

# Impact of firms' psychological behavior in process performance: the optimal employee's experience

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**Abstract:** In this paper, we intend to address the most non-addressed issue among social and behavioural management, which is the psychological behaviour of firms toward their employees and therefore toward process performance. Apart from being socially and environmentally responsible, sustainability concept has underlined the importance of the psychological management of teams and individuals to bring together all ingredients that sustain the so awaited sustainability. Until today, the most successful firms strive to create the best productive work environment that can be offered, but still cannot reach the expected results. Yet, the most common mistake that firms tend to ignore is what stands behind minds because motivation is far from being material; it is a complex concept that appeals to leaders' strategic awareness and intelligence.

**Keywords :** Psychological performance, employee experience, CSR.

**Résumé :** Dans cet article, nous entendons aborder le problème le moins abordé dans la gestion sociale et comportementale, à savoir le comportement psychologique des entreprises envers leurs employés et donc envers la performance des processus. En plus d'être socialement et écologiquement responsable, le concept de durabilité a souligné l'importance de la gestion psychologique des équipes et des individus pour rassembler tous les ingrédients qui soutiennent cette durabilité tant attendue. Jusqu'à aujourd'hui, les entreprises les plus performantes s'efforcent de créer le meilleur environnement de travail productif, mais ne peuvent toujours pas atteindre les résultats escomptés. Pourtant, l'erreur la plus courante que les entreprises ont tendance à ignorer est ce qui se cache derrière les esprits, car la motivation est loin d'être matérielle ; c'est un concept complexe qui fait appel à la conscience stratégique et à l'intelligence des dirigeants.

**Mots clés:** Performance psychologique, expérience optimale des employés, RSE.

## 1. INTRODUCTION

What sticks in the mind of an employee while executing a task, is how the task has been managed from the first stone of the project until the final grid. We know, a project is a scientific process that follows the following steps: Plan, Do, Check and Act (PDCA cycle), but how did the managers of this project did integrated teams from the idea until the final product? Did the project benefited from a democratic participation of due stakeholders? How ideas and practices have been discussed, motivated and taken into consideration? Is the final product the only outcome that lies behind any project or should we consider employees an additional outcome to be noticed as the employee's experience from each project or product? How can leaders bring this experience into the concept of optimal experience and what is it concretely? We seem to handle a very complex variable, which is the human psychological variable that shapes, influences and creates the value inside the process. Instead of considering the product as the only outcome to be produced as an economic profit, the firm should

consider another product that comes with every project management, which is the employee morale. Projects are then considered sustainable opportunities to train employees into operational and mental excellence.

## 2. THE EMPLOYEE ELEMENT, AN ABSENT FACTOR IN PROJECTS PLANNING

### A. PDCA cycle

In the PDCA cycle<sup>1</sup>, a project undergoes a series of changes and adjustments according to internal or external impulses of the firm. Actions are taken at every level in order to handle these adjustments, but conventional strategic management does not consider the human factor as a result but as a mean to mention their contribution in executing the tasks in the action plan. The process of project management undertakes the overall human experience during this project and its importance in educating and improving employees' behavior, knowledge and then their performance inside the firm. The figure bellow demonstrates the place of employee management in every management step in the PDCA cycle.

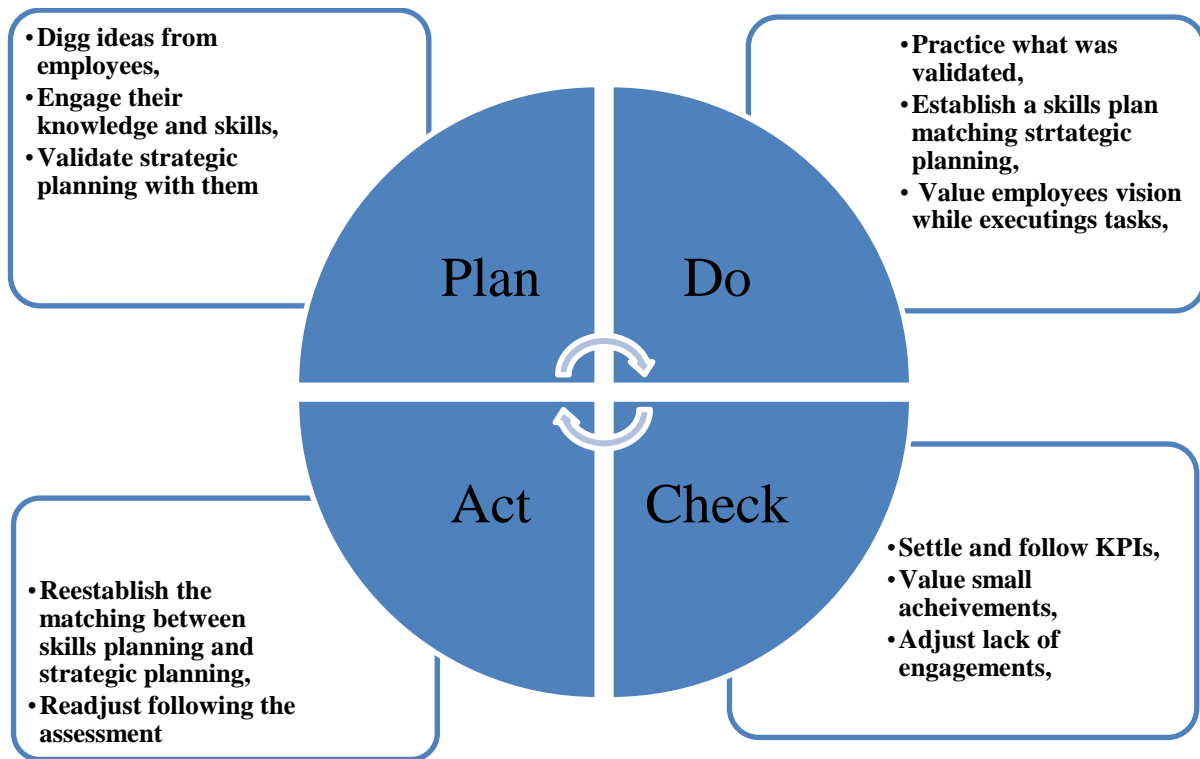


Figure 1. The PDCA cycle as an employee driven Management Cycle.

Operational management emphasizes in economic attributes that can generate processes without defects: quality improvement and process performance tend to focus on attending objectives at minimal wastes and creating value along the value chain. Hence, value creation attributes such as quality and waste minimization don't take employees progress into consideration while designing products and planning their features and their costs, building people, then building products (Wakamatsu , 1993)<sup>2</sup>.

<sup>1</sup> Edward Deming PDCA cycle: Plan, Do, Check and Act.

<sup>2</sup> Ohno, T. (2009). The Toyota Mindset: The Ten Commandments of Taiichi Ohno Kindle Edition, 2009, 202 p

While managing a project, firms have a great opportunity to create value for employees: conceptualization and planning, training, realization and recognition. These are all steps that can constitute motivational blocs for every employee and must be present while planning a project.

### *B. Psychology in CSR*

While researchers are not sure whether to place CSR<sup>3</sup> inside the strategic management or to consider it as a unique character that goes side to side with strategic management<sup>4</sup>, it is clear that the employee element, which is a key element inside them both is also the key element to better tackling the approach of strategic CSR, which includes both concepts into one. It is also important to micro-cut the concept of CSR to understand that it is not fully integrated by firms.

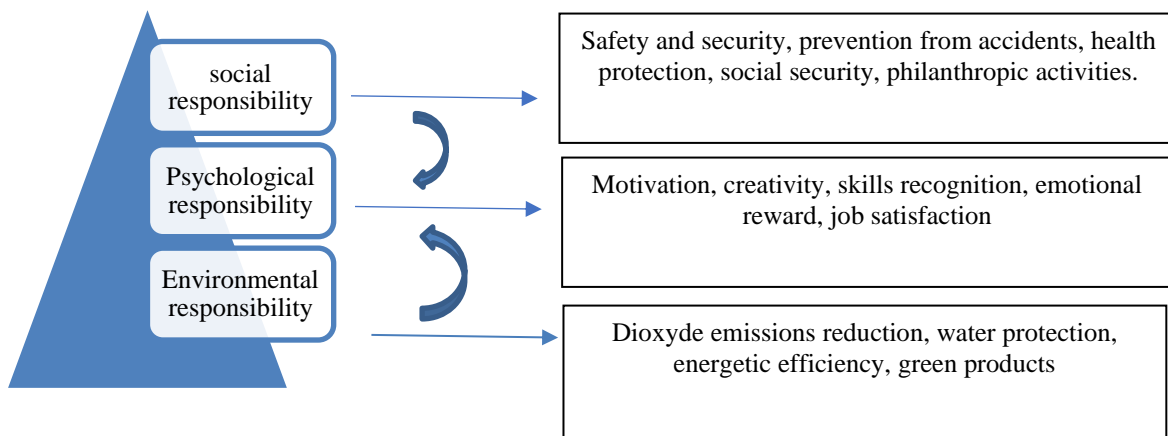


Figure 2. The psychological responsibility as the heart of CSR strategy.

Psychological responsibility remains at the heart of CSR approach as it is related to both social and environmental performance of the firm. If the psychological component is not attended or addressed, both social and environmental efforts will not lead to positive psychological experience. In the PDCA cycle, many motivational actions can improve employees' satisfaction in the workplace.

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<sup>3</sup> Corporate Social Responsibility

<sup>4</sup> Khihel F. & Harbal A. (2020) « Mental Security and Health in the Lean Sustainable Enterprise: the corporate psychological responsibility », *Revue du contrôle, de la comptabilité et de l'audit* « Vo lu me 4 : numéro 3 » pp : 602 – 619.



Figure 3. Psychological tools to improve motivation inside the workplace

In comparison with human resources management practices, firms tend to assess skills development only to make a judgment or a lay out action toward employees, while this assessment should make the firm questioning its impact on employees' development.

### 3. HOW THE EMPLOYEE'S EXPERIENCE INFLUENCES THE FIRM'S SUSTAINABILITY

#### A. Psychological management

Sustainable progress and motivation of employees stimulates a sustainable culture of performance and improvement. Firms should think about their employees the same way they conceive products and process. At this point, we have chosen potential actions that firms can apply to employees, not only products :

TABLE I. PSYCHOLOGICAL IMPLICATION OF MANAGEMENT TOOLS.

Principle/tool	Consistency
<b>Quality Management for employees</b>	Aiming at enhancing quality of infrastructure and tools used by employees in order to protect their health and provide a better and secured work climate.
<b>Recycling views and minds</b>	The principle of recycling that usually covers materials and products recycling can be applied to recycling mental set of employees by: <ul style="list-style-type: none"> <li>- Skills development</li> <li>- Teams switching</li> <li>- Facilitating team work</li> </ul>
<b>Inside-out meetings</b>	Meetings that are inside the company but tackling different themes: social, environmental or professional issues
<b>Creative work by Kanban</b>	Encouraging new ideas and different thinking ways by organizing Kanban meetings
<b>Equal treatment for CSR</b>	Gender equity should be addressed as a gadge of human equity inside the company
<b>Expert employees</b>	Employees should be encouraged to master and value their skills by being-labeled as experts in their field of engagement.

#### 4. PRACTICAL ELEMENTS TOWARD THE OPTIMAL EMPLOYEE EXPERIENCE IN MANAGEMENT LEVELS

##### A. Case 1: Productivity and innovation with skills empowerment

The first case is about the ability of employees to produce qualitatively in a task, while skills are not especially sufficient. Often time, employees can be asked to accomplish tasks with a lack of necessary tools or skills that allow them to achieve the assigned goals. While this practice can bring an employee toward achieving with the acquired skills, managers can criticize the results, although at the first level, the employees' skills were known insufficient for the task (Deci et Rayan, 1985)<sup>5</sup>.

#### The optimal experience

In this case, the employee should be encouraged to express his lack of ability to accomplish the task; this leads him to request a skill reinforcement through a training. We call here the optimal experience the degree of responsiveness of the firm toward the employee requirement of skill reinforcement and thus the action of bringing the necessary training or expert to enhance his knowledge. The return of such investment is the ability of the employee to gain the skill to accomplish the same task or even a harder one next time.

#### Innovation as a driver for productivity

In the case of lean management, many practices encourage the productivity improvement and the total quality management such as the kaizen practices (Mayer, 1983), also the coaching practice and the principle of respecting people enhances the ability of employees to produce at the minimum defaults. Innovation is the result

<sup>5</sup> Deci, E.L. et Ryan, R.M. (1985), *Intrinsic motivation and self-determination in human behavior*, New York, Plenum Press

of integrating skills and competencies into processes, Pisano, and (Shuen, 1997)<sup>6</sup> and (Teece, 2007)<sup>7</sup> defined innovation as the firm's ability to integrate, build, and reconfigure internal and external competences. (Covin & Miles, 2007)<sup>8</sup> pointed out the importance of strategic management to enhance innovation through motivating employees, but the most important issue to address is how strategic management should bring employees into appropriate attitudes to create innovation.

In a review conducted by Bronwyn H. Hall<sup>9</sup>, it has been revealed that the foregoing survey of empirical evidence on the relationship between innovation and productivity finds an economically significant impact of product innovation on revenue productivity and a somewhat more ambiguous impact of process innovation. In general, the author concludes that innovation increases an individual firm's ability to derive revenue from its inputs.

### *B. Case 2: The near visualization or Gensu Gembutsu*

While managers or top management might manage activities at a strategic level, operational level must be linked to strategic level as much as possible. This leads managers to break distance between them and employees in order to be aware of problems and potential solutions (Flavel, 1976)<sup>10</sup>, and to be able to discuss them in the operational sites rather than in meetings where hierarchy is breaking the process of creativity. Serrat<sup>11</sup> considers that it's the role of management to harness creativity not to give instructions to be firmly followed. Employees that are operating in machines, handcrafting products, streamlining components are the ones to be more receptive to problems and their origins, and consequently the potential methods and ways to overcome them.

### **The optimal experience**

Giving employees the opportunity to evaluate these problems, to describe them, and to suggest their solutions is an absolute motivation. The feeling of value adding to the firm's creative process is essential to employees to strengthen their motivation level. This brings managers and operational employees into the same importance, which is the resolution framework.

### **The Gensu Gembutsu or the near visualization:**

What near visualization can bring to firms is more than meeting can come up with. Near visualization has more effects in employees than the productivity reward can bring. It is the most realistic approach for managers to depict the real talents and potential employees in which the firm can rely. Expertise can be built upon this visualization and skills can be developed where firms should improve their market image by promoting their employees' talent.

<sup>6</sup> Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18 (7), 509–533. doi: 10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z

<sup>7</sup> Teece, D. J. (2007). Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance. *Strategic Management Journal*, 28 (13), 1319–1350. doi: 10.1002/smj.640

<sup>8</sup> J. G. Covin, M. P. Miles (2007), Strategic Use of Corporate Venturing, First Published March 2007 Research Article <https://doi.org/10.1111/j.1540-6520.2007.00169.x>

<sup>9</sup> Bronwyn H. Hall (2011), Innovation and Productivity No. w17178, 35, University of California at Berkeley; National Bureau of Economic Research (NBER); Institute for Fiscal Studies (IFS); Max Planck Institute for Innovation and Competition.

<sup>10</sup> Flavel, J. (1976), « Metacognitive aspects of problem solving », In L.B. Resnick (Ed.), *The nature of intelligence*, Hillsdale, NH: Erlbaum, p.232

<sup>11</sup> O. Serrat (2009), Cornell University ILR School Digital Commons@ILR 9-2009 Harnessing Creativity and Innovation in the Workplace, Asian Development Bank

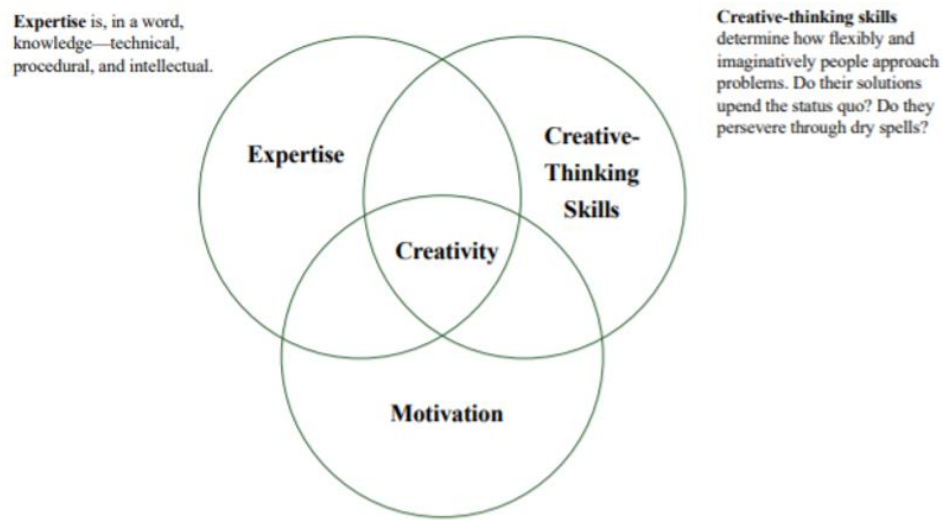


Figure 4: The three components of creativity by AMABILE<sup>12</sup>.

This figure puts creativity at the intersection of expertise, motivation and creative thinking skills. Organizations can tackle creativity by only paying attention to their employees' ideas and suggestions.

#### C. Case 3: Strategic planning should be based on employees' preferences

While strategic planning might be the scientific approach to schedule objectives and their elements, this can be the planning that makes objectives less strategic to be achieved. Strategic plans all highlight projects and actions, actors and deadlines, and finally financing. The length of the list is generally constrained only by affordability. The problem with this planning is the risk of not attending the listed goals due to multiple obstacles and to the irrational nomination of internal actors implied in the execution of the listed projects. That is to say, employees related to projects might not be interested or convinced by the project. It is the major risk of not putting the right people into the right projects.

#### The optimal experience

Then, employees can choose their projects in the strategic planning elaboration process. While this can strike the teams balance in terms of employees' number, the communication about the intended projects, their scopes and the brainstorming process can bring ideas into projects that seem to attract employees to the integrated elements inside the project rather than the project itself. It is important to federate and to seek approval of teams' composition before naming individuals into projects.

#### Into the new strategic view for firms' development: the employee optimal experience

Definitions suggested by some of the management experts pioneers such as Henri Fayol are less adaptive to the human experience, where Fayol<sup>13</sup> says, "Management is conduct of affairs of business, moving towards its objective through a continuous process of improvement and optimization of resources". In the beginning, the

<sup>12</sup> Amabelle, T. (1998). How to kill creativity. Harvard Business Review.

<sup>13</sup> Fayol, H. (1917). Administration industrielle et générale; prévoyance, organisation, commandement, coordination, contrôle. Paris: H. Dunod & E. Pinat. Fayol, H. (1930). Industrial and general administration (J. A. Coubrough, Trans.). London: Sir Isaac Pitman & Sons.

importance of individuals didn't appear in scientific management school that was structuring activities in terms of calculations and machinery and not putting the human being in the heart of Management.

Mary Parker Follett came after to tickle on the importance of doing by people: "Management is the art of getting things done through people". Management is indeed related mainly to people, where tools, methods, resources and financing remain second components if compared to people that are the mind masters of work. Problems can occur through people even in the most controlled systems and can be resolved even in the less equipped environments, or the most sophisticated systems that can't resolve it. Later on, Peter Drucker<sup>14</sup> added that "Management is a multi-purpose organ that manages business and manages managers and manages workers and work." The management cycle should then be considered to integrate people in every management aspect, and not incorporating the human management as a single function in the management cycle. While we consider that human management should be integrated in every step at the management cycle, then the strategies level should consider employees participation as prominent component:

The staffing cycle is insufficient to consider the employee element, but should be integrated into every strategic step in the management cycle. :

TABLE II. EMPLOYEES VALUE IN STRATEGIC LEVELS

Strategy levels	Employees value	Main strategic output
<b>Organizational level</b>	<ul style="list-style-type: none"> <li>- Creative ideas to new projects or to developing existing projects</li> <li>- Views matching</li> <li>- Citing similar experiences or making benchmarks</li> <li>- Employees federation</li> </ul>	<ul style="list-style-type: none"> <li>- Creative projects</li> <li>- Competitive advantage</li> <li>- Benchmark experience</li> <li>- Market positioning</li> </ul>
<b>Strategic level</b>	<ul style="list-style-type: none"> <li>- Defining the best teams, skills and tools</li> <li>- Defining the best actions to achieving goals</li> <li>- Letting employees depict projects elements that make opportunities for them</li> <li>- Create the ambition</li> <li>- Schedule trainings and skills development</li> </ul>	<ul style="list-style-type: none"> <li>- Teams composition</li> <li>- Skills development</li> <li>- Professional growth opportunities</li> <li>- Firms new jobs</li> </ul>
<b>Managing level</b>	<ul style="list-style-type: none"> <li>- Defining risks through employees</li> <li>- Readjust planning according to risks and constraints : the concept of agility</li> <li>- Market sensitiveness : employees know the market behavior more than managers</li> </ul>	<ul style="list-style-type: none"> <li>- Risk management</li> <li>- Constraints definition</li> <li>- Solutions roadmap</li> <li>- Customer relationship management</li> </ul>
<b>Operational level</b>	<ul style="list-style-type: none"> <li>- KPIs are key indicators for employees implication and motivation</li> <li>- As much as operational dashboards are healthy for the firms operational management, there must dashboards that assess employees history of productivity, skills and behavior performance</li> </ul>	<ul style="list-style-type: none"> <li>- Employees satisfaction</li> <li>- KPIs are key elements to operational KPIs</li> <li>- Defining employees company health dashboards: their experience development in the firm</li> </ul>

Source: Authors

<sup>14</sup> Drucker, P. (1954) *The Practice of Management*.



The management process is a permanent influenced process by employees. Where employees might seem to belong to the operational level, we intend in this table to prove that the employee element is a strategic one. Ideas, risks, constraints, problems and solutions are all defined, studied, assessed and released by employees. The employee's Dashboard experience can be a scientific and rational tool into assessing the employee's trajectory in the firm and how this one was beneficial to him. Here, we seem to reverse the story, it is the employee who assesses the firm capability to perform him not the inverse.

## 5. CONCLUSION

While psychological management was less welcome into strategic management, new concept of Corporate social responsibility state that this responsibility is not only about protecting the environment from firms activities harm, but also ensuring social inclusion and establishing the psychological balance of employees internally and between each other. While the link between innovation and employees optimal experience can be the key for firms to better manage the employees' motivation and behavior, managers should tend to considerate that employees' management is the most critical tool to drive strategies for better outcomes. Strategy is to be reviewed also by considering people at every strategic level. Creativity is also an important element to employees' motivation especially in rigid environment work such as the Lean framework where employees are forced to work with firm standards and discipline. This framework stimulates quality, productivity and skills development but can lead to employees' depression especially in non-Japanese cultures that are not used to the cultural principles of the framework. The creative spirit can absorb the harshness degree of practices by integrating social and environmental practices that lead to employees' health and morale protection (Harbal & Khihel, 2020)<sup>15</sup>. As a final statement, psychological well-being is a discrete concept that needs to be addressed in the firms' strategic levels when leaders are considering that its employees that drive strategy not the reverse.

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