NEXUS OF EMPLOYEE MOTIVATION WITH HRM AND WORKPLACE BEHAVIOUR: AN ASSESSMENT OF THE DOMINANT FACTORS

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Abstract

Motivation is a factor that always remained as black box. It is a principal constituent of the black energy that operates through the performance of the employee. This paper deals with the extrinsic motivation of the employee and is a thorough investigation on the nature of the relationships between Employee Motivation and Human Resource Management (HRM), Work Place Support (WPS) and Work Place Undermining (WPU). This study is based on primary data of 305 permanent employees of different organisations and institutions operating at Rajshahi City Corporation (a divisional city) of Bangladesh. The causal relations among the variables were tested by structural equation model while the measurement model was tested via confirmatory factor analysis. Result indicates that, despite controlling age and educational level, WPS and WPU are found significantly associated with Employee Motivation at 5 percent level of significance, while HRM is found insignificant to influence Employee Motivation. In the study WPS is found to have positive impact on Employee Motivation, while WPU has negative. Squared factor loadings indicate that WPS, WPU and HRM account for about 34 percent 3 percent and 1 percent of the variance in employee motivation respectively. All these results imply that WPS and WPU are dominant over HRM to influence Employee Motivation. Having established structured HRM operation, organizations should emphasize more to improve WPS and should strive to stave off WPU for further enhancement of Employee Motivation.

Keywords: Motivation, Extrinsic Motivation, Human Resource Management, Work Place Support, Work Place Undermining.

1. INTRODUCTION

"Motivation" is a factor that always remained as black box. Drever (1952) defines motivation in terms of "the phenomena involved in the operation of incentives and drives". As interest of the management is always in improving employee performance, these days employee motivation has received increasing research attention as a unit of analysis. Motivation is a principal constituent of the black energy that operates through the performance of the employee. Substantial evidence support that employees need to have motivation to engage in behaviors that contribute to the achievement of a firm's goals (e.g.,

Baldwin, 1959; Heider, 1958; O'Reilly & Chatman, 1994). Higher productivity and higher employee retention can be realized by enhancing the motivation of employee, which in turn helps the organization survive in rapidly changing and competitive business environment (Smith, 1994; Lindner, 1998). But motivation of the workers remained centuries-old puzzle. Employees are motivated intrinsically as well as extrinsically. Many economists leave the intrinsic motivation aside because it is difficult to analyse and control (e.g., Williamson, 1985, p. 64), and have suggested to rely on extrinsic rather than intrinsic motivation (e.g., Prendergast, 1999). Employees can be extrinsically motivated by satisfying their needs directly and indirectly, especially through monetary compensation (Calder & Staw, 1975, p. 599), reward and command policy (Argyris, 1998). These days, employees are being provided with different direct and indirect monetary and non-monetary benefits by structured methods of Human Resource Management (HRM). Modern articles suggesting to place more efforts to conduct research on social capital in work place (e.g. Nakamura & Yorks, 2011). This article deals with the functions of HRM, work place support (WPS) and work place undermining (WPU) in employee motivation.

Fey et al. (2009) demonstrated that HRM practices are lever through which employee motivation can be increased but they have included only few variables (viz. training, competence and performance appraisal, merit based promotion, performance based compensation and internal communication) as the indicator of HRM that misses a number of important factors. Vermeeren et al. (2009) revealed that HRM practices influences organizational performances through job satisfaction and motivation positively. Lindner (1998) found following factors that influence employee motivation: interesting work, followed by good wages, full appreciation of work done, job security, working conditions, promotions and growth, employee participation, employee loyalty, tactful discipline and sympathetic help with personal problems.

According to Smith (1994), positive working environment is very important for employee motivation and retention. Agneessens and Wittek (2008) found a linear relationship between trustworthiness and overall job satisfaction. There are also indications that, workplace undermining negatively influences work behaviour through trust among coworkers (Baron & Neuman, 1996; Giacalone & Greenberg, 1997; Ong Lin Dar, 2010). The above studies tried to provide some indications about the relationships between Motivation and WPS and WPU quite indirectly.

All the aforesaid studies either included incomplete and unclassified set of factors, or they largely depend upon the subjective judgment of employee instead of drawing inference from data. In such cases, the results would be seriously affected by the communication error and wrong attitude of the employee and management. This study was carried out on the permanent employees of different

government and non-government organizations located at Rajshahi City corporation (divisional city), Bangladesh. In this study, Motivation, HRM, WPS and WPU were measured by a number of structured direct and indirect questions using appropriate scale and techniques, and the inference was drawn by appropriate statistical method.

The main objectives of this study were to thoroughly investigate the nature of the relationships between Employee Motivation and HRM, WPS and WPU and to make a comparison between the robustness of the relationships of Employee Motivation with HRM, WPS and WPU.

2. METHODS AND MATERIALS

Used data was collected through sample survey during March of 2011, and the survey was conducted under the authority of the department of Population Science and Human Resource Development, university of Rajshahi, Bangladesh. The organizations and institutions of Rajshahi City Corporation were fragmented into seven sectors, viz. education, medical, telecommunication, public administration, mills and factory, bank and NGO, which were considered as the cluster. From these clusters, total 305 permanent employees out of 2434 were interviewed from 179 organisations and institutions out of 191. The sample size for each cluster were decided using the technique of Probability Proportional to Size (PPS) and the sample were drawn randomly. Only the Employees having career path till the apex tier of the system were considered for interview. Out of 305 respondents, only 12.8 percent were female and 48.9 percent of the total respondents had prior work experience. The age and schooling ranges of the respondents were 24 to 60 years and 14 to 19 years respectively. Techniques used to measure different variables are described in the following, where the code names exist in parenthesis following each variable are the variable names as they appear in path diagram of Structural Equation Model.

In this study, the motivation was measured by six questions, which are; to what extent do you agree with the following statements: i) this organization inspire you to do your best (MOT-1), ii) this job make you feel good (MOT-2), iii) you are proud to be the member of the organization (MOT-3), iv) you are punctual to come office (MOT-4), v) you always complete the task conscientiously (MOT-5), and vi) you will take extra work load for the development of the organization (MOT-6). The questions used to measure WPS are; to what extent do you agree with the following statements: your supervisor or colleague i) inspires you (WPS-1), ii) provides you with informative support (WPS-2), iii) cares you as a person (WPS-3), iv) helps you solve personal problem (WPS-4), v) excuses your fault (WPS-5), and vi) sympathizes with you (WPS-6). The WPU was measured by taking into account following questions; to what extent do you agree with the following statements: your supervisor or colleague i) foments in

performing tasks (WPU-1), ii) avenges on you silently (WPU-2), iii) doesn't give you recognition for good work (WPU-3), iv) doesn't keep promise (WPU-4), v) treat you in unpleasant/angry manner (WPU-5), and vi) make you feel that you are not an employee of the organization (WPU-6). The answers of the questions used for measuring motivation and workplace support were collected on five-point Likert scale, which are 1) strongly disagree, 2) disagree, 3) neutral, 4) agree, and 5) strongly agree. To make the measurement of workplace undermining rational, the answers of the questions for undermining were collected on five-point Likert scale, but the points were ranked in reverse order, the points are 1) strongly agree, 2) agree, 3) neutral, 4) disagree, and 5) strongly disagree. Details about all these variables have also been presented in appendix-1.

The HRM was measured using a different technique (presented in appendix-2 in details). The variables relating to HRM were subdivided into following three broad categories: i) variables relating to development that constitute index HRM-1, ii) variables relating to motivation that constitute index HRM-2, and iii) variables relating to maintenance that constitute HRM-3, and these three indices finally constitute the HRM index. Questions used to measure the index HRM-1 are whether there is the provisions of training, and performance appraisal, whether the company taken steps to adapt economic recession; questions used to build the index HRM-2 includes salary level, whether there is the provisions of profit share, incentives, paid leave, transport facility, occasional gift, participation in decision making, festival bonus, and job rotation; finally index HRM-3 were measured using the questions whether there is the provisions for health insurance, group insurance, and having for job security. All these variables are dichotomous in nature (out comes are 0 if No and 1 if Yes) except salary, which is trichotomous and the out comes are: 1 = low salary, 2 = moderate salary and 3 = high salary. Since in all of these responses, except for salary, there are only two responses and the shift value is 1 which does not reflect the real weight of a particular variable. Thus a new index value has been regenerated for each broad categories of HRM (viz. HRM-1, HRM-2 and HRM-3) by employee using the formula of wealth index proposed by Filmer and Pritchett (2001). Though they proposed the formula to measure the wealth status, nevertheless the formula was used to measure HRM level because the situation and nature of HRM data and the data they used to calculate the wealth index were similar. The formula can be given as;

$$A_{jk} = \sum_{i=1}^{n} \frac{f_{ik}(a_{jik} - a_{ik})}{S_{ik}} \quad ; \quad \text{Where, } i, j = 1,2,\ldots\ldots, n$$
$$k = \text{HRM-1, HRM-2 and HRM-3.}$$

Where, Ajk is the index value of k-th category for j-th employee, fik is the scoring factor (first factor loadings) for i-th variable under k-th category, ajik is the i-th variable under k-th category of j-th

employee, aik is the mean of i-th variable under k-th category (i.e. the mean of ajik), Sik is the standard deviation of i-th variable under k-th category (i.e. the standard deviation of ajik).

To bring uniformity of these indices with the indices of motivation, WPS and WPU, the indices HRM-1, HRM-2 and HRM-3 facets are scaled into five points of equal space ranging from very low (1) to very high (5). Finally the indices HRM-1, HRM-2, and HRM-3 cohere the final index HRM.

Keeping in view that other variables may also affect the relation between motivation and other factors of interest, two control variables were included in the analysis, the first is age (C1), which was subdivided into four classes ($1 \leq 34$ years; $2 = 35$-44 years; $3 = 45$-54 years; $4 = 55$ years and older), and the second is educational level which was categorised into following three significant classes; $1 = 14$-16 years of schooling (graduation and graduation with other types of degrees); $2 = 17$-18 years of schooling (masters and other types of degrees); $3 =$ above 18 years of schooling (others).

A quantitative study was carried out to pursue the objectives of this study. In the first step, the measurement model was tested via confirmatory factor analysis (CFA) (Brown 2006) keeping the modification index in view. In the second step a structural equation model (SEM) (Raykov and Marcoulides 2006) was fitted positing causal relations among the variables were tested. All the estimates were produced using computer software LISREL 8.5.

3. ANALYTICAL FRAMEWORK AND HYPOTHESIS

Different monetary and non-monetary direct and indirect benefits are the important factors that determine the level of employee motivation. HRM is a process through which employees in an organisation are provided with different monetary and non-monetary services in direct and indirect way to fulfill the individual goals. People mainly work in an organization for earning lives, which implies that better HRM services improves motivation level of workers. Besides these tangible requirements by the employees, there are some psychological needs which can not be met by tangible HRM services; rather these psychological needs can be met by behavior which largely depends upon ideologies and values, that is the culture of the organization. Moreover, different important HRM activities (e.g. ensuring career path, performance evaluation and rewarding accordingly, etc.) can not be implemented without a positive organizational culture. Workplace support make the employee feel that he is living in a community which is like his own family and is always in favor of him when necessary, which positively influence the motivation; but workplace undermining works in the reverse way as workplace support does.

Aforesaid discussion suggests to adopt following hypothesis:

H1: HRM activities are significantly associated with employee motivation even after controlling age and educational level, and HRM will turn out to be the most important factor compared to others.

H2: WPS and WPU are also significantly associated with employee motivation having age and educational level controlled, while WPS will have positive relationship and WPU will be negatively related with employee motivation.

4. RESULTS AND DISCUSSION

After a judicious analysis of the goodness-of-fit indices, modification indices, significance test and standard errors, the model in figure1 is considered the best fitting model. Following is the fitted model and results;
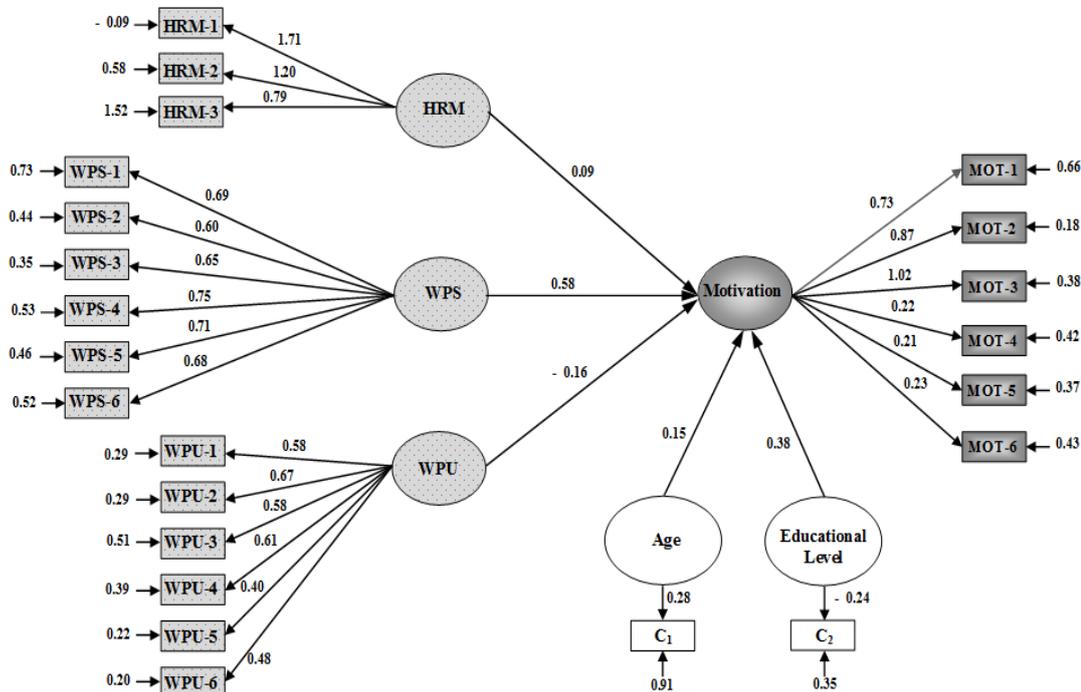
Chi-Square=231.03, df=201, P-value=0.0719, RMSEA=0.022

FIGURE 1 – RESULT OF STRUCTURAL EQUATION MODELING

The overall model fit was tested using several fit indices. At the outset of the analysis, classical goodness-of-fit index, chi-square test, was used to assess the robustness of the model fit. The calculated chi-square value was 231.03 with 201 degrees of freedom (DF) and the P value was 0.0719, which was statistically insignificant at α = 0.05. Insignificance of chi-square value indicates the model have fitted the data well. However, a number of alternative measures have also been developed to

evaluate the goodness-of-fit, especially those which are based on comparatively less stringent standards. The value of Standardized Root Mean Square Residual (SRMR) was 0.04, where SRMR close to 0.08 or below indicates a good fit. The Root Mean Square Error of Approximation (RMSEA) was found 0.022 (RMSEA value less than 0.05 indicates good model fit) points to a good fit. The Comparative Fit Index (CFI) value was 0.97, whereas the popular cutoff level for CFI in social sciences is 0.900, implying that the model was a good fit. Figure 1 shows all the variables taken into account and the numerical scores on all lines indicate standardized regression coefficients (beta) (Factor Loadings).

All of the indicators were found significantly associated (at $\alpha = 0.05$) with the respective latent factors. From a number of suggested modification indices, not a single causal relationship was found; as a result no medication was done in the initially fitted model. Result indicates that HRM is positively but insignificantly associated (at $\alpha = 0.07$; for Z=1.82) with employee motivation after controlling age and educational level, which makes the first hypothesis false. Results also show that WPS has positive impact on Employee Motivation, while WPU has negative, and both are significantly associated (at $\alpha = 0.05$) with Employee Motivation despite controlling age and educational level.

HRM has already been deemed to be insignificant for employee motivation than the other explicators; the statement was substantiated once again by a very low beta weight (0.09). WPS seems to be very important for employee motivation as having high beta weight (0.58), while WPU has a moderate beta weight (-0.16) indicating that this is also an important aspect of employee motivation. According to Steijn (2004), besides HRM, there are more other aspects which are important for employee motivation, such as the relation with the colleagues. Again, Frese and Fay (2001) in their study posited that employee can really be satisfied with having nice conversations and behaviors with the coworkers.

From the result we also observe that, WPS, WPU and HRM accounts for about 34 percent (percentage of squared factor loadings), 3 percent and 1 percent of the variance in employee motivation respectively. This implies that, WPS is the most important to explain employee motivation, while HRM is almost insignificant for employee motivation. This result is contradictory to the findings of other studies that found HRM factors have significant and large impact on employee motivation (e.g. Fey et al., 2009; Vermeeren et al., 2009; Perry et al., 2006; Huselid, 1995).

5. CONCLUSIONS

This study aims at examining the influence of HRM, WPS and WPU on Employee Motivation, and investigating the relative importance of the explanators. This study posited a positive relationship between motivation and WPS and HRM. The relationship between motivation and WPU was found

negative as expected. However, this study deemed WPS and WPU dominant over HRM to influence employee motivation. Depending upon the result of this study, it can be suggested that, having established structured HRM operation, organizations should emphasize more to improve WPS and should strive to stave off WPU for further enhancement of Employee Motivation.

The dominance of WPS and WPU over HRM is for the probable reason that, after progress of HRM activities to a certain level, its effect fades away and immunity grows against the conventional HRM practices. In such circumstances, work place behaviour becomes pivotal in explaining employee motivation. However, to corroborate the statement, further research is required on the impact of WPS and WPU on employee motivation by the organisations of different levels of HRM practices.

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