sciendo

DOI 10.2478/sbe-2022-0035
SBE no. 17(2) 2022

THE IMPACT OF KNOWLEDGE ASSETS IN MOTIVATING EMPLOYEES AND ITS ROLE IN BUSINESS PERFORMANCE

RUSU RADU
Vasile Goldiș Western University, Arad, Romania

SBÂRCEA IOANA
Lucian Blaga" University, Sibiu, Romania

BĂTUȘARU CRISTINA MARIA
Nicolae Bălcescu Land Forces Academy, Sibiu, Romania

Abstract:

Human capital in corporate governance is composed of both individual knowledge, skills and capabilities, as well as the experience of employees and management staff. The translation of human capital, namely the knowledge, skills and degree of involvement of employees, into positive organizational results is an objective of performance management. This objective is based on the relations between management and subordinates regarding the establishment of future tasks, the ways of solving them, but also on the benefits granted following the materialization of the results. Starting from these aspects, the present work aims to analyze the link of intensity that is established between the creation of the knowledge asset and its effective use in solving the tasks. In this sense, we proceeded to identify those aspects related to the structural elements of human capital that refer to the knowledge asset, the accumulation of information and its transmission between employees, because a correct assessment of the level of employee involvement in increasing the general level of knowledge of the enterprise will have a positive and direct impact in the surplus of financial results.

Key words: *human capital, employees' motivation, work performance, knowledge asset.*

1. Introduction

The phenomenon of employee motivation took shape in the middle of the last century. Author Morris Simon Viteles described in his works the willingness of employees to work as the driving force in industry. This concept has been addressed and interpreted by many authors to this day, because now as then, attracting and retaining young talent, i.e. high-performing human capital, was a real strategy for gaining competitive advantage. On the importance of employee satisfaction with the current job, Frederick Herzberg points out both the importance of motivating factors and the importance of factors designed to prevent dissatisfaction and discourage motivation. Contemporary motivation strategies revolve around elements such as job security, strengthened collegial relationships,

personal and professional development. With this study, we will demonstrate how these elements will be achieved through the knowledge asset.

In order to achieve competitive and organizational objectives, companies work in a wide range of ways with the assets at their disposal. Of the many resources available for this purpose, human resources are responsible for achieving these objectives.

The efficiency of each business and the performance of each enterprise are determined by a number of factors. Outstanding performance requires maximum use of both technological and technical capital and human capital. Coordinating the efforts of each employee to link the three types of capital mentioned above is a relevant aspect of achieving high performance results. Thus, at the basis of a good coordination of collective efforts lies the level of motivation of each employee.

Based on our own analysis and studies so far, we have found that the main motivating factors include: strong collegial relationships, attractiveness of the work, personal and professional development at work, and job security. The approach to the motivational factors that act on employees and how they contribute to the increase in performance is the subject of a wider research in which it was aimed to highlight the role that human capital has on the company's performance, being influenced by a series of psychological, investment and organizational factors.

In this study, we will demonstrate how a company’s managerial focus on the importance of knowledge assets, the structural component of human capital, will lead to motivating its employees and subsequently to better performance.

2. Empirical research on the relationship between employee motivation and business performance

From the literature studied for this article, we found that elements such as bonuses and gratifications, a stable job, potential salary and attractive work are the main motivating factors. But the issue of the factors that act on employees in the direction of their motivation represented a topic of interest in previous decades as well.

So a wide range of measures and aspects that can be implemented in order to motivate employees have been analyzed and presented based on the theories of Frederick Herzberg and Victor Vroom. In the work "Work and motivation" are described a series of concepts that together make up the motivational system on the basis of which an employee establishes his decisions on the line of work, constituting the foundations of the theory of motivation or the theory of Vroom's expectations (Vroom V., 1995). The first concept is that of valence, which refers to the fact that any person has preferences both regarding the results of their own actions and when it comes to moral rules or principles. Thus, valence represents the possibilities of combining the mentioned factors at a given time. Furthermore, preference reflects the connection between an employee's level of willingness and the achievement of results.

On the other hand, according to Herzberg's theory, financial factors represent a source of short-term motivation (salary, bonuses, bonuses, etc.), while non-financial factors represent a source of long-term motivation (relationships consolidated collegiate, development possibilities), (Alshmemri, M., Shahwan-Akl, L., & Maude, P., 2017).

In the work "Human Resources and the Resource Based View of the Firm (2001)" (Wright, P. M., Dunford, B. B., & Snell, S. A. (2001), the authors reorient the beliefs according to which a firm's competitive advantage is strictly the result of positioning in industry, respectively of the competitive force. Thus, at the center of the structures that are the basis of performance, human capital also proves to be important. The context regarding the competitive advantage is not formed only on the basis of common, replicable elements, such as natural resources and technologies. The source of a company's competitiveness it starts from scarce resources that cannot be produced on a large scale. Human capital is one such resource.

The importance of human capital on corporate governance materializes, as I mentioned before, through the efficiency of employees. This feature is based on two sub-aspects. Both Mace Cecil Alec, (1935) and Viteles Morris Simon (1953) mention in their works "Incentives. Some Experimental Studies", respectively "Motivation and morale in industry" about the ability to work and the will to work as determining factors of the level of performance exercised.

Another paper, entitled "How to measure human resources management", develops convincing structures, according to which there is a positive link between human capital and organizational performance. (Fitz-enz J., Davison B., 2002) Researchers in the field have outlined a so-called set of best approaches regarding actions taken to motivate human capital. However, given the many variable characteristics from one economic agent to another, the approach of the best measures in the field of human resources will only have general results.

Organizations are, in other words, dynamic entities that are often in a position to balance the external environment with the internal one. The external environment refers to the various competitive demands that require a forceful solution from the entity, and the internal environment refers to the entity's effort to maintain an adequate level of coherence, stability, motivation and involvement both at the individual employee level and at the the whole structure. Employee participation in decision-making processes, organized team work, but also the existence of hierarchical advancement steps play an important role in motivating employees. Motivated staff means efficiently used human capital, which further translates into performance results.

The relationship between human capital and organizational performance has been addressed by numerous specialists in the field. Thus, the importance of training programs on work productivity was captured by Ann Pelcovits Bartel (1994) in her work "Productivity gains from the implementation of employee training programs". Businesses reporting productivity levels before and after implementing employee training courses were analyzed. These programs have also been linked to financial performance. Moreover, Terpstra and Rozell (1993) in their work "The relationship of staffing practices to organizational level measures of performance", show the positive connection between the complexity of recruitment procedures and the profit of the organization, thus resulting in organizational performance.

In the work of the authors John T. Delaney and Mark A. Huselid, (1996), entitled "The Impact of Human Resource Management Practices on Perceptions of Organizational Performance" as well as in the work of Ionuț Căsuneanu, (2020) "Improving motivation and

flexicurity of work employees in Romanian organizations" an important motivating element is the involvement of employees in decision-making. The involvement of those employees who show a high level of interest, knowledge and skills in determining the tasks to be undertaken, but also in the way of their fulfillment, is a crucial means of motivation. The logical connection between the aspect described and the resulting performance is as follows: involvement in decision-making leads to feelings of belonging, involvement and responsibility. The latter motivate the employee to invest his own human capital more effectively, and in the end, a more qualitative, more efficient work is realized. According to the last mentioned study, a factor such as premiums and bonuses represented, for 68% of a total of 220 respondents, a very important factor. The conclusions of the paper attest to the fact that both financial and non-financial factors are responsible for motivating employees (Căşuneanu I., 2020).

In another study conducted by Oluwayomi Ayoade Ekundayo & Emmanuel Ademola Ajanaku at Joseph Ayo Babalola University of Nigeria, 2017, they analyze the improvement of organizational performance in insurance companies through employee motivation. The study is based on 100 respondents. According to the information analyzed, only 28 of them stated the importance of salary as a motivating factor, while 96 of them considered that benefit packages (company car, medical insurance) are a strong motivating factor. The link between this study and the one we have carried out is as follows: on average, 65 respondents are strongly motivated by non-financial factors, which is complemented by the fact that, on average, 88 of them agree that the motivating role of the knowledge asset (in the present situation, the clear transfer of tasks, i.e. the improvement of skills in the present job), the element around which the present study is based, is a strong motivator. The conclusions of the survey show that there is a direct and positive link between motivation and performance. At the same time, it is clear that employee motivation is not limited to financial incentives alone.

In order to create an environment conducive to the development and full use of the existing human capital, an entity approaches different methods with a role in motivating employees. The stage of enriching one's existing human capital by attracting new talented employees does not constitute, by itself, the whole picture of achieving organizational performance. This stage must be complemented by other aspects in order to lead to performance. As I presented previously, the will to work characteristic of the industrial sector of the last half of the century is also transposed into contemporary situations.

Based on numerous empirical studies that reflect the role of human capital on performance in corporate governance, we can transpose the object of analysis towards the importance of motivation on the use of human capital to a greater efficiency.

3. Study of the involvement of the knowledge asset on the increase of the work performance contribution

The research involved collecting information through a questionnaire that was prepared using Google Forms and sent online to respondents. A total of 65 people, aged between 22 and 55 years, who are currently in employed people, participated in the survey.

In order to analyze the impact of the knowledge asset on job performance, we set 9 (nine) key questions to this end.

By processing the data provided by the respondents, we proceeded to identify those aspects related to the structural elements of human capital that refer to knowledge assets, the gathering of information and its transmission between employees. An accurate assessment of the level of employee involvement in increasing the overall knowledge level of the company will have a positive and direct impact on the achievement of a better long-term financial result.

Table 1 - Highlighting the structural elements of human capital analysis

1	In order to perform well, it is important for me that the tasks I have to do are clearly and objectively communicated.
2	The tasks I have to go through are always clear and objective.
3	In case of need, I am provided with the necessary guidance and supervision in the resolution of cases which are not subject to a judicial investigation.
4	As part of the current job, there are knowledge enrichment processes such as seminars, meetings, online discussions.
5	In order to be motivated and perform well, for me it is important to have and use the knowledge asset (this knowledge asset drives employees; it refers to the storage and transmission of information and experience between them).
6	I actively participate in the creation of the knowledge activity by sharing my own knowledge, skills and experience with other colleagues/employees.
7	When approaching a non-routine task, there is the necessary information support so that I am confident that I can perform the task successfully.
8	In order to be more motivated, it is important for me to be able to learn from the work and tasks carried out in teams.
9	In order to be better motivated, it is important for me to have the necessary skills to make decisions, but also to participate in decision-making processes.

Thus, the questions presented in the table above are intended to highlight the fact that Romanian employees, in terms of human capital, emphasize: the clear transmission of the tasks they have to perform, the possibility to learn from performing a new type of task, assimilation and transmission of knowledge from and to colleagues, teamwork, involvement and authority at work.

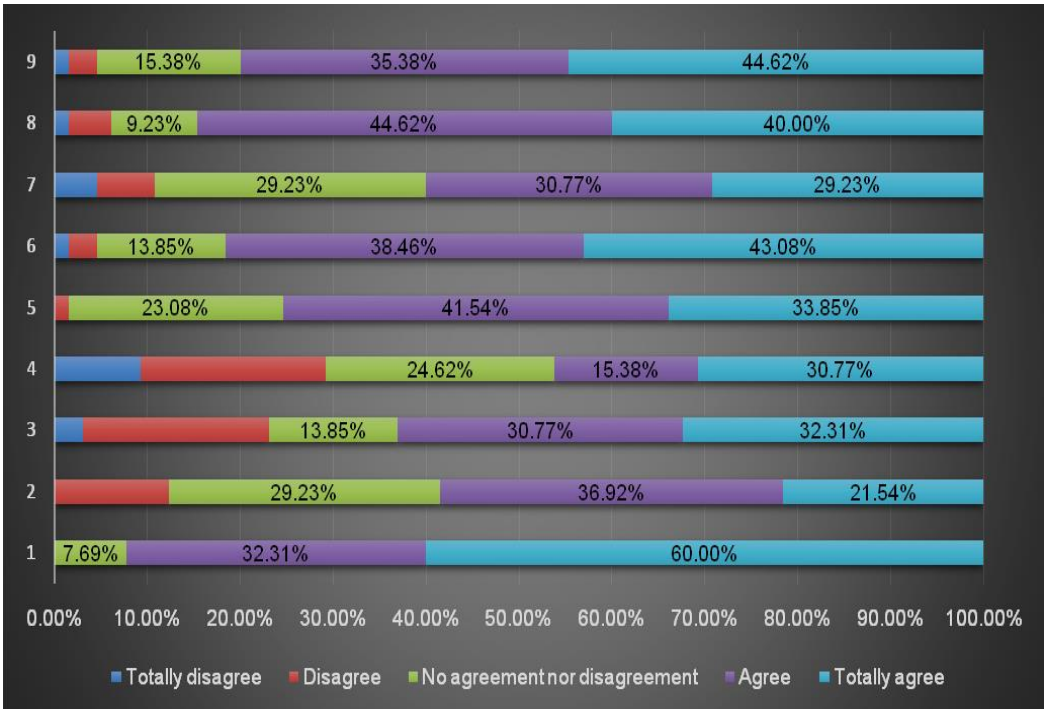


Chart 1 - Analysis of human capital issues from the respondents' perspective

The main factor significantly influencing employee performance is the efficiency with which tasks are transmitted in the workplace. An employee will be more efficient if he or she has a better understanding of what he or she has to do. Of roughly equal importance are elements such as completing tasks in teams and the ability to pass on knowledge to other colleagues.

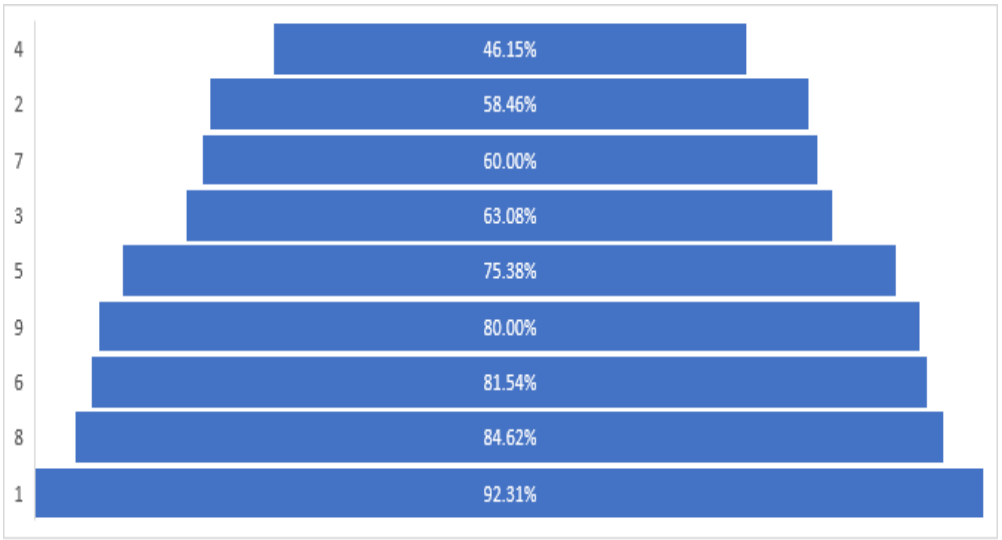


Chart 2 - Ordering the items mentioned according to the percentage value of the degree to which respondents agreed with the item presented

Next, we analyzed respondents' average level of agreement with elements such as the transparency and efficiency with which information about workplace goals is communicated (1&2), the possibility of being offered support in this regard (3) and the degree to which investment is made in increasing their knowledge (4). Based on the graph below, we can say that for the employees surveyed, one way of increasing their performance is the first element mentioned above, that of clearly conveying the tasks to be performed (1). With an average score of 4.52, it appears that approximately 59 (4.52307/5*65) out of 65 respondents consider that their performance would improve based on the fulfillment of this factor.

Although the internal relevance of this element has been highlighted as defining for the group analyzed, the average level of agreement of the respondents on the actual degree to which the clear transmission of tasks takes place in the current workplace (2) is below the one mentioned above (4.52 compared to 3.67). Given the score of 3.67 we can say that in terms of clear transmission of tasks, there are many aspects that can be improved by Romanian employers. Applying the same method of calculation, we observe that only 40 (3.67/5* 65) of the 65 consider that in their current job tasks are clearly transmitted to them. However, the number may be lower, based on the graphs presented above, as follows: (36.92% + 21.54%)*65 = 38. Given the information outlined, the performance of 21 (i.e. 59 - 38) employees could be increased if employers placed more emphasis on clear task transmission.

Other complementary elements to the one analyzed above are: the degree to which respondents receive guidance at work when they perform tasks that are not covered on a daily basis (3) and the existence of knowledge enrichment processes at work (4).



Chart 3 - Highlighting the relevance of the elements mentioned for respondents

In terms of the support that respondents feel they would receive if a situation required it (3), applying the calculation used above, approximately 48 (3.69/5*65) respondents agree, leaving 17 respondents who are not confident that they would receive the necessary guidance. However, using the percentage calculation, as shown in the graphs above, we obtain a number of 41 (i.e. 63.08%*65) respondents who say that they

have the necessary guidance. Therefore, a focus of managerial attention on enriching the knowledge of employees, either through refresher courses or through the use of the knowledge asset, has the potential to enhance employee performance in 36.92% (i.e. 24/65).

The fourth item subject to this type of analysis shows the lowest overall level of agreement among respondents. Given that the informational support represented by the guidance and supervision (3) that respondents receive has an overall average score of 3.69, with a possible performance enhancing effect of 36.92%, then in the case of the opportunity to participate in knowledge enrichment processes (4), the overall level of agreement is approximately 0.31 lower. In the present situation, reporting the level of 3.38 to 5 (total agreement) cannot give a correct interpretation, as it would result that about 44 (i.e. 3.38/5*65) out of 65 respondents consider that in the current workplace there is an emphasis on such knowledge enhancement methods.

Using the percentage values, it is revealed that only 30 (i.e. 46.15%*65) respondents have such processes in their current workplace. Following the same pattern of analysis, it appears that managerial decisions to increase knowledge through participation in seminars, meetings or online discussions (4) have a potential effect of increasing employee performance by 53.84% (i.e. 35/65).

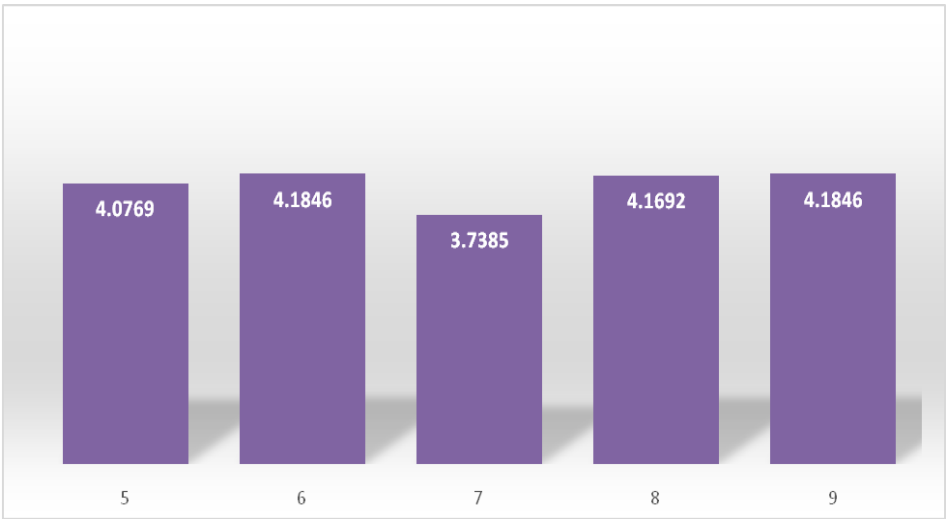


Chart 4 - Highlighting the importance of relevant elements of the knowledge asset for respondents

The next section deals with the link between the relevance of the knowledge asset for employees (i.e. the importance of its existence and use (5), participation in team tasks (8), involvement in decision making (9)), their involvement in the creation of this asset (6), and the extent to which these elements are materialized in the current workplace (7). Calculating the average of those motivating factors for the respondents (5, 8 & 9) gives a value of 4.1436. As a result, based on the pattern used in the previous analyses, it appears that approximately 54 (i.e. 4.1436/5*65) respondents consider that this knowledge asset contributes significantly to their motivation at work. At the same time, using percentage

data, a similar result of 52 such respondents is obtained (80% *65; 80% being the average of the percentages in (5), (8) and (9)).

Further, the reading of point (6) shows that respondents are actively involved in the creation of this information resource. With an overall mean score of 4.1846, it appears that approximately 54 out of the total number of respondents consider their own involvement in this aspect relevant. When referring to the percentage values recorded by the “Agree” and “Strongly Agree” responses, it appears that no less than 53 (81.54%*65) respondents contribute substantially to the creation of the knowledge asset in their own workplace.

The end of this sequence of analysis is the extent to which the respondents’ involvement materializes in the existence and actual use of this knowledge asset. If we have previously highlighted that approximately 80% of respondents believe that the knowledge asset is a direct promoter of their motivation and performance, and that they are equally involved in the creation of this information support, then analyzing the extent to which these issues are materialized in the workplace will provide a potential target to achieve employee motivation and performance goals.

Therefore, referring to the percentage values recorded, it appears that for only 39 respondents (60% *65) the knowledge asset is an existing and usable resource. Therefore, we have correlated the identified data according to which: 53 respondents are directly engaged in aspects related to the knowledge asset (performance it generates (5), motivation to work in teams (8), decision making (9), respectively contribution to its creation (6)), while only 39 consider that the knowledge asset has results that can be achieved in the current workplace. As a result, it appears that managers, through their decisions, have the possibility to increase the motivation and performance level of their employees by about 26.41% (14/53). Such decisions refer to rewarding those employees who contribute to this knowledge asset, emphasizing team and unit ideas, giving decision-making freedoms in terms of task completion.

Human capital materializes its importance in corporate governance through the performance contribution it brings to the fulfillment of tasks, whether qualitative, quantitative or productive. Thus, we can talk about a faster time to solve a task, solving several tasks in the same time, solving a task with a higher degree of safety / speed, solving a task without the same level of mental effort. A relevant way of achieving this goal is the knowledge asset.

Given that in the previous analyses we have highlighted what measures can be taken to increase employee performance, i.e. what percentage of possible results can be expected, in the following we will correlate the three main elements that relate to the knowledge asset.

Table 2 - Highlighting the correlation between the specific elements of the knowledge asset concept

		(5) In order to be motivated...		(6) I actively participate in asset creation...		(7) When approaching a non-routine task...	
(5) In order to be motivated ...	Kendall's tau_b/Sig. (2-tailed)	1.000	-	.637**	0.000	.432**	0.000
	Spearman's rho/Sig. (2-tailed)	1.000	-	.684**	0.000	.484**	0.000
	Pearson Correlation/ Sig. (2-tailed)	1	-	.699**	0.000	.454**	0.000
(6) I actively participate in asset creation...	Kendall's tau_b/Sig. (2-tailed)	.637**	0.000	1.000	-	.403**	0.000
	Spearman's rho/Sig. (2-tailed)	.684**	0.000	1.000	-	.453**	0.000
	Pearson Correlation/ Sig. (2-tailed)	.699**	0.000	1	-	.431**	0.000
(7) When approaching a non-routine task...	Kendall's tau_b/Sig. (2-tailed)	.432**	0.000	.403**	0.000	1.000	-
	Spearman's rho/Sig. (2-tailed)	.484**	0.000	.453**	0.000	1.000	-
	Pearson Correlation/ Sig. (2-tailed)	.454**	0.000	.431**	0.000	1.000	-
**. Correlation is significant at the 0.01 level (2-tailed).							

So we see that there is a statistically significant correlation between the three items. The strongest link is between the motivational aspect of the knowledge asset and the direct involvement of respondents in its creation. The values obtained from the three statistical tests show that there is a moderate to strong relationship between the two elements. As a result, we can consider that an employee who considers the existence and use of the knowledge asset important is likely to contribute directly to its creation/enhancement. The same is true in the opposite direction, if an employee contributes to the creation of the knowledge asset, then he/she will show a higher level of motivation and performance when, in performing his/her tasks, he/she can use the support to whose structure he/she directly contributes.

The next link in intensity is between the level of motivation that the knowledge asset brings and the ease/willingness with which the respondent can achieve their goals by using it. The intensity is moderate. A respondent who believes that his or her performance

will increase by using the knowledge asset will only in some situations get the information support he or she considers necessary. The same aspect, but from the opposite direction, is presented as follows: an employee who has carried out his/her activities successfully with the use of the knowledge asset will not always be more motivated or perform better.

The last link in terms of intensity is between the idea of directly participating in the creation of the knowledge asset and actually using it to solve tasks. The intensity is again moderate. Thus, even if a respondent contributes to the creation or enrichment of the knowledge asset in the firm, he or she will not always be able to enjoy the same information support in solving tasks. In other words, if a respondent has used the company's knowledge asset in solving tasks, then it is not certain that they will decide to get directly involved in enriching the resource they have just used.

4. Conclusions

The results reveal that a main element with significant potential to improve the motivation and performance of Romanian employees is the way in which the tasks to be performed are communicated. In the same train of ideas, a number of other elements such as teamwork and decision-making have the same potential as the element mentioned above.

The comparative analysis between what respondents consider to enhance their performance and what they say is happening in their current workplace reveals that, in this case, management structures have room for action to motivate their employees. This scope for action was highlighted by percentage differences. The main differences were highlighted at the knowledge asset level. Thus, given that the results obtained show that for them the knowledge asset presents a significant motivational potential, compared to the fact that in the current workplace the existing knowledge asset does not meet their information needs, it turns out that the organization's management is presented with the option of investing in this knowledge asset, leading further to more motivated, i.e. better performing employees.

Correlating the information presented in this paper, we can say that the management of an organization is presented with a variety of implementable strategies in order to motivate its own employees. However, analyzing what the knowledge asset represents as a whole, we highlight the fact that the orientation of managerial decisions towards encouraging and motivating employees to participate in the enrichment of this informational resource will prove to be a long-term investment that will lead to greater performance on the competitive market . Among the ways in which the existence of this knowledge asset can lead to performance are listed: the creation of an organizational culture oriented towards personal and professional development; strengthening collegial relationships by sharing knowledge and carrying out tasks in a team; the existence of a vast informational support for future new employees; employee loyalty and creating a sense of organizational membership.

The multitude of established researches in the field remind about the competitive advantage that capturing new talents can bring for an entity. The participation of employees in the creation of the knowledge asset is carried out through activities such as

knowledge sharing, tasks carried out in teams, participation in the training course. As a result, motivating employees to get involved in the mentioned activities will prove, for the employer, a strategy generating added value, in the sense that part of the employees' knowledge will turn into a storable resource. According to Table 2 of this article, the weakest correlations in intensity are related to the aspect regarding the existence and actual use of this knowledge asset by the respondents. Considering the statement about the competitive potential represented by the knowledge asset, we can say that managerial storks are presented with the opportunity to invest in their own results, by motivating their own employees to enrich this asset.

5. References

Alshmemri, M., Shahwan-Akl, L., & Maude, P. (2017), *Herzberg's two-factor theory*, Life Science Journal, 14(5), p.12-16.

Bartel Ann Pelcovits , (1994), *Productivity gains from the implementation of employee training programs*, Industrial Relations, Journal of Economy and Society, Volume 33, Issue 4, p. 411-425.

Bassi L, McMurrer D., (2006) – *Human capital and Organizational Performance: Next Generation Metrics as a Catalyst for Change*, McBassi&company Publishing House, available at: https://docplayer.net/14886500-Human-capital-and-organizational-performance-next-generation-metrics-as-a-catalyst-for-change.html.

Căşuneanu I., (2020), *Improving the motivation and flexicurity of employees' work in Romanian organizations*,Economic Publishing House, Bucharest.

Delaney, J. T., & Huselid, M. A. (1996), *The impact of human resource management practices on perceptions of organizational performance*, Academy of Management Journal, 39(4), p.949–969, doi:10.2307/256718;

Ekundayo O. A. & Ajanaku E. A. (2017), *The Impact of Motivation on Employee Performance in selected Insurance Companies in Nigeria*, International Journal of Social Sciences and Conflict Management, Vol. 2, No. 4;

Fitz-enz Jac, Davison Barbara, (2002), *How to measure human resources management*, 3rd edition, McGraw-Hill O Publishing House, New York.

Mace Cecil Alec, (1935), *Incentives. Some Experimental Studies*, H.M.S.O Publishing House, London.

Terpstra David E., Rozell. Elizabeth J. (1993), *The relationship of staffing practices to organisational level measures of performance*, Personnel Psychology Journal, Volume 46, Issue1, p. 27-48; https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1744-6570.1993.tb00866.x

Viteles Morris Simon (1953), *Motivation and morale in industry*, W.W. Norton &Company INC Publishing House, New York.

Vroom Victor H. (1995), *Work and Motivation*, Jossey-Bass Publishers, San Francisco.

Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). *Human resources and the resource based view of the firm. Journal of Management, 27(6), p.701–721.*doi:10.1177/014920630102700607.