

IMPACT OF EMPLOYEES MOTIVATION ON ORGANIZATIONAL PERFORMANCE

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Abstract

Motivation and its impact on organizational performance has always remained highly researched area and have gone through many discussions and iterations .This paper identifies the factors that effects employee motivation and examines the relationship between organizational effectiveness and employee motivation. The study focuses on the practice and observance of the two central factors, empowerment and employee recognition for enhancing employee motivation which leads to organizational performance. So organizations should design their rules, policies and organizational structures that give space to the employee to work well and appreciate them on their tasks fulfillment and achievements. Higher the motivation among employee to task accomplishment higher will be the organizational performance and success.

Key words

Empowerment; recognition; motivation; organizational performance; factors affecting

Introduction

Every organization and business wants to be successful and have desire to get constant progress. The current era is highly competitive and organizations regardless of size, technology and market focus are facing employee retention challenges. To overcome these restraints a strong and positive relationship and bonding should be created and maintained between employees and their organizations. Human resource or employees of any organization are the most central part so they need to be influenced and persuaded towards tasks fulfillment.

For achieving prosperity, organizations design different strategies to compete with the competitors and for increasing the performance of the organizations. A very few organizations believe that the human personnel and employees of any organization are its main assets which can lead them to success or if not focused well, to decline. Unless and until, the employees of any organization are satisfied with it, are motivated for the tasks fulfillment and goals achievements and encouraged, none of the organization can progress or achieve success.

The purpose of the study is to analyze the impact of employees' motivation on organizational performance. The two sub-objectives are: (1) to determine the factors that increase motivation of employees (2) to examine the relationship of employee motivation and organizational performance.

Employee motivation

According to Webster's New Collegiate Dictionary, a motive is "something a need or desire that causes a person to act". "Motivate, in turn, means "to provide with a motive," and motivation is defined as "the act or process of motivating". Consequently, motivation is the performance or procedure of presenting an intention that origin a person to capture some accomplishment. According to Butkus & Green (1999), motivation is derived from the word "motivate", means to move, push or influence to proceed for fulfilling a want (Kalimullah *et al.*, 2010).

Bartol and Martin (1998) describe motivation as a power that strengthens behavior, gives route to behavior, and triggers the tendency to continue (Farhad *et al.*, 2011). This explanation identifies that in order to attain assured targets; individuals must be satisfactorily energetic and be clear about their destinations. In view of Bedeian, (1993) it is an internal drives to satisfy an unsatisfied need and the will to accomplish. Motivation is a procedure that initiates through a physiological or psychological want that stimulates a performance that is intended at an objective. It is the concluding product of interface among personality behavior and organizational distinctiveness. It symbolizes those psychological procedures that foundations the stimulation, route, and determination of deliberate actions that are target oriented (Farhad *et al.*, 2011). Also motivation is a progression of moving and supporting goal-directed behavior (Chowdhury, 2007). It is an internal strength that drives individuals to pull off personal and organizational goals (Reena *et al.*, 2009).

Motivation is a set of courses concerned with a kid of strength that boosts performance and directs towards accomplishing some definite targets (Kalimullah *et al.*, 2010). According to Barron (1983), it is an accrual of diverse routes which manipulate and express our activities to attain some particular ambitions (Rizwan *et al.*, 2010). Porter and miles (1974) proved that the motivation boosts expresses and continues conduct. The motivation of an individual envelops all the motives for which he selects to operate in a definite approach. In fact motivation is "inside another person's head and heart".

Among financial, economic and human resources, the latest are more essential and have the capability to endow a company with competitive edge as compared to others (Rizwan *et al.*, 2010). Employee Performance fundamentally depend on many factors like performance appraisals, employee motivation, Employee satisfaction, compensation, Training and development, job security, Organizational structure and other, but the area of study is focused only on employee motivation as this factor highly influence the performance of employees.

Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations (Shadare *et al.*, 2009). A motivated employee is responsive of the definite goals and objectives he/she must achieve, therefore he/she directs its efforts in that direction. Rutherford (1990) reported that motivation formulates an organization more successful because provoked employees are constantly looking for improved practices to do a work, so it is essential for organizations to persuade motivation of their employees (Kalimullah *et al.*, 2010). Getting employees to do their best work even in strenuous circumstances, is one of the employees most stable and greasy challenges and this can be made possible through motivating them.

Organizational performance

Composition of people which formulate independent business identity for some specific purpose is commonly known as organization and getting desired outcome within defined resources is treated as performance or effectiveness. Organizational performance is the notion of how effectual an organization is in accomplishing the results the organization aims to generate (Muhammad, *et al.*, 2011). It plays an important role in accelerating organizational development (Bulent *et al.*, 2009). It is the net satisfaction of all constituents in the process of gathering and transforming inputs into output in an efficient manner (Matthew *et al.*, 2005).

Organizational performance is defined as the extent to which an organization, by the use of certain resources, fulfils its objectives without depleting its resources and without placing undue strain on its members and/or society (Mary *et al.*, 1996). It is the maximum combined utility of the primary constituents (Matthew *et al.*, 2005).

The goal model describes organizational performance in terms of the extent to which an organization attains its objectives. The legitimacy model regards organizational performance in terms of a background evaluation “of component preferences for performance and natural limitations on performance from an external environmental perspective” (Zammuto, 1982).

The constituency model considers organizational performance “as a set of several statements, each reflecting the evaluative criteria applied by the various constituencies” involved with the organization being evaluated with an emphasis on means criteria (Connolly, 1980).

The systems resource model defines organizational performance “in terms of its (the organization’s) bargaining position, as reflected in the ability of the organization, in

either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources” and how they utilize these resources (Yuchtman, 1987).

The study is aimed to determine the factors that increase employee motivation and the relationship of organizational performance or effectiveness with employee motivation.

Factors affecting employees’ motivation

No one works for free, nor should they. Employees want to earn reasonable salary and payment, and employees desire their workers to feel that is what they are getting. Money is the fundamental inducement, no other incentive or motivational technique comes even close to it with respect to its influential value (Sara *et al.*, 2004). It has the supremacy to magnetize, maintain and motivate individuals towards higher performance. Frederick Taylor and his scientific management associate described money as the most fundamental factor in motivating the industrial workers to attain greater productivity (Adeyinka *et al.*, 2007).

Research has suggested that reward now cause satisfaction of the employee which directly influences performance of the employee (Kalimullah *et al.*, 2010). Rewards are management tools that hopefully contribute to firm’s effectiveness by influencing individual or group behavior. All businesses use pay, promotion, bonuses or other types of rewards to motivate and encourage high level performances of employees (Reena *et al.*, 2009). To use salaries as a motivator effectively, managers must consider salary structures which should include importance organization attach to each job, payment according to performance, personal or special allowances, fringe benefits, pensions and so on (Adeyinka *et al.*, 2007).

Leadership is about getting things done the right way, to do that you need people to follow you, you need to have them trust you. And if you want them to trust you and do things

for you and the organization, they need to be motivated (Baldoni, 2005). Theories imply that leader and followers raise one another to higher levels of morality and motivation (Rukhmani, 2010). Motivation is purely and simply a leadership behavior. It stems from wanting to do what is right for people as well as for the organization. Leadership and motivation are active processes (Baldoni, 2005).

Empowerment provides benefits to organizations and makes sense of belonging and pride in the workforce. In fact, it builds a Win-Win connection among organizations and employees; which is considered an ideal environment in numerous organizations and their employees. Empowering can flourish virtual human capacities. Empowered employees focus their job and work-life with additional importance and this leads to constant progress in coordination and work procedures. Employees execute their finest novelties and thoughts with the sense of belonging, enthusiasm, and delight, in empowered organizations. Adding up, they work with a sense of responsibility and prefer benefits of the organization to theirs (Yazdani *et al.*, 2011)

Trust is defined as the perception of one about others, decision to act based on speech, behavior and their decision (Hassan *et al.*, 2010). If an organization wants to improve and be successful, trust plays a significant role so it should always be preserved to ensure an organizations existence and to enhance employees' motivation (Annamalai, 2010). It can make intrapersonal and interpersonal effects and influence on the relations inside and out the organization (Hassan *et al.*, 2010).

No matter how automated an organization may be, high productivity depends on the level of motivation and the effectiveness of the workforce so staff training is an indispensable strategy for motivating workers. One way managers can instigate motivation is to give appropriate information on the sentences of

their actions on others (Adeyinka *et al.*, 2007).

From the literature gathered for the study, the factors that enhance employee motivation are fair pay, incentives, special allowances, fringe benefits, leadership, encouragement, trust, respect, joint decision making, quality of supervision, adequate working relationships, appreciation, chances for growth, loyalty of organization, identification and fulfillment of their needs, recognition, empowerment, inspiration, importance attached to their job, safe working conditions, training and information availability and communication to perform actions.

Recognition and employee motivation

According to Maurer (2001) rewards and recognition are essential factors in enhancing employee job satisfaction and work motivation which is directly associated to organizational achievement (Jun *et al.*, 2006). Kalimullah Khan conducted a study in which he examined the relationship between rewards and employee motivation in commercial banks of Pakistan. The study focused on four types of rewards of which one was recognition which he tested through Pearson correlation. The results showed that recognition correlates significantly ($r=0.65$) with employee work motivation (Kalimullah *et al.*, 2010).

An empirical study was conducted in Pakistan to measure the impact of reward and recognition on job satisfaction and motivation in which 220 questionnaires were distributed and filled by employees of different sectors. The results showed that there exists a significant ($r=0.13$, $p<0.05$) relationship between recognition and employee work motivation (Rizwan *et al.*, 2010).

An empirical study was conducted by Reena Ali to examine the impact of reward and recognition programs on employee motivation and satisfaction. A questionnaire was distributed to 80 employees of Unilever and data was analyzed through SPSS version 16.

The results showed that there is a statistically significant ($r=0.92$, $p<0.01$) direct and positive relation between recognition and employee work motivation (Reena *et al.*, 2009).

A study was conducted in Pakistan to examine the job satisfaction among bank employees in Punjab. A structured questionnaire survey was used and data was gathered from 4 bank's employees. The value of correlation coefficient for recognition was 0.251 which shows that its relationship with job satisfaction is positive. Job satisfaction is directly associated with internal work motivation of employees that enhances as the satisfaction of employees increases (Salman *et al.*, 2010). That is why a study says that deficiency of appropriate recognition and rewarding reduces employees work motivation and job satisfaction. Hence, administration of organizations and institutions should build up the arrangement for giving that rewards and recognition to enhance employee job satisfaction and motivational level (Reena *et al.*, 2009).

The above literature, studies and discussion fully supports first hypothesis that recognizing employees work increases their motivation to accomplish tasks and execute responsibilities towards them by the organization.

Empowerment and employee motivation

Employee empowerment and participation consists of contribution of employees in administration and decision making associated to policies, objectives and strategies of the organization. According to Chao *et al.*. (1994), employees' perceptive of the goals, standards and political principles of their firms were positively and significantly related to employee motivation and gratification towards work (Reena *et al.*, 2009). Empowerment results in motivating employees that leads to constant expansion and organizational growth (Smith, 1997).

Empowerment directs faster decision of customer troubles for the reason that

employees did not dissipate time referring customer objections to managers. Increased autonomy enhances work productivity, amplifies employees' wisdom of self-efficacy and their motivation to get upon and complete certain tasks (Mani, 2010). According to Brewer *et al.*. (2000), managers should regard employees in decision-making procedures. Bhatti and Qureshi (2007) propose that employee participation in organization measures develop motivation and job-satisfaction level (Reena *et al.*, 2009).

Sanderson (2003) believed that empowerment creates motivation and energy in workforce to do their work efficiently and effectively (Amin. *et al.*, 2010). Kuo *et al.*, (2010) recommended that together the job characteristics of career revamp and employee empowerment are imperative characteristics in giving greater employee dedication and trustworthiness toward the organization and increased level of motivation (Reena *et al.*, 2009). More the loyalty towards the organization and higher the motivation works best for the effectiveness and growth of a business.

Neuman (1989) judges participative decision making as a set of planned procedures for systematizing individual sovereignty and autonomy in the perspective of faction accountability and associated to system-wide control. Employee participation and empowerment not only direct to efficiency, effectiveness and innovation but they also boost employee gratification, work motivation and trust in the organization (Constant.D, 2001).

John (2005) in his book 'Great motivation Secrets of Great Leaders', has discussed that empowerment and recognition encourages and motivates people to work. He elaborates it that empowerment grants people with responsibility and authority to act as it puts people in control of their own destinies Also he wrote that its fundamental to our humanity that everyone needs to be recognized about how and what work they have done and next

time they do it more efficiently for the sake of more recognition.

Iberman (1995) summarizes Rules for success in which he gave much importance to employee involvement and empowerment in decision making and task completion as according to him it increases commitment and understanding (Matthew *et al.*, 2005). The above literature and studies fully supports the second hypothesis that empowering employees increases their motivation towards work.

Employee motivation and organizational performance

Employee satisfaction and motivation towards work refers to prospects of the employee about the organization and his approaches towards his service (Ali *et al.*, 2011). Organizational effectiveness refers to locating targets and attaining them proficiently in spirited and energetic surroundings (Constant, 2001).

A study was done to examine the relationship of organizational effectiveness and employee performance and motivation in the telecommunication and banking sector of Pakistan. A sample of 103 respondents was taken and Pearson correlation was applied. The results show that there exists significant positive correlation (0.287) between employee motivation and organizational performance (Muhammad *et al.*, 2011).

The autocratic leadership styles, mechanistic design of organization and authoritarian rules as practiced in African organizations, are all where decision making is concerned only to top management and employees are just given orders to accomplish different tasks. In these types of organizational environment the employees may suppress innovativeness and their motivation hinders which has a direct negative effect on organizational performance, growth and effectiveness (Constant, *et al.*, 2001).

An internally satisfied, delighted and

motivated worker or employee is actually a productive employee in an organization which contributes in efficiency and effectiveness of organization which leads to maximization of profits (Matthew, *et al.*, 2009). Thus from the literature and various studies, the third hypothesis supports that there exists a positive relationship between employee motivation and organizational effectiveness.

Conclusion

Recognition and empowerment play an essential part in enhancing employee motivation towards organizational tasks. By appreciating the employees for their work done and giving them participation in decision making, internally satisfies them with their job, organization and organizational environment. Thus their enthusiasm and motivation towards accomplishment of tasks increases.

Employee recognition and employee motivation towards organizational tasks have positive relationship between them as exhibited by the empirical studies conducted by Kalimullah (2010), Rizwan (2010), Reena (2009) and Salman (2010). Thus it is concluded that appreciation and recognition of employees and employees' tasks fulfillment stimulates them towards working with more energy and dedication to the organization.

Employee empowerment and employee motivation towards organizational tasks have also direct and positive relationship between them as shown by the studies conducted by Reena (2009), John (2005), Amin (2010), Constant (2001), Mani (2010) and Smith (2001).

The motivated employees' work based in the interest of the organizations which leads them towards growth, prosperity and productivity. Thus the employee motivation and organizational performance or effectiveness are directly related. This is also proven by the study conducted by Muhammad (2011). So

the organizations should work out and make such policies and organizational structures that support employee recognition and empowerment.

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