it is not known the resource that wants to be motivated. For a system to be considered effective, it must attract people qualified, talented and motivated to meet their needs once they were engaged in the organization. In addition a good reward system must support growth, professional development and to motivate those effective in not leaving the organization.

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