Money as a motivator

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Motivation can be described as something that influences an employee into action, and there are certain factors which can influence this behavior of employees. Motivation involves someone's choice of their actions, the amount of effort they are willing to put into something and their desires and needs. People are all different, and the meaning which we all attach to money are different. For some people money can motivate them and someone’s attitude about pay can influence their behaviors (Mitchell & Mickel, 1999).

Money and paying someone will motivate an employee into actions and improve their performance based on several factors. For example, if a person believes that good performance will lead to better pay, then they will perform better. If they give importance to money and believe that good performance will lead to a better outcome than bad performance, then they will perform better. If they believe that the quality of their performance is a reflection of how hard they are trying, then their performance will also increase.

On the other hand, money and pay will not motivate employees if performance is hard to measure. If employee performance is just based on subjective views, then employees might feel some biased towards other employees, therefore if their salary increases they still might not perform well if their performance is not being evaluated fairly. Also if there is little trust between management and employees and if they feel that pay is not related to performance, then they will not perform better. Also if management uses money and pay as the ONLY motivating factor, and do not provide other things such as praise, or encouragement or other things which are specific to the individual then a pay rise will not increase performance.

Other factors or 'needs' such as safety in employment, friendship and control have to be considered before pay can become a motivating factor. Maslow’s hierarchy of needs theory states that lower level needs, such as physiological factors, have to be met before the higher level needs such as security (e.g. employment, financial), belonging (e.g. friendship, atmosphere at work) and esteem (e.g. respect by others, achievement) can be met. Therefore, if an employee’s lower level needs are

not met, they will not be motivated by other higher level factors. For example, if an employee has a heart attack and they receive a pay rise, they will not be motivated by money because their lower level needs (physiological) are not met.

Also once a person has already achieved and satisfied a need, such as money then they will no longer be motivated by it. They will be motivated by a higher level need such as social needs (friendship, supportive family, or respect from others). Therefore, even though the pay level is met, other factors or needs have to be considered, and this is dependent upon the individual. For example, when an employee is offered fringe benefits such as cars, housing, and education for their children and they are not satisfied or motivated at work, it might be because this need has already been met and they are looking to meet a higher level of need, such as esteem or social needs.

Therefore it is very important to find out what actually motivates an employee and how it can influence their performance. PsyAsia offers the Quest Profiler® assessment tool which can help organizations find this out. We also offer team-building sessions which benefit employee morale and motivation.

Reference

Mitchell, TR, Mickel AE (1999). The Meaning of Money: An Individual-Difference Perspective, The Academy of Management Review, 24 (3), pp. 568-578