

# IMPACT OF MOTIVATION AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE

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## ABSTRACT

*The majority of organizations are competing to survive in volatile and fierce market environment, especially these days when the Covid 19 has collapsed most businesses. The essential tools for organizational success in the long run are motivation and job satisfaction on employee performance. There is a strong positive relationship between motivation, job satisfaction and organizational effectiveness. One of the main aspects of management is the measurement of employee satisfaction. The role of the manager is to continuously work towards aligning the aspirations of the employee with the goals of the organizations. The aim of this paper is to analyze the drivers of motivation and job satisfaction towards higher level of employee performance. The objective of the present paper is to focus on the relationship between motivation and job satisfaction and its overall impact on employee's performance. The theoretical framework of this research includes the concepts of motivation, job satisfaction, and employee's performance. The empirical component of this research and questionnaire were modeled accordingly. Furthermore, the questionnaire included parts where the questions regarding employee expectations, work environment and job organization were asked, while the analysis of the results of the survey was carried out with the SPSS statistical package. The study examines the value and impact of motivation and job satisfaction on employee performance. A sample of 460 employees from public and private sector was surveyed and empirical analysis showed that motivation and job satisfaction directly impact employee performance.*

**Keywords:** Motivation, Job satisfaction, Employee performance

**JEL classification:** O15

## 1. INTRODUCTION

The Covid 19 pandemic is challenging business all over the world. Hence, global business environment has undergone major upheavals. Quickly adaptive organizations are the ones to survive. Motivation and job satisfaction are the most significant elements for all organization public or a private zone. Satisfied and motivated employees become more involved and committed to their tasks and assignments and work hard for the achievement of organizational goals. However, performance management was redefined in the early 1990s as a process for establishing a shared understanding of what is to be achieved and how is it to be achieved with a qualitative approach to managing people that increases the probability of achieving success (Armstrong and Murlis 2004). Moreover, motivation and employee job satisfaction in every organization plays a significant role in overcoming organizational challenges. Beck (1983) states that satisfied employees tend to be more motivated and they will be more loyal to the company. They also will conduct themselves and work on the tasks set for them more enthusiastically and passionately and consequently yielding higher quality output.

Mathieu and Zajac (1990) found that job satisfaction yielded significant correlations with organization commitment. By using meta-analysis, they found that job satisfaction has direct influence on level of organizational commitment.

Latham (2007) observes that challenging jobs appear to increase job satisfaction directly and independently of goal setting. Goal achievement, however, also affects job satisfaction. Furthermore, according to Lather and Jan (2005) learning new skills and competency opportunities increase the satisfaction and moral of the employees however it is realized that the important effect on the motivation and job satisfaction is created by goal achievement.

According to Cohen and Lowenberg (1990) the high performance is indicated by satisfaction. The satisfaction commitment relationship is higher in the private than in the public sector, and higher professional than clerical workers. The impact of motivation and job satisfaction on employee performance is a heavily researched area in general, but in Kosovo there has been no studies of any filed related to motivation, job satisfaction or employee performance before. The aim of this research is to investigate: i) how does motivation impact employee in their performance and ii) does job satisfaction affect employee performance, including public and private sector. The results of the survey showed that money, compensation, environment, benefits and managers strongly influence the overall employee's performance, potential rewards, administrative practices such as flexible work hours, vacation and communication have a very strong impact on the overall performance of workers, while the overall satisfaction and motivation of those employed by their work appeared to be in neutral contexts.

## **2. LITERATURE REVIEW**

There is a fundamental relationship between motivation and that led to employee job satisfaction, resulting higher quality and committed workforce which then led to improved organization performance and profitability. Mullins (2015) argues that motivation define and describe forces within the individuals that can determine the level, persistence and direction of the effort they demonstrate at work.

According to Armstrong and Murlis (2007) motivation theory is concerned with what determine goal directed behavior. The process of motivation can be initiated by someone recognizing an unsatisfied need. A goal is then established that, it is through, will satisfied the need, and a course of action is determined which is expected to lead towards attainment of the goal.

Based on Vroom's (1964) expectancy theory, each employee possesses their individual needs, and using the right motivation satisfying his needs, employee also was able to alter his behavior and work attitude towards the job or task assigned to him based on his expectancy of a certain outcome. However, Deci (1985) a social psychologist claimed that motivation is divided into two factors; interstice motivation; a process of motivation by work itself, as it satisfies people's need, it is based in innate needs for competence and self-determination. However, extrinsic motivation refers the amount of effort other people give the person to motivate them, such as more job benefits, more competitive salary.

Furthermore, the level of job satisfaction is affected by external and internal motivating factors, the conditions in working environment, the quality of supervision, benefits, salary, financial bonuses, and social relationships with the work group and degree to which success or failure in their work, rewards. According to Saitis (2002) motivation is a complex internal situation, which is formed by the existence of incentives that drive the individual to act in a certain way.

Risambessy (2012) states that positive motivation influences performance at individual and group level, ultimately affecting the organizational performance. On the other hand, Herzberg theory is

divided two elements theory motivation and hygiene. The theory states that in every organization there are certain factors environment which if present will be motivate employees. The motivation factors are strong contributors to job satisfaction, such as recognition, achievement, responsibility, promotion opportunities and opportunities for personal growth. However, hygiene isn't strong contributors to satisfaction but that have to be present to meet employees' expectations and prevent job dissatisfaction, which are pay, job security, company policy relationship with others, quality of supervision and physical working conditions. (Tietjen & Myers 1998).

Moreover, Burgeon (2001) found out different factors of job satisfaction by reviewing the most popular job. It is worth mentioning appreciation, fringe benefits, communication, co-workers, and job conditions, nature of the work itself, the nature of the organization itself, pay, an organization's policies and procedures, personal growth, promotion opportunities, recognition, security and supervision. Based on above communication at the workplace is a significant factor for organizations in term of job satisfaction Ozturk et al (2014) has defined two different dimensions in internal communication in the organization, the first one is administrative communication such as oral presentation and feedback, while the other one is informal interaction, such as communication between them over the official channel. Effective communication and interaction provide improved job satisfaction. Contrariwise, the lack of communication cause dissatisfaction.

### **3. RESEARCH METHODOLOGY**

The purpose of this research work is to investigate the effect of motivation and job satisfaction on employee performance. In this study a quantitative research approach was used in which a survey questionnaire was distributed to random employees in public and private organizations. The research was conducted total population of employees in Republic of Kosovo, while taking a sample of 460 people according to Slovin formula. The questionnaire used for this study consisted of two parts. The first one was demographic variables including as gender, age, full-time/part-time, work position, economic sector and work experience, and the second part consisted of 27 questions about responses of employees towards leadership, motivation, and job organizations. A five-point Likert scale was used from strongly disagree to strongly agree (strongly disagree = 1 & strongly agree = 5). A total of 568 questionnaires were distributed by email, Facebook, Viber and other social media tools. Where 490 were received with a response, 30 questionnaires were discarded because of double filling; improper filling and missing values and 460 were used for empirical analysis. Furthermore, SPSS, Social Package for Social Sciences software was used to analysis the data from the questioners. The analysis investigates in this research study include, descriptive statistics, reliability, Pearson correlation, and regression analysis.

### **4. OBJECTIVES OF THE STUDY**

The key to employee performance is to know what motivates and satisfies them and design strategy based on those needs. It is a deliberated fact that in my country, very few researchers are working in this area, the author has chosen this thematic for research that would be helpful for further research and exploration of new ideas in this field. In developing countries like Kosovo, it is required to work on such areas that can be developed to increase the productivity of employees and thus of the organizations as well. Therefore, the main objective of this research is to examine the effect of motivation on employee's performance and finding out the impact of job satisfaction on employee performance.

The research questions for the study are;

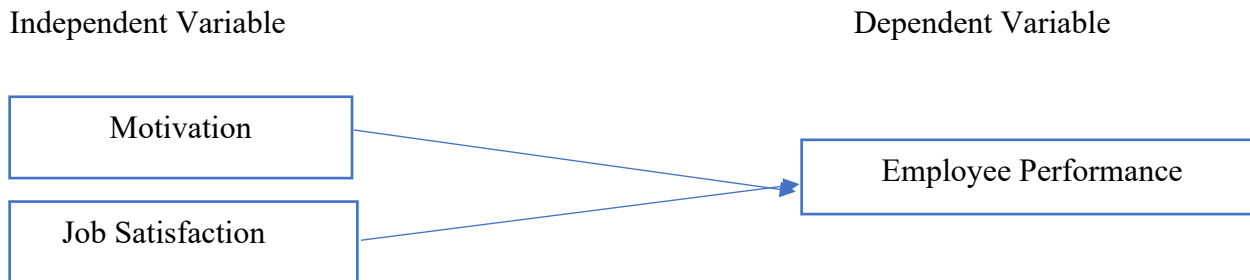
- *Does motivation affect employee performance?*

- Does job satisfaction have impact on employee performance?

## 5. THEORETICAL FRAMEWORK

In this study the motivation and job satisfaction are defined as independent variables however, employee performance is defined as dependent variable.

Figure1. Research framework of motivation and job satisfaction towards employee performance



### Research Hypotheses

*H0: Motivation has positive impact on employee performance*

*H1: Job satisfaction has positive impact on employee performance.*

*H0: Motivation has no positive impact on employee performance.*

*H1: Job satisfaction has no positive impact on employee performance.*

## 6. LIMITATION OF THE STUDY

The Covid 19 pandemic is a common drawback encountered in many fields these days. In the study research the lack of face-to-face contact with research participants has made many questionnaires invalid. There were also hesitations of respondents to be part of research paper because of the lack of informed consent.

## 7. DATA ANALYSIS INTERPRETATION

An empirical analysis for this research has been conducted by using the software SPSS IBM. In this research is using descriptive analysis is to describe the state of frequency distribution of respondents that are based on the questionnaire. Out of 460 respondents (55.2%) were female respondents are higher than male respondents (48.8%). This has shown in the below table that the majority of respondents belong to age group 20-40 specially 20 and 29 (45.5%) followed by those aged group between 30-39 years old (43.3%). (7.7%) was in the age group between 40-49 years old while (3.1%) belong to age group between 50-59 and the smallest group was between 60-64 years old (0.4). The public and private sectors employees were targeted where (34.3%) respondents work in public sector and (65.7%) private sector. Most of the respondents work full time (86.1%) while the remaining (13.9%) respondents work part-time. Based on respondents' job working experience (71.6%) have been working less than 10 years in their organization. (25.1%) respondents have been working for at least 11-20 years whereas the smallest group was from above 20 years' experience (3.3%).

*Table 1: Descriptive Analysis of Demographic Characteristics of the Sample (N=460)*

| Demographic Variables |              | No. of respondent Frequency (f) | Percentage (%) |
|-----------------------|--------------|---------------------------------|----------------|
| Gender                | Male         | 206                             | 44.80%         |
|                       | Female       | 254                             | 55.20%         |
|                       | Total        | 460                             | 100%           |
| Age                   | 20-29        | 208                             | 45.50%         |
|                       | 30-39        | 198                             | 43.30%         |
|                       | 40-49        | 35                              | 7.70%          |
|                       | 50-59        | 14                              | 3.10%          |
|                       | 60-65        | 2                               | 0.40%          |
|                       | Total        | 457                             | 100%           |
| Economic Sector       | Pub. Sector  | 157                             | 43.30%         |
|                       | Priv. Sector | 301                             | 65.40%         |
|                       | Total        | 458                             | 100%           |
| Work Experience Years | 1-10         | 328                             | 71.60%         |
|                       | 11-20        | 115                             | 25.10%         |
|                       | Above 20     | 15                              | 3.30%          |
|                       | Total        | 458                             | 100%           |
| Working Hours         | Full-Time    | 395                             | 86.10%         |
|                       | Part-Time    | 65                              | 13.90%         |
|                       | Total        | 459                             | 100%           |

Source: Authors own calculations

*Table 2: Reliability analysis*

| Variables            | No. items Alpha | Cronbach's |
|----------------------|-----------------|------------|
| Motivation           | 5               | .793       |
| Job satisfaction     | 3               | .789       |
| Employee performance | 2               | .776       |

Source: Authors own calculations

Tables 2 shows reliability analysis statistics. Reliability analysis has been conducted to check the reliability of all variables. Cronbach's alpha values gives value .790 which shows that data by combining 10 items sore are good. According to Cronbach's alpha, if coefficient Alfa ( $\alpha$ ) is  $0.60 \leq \alpha \leq 0.80$  it considers to be high level of reliability (Kalayci 2017). As shown in table 2 the independent variables of motivation have the highest Cronbach's alpha of .793 followed by job satisfaction with Cronbach's alpha of .789 while, the dependent variable employee performance with Cronbach's alpha of .776. All the variables have value more than .70 which is considerably sound. This mean all the variables are reliable for the data collection.

Understanding the strength and direction in linear relationship between motivation, job satisfaction and employee performance the Pearson's of coefficient correlation was measured. Table 3 illustrates that the results achieved from the correlation test there is a high positive correlation between motivation and employee performance and the strength is 51.6%. There is positive relationship between job satisfaction and employee performance is 50.1% while, motivation and job satisfaction are related positively and the strength is 47%. It is indicated that employee performance is positively correlated with motivation and job satisfaction with p value of 0.000 which is significant at 1%. Hence, it could be concluded that the higher motivation higher job satisfaction and higher employee performance.

*Table 3: Correlation of the variables*

|                      | Motivation | Job Satisfaction | Employee Performance |
|----------------------|------------|------------------|----------------------|
| Motivation           | ....       |                  |                      |
| Job Satisfaction     | .470**     | ....             |                      |
| Employee Performance | .516**     | .501**           | ....                 |

Source: Authors own calculations

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Regression analysis has been used in order to find the impact of motivation and job satisfaction on employee performance. Results of regression analysis are shown in the table 4. The value of the coefficient of determination R is .235. The coefficient of relationship explains that the value of R square is .235; which means 23.5% of the variance in employee performance was affected by motivation. The Beta ( $\beta$ ) value of standardized coefficients indicates the variable that contributes dependent variable. In this case these findings show that motivation has positive effect on employee performance. ( $\beta$ =.450, p value less than 0.01). This implies that employee performance is positively influenced by motivation. The organization or company can increase the employee performance and achieve the desired goals and objectives if the management focus their concentration upon motivation. Therefore, the study hypothesis (null) is rejected and the alternative hypothesis is accepted that motivation has a positive and significant impact on performance of employee.

*Table 4: Regression results of Motivation and Employee Performance*

| Independent variables      | Unstandardized coefficients (B) | Standardized coefficient (Beta, $\beta$ ) | sig  |
|----------------------------|---------------------------------|---|------|
| (Constant)                 | 2.32                            |   | .000 |
| Employee Performance       | .461                            | .450                                      | .000 |
| R                          | .484 <sup>b</sup>               |   |      |
| R square (R <sup>2</sup> ) | .235                            |   |      |
| Adjusted R square          | .231                            |   |      |

Source: Authors own calculations

- a) Predictors:(constant), Employee Performance
- b) Independent variable Motivation

Regression was carried out in order to investigate the effect of job satisfaction on employee performance. The objective of the regression is this research was to find how the value of one variable is based on the other variables. Table 5 contains the model summary having R and R square which show the simple regression. Thus, R square shows how much independent variables show weather the relationship is significant or not. In table 5, the coefficient of relationship explain that the value of R square is 0.244 which mean that 24.4% of the variance of employee performance was affected by job satisfaction Standardized coefficient indicate the Beta ( $\beta$ ) value of the variable which contributes the dependent variable. These analyses indicate that job satisfaction has positively influence employee performance ( $\beta = .373$ , p value less than 0.01). This indicate that when employees are satisfied, they performing their best. So, job satisfaction is the significant predictor for employee performance. Therefore, the research null hypothesis is rejected and the alternate hypothesis is accepted that job satisfaction has positively with employee performance.

*Table 5. Regression results of Employee Performance and Job Satisfaction*

| Independent variables      | Unstandardized coefficients (B) | Standardized coefficient (Beta, $\beta$ ) | sig  |
|----------------------------|---------------------------------|---|------|
| (Constant)                 | 1.891                           |   | .000 |
| Employee Performance       | .382                            | .373                                      | .000 |
| R                          | .494 <sup>c</sup>               |   |      |
| R square (R <sup>2</sup> ) | .244                            |   |      |
| Adjusted R square          | .239                            |   |      |

Source: Authors own calculations

- a) Predictors:(constant), Employee Performance
- b) Independent variable Job Satisfaction

## 8. CONCLUSION

This research was carried out to determine the effect of motivation and job satisfaction on employee performance. This study was directed with a set of hypotheses relating to the research questions. Data was gathered through Google form questionnaires. Based on results there are positive effects of motivation and job satisfaction on employee performance.

Motivation and job satisfaction are the key tools for improved employee performance which can also increase the level of individual and organizational productivity.

People with high level of affiliation motivation and job satisfaction are more likely to perform in their job. The result proposed that if the public and private sector motivate their employees by using these elements such reasonable wage and salary, manager support, job security, job enlargement and other supplementary financial and non-financial incentives and bonus which the performance of employee will expand and very easily organization achieves their goals and objectives. Moreover, if organization wants to increase their productivity and revenues it should consider all aspects to increase the employee performance level of workplace.

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## APPENDIX

### Questionnaire

#### Demographic questions:

- Gender; - Age; - Working time; - Position; - Economic Sector; - Work experience?
- How much do you enjoy working every day and performing at your best?
- How much the following aspects affect your motivation: money; benefits; compensation; communication; promotion; appreciation of manager; administrative practices (flexible working hours, travelling, dress code, schedules, vacation), training?
- How well do you think your work fulfills your basic needs?
- How well do you think you are appreciated at your work place?
- How satisfied are you with your health benefits?
- How satisfied are you with the monitoring of your work directly by the Manager?
- How much do you think your Manager is aware of the performance of the employees in the company?
- How satisfied are you with the support you get from your manager?
- How do you find the company's benefits compared to other companies' benefits?
- How do you feel about the job security of your work place?
- How satisfied are you with the idea of not changing your work place within next year?
- How satisfied are you with the compensation made for your contributions to the workplace?
- How satisfied are you with the flexibility of the working hours?
- How do you find the organization hierarchy of the company?