

An Assessment of the Impact of Staff Motivation on Organisaitonal Performance

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Abstract

The study evaluates the impact of staff motivation on organizational performance. Secondary data were obtained from the published financial statement of Guaranty Trust Bank Plc. Spearman's Rank Correlation Coefficient Statistical data analysis was used to analyse data. The analyses confirmed that staff motivation have positive impact on the performance of organizational performance. The study concludes that staff motivation is central to improving organizational performance; hence management of corporate organization should put in place policies that will enhance employee's motivation. The study recommends that staff welfare should always be giving top priority by management to enhance continuous improvement of organizational performance. The study further recommends that staff packages should be reviewed periodically to reflect economic realities as this will serve as a motivating factor that will enhance continuous increase in organizational performance.

Keywords: motivation, organizational performance, personnel cost.

1.1 Background to the Study

Staff motivation refers to the entire class of drives, desires, needs, wishes and effort that improves morals and productivity in an organization. Ezionye Eboh F. (2008) in his book defined motivation as that thing that gives workers the urge stimulus or driving force to work for the organization. He further stressed that motivation is that thing that propels the workers or gives him the zeal to work for the organization.

A manager is said to motivate his subordinate when he/she does things that will hopefully satisfy the drives, desires and induce the subordinate to act in a desired manner.

Terry Lucey (2005) in his book on management informantion system defined motivation as the driving force or commitment people have for doing things. He further opined that although the causes of motivation are imperfectly understood, the results of having motivated people in an organisation are obvious and highly beneficial.

Managers are expected to understand the conditions and influences that motivate staff in their organization so that they can manage organize activities and create an organizational atmosphere that encourages positive motivational effect that will enhance improvement on organizational performance and goal.

1.2 Statement of the Problem

Most corporate organizations pay less attention to the plight of their staff considering the cost implication of motivating staff through upward reviews of personnel cost. Some managers are bent on cost minimization by either reducing personnel cost or maintaining a fixed personnel cost level to maximize profit.

In views of the above, this study has been carried out to assess the impact of staff motivation through personnel cost on organizational performance.

1.3 Research Question

The research question of the study is presented below:

- ✓ To what extent does staff motivation impact on organizational performance?

1.4 Research Hypothesis

H₀: Staff motivation does not have positive impact on organizational performance.

H_A: Staff motivation has positive impact on organizational performance.

1.5 Objective of the Study

Against the background of the research questions, the objective of the study is to assess the impact of staff motivation on organizational performance.

1.6 Significance of the Study

This study will be of great benefit to managers to corporate organizations as it will help them to develop staff motivation policies that will enhance the performance of their organizations. The study will also contribute to the field of knowledge in management.

1.7 Scope and Limitation of the Study

The study reviewed the published annual report of Guaranty Trust Bank Plc from 2010 to 2015. The limitation of this study is the challenges of accessing historical data for the study.

2. Literature Review

2.1 The Concept of Motivation in Organisations

Terry Lucey (2005) opined that motivation can be explained as the driving force or Commitment people have for doing things. A motive is a need or desire within a person to achieve some goals or objective. In corporate organisations, managers have to try to understand the conditions and influences that motivate people so that they can manage, organize activities and create an organisational atmosphere that encourages positive motivational effects.

According to Terry Lucey (2005), early management theory took a somewhat mechanistic view of human motivation assuming that;

- A. Individual goals were consistent with, or sublimated to, organizational goals.
- B. Individuals respond positively to authority and
- C. People were motivated solely by monetary reward.

Behavioural research and experience has shown that these early views are incomplete and simplistic as people are much more complex than suggested by the early management theorists.

Ezinye Eboh F. (2008), opined that to properly articulate the concept of motivation, four basic elements must be appreciated. These elements are as follows:

1. Motivation is internalized in the individuals.
2. The process of motivation energizes up individual workers in the discharge of his task or responsibility in the workplace.
3. The process of motivation directs the individual work in the workplace.

2.2 Theories of Motivation

Numerous theories have been advanced to explain motivation on how and why people are motivated. The classifications of the various approaches are majorly classified into two (2) classes. These theories include; content and process theories.

2.2.1 Content theories of Motivation

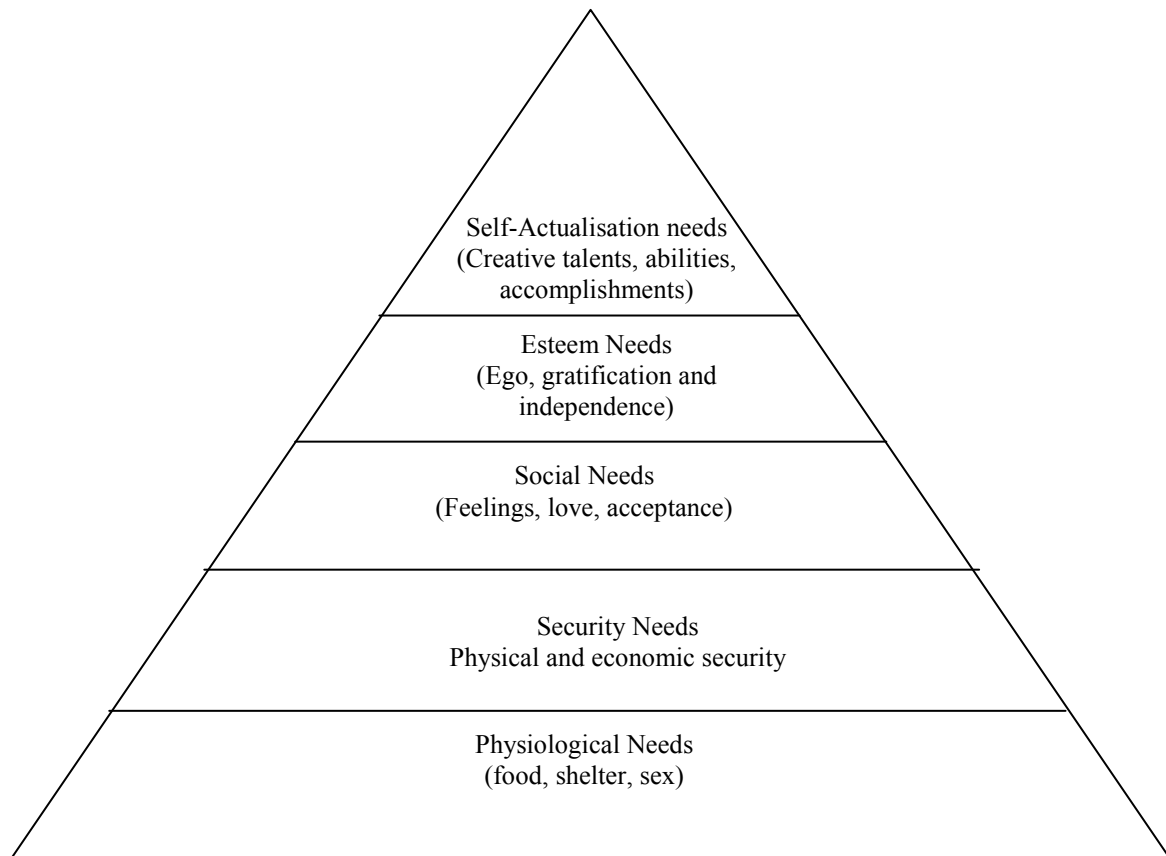
Content theories are based on the assumption that people have a set of need or desired outcomes which drive them to pursue actions that will enable them achieve their wants. Two important content theories are developed by Abraham Maslow and Frederick Herzberg. It is worthy to note that unless the individuals see the success of the organization as a path leading to his own success (as an individual), he may not work out his heart for the organization.

2.2.1.1 Abraham Maslow Hierarchy of Needs Theory

In 1954, Abraham Maslow came up with an important model in the theory of motivation. He posited that human needs exist in the form of a hierarchy consisting of five steps. Maslow classified human needs according to the following sequence:

1. Physiological needs
2. Security needs
3. Social needs
4. Esteem needs
5. Self-actualisation needs.

The diagram below depicts Maslow's Hierarchy of Needs.



Maslow noted that as the worker satisfied one need, he craved for the satisfaction of the next higher level need.

Managers are expected to articulate the need components of employees to enable him motivate them towards achieving organizational goals.

2.2.1.2 Frederick Herzberg Two Factor Theory of Motivation

Frederick Herzberg came up with the two factor theory of motivation in 1966. He was a psychologist at case Western university, Cleveland.

Herzberg concluded that certain factors led to job satisfaction which he termed the motivators. He further opined that certain factors could lead to dissatisfaction which he termed as the hygiene factors. The major factors in the two groups are summarized in the table below;

Hygiene factors (leading to dissatisfaction)	Motivators (leading to satisfaction)
<ul style="list-style-type: none"> ✓ Policies and administration ✓ Supervision ✓ Working condition ✓ Money ✓ Job security ✓ Status ✓ Relationship with peers and subordinates 	<ul style="list-style-type: none"> ✓ Achievement ✓ Recognition ✓ Responsibility ✓ Growth and development

The table above revealed that motivators are related to the content of the job whilst the hygiene factors are more related to the environment of the work and not intrinsic to the job itself.

There are differences between Maslow's and Herzberg's approaches, but they both tend to assert that the individual's performance in a job is influence by basic needs and higher needs.

2.2.2 Process theories of Motivation

Process theories concentrates on the ways outcomes become desirable and are pursued by people. Two examples of process theories are; Vrooms expectancy theory and Handy's motivational calculus.

2.2.2.1 Victor Vroom Expectancy Theory

The expectancy theory states that motivation depends on the valence to the worker of the extrinsic and intrinsic reward for his effort, and the probability that the worker assigns to the likelihood that his effort will lead to the reward (Dilworth 1979; 495).

According to Victor Vroom (1964), he opined that the extent to which an individual is motivated to perform

his duty is a multiplicative function of expectancy (of outcome) and valence.

Expectancy of outcome relates to the probability the individual attaches to the attainment of his personal goal while achieving the organisational goal. For instance, if the probability or outcome is considered positive, then the individual would be motivated to work towards the attainment of the organizational goals.

Valence is the relative weight or measure of importance work of the outcome or reward which individual expects. If the individual expects a worthwhile reward, then the valence is positive and the individual would be motivated to perform the task.

In summary, the theory relates to how a person perceives the relationship between two factors:

1. The value placed on a particular outcome (valence) and
2. The strength of a person's expectation that behaving in a certain way will produce the desired outcome (expectancy).

The equation summary is thus;

Expectancy x valence = strength of motivation.

2.2.2.2 Handy's Motivational Calculus

Professor Charles handy suggested that for any individual decision, there is a conscious or unconscious assessment of three factors which he terms the motivational calculus. The factors are:

- ✓ The individual needs
- ✓ The desired results
- ✓ The E factors (i.e. effort, emotion, energy, expenditure and excitement in achieving desired results).

Professor Handy suggests that motivation in organisation is increased when intended results are made clear and when there is feedback on performance (Terry Lucey 2005; 78). He further opined that individuals are more committed to specific goals which they have helped to set themselves.

The two 'process' theories outlined above (Vroom's and Handy's) have differences, but they both emphasised that motivation is dependent on a firm of calculation whereby a person weighs up the potential rewards and the effort required to achieve those rewards. In a nutshell, consideration of the various theories and assumptions on which a manager subscribes will enhance his views about the way to manage and the way to deal with people in his or her organization.

3. Materials and Method

The source of data for this study is secondary data obtained from the published annual reports of Guarantee Trust Bank Plc. The main tool of data analysis is the application of spearman rank correlation coefficient statistical data analysis. The objective of the study is a concise assessment of the impact of staff motivation on organizational performance using personnel expenses as the independent variable (x) and Profit After Tax (PAT) of the Bank (as dependent variable 'y') as basis of assessment. The personnel expenses include wages and salaries, contributions to defined contribution plans and staff welfare expenses.

4. Data Presentation, Result and Discussion

4.1 Data Presentation

Year	Personnel Expenses Independent Variables (X) (=N= 000)	Profit After Tax Dependent variables (Y) (=N= 000)
2010	16,932,927	39,604,024
2011	20,484,007	51,741,620
2012	23,660,091	87,295,957
2013	23,761,448	90,023,977
2014	27,442,101	94,434,092
2015	27,721,723	99,436,881

Source: Guaranty Trust Bank published Annual Reports.

4.2 Data Analysis, Result and Discussion

Data Analysis using Spearman Bank Order Correlation Coefficient of Data Analysis

Years	Personnel Expenses of GTB X = Independent Variables (₦000)	Profit After Tax Y = Dependent Variables (₦000)	Rank (X)	Rank (Y)	d	d ²
2010	16,923,927	39,604,024	1	1	0	0
2011	20,484,007	51,741,620	2	2	0	0
2012	23,660,091	87,295,957	3	3	0	0
2013	23,761,448	90,023,977	4	4	0	0
2014	27,442,101	94,434,092	5	5	0	0
2015	27,721,723	99,436,881	6	6	0	0
				Summation	d²	0

Spearman's Rank Order Correlation Coefficient Formula

$$\begin{aligned}
 &= 1 - \left(\frac{6 \sum d^2}{N(n^2-1)} \right) \\
 &= 1 - \left(\frac{6 \times 0}{6 \times (6^2-1)} \right) \\
 &= 1 - \left(\frac{0}{6 \times (36-1)} \right) \\
 &= 1 - \left(\frac{0}{210} \right) \\
 &= 1 - 0 \\
 &= 1
 \end{aligned}$$

4.3 Result and Discussion

Result from the computation above revealed that staff motivation has positive impact on the overall organizational performance considering the positive nature of the result after using the Spearman's Rank Order Correlation Coefficient statistical data analysis and adhering to its decision rule.

5. Conclusion and Recommendation

5.1 Conclusion

Staff motivation in any organization is cardinal to improving organizational performance; hence management of corporate organization should always put in place policies that will always review staff packages (personnel expenses) in line with economic realities to sustain the purchasing powers of employees as a motivating factor. This will have positive impact on the organizational performance.

5.2 Recommendations

The following recommendations are necessary

- ✓ Management of corporate organizations should not lose sight of their responsibility of enhancing organizational performance by maintaining strong commitment to promoting best practice.
- ✓ Staff welfare should always be considered as top priority to enhance continuous improvement of organizational performance.
- ✓ Staff packages should be reviewed periodically to reflect economic realities as this will serve as a motivating factor that will enhance continuous increase in organizational performance.

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