

## The Importance of Motivation and Performance Management at the Organizational Level

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### Abstract

*Both theoretically and practically, organizations are constantly searching for answers to the question: "how can we motivate employees to perform?". And the answers, the alternatives, the options do not take long to appear. But it is precisely this continuous search for motivational tools to ensure performance that justified the necessity of this work. The ways to motivate human resources can indeed be extremely diverse, but we believe that achieving performance itself can be a motivation generator, even much more powerful than other motivation tools. Therefore, performance should not only be an end, towards which motivation is a tool, but can be a tool in itself to achieve a much stronger and sustainable motivation (in the sense of maintaining future performance). The purpose of the research is to offer a concrete tool to organizations, based on which they can develop business strategies that capitalize on the dynamic force between motivation and performance.*

**Key words:** management, performance, motivation, human resources

**J.E.L. classification:** M11

### 1. Introduction

The present research approach consists in creating and validating a model that captures a bidirectional relationship between motivation and performance, at the organizational level. As a result of the literature review, the most important concepts regarding motivation and individual performance are captured, and the correlations between them finally allow the schematization of a dual causal relationship between motivation and performance.

Throughout the 20<sup>th</sup> century, the role of human resources followed a positive evolution, as the importance of the human factor began to be recognized more and more. This evolution has progressively substantiated the recognition of human resources as unique resources for organizations, the true competitiveness of organizations consisting in the original character of the qualities, skills and approaches that the people who make up the organization bring with them. As the importance of human resources increases, of course organizations have started to pay more care and attention to their employees, to create all the comfort for them and give them all the premises to bring that much-desired unique added value. It is therefore desired to obtain performance from employees, and to reach this desired end result, organizations often resort to a number of motivational techniques and tools. This context has favored the development of the field of Human Resource Management, diversifying approaches on how employees can be motivated, to be determined to be involved in their work, to give their best and to perform in the from behind.

Human resources constitute those resources of the firm that meet the necessary criteria to be considered the main source of ensuring competitiveness, because human resources are valuable, rare, difficult to imitate and relatively irreplaceable. This definition emphasizes the major importance of the human factor within an organizational context, and as it will be presented further, the human

resource has the potential to provide organizations with a substantial competitive advantage (Costa and Martina, 2013). But, for this to be achievable, it would first be necessary to analyze the evolution over time of the concept of Human Resource Management.

In terms of motivation and how it is addressed at the organizational level, it is often identified with satisfaction. The specialized literature also presents numerous approaches regarding the interdependence relationship between the two, but in the present work we will start from the most common understanding, namely that according to which the fulfilled motivation determines the appearance of satisfaction (satisfaction being oriented towards the past, and motivation being future-oriented).

In addition to defining motivation from a psychological perspective, it is important to remember the importance of motivation in the professional context, motivation having the potential to be that force that manages to keep the employee close to the organization in which he works. This dynamic is very complex and certainly deserves to be approached from multiple perspectives, which is why it is also a recurring theme in the specialized literature.

Industrial engineers, on the other hand, believe that individuals are motivated by economic reasons, and people's needs must be satisfied through certain incentives. Therefore, the aim of the Human Resources department in an organization should focus on designing an appropriate incentive system and establishing working conditions for the most efficient use of the *human machinery*.

## 2. Literature review

The existence of companies and their ability to maintain themselves in the market is deeply owed to their employees. Therefore, an increasingly important role in the strategic definition of organizations is represented by the Human Resources Management function. Human resources have undergone a complex evolution over time, with numerous definitions, characteristics, functions and roles associated with them.

Motivation can be defined as a totality of dynamic factors that determine the behavior of the individual, having the role of general activator and performing the role of a force capable of training the entire psychic development. The attitude that the individual manifests towards previously known objects and phenomena is manifested, on the other hand, by affectivity, while the ability to optimally concentrate consciousness on a single object represents the process of attention. Complementary to these processes, the will is the one that regulates actions and conduct in order to achieve a certain goal. Behind motivation is always a motive of the individual, which once activated directs the individual towards satisfying a certain need (Asher, 1996).

Performance management represents the sum of strategic interventions that influence the organization's activity in the long term, leading to the improvement of economic results. We are actually talking about a set of actions specially designed to improve the results of employees, departments and the entire company. Performance evaluation, a component of this management system, is a periodic retrospective review of the outcomes attained as a result of the application of the suggested methods. Performance management, in addition to evaluation, entails (in a brevity scheme): defining the roles of each department/individual; establishing performance indices (what precisely defines performance); of performance standards (which is the best level indicating performance); communicating roles, indices, and standards; and, last but not least, ensuring an environment that fosters success. (Drucker, 2018). The difficulties that hover over these approaches reside in the very difficulty of defining the concept of performance. Is performance a behavior that leads to good results or are the results actually the effects of these behaviors? The answer is dual, an effective performance management based on both behavioral indices and the expected, assumed and achieved results. Regarding the benefits, although it seems like a pleonasm, the main benefit brought by an effective performance management system is represented by the performances themselves (McKenzie, 2011).

In general, it is considered that the lack of performance of a company is due exclusively to its employees. However, there are a number of internal and external factors that can disrupt the achievements of an organization, such as: the organizational environment (there are relaxed companies and paranoid companies, whose environment blocks individual initiative and, implicitly, success), the management style practiced (the dictatorial one generates more few achievements than

the democratic one), the social-economic environment in which the company operates (when the economic context is favorable, obviously it is easier to perform well), the direct and indirect competition (how numerous, how aggressive, what is its positioning) . That is why performance management must be a permanent concern of the entire management team and not just of the human resources department and must always take into account the general context, not just specific elements (Costa and Martina, 2013).

Performance management is not an approach oriented to the past, to analysis, but one directed to the future, to development. Performance management is not an ascertaining process, but a transforming one. It is not enough to state that you did not perform in the past in order to achieve better results in the future. Managerial interventions, changes are needed to be able to achieve this. Performance management is not a form of coercion or control. Its purpose is to optimize results, not to penalize individuals or departments. Performance management is not a tool to increase salaries or benefit packages. Its purpose is to improve the employees' activity in the long term, not to motivate them in the short term. Performance management is not a way to get rid of unproductive employees. Although it is possible for them to become victims if their performances constantly remain below the desirable level, performance management does not aim to clean up the organization, but to increase its productivity (Abrudan, 2014).

The causal relationship between the intensity of motivation and the level of performance has different characteristics depending on the complexity or difficulty of the task. In the case of simple, repetitive, routine tasks, the level of performance increases with the intensification of motivation. On the other hand, in the case of complex tasks, rich in solution alternatives, increasing the intensity of motivation causes up to a certain point an increase in performance, after which performance begins to decrease.

### **3. Research methodology**

The research is thus based on an empirical model, as it aims at the direct observation of some phenomena encountered in practice, the conclusions, the resulting observations will then contribute to the development and enrichment of theories regarding motivation, performance and the relationship between the two at work.

The research was developed starting first from a series of qualitative observations regarding the potential of the two variables (motivation and performance) to self-determine and influence each other.

But in order for the validation to be as relevant and strong as possible, it was considered that the greatest added value that the study can bring is through the lens of its quantitative approach, which allows the validation of the hypotheses by a representative segment of subjects. The data collection is carried out by means of a questionnaire, allowing the interpretation of the data to demonstrate the theoretical models and possibly to complement and improve them in this way.

In creating the questionnaire, the type of information needed to be collected in order to validate the dynamic model of the motivation-performance cycle is first identified:

- ✓ Validation of the determining elements of motivation generating performance;
- ✓ Validation of the conditions in which individual performance is manifested;
- ✓ Validation of the determining elements of motivation-generating performance;
- ✓ Validation of the relationship between the initial motivation and the motivation generated by performance;
- ✓ Validation of the relationship between the initial performance and the performance generated by motivations of previous performances.

Depending on the answers to the last two types of information previously exposed, it is anticipated that the motivation 0 performance dynamic may take the form of a spiral, not just a cycle, if it turns out that the initial Motivation (M0) and Performance (P0), differs from the later Motivations (M1, 2, ... n) and Performances (P1, 2, ... n).

These data will also be accompanied by identification questions, so that the research also allows a classification of the types of response according to the categories of respondents. In order to simplify the completion of the questionnaire as much as possible and to shorten the time for completing it, the questions will offer predefined answer options and will follow a pattern designed

to facilitate the subsequent quantification of the weights expressed by the subjects as easily as possible, as is presented below.

As can be seen, the answer choices offered in the questionnaire are thus designed to avoid average, neutral answers, offering four answer choices, each expressing a clear preference in a certain direction, making clear distinctions to facilitate the interpretation of the subjects' perceptions. From the perspective of its application, the questionnaire is sent to several companies in the following fields: IT and services. The area in which the institutions operate is at the local, regional, national and even international level.

As the questionnaires are sent in public spaces, it is not possible to identify the response rate, as it is difficult to define the total number of companies/institutions to which the questionnaire was sent.

The areas considered are of particular relevance for the subject addressed, considering that the specifics of each industry will allow a contextual interpretation of the results:

- The IT field is the field that records the best salary packages and benefits at the national level. In this context, it is necessary to investigate the extent to which material motivation can influence the performance of IT employees, respectively the extent to which performance itself can generate motivation strong enough to guarantee similar future performance. Often, IT companies, especially large ones, have complex internal procedures for motivating and evaluating employee performance. For this reason, we believe that in addition to the companies' industry, the size of the companies will also be relevant, in order to correlate the perceived perception among employees with the environment in which they operate.
- The field of services is a field characterized by direct contact with the market, with intermediate or final customers, an argument for which it is considered relevant to investigate the specifics of companies providing services.

Regarding the role of the people to whom the questionnaire was addressed, it was equally applied to the executive staff (employees) and the management staff. This allows the differentiated analysis of the perceptions of the two categories, as their motivations can differ significantly.

#### 4. Findings

A correlated interpretation of the responses in terms of Perception of Motivation will support the validation approach of the Motivation  $\diamond$  Performance Model Dynamics, as presented in Table 1 below.

*Table no. 1. Matrix of factors and sub-factors influencing motivation at work*

Factor	Sub-factors	Inferior influence	Medium influence	Superior influence
Organization & Management	Organizational culture	52%	57%	48%
	The benefits package	34%	48%	66%
	Managerial practices	38%	45%	62%
	The relationship with the direct manager	33%	31%	67%
	Management as a source of inspiration	53%	41%	47%
Working environment	Physical workspace	38%	53%	62%
	Location of headquarters	48%	53%	52%
	The atmosphere at the workplace	28%	52%	72%
Personal characteristics	The predisposition to learning	43%	50%	57%
	Determination to advance in career	36%	43%	64%
	Previous success achieved	38%	48%	62%

Source: developed by authors based on collected data

Table 1 therefore describes the factors identified in the Dynamics of the Motivation  $\diamond$  Performance model as having an influence on the motivation of individuals at work: Organization & its management, Work environment and Personal characteristics. These three factors encompassed a number of sub-factors, also presented in the table as the questions included in the Questionnaire referred to them. Respondents rated the extent to which each sub-factor has an influence on motivation at work. The answers allowed a quantitative assessment of this influence, classifying it

in weights of: 75%. Correlation of responses was then performed on the following influence ranges: lower influence (75%).

Analyzing at the factor level, the results presented in Table 1 reveal the following weights presented in Table 2:

*Table no. 2. The share of influencing factors of workplace motivation*

Factor	Inferior influence	Medium influence	Superior influence
Organization & Management	20%	20%	60%
Working environment		33%	67%
Personal characteristics			100%

*Source:* developed by authors based on collected data

Table 2 demonstrates that, based on the proven influence of each sub-factor, a weight of influence can be established at the level of the three factors of the Dynamics model Motivation  $\diamond$  Performance. Thus, personal characteristics have a 100% superior influence on motivation, making it the strongest influencer of the three. This is based on the fact that all three sub-factors of the "Personal characteristics" item were ranked by the respondents in the upper range of responses.

On the other hand, of the three sub-factors of the "Work environment" element, two were classified as having a higher influence (meaning 67% of the factor), respectively one sub-factor of the three (33%) was classified as having medium influence.

Thirdly, the element "Organization & management" has a superior influence of only 60% (three out of five sub-factors being classified in the upper response range), an average influence of 20% (a sub-factor out of five), respectively a 20% lower influence (due to the sub-factor rated by the respondents as having a lower influence).

A correlated interpretation of the responses in terms of Perception of Performance will support the validation approach of the Motivation  $\diamond$  Performance Model Dynamics as presented in Table 3 below.

*Table no. 3. Matrix of factors and sub-factors influencing performance at work*

Factor	Sub-factors	Inferior influence	Medium influence	Superior influence
Carrying out the task	One's own level of motivation towards the workplace and the activity performed	33%	60%	67%
	Enthusiasm for work	26%	31%	74%
	Dynamic, competitive nature and continuous challenge in the workplace	38%	55%	62%
The obtained result	Own satisfaction with the results of the work	38%	47%	62%
	The desire to demonstrate one's own talent, seniority, professional maturity	48%	57%	52%
The benefit obtained	Non-material incentives	47%	47%	53%
	Material incentives	36%	45%	64%

*Source:* developed by authors based on collected data

Table 3 therefore describes the factors identified in the Dynamics of the Motivation  $\diamond$  Performance model as having an influence on the performance of individuals at work: Task Accomplishment, Result Obtained, Benefit Obtained. These three factors encompassed a number of sub-factors, also presented in the table as the questions included in the Questionnaire referred to them. Respondents rated the extent to which each sub-factor has an influence on achieving job performance. The answers allowed a quantitative assessment of this influence, classifying it in weights of: 75%. Correlation of responses was then performed on the following influence ranges: lower influence (75%).

Analyzing at the level of factors, the results presented in Table 3 reveal the following weights presented in Table 4:

*Table no. 4. The share of factors influencing workplace performance*

Factor	Inferior influence	Medium influence	Superior influence
Carrying out the task			100%
The obtained result		50%	50%
The benefit obtained			100%

*Source:* developed by authors based on collected data

Table 4 demonstrates that, based on the proven influence of each sub-factor, a weight of influence can be established at the level of the three factors of the Motivation  $\diamond$  Performance model Dynamics. Thus, the determination generated by one's own motivation for the work performed, the achievement of a task that arouses interest and enthusiasm through its innovative and dynamic character, has a 100% superior influence on performance. The determination based on the promised benefits (material & non-material) has the same relevance and influence on performance, as it also exerts a 100% superior influence on performance. Thus, "Task achievement" and "Benefit obtained" represent the two strongest factors within the proposed model, having exclusively positive influence on performance. On the other hand, of the two sub-factors of the "Result achieved" element, one ("Own satisfaction with work results") was classified as having a higher influence (meaning 50% of the factor), while a another sub-factor ("The desire to demonstrate one's own talent, seniority, professional maturity") was classified as having medium influence (50% of the factor).

## 5. Conclusions

Since the research undertaken validated the model of bidirectional causality between motivation and performance, we believe that it has been demonstrated that the motivation felt by individuals at work is an important element that can determine the achievement of performance at work. Equally, achieving performance itself becomes an element of motivation for individuals, motivation that confirms the previous mention, will also support future performance.

This research study can demonstrate that *the motivation of individuals towards their workplace is mainly based on the following conditions:*

- ✓ Individuals feel that they are part of an organization that offers them an environment that encourages correct managerial practices, benefits that can stimulate the degree of comfort and well-being of employees, respectively they benefit from a positive relationship with the direct manager ("Organization & Management" factor ")
- ✓ The motivation does not primarily come from the organizational culture, perhaps due to the fact that the values promoted by the organization through its culture, respectively the policies to encourage the development of employees, are most often perceived at the level of the direct manager or the closest management staff, becoming a kind of ambassadors of the organization ("Organization & Management" factor)
- ✓ Management staff, on the other hand, have a superior influence on motivation through the practices they apply, the values they promote (sub-factor "Managerial practices"), respectively through the type of relationship they develop with employees and the way it supports and causes them to develop professionally and even personally (sub-factor "Relationship with direct manager", factor "Organization & Management")
- ✓ It has been proven, however, that the so-called "Management's ability to inspire" employees (the "Organization & Management" factor) has a rather low influence on motivation, perhaps due to the fact that individuals have the ability to self-motivate ( the factor "Personal characteristics"), not necessarily needing a source of inspiration in the person of the manager - The individual's ability to self-motivate is manifested by his predisposition and interest to use any opportunity to learn something new, his determination to promote in career, to grow professionally, i.e. he is self-motivated by his previous performances which will maintain his motivation for future performances ("Personal characteristics" factor)

- ✓ Likewise, another important source of motivation for employees seems to be the work environment, and more precisely: the social relationships they manage to create and maintain in the work group, respectively the physical work space in which they carry out their activity. A medium influence also seems to be the actual positioning of the company headquarters from which the employees work, this being rather an element of comfort that contributes to the general motivation regarding the workplace ("Work environment" factor).

*The desire of individuals to perform is mainly based on the following conditions:*

- ✓ Individuals want and can perform when the activity performed is perceived positively, excites and challenges them ("Task Accomplishment" factor)
- ✓ individuals want to be satisfied with the result they will achieve (own satisfaction), not necessarily being determined to achieve a positive result just to demonstrate their potential in the external environment (the "Result achieved" factor)
- ✓ Based on the results obtained, we believe that the desire itself to demonstrate one's own professional potential can be a performance-generating element if it will benefit from a material or non-material consequence, which would belong to the "Benefit obtained" factor. In the absence of a benefit, the determination of individuals to perform is therefore mainly based on the pleasure of performing the task or satisfaction with their own results obtained (all of which are oriented towards the individual's personal characteristics, the construct of his personality)
- ✓ individuals want and can perform, also when they know that they will be rewarded with various non-material (growth opportunities, development) and material (recognition, bonuses, salary increases, promotion) benefits (the "Benefit Obtained" factor).

It therefore turns out that the dynamics of the relationship between Motivation and Performance can indeed take the form of a spiral, since once both conditions are met (an individual records increased levels of motivation and performance), subsequent cycles will tend to increase over time, to the extent that the conditions of maintenance of motivation and performance will be applied.

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