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DOCTORAL THESIS
- ASTRACT -

EVALUATION OF THE MOTIVATIONAL POLICIES
IMPACT ON ORGANIZATIONAL PERFORMANCE

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ABSTRACT

The purpose of the paper is to identify the relevant motivational factors, to analyze and to determine the impact these factors have, as well as the overall motivation on organizational performance.

THE ACTUALITY OF THE RESEARCH THEME AND THE DEGREE OF KNOWLEDGE OF THE RESEARCH AREA

In a highly competitive and global environment, organizations are constantly under pressure to maintain their existing workforce (Deci, 2013). Employees with a high qualifications, reliable and experienced are a valuable asset to any organization. It is obvious that highly motivated employees are more likely to have a high productivity that ultimately reflects on organizational performance. Performance is not just a result of human resource motivation, it also includes the physical resources of the organization, i.e. equipment, consumables and time. Employee motivation, however, is the most important organizational performance enhancer, given that the human resource is the most important resource category of an organization that provides the organization with competitive advantage over other organizations. Human resource capacity and staff commitment differentiate successful organizations from those that fail.

An organization is as strong as its labor force is strong. Human resources need to be treated with great care because they are a special resource that needs special management attention. Therefore, it may be highlighted the need for research to help organizations and their managers identify and maximize ways to motivate employees, while reducing organizational abandonment rates and employees' underperformance.

Several employee motivation studies have been conducted, but few have focused on its impact on employee performance, focusing more on the motivational techniques used. Some studies have shown that employees from different geographical regions and national cultures could not be motivated using the same motivational techniques, which may require different techniques for different regions and cultures.

However, the question that has not been fully answered so far has been the following: *what is the magnitude of the performance variation that changes in the intensity of motivational factors can induce, given the strong correlation between motivation and performance.* As a result of this question, it results the necessity for this work to examine the impact of motivation on the performance of employees and the organization as a whole.

THE STRUCTURE OF THE DOCTORAL THESIS AND THE RESEARCH AXES

The fundamental objective of the paper was to assess the impact of the relevant motivational factors and the overall motivation on organizational performance.

Addressing the complexity and importance of this research theme, it has led us to structure the investigation into four research axes, which have consisted of four distinct chapters of the PhD thesis:

- motivating human resources in the contemporary economy;
- evaluating organizational performance;
- building the methodological framework of relationship research between human resources motivation and organizational performance;
- empirical research on the perception of motivation and motivational factors and their impact on organizational performance.

The axes are logically, inductively structured in a constructivist and positivist manner. Starting from the theoretical aspects investigated within the first two axes, the third axis sets out the methodological foundations of the empirical research, which takes place in the fourth axis.

REASONS FOR THE RESEARCH THEME CHOICE AND THE IMPORTANCE OF THE RESEARCH

Employee motivation is an important factor for employee performance. It is important to identify the factors that motivate employees in a particular organization so that management can enhance those motivating factors that have more pronounced effects. Human resource departments within organizations will be able to make informed decisions about the factors that the organization should focus on, in order to increase employee motivation and the overall performance of the organization.

Research findings could directly benefit to the management of the nine organizations in Dolj county, but also other organizations in Romania, and could help strengthen systems that can motivate employees and improve organizational performance. Also, research would contribute to an effective knowledge of employee motivation and could be a benchmark for other researchers who will conduct studies on the relationship between motivation and performance within organizations in Romania.

Firstly, the research results allow for the construction of a tool that could benefit the managers of the companies as it would enable them to better understand their employees, understand how they behave and what they are doing in a particular way. Also, research results would be relevant to other organizational leaders in Romania as to how they can determine the relationship between motivation and performance in their organizations. The recommendations which will be offered in the study can guide managers and, in particular, human resources departments on how to analyze the relationship between motivation and performance.

The findings of this thesis will benefit researchers and other academics as they will help to enrich the methodological framework used to know the motivation and management of human resources within organizations in Romania. In addition to contributions to the state of knowledge, the paper will provide suggestions on new tools and models that can be used in further research.

METHODOLOGICAL INSTRUMENT USED

From the point of view of the methodological tools used in the investigation, we used techniques of economic research, but also of statistical and mathematical techniques. The system approach of the studied topic involved the identification of the types of variables and the causal relationships among them. Where possible, the qualitative analysis of phenomena was intertwined with quantitative analysis. Econometric aspects have been used to present correlations that can be established between motivation and performance. Statistical analysis techniques such as media, correlation, regression have been used to highlight the links between motivation variables and organizational performance, or to facilitate the presentation of certain socio-demographic aspects of research.

RESEARCH RESULTS

In the first chapter titled THE MOTIVATION OF HUMAN RESOURCES IN THE CONTEMPORARY ECONOMY, we intend to investigate the vast themes of the theories and motivational models which have been exposed over time in the economic science. As a result of the exploratory research carried out in a rich bibliographic material, we have come to the conclusion that the motivational theories have, over time, increased in complexity and sophistication that followed the changes that took place in the organizational paradigm. In accordance with the principles of scientific management, motivation of the workforce was a relatively simple process, since workers were supposed to behave in a perfectly rational way and are motivated strictly by economic rewards. The human relations movement, however, has begun to recognize that workers have needs that have gone beyond the economic needs of the current scientific management. Of primary importance were the need for workers to feel useful and important, and belong to a social group. Different needs-based theories have been developed to better explain this motivational paradigm. Maslow's Hierarchy of Necessities, ERG Theory and McClelland's Necessity Theory are the most well-known needs-based theories, and are most often quoted in the literature.

In order to carry out the empirical study, we conducted an exploratory research on the most relevant factors that were retained by the literature. Within the majority of motivational theories two fundamental types of motivation were delimited: extrinsic motivation and intrinsic motivation. Motivation is an essential way to get the best results from employees, so it is the responsibility of a manager to understand the effect of each type of motivation and the mechanisms between them.

The success of an organization depends to a large extent on the quality of its human resources, regardless of the sector in which it operates. In this respect, leaders and managers must strive to ensure that the workforce is motivated and therefore performing.

In the second chapter entitled EVALUATION OF ORGANIZATIONAL PERFORMANCES, we aim to identify and analyze the main performance measurement and evaluation models in order to build a viable and reliable model that can be easily used by all companies, and especially by small and medium sized companies.

In the first part of the chapter we made a definition of the concept of organizational performance and we reviewed the opinions of various specialists through an exploratory research of the specialized literature. Organizational performance is a common term in management, which makes definition rarely explicitly. Performance generally illustrates the extent to which the goals that an organization has set for itself are attained. The issue of organizational performance has been studied in isolation, leading to fragmented and disparate conclusions. A multidisciplinary perspective could lead to a holistic understanding of organizational performance measurement issues.

In the second part of the second chapter I made a review of the specialized literature regarding the evolution of the performance measurement models over time. This included a review of the classical perspectives on organizational performance (accounting perspective, Balanced Scorecard perspective, strategic management perspective, entrepreneurship perspective and microeconomic perspective). Starting from the study of these perspectives, one can find that there are several schools of thought on how organizational performance should be measured. We found, however, that the research did not lead to the development of an efficient model or an effective set of indicators to ensure viable and reliable measurement of organizational performance. Nevertheless, as a result of the exploratory research we have undertaken in the literature, we have uncovered the need to develop performance situational models which can be generalized within a homogeneous population of organizations.

In part three of chapter two, we examined the strengths and weaknesses of the different categories of performance indicators. Each category of indicators has advantages and disadvantages in using in the process of assessing global organizational performance, and no category has individually demonstrated that it can be used singly to measure performance. As a result of the research, we have found that the performance indicators which allow for a more accurate measurement of the organization's performance are included in the following categories: financial indicators, operational indicators, market value indicators and economic value indicators. Starting from the individual analysis of the indicators for the measurement of the organizational performance we concluded that no indicator is single relevant and totally significant. Each indicator has individual strengths and weaknesses.

The last part of the second chapter deals with the issue of systems for measuring and evaluating organizational performance. The economic environment is now increasingly characterized by intense dynamism and globalization, which gives rise to a globally competitive environment that is constantly changing. In this context of increased competitiveness and dynamic market developments, organizations need to be more prepared to respond to the challenges they face and threaten their survival.

Within the third chapter entitled METHODOLOGICAL FRAMEWORK OF RELATIONSHIP RESEARCH BETWEEN HUMAN RESOURCES MOTIVATION AND ORGANIZATIONAL PERFORMANCE, we defined the methodology of research, building the methodological tool necessary to carry out research on the impact of motivation on

organizational performance. Within this chapter, we conducted an exploratory research and the in-depth analysis of the specialized literature, in order to build a questionnaire needed to determine the employees' perception of nine companies in various areas of activity in Dolj county on the relationship between motivation and performance in their organizations.

Starting from the research principles we defined at the beginning of this chapter, we set the research method, defined the data used in the research, described the population surveyed, as well as the sampling procedures. After setting up data collection tools, we set out the principles of hypothesis formulation, data analysis and the validity hypothesis research, ways of testing the validity and reliability of research.

In the second part of the chapter, based on the study of the theories and models from the literature and the direct observation carried out within the researched organizations, we have built a series of hypotheses that underlie the empirical research of the relation between motivation and performance. Hypotheses were made on the impact of key motivational factors on organizational performance: how to design jobs, how to set goals, training and personal development programs, financial motivational factors, non-monetary rewards, equity and the fairness of the reward system. Assumptions have also been made about employees' perceptions of the organization performance and the relationship between performance and employee motivation as a whole. There were a total of 10 main assumptions (rank one) that were then detailed in second (second) hypotheses. The research has resulted in a reliable and replicable tool that can be used by managers to determine the relationship between motivation and performance in their organizations in order to build optimal motivational systems.

Within the chapter we also proposed, on a theoretical, instrumental level, a multi-dimensional model for measuring motivation and its relationship with organizational performance to be used to study the relationship between motivation and organizational performance. The model proposes a factorial analysis of motivation, adaptive and dynamic, providing a tool for identifying motivational vectors in its own organization to boost performance.

At the end of the third chapter, we proposed and tested a multi-dimensional model of organizational performance measurement. The empirical application of this model allows us to establish a series of correlations that underlie the construction of an equation that will define the organizational performance as a whole. In this respect, based on the organizational performance research, according to which the performance is a multidimensional concept and no indicator is relevant and totally significant, we conducted an empirical study on a sample of companies listed on the Bucharest Stock Exchange, out of which it has emerged that a multi-dimensional model needs to be developed on the basis of profitability and market value indicators. If profitability indicators reveal information about the past, market value indicators, though imperfect, reveal information about the future implications of current decisions. However, market indicators are not practices for companies not traded on a stock exchange, since there is generally no information about the value of the organization. That is why we have proposed a multidimensional instrument for measuring organizational performance, providing a mechanism that will allow quantification of performance based on profitability indicators and market value indicators. The model has also been built in the way it addresses to non-traded companies, taking into account only the relevant profitability indicators.

In the fourth chapter entitled **EMPIRICAL RESEARCH ON MOTIVATION AND MOTIVATION FACTORS PERCEPTION AND THEIR IMPACT ON ORGANIZATIONAL PERFORMANCE** we presented the results of empirical research and highlighted the most significant aspects of the interpretation of the results.

In the research, a structured questionnaire was used as a primary data collection tool. The analysis of answers to questions involved the use of statistical processing techniques, namely descriptive and inferential analysis. The results of the study were presented by descriptive analyzes. The 10 primary hypotheses and 29 secondary hypotheses were tested using SPSS data processing as a tool. Studying the validity of the research hypotheses

formulated and interpreting the answers resulted in a number of conclusions and recommendations that can be made to the companies included in the research.

After analyzing and interpreting data, a series of recommendations can be made for companies selected in the research. Organizations need to re-evaluate the set of goals and also implement constructive feedback on the goals. Organizations should include regular mentoring and training programs as a way to keep motivated and responsible workforce targets. Organizations are highly recommended to manage their salary and benefits package effectively, as employees see rewards as performance-based. This can help to increase the morale and motivation of employees and, consequently, their performance. Organizations should reassess recognition programs and also get feedback from employees on the right and fair way to treat all employees. In addition, it is advisable for organizations to implement non-monetary rewards as a cost-effective way to boost workforce morale.

The direct focus of this study was on the employees of the nine organizations in Dolj county. The results were therefore limited and therefore are not a complete representation of all organizations in Romania. However, in this chapter we proposed a model for the analysis and interpretation of the influence of the motivation as a whole and of the motivational factors on the organizational performance that can be applied within any organization or group of organizations. Periodic application will enable the observation of trends and the implementation of effective measures within the motivational system in order to increase individual and overall performance.

Organizational performance is a subject of many research being used as a variable dependent on several factors. Taking into account the need to integrate stakeholders' interests and the specific purpose of the organization, we believe that organizational performance measurement requires the development of a multi-dimensional system. Therefore, to measure performance, we proposed a dynamic weighting scheme. This scheme will take into account the correlations that are established between the various dimensions of organizational performance and allow us to build an equation that defines overall organizational performance. This equation is used to ensure comparability between organizations and to analyze the impact of motivation on organizational performance. The parameters and variables of the equation are determined on the basis of the financial and accounting indicators of the investigated firms, establishing the importance of the various indicators of profitability and market value in the overall performance. Model limitations are related to the scope of applicability that targets only organizations surveyed, but based on industry-specific indicators, the relevant parameters for those organizations can be defined.

OWN CONTRIBUTIONS AND FURTHER DEVELOPMENTS

Employee motivation is the main driver of organizational performance. The analysis of motivational factors and the influence of each category of motivational factors on performance can help managers create a motivational performance-oriented climate. The main contribution of the work is that propose a multi-dimensional model for measuring the degree of motivation and its relationship to the organizational performance to be used to study the relationship between motivation and organizational performance. The model proposes a factorial analysis of motivation, it is adaptive and dynamic, providing a tool for identifying motivational vectors in its own organization to boost performance. In order to determine the influence of motivation on performance, we calculated the correlations among the individual motivational variables, the indices of the categories of motivational factors (aggregated in the form of NPM - the weighted level of motivation), the general motivation level (NGM) and the employee perception index on organizational performance (P(M)). The correlation series will be compared and will be the basis for determining the influence of motivation on organizational performance in the coming years. Factor analysis allows, first of all, to determine the impact of motivation on performance, and secondly, to increase those motivational factors that have a greater influence on performance, allowing managers to identify those factors that are most effective in stimulating the performance of their own employees.

In chapter four, the model is empirically tested in nine selected companies in Dolj county. Following the analytical analysis of the nine companies selected in the sample, we concluded that the motivational factors that have a greater influence are the fairness and fairness of the reward system, the setting of the individual objectives, the design of the jobs. Vocational training and personal development, financial reward, non-monetary reward have lesser influence on performance, but should not be ignored as it turns into demotivating factors. Based on the correlation calculations, we found that there is a positive influence of motivation on performance, and on the other hand there are a number of motivational factors that intensify the motivation, so that the weighted level of motivation (calculated on the basis of the perception on motivational factors) above the level of general motivation (calculated on the basis of perception of overall motivation).

In order to be a reliable and relevant tool, it is necessary to apply periodically (preferably annually) the motivation impact model of organizational performance and the hierarchy of motivational factors as the influences may change depending on the economic situation, mobility and staff structure. Organizations can set up an optimal mix of the tools used in the motivational system according to the results, which will lead to an increase in the motivation influences and ultimately to the increase of the overall individual and organizational performance.

Such a multi-dimensional model of measuring the impact of employee motivation on organizational performance is a very useful tool for managers of all organizations, since it enables them to calibrate their motivational programs according to the motivational factors that motivate employees and the intensity of motivation, as a whole, on organizational performance. The model will be tested empirically during future research and will be improved as a result of the observations made.

The work has a unitary structure, the approach of the studied topic is done from general to particular, from the theoretical to the applicative aspects. The overall view is integrative, motivation and motivational factors are analyzed in terms of their impact on organizational performance, providing a useful tool for building an optimal system of motivation at the organizational level.

Keywords: employee performance, motivational factors, job design, goal setting, employee engagement, feedback, training, personal development, mentoring programs, financial rewards, competitive payout package, money as a crucial incentive, wage policy, management and colleagues' recognition, non-monetary rewards, performance-based rewards, fairness of the reward system, Equity of the reward system, multi-dimensional model, impact of motivation on performance, evaluation of motivation.