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The Impact of Means of Motivation on Employee's Commitment to Organization in Public and Private Sectors

Abstract

Recently, both in Lithuania and abroad, the interest of practitioners and researchers in employee motivation and commitment to the organization has grown significantly. The analysis focus on impact of motivation on the employee's commitment to organization in the public and private sectors, but the impact of motivation on employee's commitment to the organization in the public and private sectors is rarely compared. Yet only comparison can help to determine the reasons why the commitment of employees differs by sectors. The purpose of this paper is to establish the impact of motivation on employees' commitment to the organization in the public and private sectors. Analysis of scientific literature was used in order to distinguish the theoretical aspects of employee motivation and organizational commitment. Questionnaire of private and public sector employees was conducted and the statistical analysis of questionnaire data led to the evaluation of the impact of employees' motivation on commitment to the organization in the public and private sectors.

The results of this paper are consistent with the analysis of previous studies, which showed that an increased organizational commitment is noticeable in the private sector. In the public sector the means of motivation often include gratitude, recognition, good relations with colleagues, and in the private companies – the premium for the achievement of organization's goal, leisure events, and gratitude. The means of motivation have different effects on employees' commitment to the organization. In the public sector compared to the private, relies on immaterial motivation means, i.e. rarer pay raises, encouragement premiums, which are inconsistent with the needs of employees. Whether the target of the means of motivation is an individual or a team, it has no effect on organizational commitment.

Key Words

means of motivation, commitment to organization, employee, public sector, private sector

JEL Classification: M12, M19, M54

Introduction

Employees' motivation and commitment to organization building is regarded as one of the most important factors influencing the organization's competitiveness and

efficiency. Every organization, in order to stay competitive in the market, should care for employee motivation, promotion of their commitment, hoping to reduce staff turnover, sick time and increase productivity. Companies that do not take into account the importance of employees' motivation and commitment to the organization, are more susceptible to high staff turnover, and with today's intense competition and declining economic growth may be forced to reduce or even give up their positions in the market.

In order to clarify the links between motivation and commitment to the organization, the public and private sector perspective was chosen, as employees in the civil and private sectors have different motives [18]. This suggests that organizations apply different means of motivation, and there are differences in organizational commitment – more noticeable in the private sector, because of the motivational differences depending on the sector.

In this paper the detailed analysis of differences between the public and private sectors in the means of employee motivation and employee commitment levels and empirical study is presented.

1. The means of employee motivation in public and private sectors

Lately, there is a lot of discussion [1], [14], [17], [22], about the use of complex of employee motivation means, and a practical approach to it is becoming more and more relevant. It is generally recognized that employee motivation depends on the individual, the conditions and the time; it is not constant and always changing. Because of this complexity it is not possible to unambiguously define the best way to motivate employees. Each new approach extends the understanding of motivation and allows expanding the means of employee motivation. This forces to look for new solutions, to mobilize internal resources, to change the traditional labor and management techniques with new and more advanced ones.

The analysis of the scientific literature revealed that various authors suggest different classification of means of motivation. Recent scientific publications [6], [8], [20] on activation measures tend to look more deeply and closely link the means of motivation with organization's maturity levels and career stage features, while other authors tend to separate the material and immaterial, or in other words, the psychological, means of motivation [14], [9]. This classification is quite convenient, because the material means are actually tangible and can be expressed in monetary terms; this type of means are divided into monetary and non-monetary. Psychological means have psychological effects which are difficult to measure in term of money. It is noted that the means of motivation may be directed to the individual or the team.

In order to encourage employees' productivity, more and more research on work motivation is carried out in the world every year. In Lithuania the interest in characteristics of work motivation is growing, the analysis of what may affect the goals and motives of employees to work is performed [17], [5]. State servants' motivation in

the scientific literature is often viewed through the public and private sector perspective. It is often stated that the state service and private sector workers have different motives [18]. This fact was revealed in 2007 with the conducted representative survey of public employees, which provided an opportunity to further analyze the motivational aspects of Lithuanian state servants. A number of studies conducted worldwide revealed that the motivation of state servants is directly related to the quality and productivity of the person's activities [11]. Even ancient thinkers were interested in what motivates people to work in public service. Hints of this can be found in Aristotle, Plato and other writers' works [11]. Although a number of authors (Downs, Mosher, Chapman) have tried to answer the question what motivates state service workers, but this was only done in last decades of the past century [11].

Many researchers, who compared the researches carried out in the public and private sectors [5], [17], [24], concluded that the salary as the final purpose of work activity and life is less important in the public sector. The aforementioned authors also state that work in the public sector ensured greater job security and a variety of social guarantees. According to J. Palidaukaitė [17], the public sector compared to the private, is less frequently reformed, reorganized or goes bankrupt and it gives its employees a sense of desired stability. The public sector slowly responds to the changes in the environment, often adjusts to the political changes, environmental needs; all these factors make the public sector more stable [13], [15]. Meanwhile, in the private sector job security is highly dependent on the demand and supply in the labor market, the person's qualifications and ability to compete, the company's personnel policy, leadership style. According E. Wright and K. Christensen [1], it is easier to dismiss an employee in the private sector, while the number of legal legislation makes the dismissal of employees in the public sector more difficult. It is noticed that the objectives in public sector are not quantitatively defined, they are qualitative by nature, which determines the specifics of work [17]. The context of political activity, social control, and greater media attention conditions the actions of state servants.

In the private sector decisions are made according to market principles, rational calculation, and their impact and the extent is not as important as that of the decisions taken by the public sector. It is necessary to mention that rationality is also important in the public sector, because the public interest, equity, legitimacy, transparency and justice must be taken into account. Another important aspect is the variety, which is not as common in the public sector, as the sector's activities are regulated by legislation, administrative procedures, rules and other regulations.

The analysis of detailed means of motivation in the public and private sectors is presented in Table 1. It is noted that the motivation trends observed in Lithuanian state service in recent years is not unique in the context of other countries. Many Western countries faced the problem of selecting and keeping individuals in the public service, as well as shortages of certain specialists in the public sector. The transition of skilled workers from the public to the private sector is often caused by higher wages, better working conditions, more interesting work, greater freedom of activity opportunities [24]. Although when choosing a profession one often prefers to work in the public sector, a number of promising young professionals consider a job in state service only as

a preparation for a career in the private sector. Work experience in the public service can be seen as a certain candidate's advantage [17].

Tab. 1 The analysis of means of motivation in public and private sectors

Means of motivation	Importance of these means in	
	Public sector	Private sector
The assessment system	Rigid; regulated by the law; lacking objectivity	Flexible; but rarely applied
Safety and comfort of workplace	Irrelevant; not a significant mean of motivation	Relevant
Payment for the tasks performed	Does not motivate; sometimes offends	Motivating
Money, premium	Not the most important mean of motivation; salary is paid on time, premiums determined by law	An important mean of motivation, often black money
The raise of salary	Relevant	Relevant
The opportunity to serve the public interest	Motivating; relevant	Does not motivate; irrelevant
Social security	Less important	Very important
Flexible work schedule	Impossible	Relevant; motivating
Formation of informal environment	Relevant and motivating; but restricted by laws, must follow the rules and regulations	Relevant; possible and motivating
Professional development	Motivating; regulated by laws	Motivating, but depends on the organization's resources; or not possible
Relationships between staff, working climate	Formal; not enough attention is paid to the formation of informal relationships	Informal; building the positive relationship acts as an important mean of motivation
Additional income potential	Restricted by law	Possible and motivating
Variation of work (tasks)	The activities are regulated therefore hardly possible, but highly motivating	More freedom for interpretation; the work is often enriched with a variety of tasks, often changing activities; motivating
Understanding and recognition of work significance	Relevant, motivating	Motivating
Appointment of high-level tasks	Motivating	Motivating
Group work	Possible if the functions coincide; motivating	Motivating; depends on the type of work
Opportunities for self-expression	Relevant; motivating, but restricted by law	Motivating
Objectives	The objectives are social, well-designed to properly and efficiently provide services; motivating	Economic – the profit; the higher the profit, the more motivating

Source: composed by the author on the basis of [2], [22]

In summary, the motivation profile of civil servants is different from the one of private sector workforce. It is emphasized that in public sector employees' work is influenced more by internal motivators, i.e. the work itself, responsibility for implementing and influencing public policy, general concern for public affairs, while in the private sector

external motivators have more influence. The various social guarantees (pension funds, health insurance, compulsory social insurance, etc.) are important for employees in private sector. These means are less relevant to public sector employees, whose motivation depends on personal characteristics rather than on the public sector specifics or their duties: these people are opting for the civil service.

2. Commitment to organization in public and private sectors

Organizational commitment is very important because it helps to reduce employees turnover, increase employee's productivity and quality of work [23]. According to S. Su, K. Baird and B. Blair [19], employees with a higher level of organizational commitment, will pay more attention and put more effort in the organization, thus increasing its efficiency. The studies consistently reveal a strong negative relation between organizational commitment and turnover of staff in the organization, i.e. it is unlikely that employees, feeling a greater commitment to the organization, would intend to change it for the other organization [12], [16]. S. Su, K. Baird and B. Blair [19] found that committed employees feel a greater loyalty to the organization and are more willing to accept organizational changes, such as the installation of new technology or business internationalization. Given the high costs associated with the leasing and training of staff, increase of their productivity and effective selection of mean of motivation, organizations should pay more attention to the organizational commitment of employees, which is one of the tools helping to reduce staff turnover in the organization.

It is noted that committed employees ensure not only a high level of productivity and efficiency, but also help the organization to successfully compete in the labor market, where good and loyal employee is a special asset [4]. Committed staff must have a strong belief in the organization's mission, goals, desire to try to implement them, and the intention to work in the organization for a long period of time. In other words, it a commitment to the organization, employee's objectives identification with the objectives of the organization and self-sacrifice in the name of them, loyalty to the organization during crucial times, the work not only for the salary, positive atmosphere at work and so on. Research shows that in 85 % of organizations the motivation of employees tend to drop during the first six months of employment, and then further decline over time. Most employees start their work motivated, lack of motivation and the relation with the organization, i.e. commitment to it, begins to weaken over time.

It can be stated that high organizational commitment refers to employees' willingness to work on behalf of the organization, but the continuity of it depends on the responsive organization's commitment to its members: workers provide their skills because they have the best conditions designed in the organization [3]. However, in modern organizations the highly valued staff competence and inter-relations, ensuring effective co-operation, can only be achieved through long-term employee commitment to the organization.

According to S. Lyons, L. Duxbury, C. Higgins [13] and Y. Markovits, A. Davis, D. Fay and R. Van Dick [15] employees in private sector feel greater organizational commitment,

compared to the public; this is because the private sector is more flexible and able to quickly adapt to changing environmental conditions, while the public sector is regulated by different government rules and regulations. The authors also note that the public sector's objectives are too broad and vague, which encourages focusing on the process rather than the result. It also reduces employees' organizational commitment. It is noted that the majority of public sector employees treat their commitment as a concrete commitment to a specific organizational unit, rather than whole organization to which it belongs. Private sector offers its employees attractive professional development opportunities [15], greater freedom to choose and make decisions [7] than in the public sector, which is characterized by the dominant bureaucracy. The main objective of private sector is profit-making, while for the public – to meet the needs of society, so it is likely that organizational commitment in these sectors will also be different because of the different objectives [5].

Comparing employee commitment to the organization in the aspect of the sector, it was noted that private sector employees feel greater organizational commitment, compared to the public sector; this is because the private sector is characterized by flexibility, the concrete objectives, more attractive professional development opportunities and freedom of decision-making.

3. The research scheme

Given the purpose of this study and the availability of information, a list of subjects is based on non-stochastic "targeted" sampling. The group formed to include persons with the most typical character of the study. The employees in Kaunas city public and private institutions who agreed to answer the questions were chosen as the most convenient target. Given the size of the population, a representative sample size was calculated according to the Paniotto formula.

Although this selection of individuals does not represent the population of all public and private institutions, but it is appropriate for a descriptive study. For this purpose 198 questionnaires were distributed in two companies, 169 questionnaires were returned (86 private and 83 public institutions) and analyzed. The study was conducted during April – May, 2012. The data analysis was performed using SPSS 15.0 (Statistics Package for Social Sciences) software package. This software package was used to calculate Spearman correlation coefficient between motivation and commitment of the organization, Chi square test was used to examine the strength of commitment to the organization through means of motivation.

4. The research results

According to respondents, private institution usually applied intangible means of motivation, such as the assistance of direct executive to his/her subordinates, attention, information on how to improve the performance, correct errors. The second most

frequently mentioned mean applied in private institutions is the possibility of feel and become a member of a team, good relationships with colleagues and managers, gratitude, praise. The research suggests that employees are given the opportunity to pursue a career, can participate in discussions on important issues and decisions. The research results lead to a conclusion that private sector employees are opting for this sector because of the opportunities for self-realization, salary is a less pronounced aspect.

In summary, it can be said that the management of private institution is more concerned about the wellbeing of employees at work, organizational culture development, motivation of staff – both in word and applicable means. Communication, staff cohesion, team work is promoted. In the public institutions staff is appreciated and motivated less. Organizational commitment is conditioned by the means of motivation. To verify this connection, the hypothesis H1 was raised: different means of motivation of employees in the public and private sectors influences the difference in the commitment to the organization. Separate cases were analyzed. Material and intangible means of motivation, the frequency of their application and responses were compared by the type of institution – a public and a private company. Two tests were performed for hypotheses about the equality of means of two populations. In the first case it was analyzed whether the premiums for achievement of the organization's goals are more likely to be paid to public or private company employees (material measures tested). It was examined whether there is a statistically significant relationship between the premium payment and the type of organization.

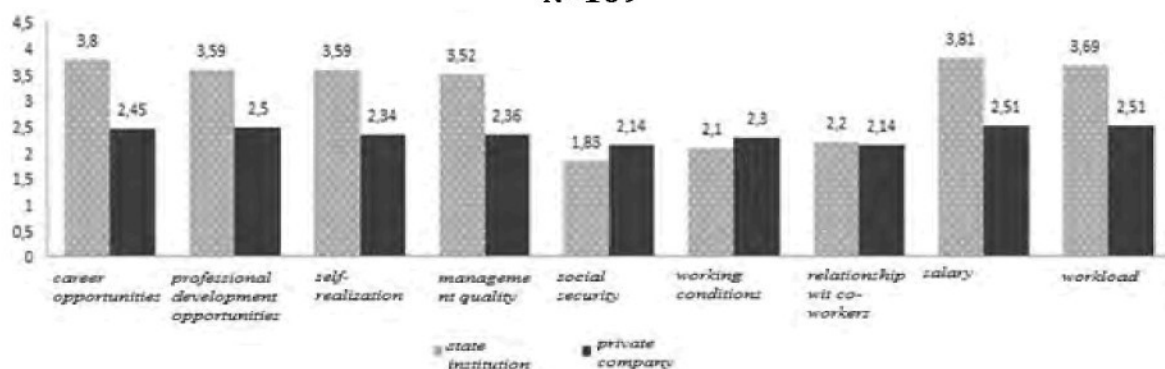
Based on the Chi-square test, Pearson and likelihood ratio formulas, there is statistically significant relation ($p = 0.000$, $\alpha = 0.05$, $P < \alpha$) between workplace and "premium for the achievement of organization goal" as a mean of motivation. The study showed that there is a statistically significant relationship (strength determined using the Cramer's V coefficient, which is equal to 0.618) between the respondent's employer (public or private) and the applied material means – premiums for achieved results. As noted in the first question, the more frequently a private firm applies premiums for achieved results, the stronger employees' organizational commitment is. According to E.Camilleri and B.Heijden [3], and R.Johnson, C.Chang, L.Yang [10] bureaucracy, centralized decision-making system, influencing the less flexible employee motivation system, dominates in the public sector. Employees are motivated less frequently with increasing salaries, which negatively affects the activities of state servants and reduce their organization commitment, compared with the private sector.

To find out how application of intangible means and their frequency varies depending on the respondents' organization, the intangible mean of motivation – gratitude, praise – was chosen. A significant statistical relation between workplace and personnel motivation by verbal gratitude. Since $p < \alpha$, it means that there is statistically significant, moderate relationship (strength determined using the Cramer's V coefficient, which is equal to 0.403) between the respondent's workplace and applied intangible mean – verbal gratitude.

Thus, the raised H1 hypothesis is confirmed: really, different means of motivation in public and private sectors affect the different employees' commitment to the organization. Organizations which apply material means, especially salary, premiums for performance and so on, achieve higher motivation and encourage staff commitment to the organization. This is also revealed by the empirical investigation level of the effect of employees' motivation on commitment of the organization in the public and private sectors. As stated, the private sector is flexible, quickly adapts to changing environmental conditions, while the public sector is controlled by various government laws [13], [15]. A private sector offers its employees attractive professional development opportunities [15], there is a greater freedom to choose and make decisions [7] than in the public sector, which is characterized by the dominant bureaucracy [21].

Knowing the respondents' attitude to the means of motivation applied in their organization, it was relevant to examine the strength of their commitment. Respondents were asked to indicate how satisfied they are with the aspects of their work presented in Figure 1.

Fig. 1 Respondents' satisfaction with job aspects by the type of organization, N=169



Note: The statements are ranked as follows: 1 – completely satisfied, 2 – satisfied, 3 – I cannot say 4 – dissatisfied, 5 – completely dissatisfied

Source: authors' calculation

Notable trends of satisfaction in a private company are: the most expressed satisfaction is with social security and relations with colleagues, the least expressed – salary and workload. Thus, employee aspiration in a private company is the proper workload and salary ratio. In this difficult economic period, the reduction of salaries is noted both in public and private sectors. Respondents' satisfaction with salary is influenced by external environmental factors. Most state institutions employees assessed the job aspects with almost no difference, but it should be noted that in state institutions employees are the most dissatisfied with poor career opportunities, lower salaries and high workload. It can be stated that salary is the main mean of motivation for employees in state institutions, as mentioned earlier by the respondents. This is a source for living, which is significantly different from other motives. It can be stated that work for salary reduces the work motivation and commitment to the organization and it's pursued objectives in the long run. For civil servants the objective is to serve the public and help

people. The lack of proper motivation means that government institution employees lose the desire to try and achieve the expected results.

Conclusion

1. The study revealed that the means of employee motivation and commitment are different because of the specifics of the public and private sectors. The private sector is more flexible and able to quickly adapt to changing environmental conditions, while the public – controlled by various government regulations. The public sector's objectives are too broad and vague, and it complicates the promotion of organizational commitment.
2. The employees' commitment to the organization is usually subject to different means of motivation in public and private sectors. Less flexible employee motivation system is in the public sector. Private sector offers more attractive professional development opportunities to its employees. The study revealed that the means of motivation applied in the private sector are more consistent with employees' preferences compared to the public sector. These reasons result in the higher level of commitment to the organization in private sector.
3. The means of motivation preferred by the employees of governmental institutions are almost the same, therefore it is necessary to switch to a more flexible motivation system in the public sector. This system should be based on the best examples from the private sector, focused on employees' preferred means of motivation, and adapted to the public sector under the existing opportunities.

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