

Does Money Motivate People?: A Summary of Issues and Discussion Points

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Submission date: 24-Oct-2019 11:29AM (UTC+0700)

Submission ID: 1199277443

File name: Motivate_People_-_A_Summary_of_Issues_and_Discussion_Points.pdf (102.4K)

Word count: 2150

Character count: 11660

Does Money Motivate People?: A Summary of Issues and Discussion Points

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Abstract: The purpose of this study is to discuss about money in motivating people. This study provides a more comprehensive insight and assists organizational scientists and practitioners in the search for understanding and improvement of money-related issues. This study is a conceptual framework and it takes a starting point in the historical development of the field to discuss the concepts of the philosophical roots and their application in the organization. Money is indeed able to motivate people to work harder and feel the life satisfaction but sometimes it also only gives a momentary happiness.

Key words: Money, theories of motivation, organization, application, satisfaction, momentary happiness

INTRODUCTION

Money is one of the fundamental aspects of human life around the world. The accumulation, possession and expenditure of money are essential to modern market-based cultures (Durvasula and Lysonski, 2012). People devote most of their time to getting and spending money, from waking up to going back to sleep. Simmel (1997) in his voluminous book, *The Philosophy of Money*, describes in great detail how money shapes the mentality of good people in their actions and in their souls. According to Simmel (1997), money plays a huge sociological role in social interaction and cultural society. People become obsessed with money because money can reach many spheres of human life. Indeed, money can develop into a psychological force in which it serves as a means to an end and can eventually become materialism or futility. Money possesses the power to fulfill one's psychosocial needs (Lea and Webley, 2006; Li and Chen, 2017; Zaleskiewicz *et al.*, 2013).

Some researchers argue that the reason of people focuses on money over others because money is considered more relevant can support life satisfaction (Ahuvia, 2008; Gino and Mogilner, 2014; Srivastava *et al.*, 2001; Thozhur *et al.*, 2006) and it is able to motivate people to work harder (Mogilner, 2010). Money can create new identity and value of prestige for the individuals. While other researchers state that money cannot buy or create happiness (Aknin *et al.*, 2009; Kahneman and Deaton, 2010).

In the organizational context, people may ask why managers need to spend time motivating their employees? One of the right answers to this question is to extend the employees existence within the organization. The

existence of employees is able to make organizations to be more superior but if they do not have high commitment to excel in the research, it will cause the organization to lose competitiveness.

A study in 1988 showed that 86% of organizations struggled to attract and gain new employees while 58% expressed challenges regarding on how to retain existing employees (Ramlall, 2004). A number studies showed that when 10 professional employees leave the organization, the organization will lose about 1 million dollars. The organization not only experience financial losses but also suffers from the loss of personal knowledge and experience which is one of the most valued asset of employees. These costs could be avoided or reduced by motivating employees to engage and commit themselves to the organization (Ramlall, 2004).

According to Buchbinder and Shanks (2012) there were two main reasons why employees should be motivated: to achieve personal goals of employees and to achieve organizational goals. In a study conducted by the society for human resource management they found that 86% of employees surveyed were satisfied with their work. Furthermore, in a different study related to career vision they found that 33% of employees felt that they had reached a dead end in their career.

Nhoria *et al.* (2008) asserted that paying high attention to the factors that are able to motivate employees is considered very important to achieve organizational success. And the neglect of employee motivation and satisfaction is a threat to the organization, leading to the loss of market positions at extra costs, the cost to retain employees, training programs, the loss of key staff and absenteeism at work (Kulchmanov and Kaliannan, 2014).

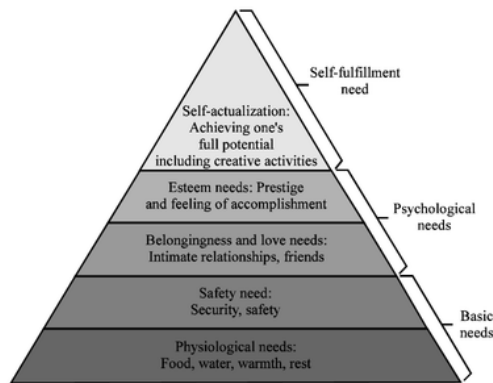


Fig. 1: Hierarchy of needs

Literature review

Maslow's hierarchy of needs theory: There are many different theories which try to explain about motivation. Scientists have been studying motivation for over a century and have made tremendous progress in explaining motivational interpretations in the workplace. Maslow (1943) in his theory which called "hierarchy of needs" believes that everyone has a need to be fulfilled. He then transferred his idea into a triangle design (Fig. 1).

Maslow (1943) believes that people are motivated to fulfill their needs. Everyone starts from the most basic needs (at the bottom of the pyramid) and works to achieve the top sector goals. A person cannot afford to move on to the next pyramid level until his/her needs at the level have been fulfilled (Thozhur *et al.*, 2006).

The first level is the physiological need which means the basic needs that should be fulfilled for survival such as food, water, clothing and shelter. The second level is security which means that the environment does not threaten personal or family safety. Security can also include financial security, so, there is no financial uncertainty in the future. This could be achieved by creating a retirement package, securing job positions and insurance. The third level is the affiliation which refers to the need for a sense of belonging and affection. At workplace, people have the urge to be accepted by others, especially by those around them. The fourth level is the need for self-esteem and respect from others. People who are fulfilled with their need for self-esteem appear to be more confident, independent of others and always ready to flourish. The fifth stage as the last is self-actualization, where one's talent is really used. Maslow and Stephens (2000) believes that no one really actualizes him/herself. People are always trying to get better and use their talent in new ways.

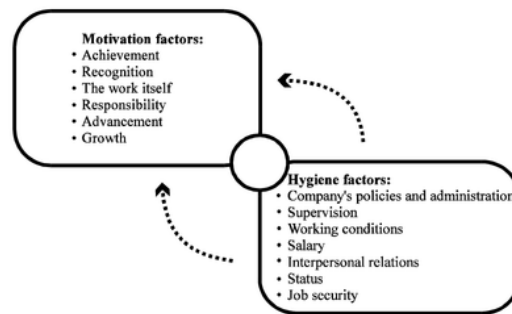


Fig. 2: Motivator-hygiene factors

Herzberg's two factor theory: Herzberg (1996) introduced the theory of two factors (i.e., hygiene and motivator) which affect the productivity of employees as a result of their job satisfaction. Hygiene or extrinsic factors relate to the work context (i.e., salary packet, supervision, job security, working condition, employee status, organizational procedures and rules) which can lead to job dissatisfaction if not fulfilled. While the motivator or intrinsic factors relate to the job content (such as recognition, progress, achievement, responsibility and growth opportunities) which leads to job satisfaction (Fig. 2).

When motivating employees there are two main ways that could be used such as financial and non-financial motivation. In a study conducted by Dewhurst *et al.* (2009) found that 70% of organizations plan or use money-motivated program because many managers still believe that money is everything. The amount of studies however shows that most people assume non-financial rewards or recognition function as a better motivator than money. Similarly, Cho and Perrew (2012) who studied 200 thousand employees working in the public sector in the United States found that employees feel 3 times more satisfied when focusing on non-financial rewards or intrinsic factors of the work itself rather than focusing on money.

Another findings also show that having money is not related to happiness. Any people put money as something that can cause unhappiness. People who regard money as the main thing tend to feel less happy than those who place money as less important (Diener and Biswas-Diener, 2002; Mogilner and Norton, 2016; Srivastava *et al.*, 2001).

In their study, Jenkins Jr *et al.* (1998) analyzed 39 studies conducted over 40 years and found that money motivates workers on exciting or boring jobs in laboratories and other settings. This research team stated that money is not the only one that employees want. Higher salaries will make employees happy but do

not guarantee their better performance. Furthermore, Jenkins Jr *et al.* (1998) asserted that organizations that provide low salaries (<7% of average salary) can jeopardize employee performance. According to them, a low salary increase can degrade motivation because employees get annoyed for their hard work which earned with little money. Therefore, low pay raises should always be linked to employee performance outcomes and fair attitudes.

Bonuses and share options maybe often become the main methods for employee performance improvement. However, these methods can also lead to unethical attitudes, trigger turnover, creates hatred and dissatisfaction among employees (Gold, 2012). Organizations should pay more attention to employee's intrinsic motivation not only to design good jobs that support employees but also to provide opportunities to make independent choices, improve skills and to perform important tasks when establishing expressive relational connections (Sinangil, 2001).

CONCLUSION

The smart-thinking people attend to the logical benefits which provided by money because the money itself could be part of the problems. This is evident in the increasing number of studies showing that the amount of money or wealth is not positively correlated with happiness. Why a lot of money does not make people feel happier? It answer is because people do not use money properly. Money is indeed able to motivate people to work harder and feel the life satisfaction but sometimes it also only gives a momentary happiness and directs people to be indifferent in helping others, donating to charity or alms and socializing with friends and family.

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