

## **EMPLOYEE MOTIVATION – DETERMINING FACTOR OF ORGANIZATIONAL PERFORMANCE**

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**ABSTRACT:** *Human resources are generators of value and innovation, being the most important factor that determines the sustainability and performance of the organization. Starting from the premise that the human resource is the central pillar of any organization, the need for efficient talent management, skill development and, above all, creating a motivating work environment becomes evident. In this equation, employee motivation is a key element of the organization's long-term success and competitiveness. High-performing companies recognize the importance of satisfying employee needs through motivational theories, which provide the necessary framework for developing policies and practices that stimulate both individual performance and overall company results. In this context, the paper proposes an analysis of the main motivational theories and emphasizes the need for their combined integration at the organizational level.*

**KEY WORDS:** *human resources, motivation, performance, competitiveness, productivity, rewards, incentivisation*

**JEL CLASSIFICATIONS:** *J33, M52, M54*

### **1. INTRODUCTION**

In the current period marked by profound changes in the dynamics and structure of the economy and implicitly in relations in the sphere of the labor market, in an era of digitization and increased competitiveness, an efficient management of human capital is essential to ensure the long-term performance of the organization, being the engine that turns strategy and vision into tangible results. In this context, employee motivation is an essential pillar for the success of an organization and, at the same time, a strategic investment with long-term benefits. Motivated employees are more engaged, more productive and contribute significantly to the achievement of organizational goals. The factors that influence their motivation can be both intrinsic (related to personal satisfaction and professional development) and extrinsic (financial rewards, benefits or performance recognition). At the same time, flexible schedules or

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even remote work, support for mental health and encouragement of free time are essential to keep a motivated and healthy staff.

## 2. THE IMPORTANCE OF MOTIVATING HUMAN RESOURCES

Human resources represent one of the most important assets of an organization, being an essential element for its success and sustainability, but, "people also represent the most difficult resource for organizations to manage." (Osabiya, 2015)

Effective human resource management involves both attracting, developing and training employees, as well as motivating and retaining them, and also, creating a work environment that stimulates their performance and involvement. In this context, human resource management plays a strategic role in the development of the organization, ensuring not only the necessary workforce, but also the optimization of employee performance and satisfaction.

Within the organization, human resource fulfills various roles such as:

- ✓ Active and dynamic factor in the transformation of natural resources and capital into goods and services (Dobre-Baron, 2011). The efficiency of this process depends mainly on the qualification level of the employees, their knowledge, skills and experience, but also on their degree of motivation;
- ✓ Value-added provider. Labor resources can constitute "a source of competitive advantage" by providing innovative ideas and solutions and thus contributing to the "performance of different types of organizations" (Morosan-Danila et al., 2020);
- ✓ Adaptability factor. In a dynamic economy, the human resource allows organizations to adapt to changes determined by various factors, such as: technological innovation, digitization, climate change, global market conditions etc.

So the human resource is more than a production factor, it is the main source of innovation and growth within an organization, with an essential role in its success. In this respect, the motivation of human resources is crucial for the sustainability of any organization, having a direct impact on its performance and competitiveness (Lee & Raschke, 2016).

Human resource motivation (incentivisation) is the process by which employees are stimulated to perform their tasks at an optimal level, to contribute to the achievement of the organization's objectives and, at the same time, to develop personally and professionally. It is an essential factor in increasing productivity, staff retention and creating a positive work environment, or "a sine qua non to achieve long-term performance for the company" (Achim et al., 2013), and that is why human resource motivation is a subject addressed by various disciplines such as economics, sociology, psychology, etc. (Lefter et al., 2012).

Motivation is the psychological process that determines, directs and supports human behavior in order to achieve a certain goal. Also, it is the inner energy that stimulates human action directed towards the satisfaction of needs or the achievement of proposed goals. As such, we can deduce that motivation is intrinsic, namely that originated within everyone and that makes people act through their own initiative, and incentivisation is the process through which people are influenced and stimulated with

the help of external instruments. Or "incentivisation is a triggering process - through the actions it proposes - of the motivation phenomenon." (Cojocaru, 2013).

### 3. MOTIVATION THEORIES

Over time, in an attempt to explain what exactly causes people to act, achieve their goals or exhibit certain behaviors, a series of motivational theories have been outlined in the specialized literature. These analyze the factors that influence human motivation, such as needs, desires, perceptions and rewards, being useful for understanding how employee productivity can be boosted, how interpersonal relationships can be improved or how effective policies can be implemented, all of which have a direct impact on performance of organization.

Lefter et al., 2012 classify motivational theories into three broad categories, depending on the thematic criterion, as follows: content theories, process theories, reinforcement theories.

**Table 1. The main motivational theories**

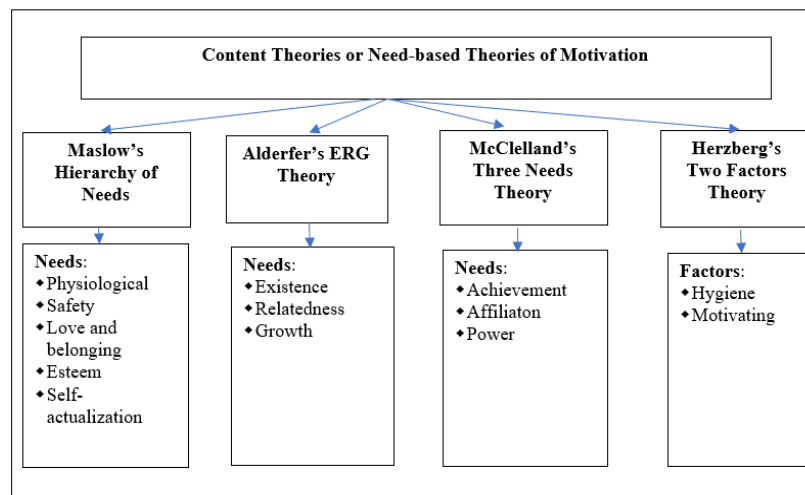
Categories of motivational theories	Main features	Examples
<b>Content Theories</b>	These theories start from the premise that people are driven by the desire to satisfy specific needs, and their behavior is oriented towards achieving these needs. As such, content theories focus on identifying the needs and internal factors that motivate people, explaining what drives human behavior and what the individual's underlying motivations are.	Maslow's Hierarchy of Needs
		Alderfer's ERG Theory
		McClelland's Three Needs Theory
		Herzberg's Two Factors Theory
<b>Process Theories</b>	Process theories analyze the psychological process by which a person sets goals, evaluates his chances of success, and decides to act. These theories are used to understand what motivates people in different contexts and how organizations can adapt policies and strategies to boost employee performance.	Vroom's Expectancy Theory
		Adam's Equity Theory
		Locke's Goal Setting Theory
<b>Reinforcement Theory</b>	It is based on the principle that behaviors that are rewarded tend to be repeated, while behaviors associated with negative consequences tend to be avoided.	Skinner's Reinforcement Theory

*Source: Made by the author, based on Lefter et al., 2012*

Summarizing, we can appreciate that the first category of theories focuses on what motivates people, identifying the needs and factors that trigger motivation; the second category of motivational theories analyzes how motivation works, exploring the psychological process by which people decide to act (e.g. expectancy theory, equity theory), and the third category emphasizes the effects of rewards and punishments in

shaping behavior human resources. In this respect Tofan, 2011 notes that needs-based theories and process theories are "rather complementary than contradictory."

Need-based motivational theories or content theories can be schematically illustrated as follows:



Source: Made by the author

**Figure 1. Content Theories or Need-based Theories of Motivation**

Abraham Maslow's theory of needs, also known as the Hierarchy of Needs, suggests that people are motivated to satisfy certain needs in a hierarchical order from basic to higher. The hierarchy is often represented in the form of a five-level pyramid and highlights that the satisfaction of basic needs (physiological, social, safety needs) is essential to access higher level needs (esteem needs, self-actualization). Although widely used, especially for understanding human motivation, this theory is often criticized for its rigid interpretation of the progression between levels.

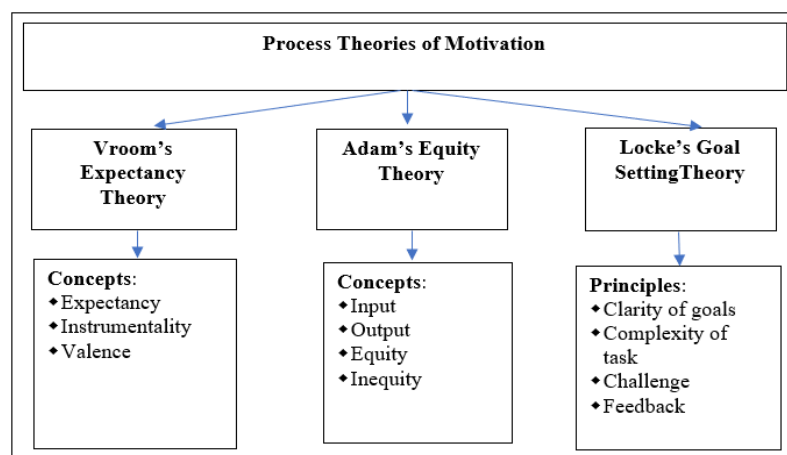
Clayton Alderfer's ERG theory is a reinterpretation and simplification of Maslow's hierarchy of needs. ERG theory classifies human needs into three main categories: Existence, Relatedness and Growth (ERG). Alderfer proposed this theory to make motivation theory more flexible and applicable in practical contexts such as organizations. In contrast to Maslow's rigid hierarchy, Alderfer believes that people can simultaneously work on satisfying needs in several categories. For example, an individual may pursue interpersonal relationships and personal fulfillment (development) at the same time. ERG theory is more dynamic than Maslow's model and provides a practical approach to understanding and applying human motivation, being more suitable for the work environment and employee motivation because it recognizes that needs are not satisfied in a strict order and that people can oscillate between needs depending the situation.

Frederick Herzberg's Two-Factor Theory, also known as Motivation-Hygiene Theory, was developed in the 1950s and explores the factors that influence satisfaction and lack of satisfaction at work. Herzberg identified two distinct sets of factors:

hygiene factors and motivational factors, each with a specific role in the employee experience (Lefter et al., 2012). Hygiene factors are extrinsic factors that do not directly motivate employees, but can cause dissatisfaction if they are missing or inadequate. Herzberg calls them "hygiene" factors because, like personal hygiene, their absence creates problems, but their presence does not necessarily guarantee happiness. These factors do not generate satisfaction or strong motivation, but their lack or mismanagement leads to dissatisfaction. Their presence ensures a minimum level of satisfaction. Motivating factors are intrinsic one and generate satisfaction, motivation and commitment. They are related to the content of work and the desire of employees to develop and achieve meaningful things. It is these factors that lead to real motivation and a high level of satisfaction. They motivate employees to be engaged and productive. As such, Herzberg states that the presence of motivational factors leads to satisfaction and the absence of hygiene factors leads to dissatisfaction. This means that solving problems related to hygiene factors (such as salary or working climat) can eliminate dissatisfaction, but does not guarantee high motivation or satisfaction. Herzberg's theory provides a useful framework for understanding workplace motivation, emphasizing the importance of managing both hygiene and motivational factors to create a satisfying and productive work environment.

David McClelland's theory of needs is a motivational theory that focuses on three essential needs, which vary in importance depending on the individual. This theory suggests that people's motivation is determined by the predominance of one or more of these three needs: achievement, affiliation, and power. Understanding the prevailing needs of employees allows managers to tailor motivational approaches and maximize their performance and job satisfaction.

Process theories of motivation are oriented towards the mechanism of motivation, analyzing the stages through which motivation develops and influences human behavior (Figure 2).



Source: Made by the author

**Figure 2. Process Theories of Motivation**

Vroom's Expectancy Theory is based on the principle that people are motivated to act if they believe that their effort will lead to good performance that will be rewarded and that the reward is sufficiently valuable to them. The theory is based on three fundamental components: Expectancy (the probability perceived by the individual that a certain level of effort will lead to a specific performance), Instrumentality (the perception that a good performance will be followed by the desired rewards) and Valence (the value of the reward perceived by the individual). Vroom expresses motivation as a multiplicative function of the three components, meaning that if one of the components is low (for example, the reward is not attractive or performance does not seem to be recognized), overall motivation will be reduced.

Adam's Equity Theory focuses on employees' perceptions of equity or inequity in relation to their contributions to the workplace and the rewards they receive. The comparison is made between inputs (work done in the organization, skills, competences, professional experience, etc.) and outputs (salary, bonuses, recognition of merits, development opportunities, etc.). When the ratio of inputs to outputs is considered fair compared to others, the employee feels motivated and satisfied. If the ratio is considered unbalanced, unfair (lower or higher), the employee may feel frustration, dissatisfaction or guilt.

Locke's Goal Setting Theory argues that setting clear, challenging, and well-defined goals can significantly improve individual and organizational performance. The theory is based on the idea that goals direct attention, energize behavior, and increase persistence and commitment to tasks.

Reinforcement (reinforcement) motivational theories focus on the mechanisms by which people maintain and strengthen their motivation to achieve long-term goals or to continue activities begun. This category includes the Reinforcement Theory formulated by B.F. Skinner, who suggests that human behaviors can be consolidated by positive or negative reinforcement, which can have applicability at the organizational level by creating work environments that encourage productivity through rewards.

#### **4. THE COMBINED INTEGRATION OF MOTIVATION THEORIES AT THE ORGANIZATIONAL LEVEL**

At the organizational level, the combination and adaptation of motivational strategies is recommended, and the choice of the right theory depends on the organizational culture, the complexity and dynamics of the organization, its objectives, the number of employees, the profile and diversity of their needs etc. Choosing the optimal combination that maximizes employee productivity and streamlines the organization's activity is the responsibility of the manager or HR manager, and effective implementation requires continuous monitoring and periodic adjustments.

The use of motivational theories in organizations involves the application of principles and measures that stimulate employees to reach their maximum potential and contribute to the success of the company. Often, as we have stated, the combined use of motivational theories is preferred in organizations because, on the one hand, each theory has strengths and limitations, and on the other hand, the needs and

behaviors of employees are different. This provides a more comprehensive and personalized approach to motivation strategy at the organization level, which can create a more robust and flexible system to align individual employee interests with the company's strategic goals.

In order to implement the combined motivational theories at the organization level, the following steps should be considered:

- *Analysis of employee needs* by identifying the prevailing types of motivations (e.g. basic, growth, relationship needs). This can be done using tools such as interview or questionnaire or it can be the result of direct observation of employee behavior within the organization.
- *Staff segmentation* by category according to positions, hierarchical levels, age groups, level of experience in the organization or motivational preferences.
- *The creation and application of differentiated integrated strategies* for each segment of employees according to the motivational profile. For example:
  - for basic needs: competitive salaries, job security (Maslow, Herzberg);
  - for equity and clarity: transparency in rewards and clear objectives (Adams, Vroom).
- *Monitoring and adjusting the motivational strategy* which involves constantly evaluating the effectiveness of the strategies and adjusting them according to feedback (this can be provided formally through periodic assessments or informally through spontaneous discussions).

Motivating employees using tools adapted to the specifics of each will aim to increase the level of job satisfaction of each employee, which will lead to an increase in the degree of involvement at the organization level, to a reduction in staff turnover and, implicitly, to an increase in the organization's performance, because "employees and the employer are part of a social partnership, which through their joint efforts, lead to the satisfaction of the different needs of each of them" (Nițescu, 2021).

## **5. CONCLUSIONS**

Employee motivation plays an essential role in the success of an organization and contributes to increasing its performance by:

- *increasing labor productivity*. It has been proven that there is a positive relationship between employee motivation, job satisfaction and work productivity. The better they are motivated, the employees tend to work more efficiently, they are more involved in their tasks, which will lead to an increase in the success of the organization, by achieving the targeted objectives;
- *increasing the degree of innovation and creativity in the organization*. Providing a favorable work environment where employees feel appreciated stimulates their creativity and innovation, being much more willing to propose new ideas and creative solutions to problems that arise;
- *reducing staff turnover*, because motivated employees are more loyal and less likely to leave the company. This reduces the costs associated with recruiting and training new employees;

- *improving the image of the company.* A motivated team contributes to the creation of a positive organizational culture. This attracts new talent and builds a solid reputation for the company in the market;
- *improving customer relations.* Motivated employees provide better customer service, which leads to increased customer satisfaction and loyalty, and consequently, a positive customer experience contributes to increased company revenue.

The combined use of motivational theories provides a holistic approach capable of motivating employees at all levels and sustaining long-term organizational performance.

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