

## MOTIVATION AS AN INCENTIVE FOR VALUE CREATION

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### ABSTRACT

*Motivation of employees is a key-aspect in organizations, with important implications at the level of organizational management. Motivation becomes part of the corporate culture and is reflected in the values of the organization. By increasing motivation, the organization may achieve a competitive advantage. Value creation may be a consequence of increased motivation within the organization. Non-monetary incentives, such as motivation, play an increasing role in the current business environment. Non-monetary incentives trend to gain more importance than monetary issues. This research hypothesis is analysed in the present paper. The research topic of the present paper consists in understanding motivation as an incentive for value creation in organizations, trying to conclude which incentives trigger motivation. A qualitative research approach is used on the present paper in order to formulate results and conclusions to the research questions. The novelty and originality of the present paper is ensured by proposing an international perspective and a multidisciplinary research approach. The research findings may be useful for human resources departments in organizations, which represents a social impact of the present research.*

**KEYWORDS:** *motivation, incentive, value creation, organizational management, corporate culture, human resources.*

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### 1. INTRODUCTION

Considering the change of paradigm from personnel management to human resources management, human capital becomes a key asset for companies and organizations. In order to unleash the potential of human capital, motivation is an important factor. The question to be answered in this context is what really motivates employees, so that they develop their potential of increasing the business, beyond only performing their daily tasks. It is already known that people who are valued for their work have a better performance and help the company to achieve growth. But what is in fact the basis for their motivation, what motivates people to contribute to value creation in their working environment? This is an important question for human resources departments, for people working with other people and having to motivate them. It is as well the research question of the present paper, analyzing how motivation can be seen as an incentive for value creation within a company or an organization. Motivation of employees becomes, considering these circumstances, a key-question in organizations. Motivation within an organization is part of the corporate culture, of the organizational culture and it is part of the strategy of the organization. An increasing role of motivation as a competitive advantage is to be observed at the level organizations, given the competition on the international labor market, where multinational companies are key-actors. New developments of this

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international working environment have to be considered, such as the use of artificial intelligence and of digitalization. These new developments have a strong impact on the employees, on their motivation and on the way they perceive their working environment. These new developments may shape the working environment, the way people interact or perceive their work and their coworkers. The chances but as well the fears of employees regarding these developments may as well have a contribution on increasing or decreasing motivation. Nobody would like to know that his or her work can be replaced by artificial intelligence or machine learning. On the other hand, everybody would like to get help with solving repetitive tasks easier, which is possible by using artificial intelligence or digitalization in organizations.

The main objective of the present paper is to assess the role of motivation as an incentive for value creation in organizations. The present paper uses a qualitative research approach in order to formulate results and conclusions to the research questions, an approach which is in line with the latest recommendations in research regarding the use of qualitative methods in economic research (Carlsson, 2018, p. 432). The paper considers the advantages but as well the limitations of the proposed research approach.

The subject is very interesting, as it has an impact beyond academia, in the real world, in the working environment of organizations. The research findings might thus be used by human resources departments in organizations. This fact represents the social impact of the present research.

Elements of novelty and originality of the present paper are represented by proposed an international perspective and the multidisciplinary research approach, which is in line with the current recommendations in research (Dinu et al., 2016).

## **2. MANUSCRIPT**

### **2.1 Review of the scientific literature**

According to the studied literature, incentives trigger a change of behaviour. This hypothesis is formulated by Gregory Mankiw in his principles of Economics, in his book “Principles of Economics”, where this is the 4<sup>th</sup> principle. According to Gregory Mankiw, “People change their behavior responding to incentives” (Mankiw, 2018).

A next question which is debated in the present paper and analysed in the specific literature is what type of incentives determine a change of behaviour. This is important in order to understand the behaviour of employees, what motivates them and how to help them achieve better performance. This question is debated in the specific literature, as well as in the field of experimental economics. Non-monetary incentives are more powerful in triggering change of employees, as proven by the research findings of experimental economics. People are motivated by values and by moral principles when making decisions in their role as employees, they are not motivated only by pecuniary aspects (Bowles et al., 2003, Gintis, 2005a; Gintis, 2003b; Wood, 2003). According to these cited authors moral aspects, trust, reciprocity are important values contributing to motivation. This is a valuable element to be considered when drafting organizational strategies, as confirmed in the studied specific literature (Lindebaum, 2017). The role of motivation in the development of the organization has to be considered on the strategies and human resources policies (Shkoler & Tziner, 2020). Business ethics are influenced by the role of motivation in developing the organization (McMurray & Pullen, 2020; Singh et al., 2018).

In the scope of Behavioural Economics, the Behavioural Theory of Motivation states the assumption that people are motivated by incentives and act according to these incentives, trying to achieve reward (Killeen, 1982, pp. 217-232).

The term competitive advantage from Economics can play an important role in the field of Human Resources, especially when considering the latest trends on the labor market, regarding the use of artificial intelligence and digitalization (Eurofound, 2022a).

## 2.2 Research topic and research methodology

The present paper deals with the following research topic: is motivation an incentive for value creation in organizations?

The research question debated in the present paper is to analyse which incentives trigger motivation. In order to deal with the research topic and to find answers to the research question, an assessment of incentives is performed, considering monetary and non-monetary incentives. New developments regarding this subject are analysed in the present paper, trying to figure out new strategies for organizations. Following the performed assessment, a new paradigm for organizational management is analysed.

The research methodology of the present paper is represented by a qualitative approach regarding the used research methods. A review of the relevant literature consisting in books, scientific articles (Science Direct, Elsevier) and journals has been performed.

Metadata has been analyzed and assessed. Data provided by the European Foundation for the Improvement of Living and Working Conditions (Eurofound, 2022a), which is an agency of the European Union, is used in the research of the present paper.

Interviews based on questionnaires have been used as a qualitative research method. A number of 100 respondents have been interviewed regarding their motivation for a job. The respondents are students at the Bucharest University of Economic Studies enrolled in a Bachelor Programme. Their answers are relevant for the generation of current students and of young people representing the current or future workforce. The interview consists of 5 open questions, giving the respondents the possibility to express their opinion about incentives at the working place and which factors trigger motivation for them.

The novelty and originality of the present paper consists in the international perspective of the paper and in the multidisciplinary approach, considering elements of economics, business, psychology, sociology and even philosophy.

## 2.3 Results and discussion

Among the respondents interviewed, the elements presented in the following table have been identified as factors triggering motivation for employees. The research findings regarding elements triggering motivation for young employees are reflected in Table 1 Factors achieving motivation for employees:

**Table 1. Factors achieving motivation for employees**

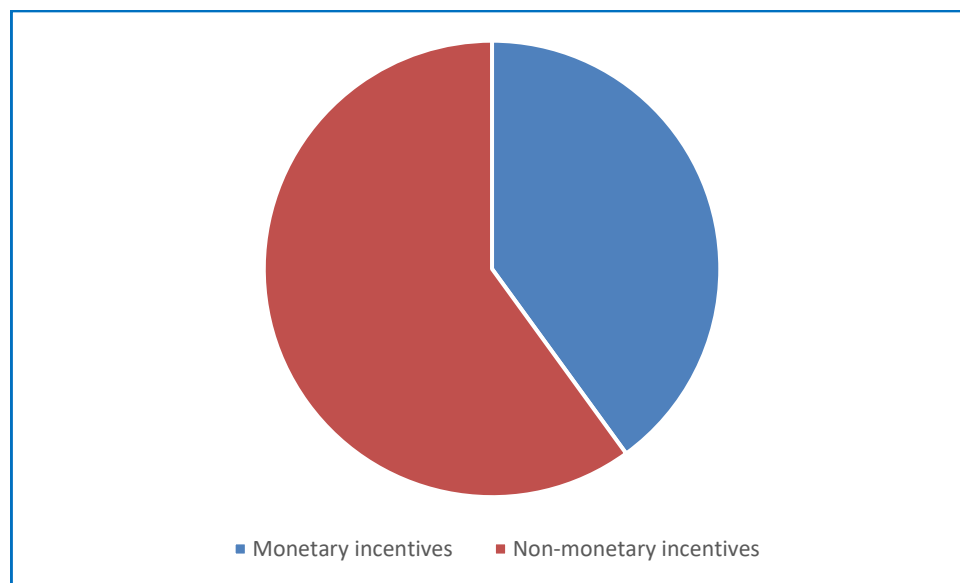
	<b>Motivation</b>	<b>Factors</b>
1.	<b>Question: What motivates you at your job?</b>	• monetary incentives
2.		• non-monetary incentives
3.		• work-life balance
4.		• flexible working hours
5.		• facilities (discounts, vouchers, sports activities, health insurance package)

6.		<ul style="list-style-type: none"> <li>inter-cultural dimension (e.g. sabbatical year possible?)</li> </ul>
7.		<ul style="list-style-type: none"> <li>focus on personal development</li> </ul>
8.		<ul style="list-style-type: none"> <li>home-office</li> </ul>
9.		<ul style="list-style-type: none"> <li>maternity/paternity leave</li> </ul>
10.		<ul style="list-style-type: none"> <li>corporate culture – new developments</li> </ul>

*Source:* Own representation based on own conducted research

In a more detailed analysis, 40% of the respondents are motivated by monetary incentives, while 60% of the respondents are motivated by non-monetary incentives. This research finding confirms the hypothesis of Experimental Economics, stating that non-monetary incentives influence human behaviour more than monetary incentives (Bowles et al., 2003, Gintis, 2005a; Gintis, 2003b; Wood, 2003).

The research results of the conducted research are presented in Figure 1. Monetary and non-monetary incentives triggering motivation:

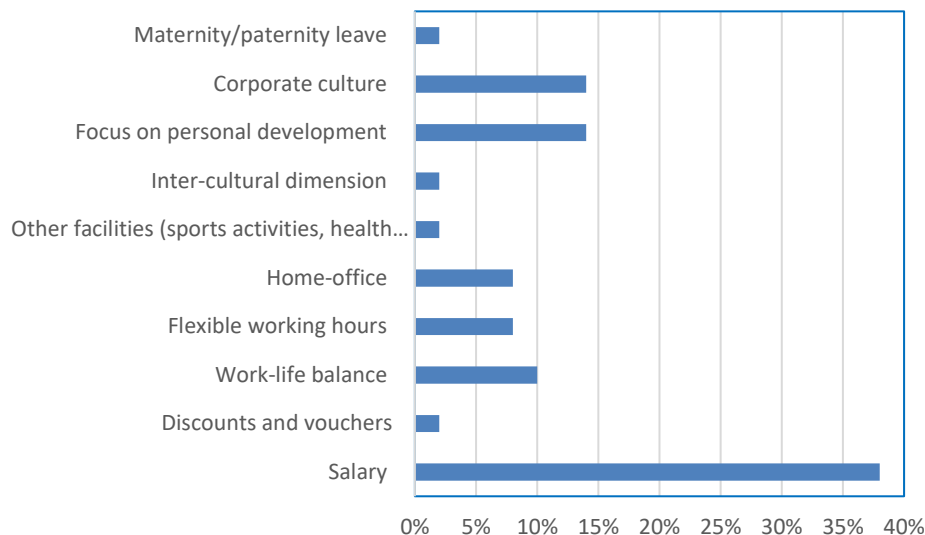


**Figure 1. Monetary and non-monetary incentives triggering motivation**

*Source:* Own representation based on own conducted research

According to the research findings of the own conducted research, monetary incentives are the salary as well as discounts or vouchers. Respondents weighed the importance of the salary with 38% and the importance of discounts or vouchers with 2%. Work-life balance trends to gain importance, which is reflected in the research results (10%). Flexible working hours are as well a non-monetary incentive, as reflected in the answers of the respondents (8%). The possibility for home-office is as well an important factor, especially after the COVID-pandemic (8%). This was especially encouraged by the situation of the pandemic. Employees got used to home-office and it was difficult for companies to convince them to come back to the previous physical format, in their offices. Other facilities, such as sports activities, health insurance package count as well as motivating factors for the employees (2%). The inter-cultural dimension is as well appreciated by the respondents (2%), for

example the possibility to have a sabbatical year. The focus on personal development counts for the employees (14%). The corporate culture and the new developments in this field are an important incentive for the motivation of employees (14%). The option for maternity or paternity leave was as well mentioned as a factor by the respondents (2%). There is an increasing openness regarding paternity leave for the situation in which this would be more convenient. The most important non-monetary incentives are, according to the concluded research, work-life balance, the focus on personal development and the corporate culture. The research results are presented in Figure 2. Incentives for motivation in the perception of young employees:



**Figure 2. Incentives for motivation in the perception of young employees**

*Source:* Own representation based on own conducted research

The practical importance of such research findings is reflected in the way human resources policies are drafted. A greater focus should be placed on improving motivation at work, as motivated employees are a great asset for an organization, ensuring value creation for the organization. This hypothesis is confirmed by the research of the European Union agency European Foundation for the Improvement of Living and Working Conditions. The metadata provided by this agency has been as well considered and assessed in the present research paper. Motivated employees have a better performance at the working place. Having motivated and creative employees is an important competitive advantage of an organization, helping to delimitate from its competitors. This competitive advantage is a valuable asset for an organization. Considering the increasing importance of sustainability nowadays, this concept is developed as well regarding workforce and working conditions, regarding the labour market. Sustainable work is performed by motivated employees. This is important for achieving value creation within an organization. Sustainability goals on the labour market are related to motivated employees. Motivation at work may be intrinsic, related to the content of the tasks to be performed at the job, or extrinsic, influenced by the organizational culture. The development of employees leads to sustainable work, with better engagement at work and less negative aspects like negative health issues (Eurofound, 2022a,b; Twenge, 2010).

Improving motivation at work is an interdisciplinary issue, related to social policies for achieving sustainability. Psychological factors play as well an important role in motivating employees. Psychological knowledge in order to improve the motivation of employees plays a key role in this context. Macroeconomic factors, such as pension schemes, taxation issues may influence as well the policies aiming motivation of employees. Microeconomic issues and business strategies influence as well the type of policies targeting motivation of employees. This is why motivating employees for achieving sustainability in the organization and for value creation within an organization is a

multidisciplinary task and an interdisciplinary, international approach is needed in order to achieve the best possible results and to understand the labour market at the level of the European Union.

### 3. CONCLUSIONS

As a conclusion of the present paper, motivation can be understood as an incentive for value creation in organizations but as well at personal level. This conclusion is an important research finding, with relevance for academia but as well for the business environment. Given the importance of the research findings, it is a topic with social impact beyond academia. The limitations of the present research are represented by the gap between countries, mentalities and values regarding this research topic. It is difficult to find a common, harmonized perspective on the topic, given the differences in approaching the subject. This is a possible limitation to be considered when analysing cross-cultural aspects, in an international perspective. Another possible limitation may be represented by the fact that a qualitative research is not as vast as a quantitative research based on big data. But it might offer a good starting point for future research. Being a topic with social impact, motivation as an incentive for value creation is a topic needing further research, so that the research findings of the present paper may be further developed, improved and used for future research.

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