1st International Conference - Global Ethics - Key of Sustainability (GEKoS) | May 15th, 2020 | Bucharest, Romania

The Link Between Employees' Motivation With Organisation's Performance

Lucia MOROSAN-DANILA, Carmen-Eugenia NASTASE,
Claudia-Elena GRIGORAS-ICHIM

<https://doi.org/10.18662/lumproc/gekos2020/27>

How to cite: Morosan-Danila, L., Nastase, C.-E., & Grigoras-Ichim, C.-E. (2020). 'The Link Between Employees' Motivation With Organisation's Performance. In A. Grigorescu & V. Radu (vol. ed.), *Lumen Proceedings: Vol. 11. 1st International Conference Global Ethics - Key of Sustainability (GEKoS)* (pp. 264-272). Iasi, Romania: LUMEN Publishing House.

<https://doi.org/10.18662/lumproc/gekos2020/27>

The Link Between Employees' Motivation With Organisation's Performance

Lucia MOROSAN-DANILA¹, Carmen-Eugenia NASTASE², Claudia-Elena GRIGORAS-ICHIM³

Abstract

The financial motivation of the employees, at first sight, is considered the best method of stimulating the work of the employees. However, some studies have shown that employees are also motivated through non-financial means, such as equal treatment or recognition of merits. Although the economic literature offer strategies and analyses related to the motivation's importance in the success of the organisation, not all managers implement them efficiently. This article presents an analysis of the link between employee motivation and company performance, based on a statistical research conducted on 444 organizations from Romania. The factorial analysis presented is based on the KMO and Bartlett tests and the ANOVA analysis, combining the motivating elements of the employees with the turnover and profitability. The regression analysis of employees' contribution to achieving the organization's performance indicators is underlining the importance of the employees' motivation in order to achieve the targeted profitability. The conclusions of the paper emphasize the dependence of the performance indicators on the quality of human resources and on the level of their motivation. The motivation dimensions that manages to maximize the organisations' profitability are those concerned with increasing employee loyalty and increasing working conditions.

Keywords: Motivation; employee; performance; stimulation; profitability

¹ "Stefan cel Mare" University of Suceava, Romania, lucia.danila@usm.ro.

² "Stefan cel Mare" University of Suceava, Romania, carmen.nastase@usm.ro.

³ "Stefan cel Mare" University of Suceava, Romania, claudia.grigoras@usm.ro.

1. Introduction

Researchers in the field of human resources believe that staff could be seen as a source of competitive advantage, sustained for organizations and contributing to the performance of different types of organizations. The basic assumption is that human resources are unique insofar as competitors cannot imitate them, which is why staff must have career development opportunities, formal training systems, results-oriented assessments, job security, profit sharing, etc.[8]. This competitive advantage must be reflected in the success or failure of an organisation, in the quality of the products, values of revenues and profits, etc. The present research is starting with the assumption that a motivated employee contributes to the profitability of the organisation [7].

2. Problem Statement

It is a well-known fact that salary taxes (tax and social contributions) in Romania are among the highest in Europe. Thus, for a net salary of 500 euros, a company must pay on its behalf and that of the employee to the various public budgets - state, social insurance, unemployment insurance and health insurance - about 435 euros (the amount can vary slightly depending on the field in which the company operates and the number of people dependent on the employee).

This makes it increasingly difficult to motivate employees financially. Obviously, in practice there have been ways of financial stimulation to be perceived as such by employees and to minimize the company's costs at the same time [6].

Employee's financial motivation is, at first glance, considered the best way to stimulate employee work. However, some studies have shown that employees are also motivated by equal treatment or recognition of merit [2], "identifying ways to recognize merit among colleagues / bosses because sometimes something other than a salary increase is needed" [5]. Although the economies and organisations are in continuous change [1], the employees will always need to be motivated [3].

The article will not deal with the forms of motivation applied by organizations, these being varied and different, depending on their financial strength, size, field of activity, region, etc.[4].

3. Aims of the research

The research tool aims to assess the level of importance of certain variables extracted from the literature, which can affect the performance processes of the organization, starting from the employee motivation factor within organizations. The study hypothesis from which the article started is: There is a positive relationship between employee motivation and organization performance.

4. Research Methods

Starting from a research applied on 444 organizations in Romania, correlations were built between employee motivation (frequency, influencing factors, and applied methods) and profitability indices of the organization. The determinant of the correlation matrix of the motivational dimension indicates the degree of multicollinearity or singularity. Its value must be greater than 0.00001. In our case this condition is satisfied. To verify the suitability of the sample we applied the KMO test and the Bartlett test (Table 1).

Table 1. KMO and Bartlett tests of the motivational dimension

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,638
Bartlett's Test of Sphericity	Approx. Chi-Square
	2160,561
	Df
	300
	Sig.
	,000

The KMO test value of 0.638 indicates that the correlation models are relatively compact and factor analysis can be used on this sample.

Table 2. Communities of the motivational dimension

	Initial Extraction	
P7. Permanent	1,000	,646
P7. With the launch of new products on the market	1,000	,749
P7. When observing the decrease of labour productivity	1,000	,515
P7. When the market share of the organization decreases	1,000	,612

P7.When the profitability of the organization decreases	1,000	,611
P7.When the organization's profit increases	1,000	,614
P7. Decreased employee motivation	1,000	,486
P7. Increasing the number of dissatisfied customers	1,000	,545
P8. Alignment with market requirements	1,000	,588
P8. Improving employee work	1,000	,638
P8. Updating employees' knowledge	1,000	,588
P8. Orientation towards new products / services	1,000	,616
P8. Improving the working environment	1,000	,621
P8. Cost efficiency	1,000	,537
P8. Increasing employee loyalty	1,000	,645
P13. Organizing internal events for employees	1,000	,534
P13. Providing training programs	1,000	,620
P14. Salary increases	1,000	,644
P14.Attractive salary packages	1,000	,597
P14. Promotion on the job	1,000	,642
P14. Granting financial incentives (eg prizes, overtime pay, paid holidays and vacations, etc.)	1,000	,740
P14. Granting material incentives (eg gifts)	1,000	,574
P14. Trainings in areas of interest	1,000	,634
P14.Access to training and information resources	1,000	,718

The Bartlett test allows us to conclude that the correlation matrix is not an identity matrix and therefore factor analysis can be applied. Cumulatively, the first 10 retained factors represent approximately 61% of the total variance (Figure 1).

The component matrix found by the rotation method indicates 9 categories in which the results obtained for the questions in the Motivation dimension are grouped:

Figure 1. The total explicit variation of the motivational dimension

1. Organizations concerned with increasing employee loyalty and improving working conditions.
2. Organizations that focus on employee qualification and well-being.
3. Organizations that pay attention to the qualification of employees only in times of change.
4. Organizations that act when reducing market share by motivating employees with job promotions.
5. Organizations that are alert to changes in the external environment train their employees especially when launching new products or services and prefer rewards through attractive salary packages.
6. Organizations that consider training services for employees only in crisis situations.
7. Organizations that prefer financial rewards, but that do not translate into salary increases but rather into prizes, overtime pay, paid vacations and holidays.
8. Organizations that prefer material rewards, but only if there is no increase in the number of customers who complain.
9. Organizations that motivate employees through the training packages offered.

5. Findings

The regression analysis of employees' contribution to achieving the organization's performance indicators was performed taking as a resultant

variable of performance indicator – Profitability - and trying to explain the variation of these indicators in terms of factors found following the factorial analysis performed on the internal organization dimension of the company in terms of motivational dimension of human resources.

With the help of the stepwise method, each factor was introduced, in turn, within the econometric model.

Table 3. The model summary of the contribution of employees to profitability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,236 ^a	,056	,053	,840
2	,267 ^b	,071	,067	,834
3	,295 ^c	,087	,081	,828
4	,310 ^d	,096	,087	,825
5	,326 ^e	,106	,095	,821

The applied method retained 5 models, filtering the influences of the factors. Among the 5 stored models, the model with the predictors Factor 1 - Motivation Dimension, Factor 1 - Organization Dimension, Factor 9 - Motivation Dimension, Factor 3 - Organization Dimension, Factor 4 - Motivation Dimension provides the best prediction of the turnover variable, approximately 10% of its variation being explained by the variation of the 5 preserved factors. The value of the coefficient of determination is, however, very low.

The ANOVA analysis (Table 4) performed at the level of each selected model highlights the fact that all 5 models manage to improve the prediction of the profitability variable.

Table 4. ANOVA analysis of the model employees' contribution to obtaining profitability

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17,180	1	17,180	24,342	,000 ^b
	Residual	290,781	412	,706		
	Total	307,961	413			
2	Regression	21,936	2	10,968	15,760	,000 ^c
	Residual	286,026	411	,696		
	Total	307,961	413			
3	Regression	26,862	3	8,954	13,060	,000 ^d

	Residual	281,099	410	,686		
	Total	307,961	413			
4	Regression	29,605	4	7,401	10,875	,000 ^e
	Residual	278,356	409	,681		
	Total	307,961	413			
5	Regression	32,741	5	6,548	9,707	,000 ^f
	Residual	275,220	408	,675		
	Total	307,961	413			

Given the fact that model number 5 is the one that best manages to capture the variation of employees' contribution to increasing profitability, it is interesting that at the level of this model to identify predictors with significant influence on the dependent variable.

Table 5. The coefficients of the ANOVA analysis of the employee contribution to profitability model

Model 5	Unstandardized Coefficients		Standardized Coefficients	T
	B	Std. Error	Beta	
(Constant)	2,989	,040		74,035
Factor 1 - Dimension 2	,171	,042	,197	4,053
Factor 1 - Dimension 1	,116	,043	,134	2,722
Factor 9 - Dimension 2	-,113	,041	-,131	-2,779
Factor 3 - Dimension 1	,095	,042	,107	2,268
Factor 4 - Dimension 2	-,088	,041	-,102	-2,156

Analysing the column of standardized coefficients in table 5, the greatest positive influence on employees' contribution to increasing profitability is exerted by factor 1 of the Motivation dimension. Thus, the organizations that manage to maximize their profitability are those that are concerned with increasing employee loyalty and increasing working conditions.

The most significant negative impact is registered by factor 9 of the Motivation dimension, more precisely the organizations that motivate their employees through training packages, which fail to effectively engage employees in order to increase profitability.

6. Discussions

The research and the methods and comprehensive, but not limited. The result of the econometric analysis prove that the hypothesis formulated

at the beginning is proven to be true. The most important factors of the motivation considered to maximize the organisation's profitability are those that are concerned with increasing employee loyalty and increasing working conditions, in contradiction to the factor training and formation.

A quantitative research would be more precise, than the managers' own perception related to the objectives and hypothesis of the study, but some financial data need for the analysis are confidential.

7. Conclusions

Each organization has its own specifics and characteristics, but they all have in their centre the employees who make things possible. It depends on the management of the organization to attract, train and retain the right employees, who through their work and dedication to contribute to the performance and sustainable development of the organization.

Although organizations recognize that employee performance is related to the profitability or success of that organization, they are not interested in attracting and retaining highly trained employees. This is due to the high taxation in Romania, the organizations trying to prevent the stability of expenses related to employee salaries.

The research will continue by developing the research tool applied in this paper, by extending it with other elements, in line with market trends and ever-changing technological changes.

Acknowledgment

This work is supported by project POCU 125040, entitled "Development of the tertiary university education to support the economic growth - PROGRESSIO", co-financed by the European Social Fund under the Human Capital Operational Program 2014-2020

References

- [1] Albu O, Moroşan-Dănilă L. Current trends in HRM. The USV Annals of Economics and Public Administration. 2009; 9(2): 134-139.
- [2] Bordeianu O-M, Morosan-Danila L. Development and Validation of Research Instruments for Cross-Cultural Studies in Economics and Management, 20th International Economic Conference - IECS 2013, Sibiu, Romania; 2013, pp. 273-279.

- [3] Bordeianu O.-M., Morosan-Danila L. Learning Environment and Knowledge Management in Romanian Organisations, 24th IBIMA Conference, Milan, Italy; 2014, pp. 824-837.
- [4] Kyfiak V, Luchyk V., Koroliuk Y, Luchyk S, Losheniuk I, Luchyk M, Korop B., Grygorenko V, Kyfiak O, Slusarciuc M, Morosan Danila L, Nastase C. Forecasting of cross-border regions development: scenario approach. Suceava: Editura Universitatii "Stefan cel Mare"; 2017.
- [5] Morariu A. Investigarea potențialului MRU privind optimizarea unor activități specifice de la nivelul administrației publice locale. Cluj Napoca: Editura Accent; 2012.
- [6] Moroșan-Dănilă L. Formarea angajaților: factor de creștere a performanței organizației. București: Editura Didactică și Pedagogică; 2015.
- [7] Morosan-Danila L. Managementul performanței. Suceava: Editura Lidana; 2014.
- [8] Nastase C, Morosan-Danila L. Lifelong Learning – Between Costs and Profitability - Romania Case Study, International scientific and practical conference «CROSS-BORDER REGIONAL DEVELOPMENT IN THE SYSTEM OF CROSS-BORDER COOPERATION», Ukraine. 2017, pp. 57-59.