

Human Resource Management and Its Impact on Job Performance: The Impact of Human Resource Practices on Employee Performance and Motivation

Alina G. Petre¹, and Andreea D. Tudor²

^{1,2}Bucharest University of Economic Studies, Romania

Email: ¹alina.petre1010@gmail.com and ²tudorandread@yahoo.com

Abstract— Human resource management (HRM) has been extensively studied over the years and many experts agree that the high involvement of HRM and best practices can result in superior organizational performance. The human resource department of an organization sets clear and measurable goals that are closely linked with the strategic plan of the organization. It also assists in measuring and evaluating employee performance. Performance management also influences employee motivation and depends largely on how their performance is managed by managers and Human Resources. This research aims to analyze the link between HRM, performance and motivation by studying, in particular, the impact of human resources practices on employee performance and motivation. The results were obtained by reviewing various qualitative and quantitative data, found in the most well-known and relevant research platforms, as well as by analyzing books related to the subject. Finally, we will conclude the paper with some recommendations for future research and practices.

Keywords— human Resource Management, Performance Management, Employee Motivation, Organizational Performance.

I. INTRODUCTION

According to the current literature, human resources management is highlighted as being closely linked to factors such as job satisfaction, staff motivation, skills and employee performance (Lefter, et al., 2013).

Of course, the human resources department is responsible for defining the rewards strategy while ensuring that the various elements of the system are enough to attract and retain the employees.

There are many different types of rewards that will be presented later in this paper. Briefly, these can include drives to acquire, bond, comprehend and defend. These drives are hardwired into the brain and directly affect humans' behaviors and emotions (Nohria, Groysberg, & Lee, 2008). Organizational performance management is an integrated system that supports the decision-making process.

This system provides feedback to employees, reflecting on the procedures used to implement the business strategy. Since the first introduction of the performance management models, HRM has been considered an asset for creating a competitive advantage (Kaplan & Norton, 1996).

Employees are one of the key elements of the organization's well-being and are an important part of the company's success. Therefore, the best practices of the human resources department can offer a competitive advantage (Wright, McMahan, & McWilliams, 1994).

Moreover, personnel management practices are not qualified as a sustainable competitive advantage because they can be easily replaced or copied by other companies.

By conducting this research, we want to review the existing literature in order to understand the relationship between performance and staff motivation and also to explain why employee motivation is one of the most important factors that make a company successful.

No matter what type of motivation managers use to stimulate employees, they either need to match the type of motivation to the individual needs of the employee, or treat employees collectively. This will also be discussed in the paper.

II. LITERATURE REVIEW

The HRM and performance research is focused on two main concerns: the benefits of holistic use of HRM practices and a presumed need for employee involvement in an increasingly competitive world (Wood, 2020):

The first concern is mainly a reaction to the use of HR practices by the company's management. Those practices were not the most advanced and also, they were used in an ad hoc way.

The second concern, regarding employee evolution, was a reaction to the low involvement of the employees associated with the Taylorism control methods.

Employee involvement is necessary and contributes to continuous improvement.

The difference between motivation and motivators:

To have a more accurate picture we believe it's important to define each term. By doing this we can understand better if the managers know how to communicate correctly with their employees and also what methods and motivators work better to increase the motivation of the workers.

What is motivation?

If we start with the source of the word, motivation is derived from the Latin word "movere", and means, translated in English, moving (Encyclopedia.com, 2021). Looking at the previous statement we can see that motivation is a movement, a purpose or a drive that makes us do something (Pinder, 2008).

Motivation is a mental process, it's about how managers can give to their employee's different motives, aspirations that guide their needs, ideals, values or urges and lead them to specific goals.

What is more difficult is to find the right way to encourage motivation. Every employee is triggered when a need arises, and managers need to satisfy it, in order to increase the motivation of a person (Kanfer, Frese, & Johnson, 2017).

(Ryan & Deci, 2000) claims that there are three types of motivation:

- **Extrinsic motivation** refers to behavior that is determined by external rewards which can be tangible (money, bonuses), or intangible (praise, fame) (Cherry, 2021).

This type of motivation can be divided in external regulation, introjected regulation, identified regulation and integrated regulation. Therefore, external regulations are controlled through external means (constraints and rewards).

In case of introjected regulation, a human begins to outsource the reasons for his/her actions. Moreover, to the extent that behavior becomes appreciated and considered important to the individual and especially that it is perceived as self-preferred, continuing with the internalization of extrinsic motives becoming regulated by identification.

- **Intrinsic motivation** refers to the act of doing something because it's interesting, satisfying and enjoyable, without any outside pressure or incentive to do so (Santos-Longhurst, 2019).

Unlike extrinsic motivation, which is focused exclusively on external rewards, intrinsic motivation arises from within the individual (Cherry, 2021).

- **Amotivation** is when the individual is neither extrinsically motivated nor intrinsically motivated. Usually, amotivated employees experience a feeling of incompetence, estrangement and feel that their behavior is caused by forces beyond their control.

What are motivators?

Basically, motivators are the measures that an organization has that keep the employees committed, engaged and give them a sense of belonging (Bailey, Madden, Alfes, & Fletcher, 2017). To achieve that, managers need to use the right motivators. The main types of motivators that managers can use to motivate the employees are financial and non-financial (Palloff & Pratt, 2003).

Many specialists agree and embrace the same perspective when it comes to why it's better to use financial, non-financial motivation or an in-between hybrid. Mainly we differentiate people's preferences in two types as follows (Yoon, Sung, Choi, & Lee, 2015):

1. **People that want something material** – employees are better motivated when the reward has a material form like cash, bonuses, discounts, commissions, etc. - tangible rewards
2. **People who want to become something** – employees that are triggered by recognition rewards, like the employee of the month, achiever of the month, etc. – intangible rewards

The set of measures must be chosen carefully, because otherwise it will not have any positive effect. In fact, it could have a negative impact, namely difficulties in accumulating workforce and retaining employees. If the motivators are properly selected the atmosphere in the organization rises because the employees are more motivated, committed, they like to come to work, they spread a good mood and motivate other employees (Saif & Siddiqui, 2019).

According to a recent study, based on a sample of 290 respondents working in the banking system, intrinsic motivation can be interpreted as a tendency of the employees to learn and improve their knowledge, while extrinsic motivation rather reflects a self-regulation desire to do something because of the results they can get. The results of the study showed that a positive impact is achieved by applying intrinsic rewards on employee performance.



Figure 1: Model: intrinsic rewards to intrinsic motivation and employee performance

Source: Adapted from (Danish, Khan, Shahid, Raza, & Humayon, 2015)

On the other hand, the conclusion of the study included a model that highlights the direct relationship between the intrinsic motivation of employees, the extrinsic motivation and the performance obtained by them. Therefore, employee motivation through a reward system positively influences employee performance (Danish, Khan, Shahid, Raza, & Humayon, 2015).

The impact of Human Resource Practices on Employee Performance and Motivation

A study conducted by (Rengeinbach, Hofmann, & Farr, 1993) showed that the influencing factor of human resource management - job satisfaction depends on the desires of the employees as well as their expectations towards the activity they undertake at work and towards their management.

Another study highlights the role that motivation, which is another influencing factor of human resource management, plays in employee performance. To achieve professional goals, employees must constantly improve their standards and competencies. Therefore, employees need to be motivated as it provides the basis for high performance and quality of work (Shore & Newton, 1990).

The relationship between human resource management and employee performance, as well as the quality of their services was also studied in the health sector. A study was conducted in hospitals in Africa based on a sample of respondents who were employed in different hospitals in 6 different countries such as South Africa, Tanzania, Kenya, Nigeria.

The human resources management practices studied were employee training, salary and rewards, listing and scheduling, task change, employee management through leadership and support.

According to this study, human resource management affects various categories of performance: employee performance, team performance, institution performance and the expectations of patients. The results of the study showed that there is a close relationship between the practices used in human resource management and employee performance, which can be improved by applying different management practices that can be reflected later and in improving the quality of health services provided (Van De Klundert, Gile, & Buljac-Samardzic, 2018)

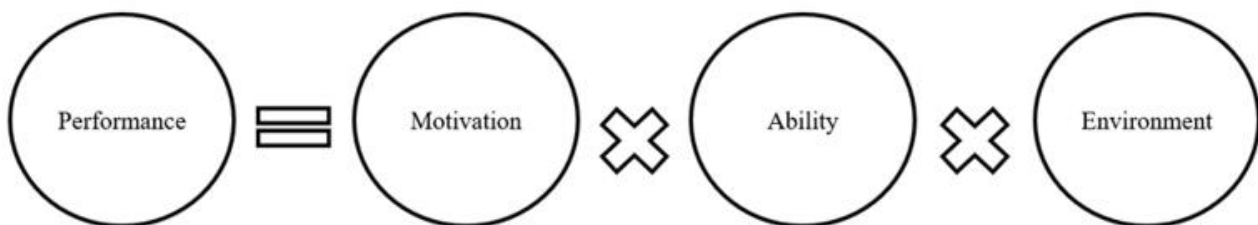


Figure 2: Performance Equation

Source: adapted from (Mitchell, 1982)

Job performance can be viewed as a function of three factors: motivation, ability and environment. The figure above shows that employee performance is a function in which motivation, ability and environment have a major influence.

For a better understanding and also considering the figure above, we believe it is necessary to list the elements that raise or lower the level of performance (Battu, N. R., 2008):

- **Motivation:** Feedback, Rewards, Coaching, Job enrichment, Promotions;
- **Ability:** Teams, Leader Support, Organizational culture, Empowerment;
- **Environment:** Training, Selecting, Development, Recruitment.

Perspectives on employee motivation

Understanding job satisfaction requires the knowledge of various key debates in the field of industrial psychology. This concept came from a study by

Frederick Irving Herzberg, who interviewed 200 accountants and engineers who were asked to tell a story from the moment they felt exceptionally good or had a good time at work or, on the contrary, a time when they felt exceptionally bad or had an unpleasant experience at work.

During twelve investigations in similar organizations, Herzberg classified the dimensions of work into motivating factors and hygiene factors (Smerek & Peterson, 2007) as it can be seen in the figure number 3.

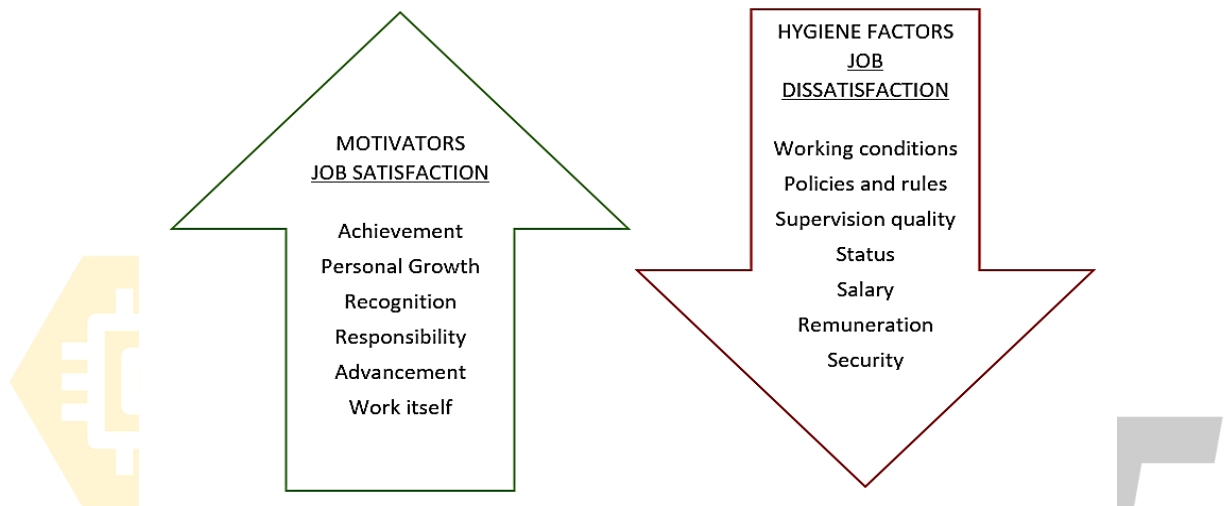
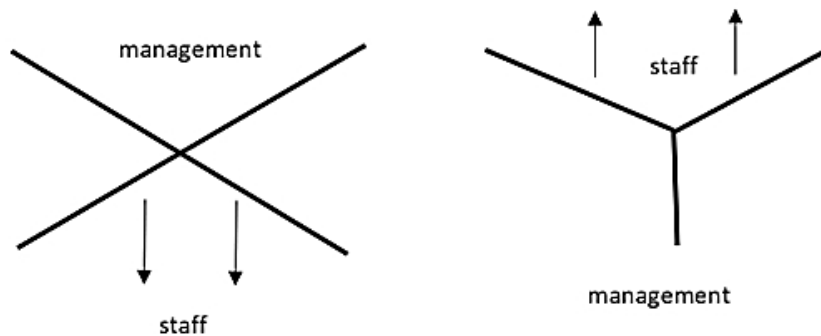


Figure 3: Herzberg's theory
Source: adapted from (MacPherson, 2021)

In 1957, Douglas McGregor, an American social psychologist, proposed a theory that became famous over the years, called "McGregor's Theory X and Y Theory". However, recent studies have debated the rigidity of the model, but theories are still commonly mentioned in management, leadership and motivation because they are essential for organizational development and improvement (Islam & Eva, 2017).

According to McGregor's theory, the perception of human resource management on employees can be viewed from two angles, namely a pessimistic view called theory X and a more optimistic view called theory Y (Kopelman & Protas, 2013).



Theory X – Control, authoritarian, depressed, culture.

Theory Y- Liberating, empowering, giving responsibility.

Figure 4: McGregor's Theory X and Theory Y
Adapted from (Chapman, 2002)

The first theory, X, characterizes a style of human resource management based on punishing and coercing the employee in order to achieve a certain level of performance. This theory refers to those employees who do not like responsibility, who oppose change.

The second theory, Y, refers to another style of human resource management, with an emphasis on employees who work relaxed, who can achieve their goals and improve their performance without the need for reprimand. Employees' work is rewarded, so their results and commitment to the company are high.

III. RESEARCH METHODOLOGY

This empirical and descriptive research involved research methods that focus on the impact of human resources practices on employee performance and motivation. We will also analyze whether there is a link between human resources, the company's strategy and performance results.

Various research methods have been used to achieve the purpose of this research, such as analysis based on information found in various publications, scientific articles, books and online resources.

The analytical examination of the information found, led to the fulfillment of the objective of this study and the research tools used include electronic databases including but not limited to PubMed, Academy.edu, Google Scholar, ProQuest ebooks, PROQUEST Central, Emerald Management EJournal. The method we used is a descriptive one because the topic is widely studied and our research paper comes to complement the existing literature.

IV. RESEARCH RESULTS AND DISCUSSIONS

To sustain a business on an upward trend in a highly competitive business environment, to maximize employee productivity and to adapt the business to new market trends, a change in human resource management is needed to support all these transformations generated by the business environment.

Therefore, our study comes to strengthen this relationship between specific activities of human resources management and the acquired performance, recommending actions to increase employee performance at individual and organizational level:

Implementing applications with the help of IT, for the evaluation of the employees' performances, which will offer an archive on the basis of which the management can observe and analyze the professional evolution of the employees from that company;

Creating employee learning platforms that provide a framework for improving professional skills, so that every employee who is eager to increase their performance and professional skills has the necessary resources to achieve this goal;

Building a clear and well-defined reward system, displayed publicly, so that every employee knows that when his professional qualities and performance increase, he will be rewarded.

Finally, this study reinforces the idea that depending on the human resource management practices and policies addressed by the organization we can achieve a direct impact on employee motivation and performance.

CONCLUSIONS

Human resource management has a vital role in the good organization of the employees, whether it is a private or public organizational environment.

Employees are one of the key resources of an organization, so it is very important to analyze their evolution within the organizations in which they operate and also keep a close attention to the various factors that can affect them.

Organizations can implement multiple HRM practices aiming to enhance employee skills. For example, employees can be hired by using sophisticated selection procedures that will bring out the best potential. Also, work environment can affect the organizational performance in such a way that even motivated and skilled employees can be affected.

Also, after analyzing several sources, we can conclude that there is a strong link between the link between HRM, performance and motivation.

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