



World Scientific News

An International Scientific Journal

WSN 111 (2018) 111-120

EISSN 2392-2192

Employee motivation phenomenon

Edyta Woźniak

Faculty of Management, AGH University of Science and Technology,
10 Gramatyka Str., 30-067 Cracow, Poland

E-mail address: woz-edyta@o2.pl

ABSTRACT

The article presents the employee motivation phenomenon. Thanks to the use of literature review methods, theoretical aspects of the issue were discussed and possible models of motivation, financial and non-financial elements of motivation were presented. The article constitutes the synthesis of employee motivation theory and includes the explanation of how motivation affects employee behavior. The aim of this study is to present motivational models, because the motivation of employees is a difficult and demanding task for employers and managers. Enterprises are focused on multiplying profits, development and maintenance of competitive positions on the market, thus it is necessary to properly motivate and search for new solutions covering financial and non-financial incentives. Considering high costs of retention of the employee in the organization, it is rational to identify, analyze and criticize the theories of motivation underlying the retention of employees in organizations. Low level of unemployment can force many organizations to re-examine their employees' retention strategies as part of their efforts.

Keywords: motivation, human resource management, remuneration, employment stability

1. INTRODUCTION

There are thousands of enterprises in the country that conduct various economic activities. Each of them is focused on multiplying profits, development and maintenance of

competitive positions on the market. The success of the enterprise depends not only on the amount of its capital, but also on the appropriate, motivated and managed human capital. It is employees with experience, competences, values and readiness to act and develop that are the basis of intellectual capital and the factor of the company's competitiveness.

The creation of human capital, its development is performed as part of the company's personal function by undertaking actions associated with the recruitment of employees, development, remuneration, their evaluation, communication and shaping interpersonal relations. The aim of these actions is to increase the effectiveness of the enterprise by strengthening the engagement of employees and stimulating them to more effective work (Cramer, 1996). The success of the enterprise depends on proper management, as a result of which assumed goals are achieved.

The key challenge of the manager is to skillfully identify and get from each employee what is the best and most useful for the whole organization. However, this can only be achieved by the appropriate motivation of the employee to act efficiently.

Financial motivation of the employee consists in the application of remuneration strategies that will mobilize more effort and achieve the company's set goals, as well as inducing loyalty and attachment of employees to the employer. Individual approach to the employee and throughout examination of his/her needs is important. This will allow to create and adjust individual remuneration packages. The remuneration package of these employees is enriched with additional benefits aimed at helping to adapt in the new environment. Long-term non-financial incentives that are associated with the development of employees and possibility of promotion have profound effects on the motivation of the employee.

Non-financial motivation should create the possibility of development understood as an attractive training, possibility of promotion or help forums in combination with professional and personal life.

The aim of this article is to indicate motivational models, because motivation of employees is a difficult and demanding task for employers and managers. Enterprises are focused on multiplying profits, development and maintenance of competitive positions on the market, thus it is necessary to properly motivate and search for new solutions covering financial and non-financial incentives.

2. AIM AND STRUCTURE OF MOTIVATION OF EMPLOYEES

Human nature shows that he/she is not able to work without the remuneration received. History confirms that the man worked only for material benefits. The exception was slave labor, which did not bring any income. Already in the Middle Ages, goods or products were obtained for the work performed. Most people work for monetary profits, which are the main stimulus contributing to making decisions about taking up a job by people. The remuneration received is a prerequisite for satisfying basic needs, which include physiological needs or safety needs. The remuneration is treated as a motivational stimulus and a basic motivating tool. The inner strength of the man that regulates his/her behavior is motivation. Currently there are many motivational tools that will be discussed later in the article.

Referring to the source literature (Bedeian, 1993), he states that that "motivating in a general sense is a set of forces that make people behave in a certain way." According to (Ferratt, 1986), motivating is "a conscious and purposeful influence on the behavior of people

in the work process, using knowledge about the factors determining them." (Fitz-enz, 1997) states that "motivating is the process of reaching the motivation of employees. Calling the readiness to a specific basis and action." When implementing the motivation process in the enterprise, we can influence employees in a specific way and make their work more effective, which will bring greater benefits for the enterprise.

The source literature illustrates that these are many ways to motivate employees. Methods of motivation can refer to feelings and features of individual units. Employees are stimulated to achieve their goals through a variety of stimuli. There are many approaches to employee motivation methods (Dessler, 1999).

You can motivate the employee in a variety of ways. The motivational function includes the base of tools for guiding people and encouraging them to perform work more effectively. The main tool of motivation is the risk of job loss. Important tools used in enterprises are a wide range of rewards. The main tools are cash benefits, which include the increase of remuneration, bonuses and possibility of promotion. Currently, financing foreign trips for the best employees is a popular tool. The motivating stage is very important knowledge thanks to which the employer can use many methods to obtain the expected result of the motivated employees and increase in profit by the company's staff (Griesser, 1993).

In the process of motivating employees, there is a number of tools influencing employees' motivation. The employer has the possibility to influence the work performed by employees. The basic factor is the remuneration, as well as bonuses for work performed. F. W. Taylor claimed that the employee is mostly motivated by the money, and the employee will perform better such tasks, which would result in higher remuneration (Ferratt, Short, 1990). According to (Mitchell, 1982), the employer has the authority of remuneration consisting in the fact that the supervisor has the right to reward the employee whom he/she wants to influence, but rewarding should be closely connected with the level of performance of tasks by the rewarded person. (Muhammad, 1990) points out that in each remuneration range there is the uncertainty as to remuneration decisions - this fluctuation may give rise to employees' suspiciousness towards the employer. Therefore, it is important to gain trust and loyalty between the employer and employees.

The article is the synthesis of motivation theories of employees and the explanation of how the motivation of the employee influences the behavior of employees at work. In addition to the explanation why it is so important to stop critical employees, the theory of motivation was described and the resulting implications of employee motivation theory regarding the development and implementation of employee retention practices were presented. In today's business environment, the future belongs to those managers who are able to effectively manage changes. In order to manage changes, organizations must have employees involved in the work performed, so they are prepared for quick changes. Such employees are the source of competitive advantage (Dessler, 2000). "Commitment is critical to the organization." (O'Malley, 2000).

Robbins (1993) stated that the average company loses over 1 million for every 10 managerial position and professional employees who give up their work in the organization. In the combination with direct and indirect costs, the total cost of turnover of the dismissed employee is at least the annual remuneration and benefits, or a maximum of two-year remuneration and benefits. Significant economic impact for the enterprise increases when the organization loses its key employees taking into account lost knowledge, experience with the leave. It is knowledge that satisfies the needs and expectations of customers.

Knowledge management is the process consisting of creation, interception and use of knowledge in order to increase organizational performance (Vroom, 1964).

3. CONCEPT OF HUMAN CAPITAL MANAGEMENT

Mussner (2017) stated that although knowledge is now considered one of the most valuable assets of the organization, most organizations lack support systems required to maintain and use the value of knowledge and skills. Organizations cannot afford a passive approach to knowledge management with the hope that people acquire and use knowledge, and sources of knowledge are known and available throughout the entire organization. Organizations that want to maintain the competitive advantage quickly develop systems to use the value of knowledge for this purpose (Ren, Fang, Yang, 2017). It is very easy to see the dramatic effect of losing employees who have valuable knowledge for the organization.

The concept of human capital and knowledge management consists in the fact that people have skills, knowledge and experience, and thus have the economic value for the organization. Such skills, experience and knowledge are capital, because they increase productivity (Kreitner, Kinicki, 1989). The theory of human capital postulates a certain work, is more productive than another workforce because more money was invested in the training, knowledge and experience of this workforce, in the same way as the machine to which more resources were invested, can be more productive (Muhammad, 1990). One of the basic principles of human capital is the fact that as any business investment means investing in building skills that will be more profitable, and in the long term you can get a return on investment" (Ward, 1988). Again, the retention of employees is important in achieving a full return on investment. The theory of human capital covers the length of work in the organization as profits for knowledge or skills associated with work. Knowledge or ability of the employee influencing his/her work, remuneration and promotional opportunities (Pohler , Schmidt, 2015). The length of the internship in the organization refers to the part of Maslow commitment (1987). According to Urilch, the definition of intellectual capital is the competence multiplied by commitment (page 125), which means that intellectual capital is equal to knowledge, skills and features of each person in the organization, multiplied by the desire to work hard. In the coming years, it will be important to recognize the commitment of individuals in the organization, as well as the needs of the organization in the field of creation of the environment in which one could stay (Beus, Whitman, 2017). Organizations will create the intellectual capital environment in which the transfer of knowledge takes place in the whole structure, otherwise they will still lose important individual knowledge that was developed throughout the service period. This deep knowledge is what, according to many, will help meet the needs and expectations of customers, as well as create and maintain the competitive advantage in the global economy, in which organizations are currently competing.

4. MOTIVATIONAL MODEL

The term "motivation" comes from the Latin word for movement. Motivation represents the psychological process that causes agitation in action, the direction and persistence of

voluntary actions that are focused on the achieved goal. Motivation defined by Robbins (1993) is "the willingness to exert a high effort towards the achievement of organizational goals, conditional ability to effort to meet individual needs." The need in this context is an internal state that affects the feeling that some results seem attractive. The unmet need is created by the pressure that negatively affects the individual. These discs then generate the search behavior to find specific goals that, if satisfied, will satisfy the need and reduce the resulting pressure (Robbins, 1993). The conclusion is that motivated employees, being in the state of pressure, make more effort to clear the air.

When reviewing the source literature, you can distinguish several models of motivation, including:

- traditional model,
- model of cooperation relations,
- model of human resources,
- model of motivation in the XXI century.

The traditional motivational model is closely related to the school of scientific organization and Taylor. The school of scientific organization claimed that an important element of the manager's work is to ensure that the worker constantly performs repetitive tasks in an efficient manner, quickly and without unnecessary movements. The management determined in advance the method of performance of given actions and established the system of remuneration incentives, which meant that the more they worked, the more they earned (Stoner, Wankel, 2001). Employees were motivated by the cash remuneration and their only contribution was a well-performed job. After some time, as the crew's efficiency in the performance of tasks was increased, fewer employees were needed, which significantly reduced the amount of incentives. Through the reduction of jobs, workers more and more strived for job security, job retention, and not for increased productivity and less significant remuneration increases reduced by managers. Financial factors motivating employees were not important, the workplace was significant, because there was the shortage of jobs on the labor market (Kreitner, Kinicki, 1989).

The model of cooperation relations says that the traditional approach to the motivation of employees is no longer sufficient. Researchers of interpersonal relations, such as Elton Mayo, stated that social contacts of employees during work are important, and the monotony and constant repetition of tasks limit the motivation. It was found that managers can also motivate employees through the sense of usefulness in the company. This means that not only money motivates the employee to act (Beus, Whitman, 2017).

In the model of cooperation relations, supervisors treat employees with respect and draw attention to their needs. The model of cooperation conditions is associated with the concept of interpersonal movement of human relations. It was found that there are factors that are more important for employees than technological working conditions. These factors include interpersonal relations, employee contacts during work. It was also found that the monotony of performed actions, boredom and repeatability significantly limit the motivation.

The model of cooperation relations points out that managers can effectively motivate employees not only through remuneration incentives, but also paying attention to social needs (Ren, Fang, Yang, 2017).

The model of human resources in which McGregor, Maslow and other researchers stated that the motivation of employees consists of several factors that not only affect financial benefits, but also of the needs of achievements and the importance of work (Ren, Fang, Yang, 2017). Researchers also stated that the employee can get satisfaction from a good job, but must have an appropriate scope of responsibility (Dessler, 1999). Managers should not persuade employees to comply with their goals as in the traditional model, or by the manipulation through the gentle treatment, as in models of cooperation relations. Making the employee responsible for his/her own actions mobilizes him/her and encourages creative action (Muhammad, 1990).

Managers of the organization should not persuade employees to comply with their goals by bribing them with high remunerations, as in the traditional model, by manipulating as in interpersonal relations. Making the employee responsible for his/her own actions mobilizes and encourages creative action to the same extent (O'Malley, 2000). In one of the current studies it was found that present managers recognize two motivational models. With regard to employees, they want to follow the model of cooperation relations, improving morals and satisfaction, while trying to reduce the reluctance of subordinates. In relation to each other, they use the model of human resources, believe that their own competences are not fully used and want to obtain a greater scope of responsibility (Dessler, 1999).

The motivational model in the XXI century is a universal program consisting in remunerating according to the position. Enterprises hiring employees due to their qualifications, assign them a range of tasks and competences by paying the remuneration appropriate to their position. The package of benefits assigned to the position consists of the fixed remuneration plus supplements for seniority, deputies, social benefits and bonuses. Variable remuneration includes bonuses, commissions, withdrawals from income, etc. Fixed remuneration provides employees with the sense of social security, while variable remuneration creates the feeling of underpayment and motivates for better performance. A similar model of subordinates' motivation is the remuneration model according to the qualifications, the so-called remuneration according to competences. In this case, the level of remuneration is determined on the basis of professional qualifications and effectiveness they achieve. The remuneration according to competences contributes to the improvement of qualifications, creation of values and shaping employees' character traits in addition to formal qualifications of the employee, i.e. education or professional experience. A valuable element are personality traits, which are an important determinant of the employee's behavior (O'Malley, 2000).

In 2015, research was conducted on factors affecting the demotivation of the employee. The research shows that the most often demotivating factor of the surveyed respondents is the monotony of work, ambiguity of set goals and tasks, lack of increases. The research points out that the financial factor has the strongest impact on employees (Dolot, 2015).

In the variable system, the amount of the employee's remuneration depends on the efficiency. Work in the variable system is not a guaranteed, fixed remuneration. An example of the variable system is piecework. Variable systems dominate in organizations where remunerations are strongly associated with the company's economic results. Work according to competences and system of variable remuneration is an example of incentive programs characterized by individualization and flexibility (Griesser, 1993).

A modern incentive system should provide four important conditions: (Muhammad, 1990):

- appreciation of individual goals, i.e. aspirations, or the hierarchy of employees' values in order to achieve compliance with the organization's goals as a whole,
- individualization of methods and means of influencing employees,
- diversity of parallel methods of inspiring employees,
- making employees work on the basis of co-owners of the company.

5. FINANCIAL ELEMENTS OF MOTIVATION

When the company hires employees for a longer period of time, it sets special remuneration packages for them. Packages should be attractive to employees, as well as tailored to their individual needs. When building the employees' remuneration, one speaks about the remuneration package that meets the aforementioned assumptions.

The following elements are always included in the total remuneration package (Griesser, 1993):

- fixed remuneration,
- short-term variable remuneration (basic pay),
- long-term variable remuneration,
- additional benefits.

Fixed remuneration is the most important element of the basic pay, because it entails the sense of security. An important element of the employee's remuneration is also the short-term remuneration, which includes bonuses, rewards that depend on the comprehensive assessment of current effects of work. Usually incentive and appreciation bonuses are found here. An important element of the remuneration package are long-term variables, which are a valuable source of the employee's income and often the guarantee for the future. The last element of remunerations are additional benefits, i.e. benefits. These are elements helping you to perform job better.

Such additional benefits may include (Fitz-enz, 1997):

- housing benefit,
- additional healthcare,
- company car,
- training courses,
- laptops,
- mobile phone,
- entertainment allowance.

6. NON-FINANCIAL ELEMENTS OF MOTIVATION

Financial motivation is very important but insufficient for employees with high qualifications and potential. For such employees, a professional development program is built at the employment stage. Employers create development opportunities and support

motivation, commitment, as well as employees' efforts. Well-developed organizations have special programs for the development of employees' competences, which are to prepare them for the performance of appropriate functions in the future.

Such programs include:

- competence development programs,
- talent management program, i.e. talent management,
- individual development programs,
- language training courses.

The opportunity of development along with the planned career path is a great incentive to work for employees. At the same time, employees' work efforts are monitored.

7. THEORY OF MOTIVATION

The content theory, which emphasizes the importance of the individual's needs as the basic motives of actions, is associated with researchers in the field of management, such as: A. Maslow, F. Herzberg, D. McGregor and D. McClelland. According to the view of these researchers, the most important task is to learn and understand the internal human factors. These factors include internal needs that the organization is trying to satisfy. F. Herzberg, continuing the views of A. Maslow, created the concept of a two-factor theory of motivation, in which satisfaction depends on professional development opportunities of employees. Dissatisfaction, however, is associated with the environment and the situation in which the work is done (Fitz-enz, 1997).

Motivational factors are:

- achievements,
- recognition,
- interest in work,
- responsibility,
- promotions.

Hygiene factors are:

- organizational policy and administration,
- supervision,
- interpersonal relations,
- remuneration,
- position at work,
- working conditions,
- job security.

The process theory belongs to the modern concepts of motivating. This theory was created as part of the school of social systems. The theory of the process determines how and

which goals motivate people. The expectation theory is the most popular motivating concept within the process model. According to the expectation theory, motivation depends on how much we want something and the expected probability of satisfying this desire. Another process theory is the theory of inequality or justice, according to which the individual assessment of employees is an important factor of motivation. Justice is understood as the ratio of the employee's input of labor to the awards he/she receives, compared to the awards given to other employees for the same work (Fitz-enz, 1997).

The strengthening theory, or the behavior modification theory was created on the basis of the theory of B.F. Skinner according to which the previous experience influences people's behavior. In the strengthening theory, managers may use motivation techniques, such as: positive strengthening (reward) and negative strengthening (punishment) (Muhammad, 1990).

The goal setting theory focuses the company's attention on the process of setting goals for expectations and strengthening goals. The goal setting theory defines specific, moderately.

8. CONCLUSIONS

There is a whole range of theories of motivation, but in practice it is difficult to create a system to motivate employees that would work in all conditions. The creation of the incentive system, tailored to the needs and possibilities of the employer, while meeting the expectations of employees, is not easy. Difficulties are ongoing changes in the enterprise and the environment. The needs and preferences of employees change. The market and the financial situation of the enterprise also change. The number and diversity of payroll elements and non-payroll elements of the incentive system increase.

When improving the organization's incentive system, you should start with strategic missions and goals. Appropriate payroll and non-payroll systems must be adapted to determined assumptions of the motivation strategy.

Well-motivated employees who are enthusiastic, achieve better results.

The employee's readiness to undertake specific tasks has always been the basis for more efficient work, while conscious and purposeful motivation is the main method to increase the efficiency of the operation of the enterprise.

References

- [1] A. G. Bedeian, Management New York: Dryden Press. (3rd ed.), (1993)
- [2] J. M. Beus, D. S. Whitman, Almighty Dollar or Root of All Evil? Testing the Effects of Money on Workplace Behavior, *Journal of Management*, 43, 7, (2147), (2017).
- [3] D. Cramer, Job satisfaction and organizational continuance commitment: a two-wave panel study, *Journal of Organizational Behavior* 17 (4), 1996,
- [4] G. Dessler, How to earn your employees' commitment. *Academy of Management Executive*, 13(2) (1999)58-67.
- [5] G. Dessler, Human Resource Management (8 ed.). New Jersey: Prentice Hall, (2000).

- [6] T.W. Ferratt, L.E. Short, Are information systems people different: an investigation of motivational differences, *MIS Quarterly* 10 (4), 1986,
- [7] T.W. Ferratt, L.E. Short, Patterns of motivation: beyond differences between IS and non-IS people, *MIS Quarterly* 14 (1), 1990,
- [8] J. Fitz-enz, It's costly to lose good employees. *Workforce*, 50, 50 (1997)
- [9] J.W. Griesser, Motivation and information systems professionals, *Journal of Managerial Psychology* 8 (3), 1993,
- [10] R. Kreitner, A. Kinicki, *Organizational Behavior* (4 ed.). Boston: Irwin McGraw-Hill. (1998)
- [11] T. Ren, R. Fang, Z. Yang, The impact of pay-for-performance perception and pay level satisfaction on employee work attitudes and extra-role behaviors, *Journal of Chinese Human Resources Management*, 8, 2, (94), (2017).
- [12] S. Robbins, *Organizational Behavior* (6 ed.). Englewood Cliffs: Prentice-Hall (1993)
- [13] A.H. Maslow, *Motivation and Personality*, Harper & Row, New York, 1987
- [14] Terence R. Mitchell. Motivation: New Direction for Theory, Research, and Practice. *Academy of Management Review*, Vol.7, No 1 (1982) 80-88.
<https://doi.org/10.5465/amr.1982.4285467>
- [15] J. Muhammad, Relationship of job stress and type-A behavior to employees' job satisfaction, organizational commitment, psychosomatic health problems, and turnover motivation, *Human Relations* Vol 43, Issue 8, 1990.
<https://doi.org/10.1177/001872679004300802>
- [16] T. Mussner, A. Strobl, V. Veider, K. Matzler, The effect of work ethic on employees' individual innovation behavior, *Creativity and Innovation Management*, 26, 4, (391-406), (2017).
- [17] M. O'Malley, *Creating Commitment: How to Attract and Retain Talented Employees by Building Relationships That Last* (Vol. 1). New York: John Wiley & Sons, Inc. (2000)
- [18] D. Pohler , J. A. Schmidt, Does Pay-for-Performance Strain the Employment Relationship? The Effect of Manager Bonus Eligibility on Nonmanagement Employee Turnover, *Personnel Psychology*, 69, 2, (395-429), (2015).
- [19] E.A. Ward, Relation of job satisfaction and job knowledge and their effect on intention to turnover, *Psychological Reports* 63 (2), 1988,
- [20] V.H. Vroom, *Work and motivation*. New York: Wiley. (1964)