

Impact of Motivation on organizational performance: the mediating role of job satisfaction

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Abstract

Present study adds to the literature by investigating the effect of “Impact of Motivation on organizational performance through the mediating role of job satisfaction” conducted in Government Organization. The target population for present study were employees in the Government Organization. Non probability sampling technique (convenient sampling) has been used. Initially there were 600 questionnaires distributed out of which 489 employees have been responded, hence the response rate was 82 % (approximately). PCA with varimax rotation for items reduction and Cronbach’s Alpha is used to check the reliability of the scale, correlation analysis has been performed to check the relationship among the variables, Structural model being tested using Smart PLS 3.0 and Mediation analysis performed using Bootstrapping estimates.

Introduction:

Motivation is a combination both internal and external factors both that drive action and stimulus to action. (Locke & Latham, 2004). Previous studies such as (Chiang & (Shawn) Jang, 2008; Grant, 2007; Islam & Ismail, 2008; Lawler, 1981) focuses on the main factors / motivational programmes which cause a positive effects on work outcomes and use of expectancy theory model to employee motivation. Previous studies also suggested that internal and External factors such as internal / External Corporate Social Responsibility, Knowledge transfer and maximizing Motivation through continuous appraisal, response, constant support and experience based development initiatives (Cruz et al., 2009; Glen, 2006; Skudiene & Auruskeviciene, 2012). Seminal work has also been done in the various sectors such as hotel industry, IT & ITeS sector,

Banking sector and many profit and non-profit organization but still more emphasis is required in the area of Government Organization particularly in Indian context. This study emphasizes on Employee motivation, Job Satisfaction and Organizational Performance. Not only direct effect has been tested but indirect effect has also been tested in this present research. So, the main objective of this research is to test the mediating effect of Job satisfaction in the relationship between Employee motivation and Organizational Performance.

Literature review & hypotheses:

Motivation & Organization performance

(Muogbo, 2013) in his study investigate the relationship between motivation and organizational performance of manufacturing firms in Kenya, spearman rank correlation to the hypotheses of the study and findings of the study shows that extrinsic motivation given to the worker has a significant influence on the organizational performance. Empirical evidence from previous studies demonstrates that motivated employees perform better hence leading organizational performance same conclusion drawn by “Lee & Raschke” using Set-theoretic Approach (Lee & Raschke, 2016). Researchers suggest that to be more profitable for organizations, employee-retention strategies such as positive image, employee participation and other monetary & Non-monetary rewards helps in improving organizational performance (Eseme Gberevbie, 2010). Many researcher such as (Curtis et al., 2009; Eseme Gberevbie, 2010; Lee & Raschke, 2016; Manzoor, 2011; Solomon et al., 2012; Tremblay et al., 2009) also pay their attention that monetary and Non-monetary rewards and appropriate HRM practices also leads to motivation ultimately leading to positive Organizational Outcomes. (Vivek Bajpai, 2018) conducted study with the aim to recognize the factors that affects employee motivation and examining its impact on job satisfaction and organizational commitment, findings of the study revealed that many motivational factors leaves a high impact on the job satisfaction as compare to organizational commitment.

Job Satisfaction and Organizational Performance

Previous researches on Job satisfaction and Perceived Organizational Performance suggest that there is a relative importance of Job Satisfaction in leading organizational performance. Seminal work of (Fernandez, 2008; Pang & Lu, 2018, 2018; Pincus, 1986) found that there is positive substantial relationship of Job Satisfaction with Job performance and Organizational performance.

Researches also suggest that Job Satisfaction along with psychological wellbeing, Emotional Intelligence etc. affect the organizational Performance (Schleicher et al., 2004; Sy et al., 2006; Wright & Cropanzano, 2000). There are enough evidences showing direct, significant and positive relationship of Job Satisfaction and financial Performance of the organization (Bakotić, 2016; Hindle & Cutting, 2002).

Motivation and job satisfaction

Similarly, many studies focus on the relationship of motivation as well as antecedents of motivation and Job Satisfaction (Moynihan & Pandey, 2007) finds that managers have varying degrees of impact over job Satisfaction and slightest impact over job involvement. A number of other variables are also equally vital for work motivation. (Tietjen et al., 2012) put emphasis on the Herzberg theory of motivation in which hygiene factors and motivators are putting effect on Job Satisfaction. Many researchers also focus on demographic characteristics and their relationship with motivation and job satisfaction findings suggest that there is a positive association between such variable. Seminal work of (Furnham et al., 2009) shows that there is a encouraging substantial relationship of Motivation and Job Satisfaction by using an intervening role Big Five Personality traits. Many financial motivational practices such as monetary rewards and Compensation packages also leading the degree of Job Satisfaction (Patrice Roussel & Jacques Igalens, 1999).

H1: Employee Motivation has a significant positive influence on organization performance

H2: Job Satisfaction has a significant positive influence on organizational performance.

H3: Employee Motivation has a significant positive influence on Job satisfaction.

H4: Job Satisfaction plays a mediating role in the relationship between Motivation and Organizational Performance.

Research Methodology

Sample & Instrument

Responses were collected from the employees of two government organization in the northern part of India. Sampling unit was male employees working in the organizations (both skilled & unskilled) has been taken for the study. Consent was taken from the company's HR department of the Organization. The questionnaires were administered in two languages: English & Hindi. The scales items for Extrinsic & Intrinsic motivation were adapted from (Gagné et al., 2010), Job

Satisfaction from (Judge et al., 2008), and seven items for Organizational Performance from (Delaney & Huselid, 1966). Initially there were 600 questionnaires distributed out of which 489 employees have been responded, hence the response rate was 81.5 %. Each item was measured on a 7-point Likert type scale, with 1 strongly disagree and 7 strongly agree. From the total of 489 samples collected there are 254 married (52 %) & 235 (48 %) are unmarried, experience of the employees has been categorizes in to four parts 0-5 years 343 (71 %) employees, 6-10 years 55 (11 %) employees, 11-15 years 25 (5 %) employees and 16 years & above 66 (13 %) employees (approximately). Designations of the employees, there are 105 supervisors & 63 engineers, 12 managers and are 309 employees belong to some other category (Technicians, operators & Laborers). As far as concern about the age of the respondent's majority of the respondents lies between the age group of 25-34 years i.e. 336 employees (69 %) then between the age group of 15-24 years 56 employees (11 %) and remaining comes under the age groups of 35-44, 45-54 and 55-64 years.

Findings and Results

IBM-SPSS 25 version has been used to perform the tests of descriptive statistics, Factor Analysis, normality, correlation analysis and Smart PLS 3.0 has been used to test the structural model and Mediation Analysis. Descriptive, correlation matrix, and reliability analysis results are presented in Table 1. After completion of the preliminary analysis, Exploratory Factor analysis with (PCA) was performed by including all the construct's indicators/items with a varimax rotation. In which, few items were excluded due to poor and cross loading. In Motivation, one item was given a loading value below .50; in Job Satisfaction two items were excluded due to loadings below threshold limit and one item was cross loaded on Motivation' items.

Table 1; Mean, Standard deviation & Correlation Analysis

Variables	Mean	S.D.	Organizational Performance	Motivation	Job Satisfaction
Org. Performance	5.57	1.47	-	-	
Motivation	5.88	1.32	.661	-	
Job Satisfaction	5.64	1.45	.621	.636	-

SD: standard deviation; α : Cronbach's alpha. $**p < .01$.

Measurement model and structural model both were tested results of measurement model given in Table 2 & 3 while results of structural model given in table 4. There occurred a possibility of common method bias as the constructs were measured using a self-reported questionnaire. For

measuring common method bias Harman's one factor test was conducted which bring out in single-factor solution. However, it did not account for larger variances. Hence, this study was free from the common method bias (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003). Cronbach's alpha value ranged from .83 to .91 for all three constructs, which is substantially higher than the suggested value ($> .70$), shows high level of internal consistency of variables (Cortina, 1993). As a result of factor analysis, the remaining items, with the exclusions of some items were reduced to 27 with the KMO (Kaiser-Meyer-Olkin) value of 0.875 ($p < 0.01$). Among all the constructs motivation has the highest mean (5.88) with lowest standard deviation (1.32) and Organizational Performance has lowest mean (5.57) with highest standard deviation (1.47). Table 1 represents the summary of the results of correlation; it has been found that there is a positive correlation among the constructs showing a statistically significant level at ($p < 0.01$).

Results of Measurement Model

First, the convergent validity and Average variance explained (AVE) were tested. Table 2 shows that all item's loadings exceeded the recommended value of 0.6. Composite reliability values, which shows the degree to which construct indicators represent the latent construct, exceeded the recommended value of 0.7 while average variance extracted, which accounted for variance in the indicators by the latent construct, exceeded the prescribed value of 0.5 (J. f Hair et al., 2014).

Table 2; Rotated Component Matrix

Items	Loadings	AVE	C.R	α
M1	.629	.564	.944	0.91
M2	.651			
M3	.692			
M4	.735			
M5	.733			
M6	.698			
M7	.792			
M8	.830			
M9	.781			
M10	.792			

M11	.644			
M12	.769			
JS1	.777	.560	.927	0.90
JS2	.777			
JS3	.767			
JS4	.719			
JS5	.690			
JS6	.755			
JS7	.748			
JS8	.768			
JS9	.543			
JS10	.558			
JS11	.710			
JS12	.781			
JS13	.771			
OP1	.849	0.625	.921	0.83
OP2	.830			
OP3	.599			
OP4	.752			
OP5	.594			
OP6	.765			
OP7	.600			

M = Motivation, JS = Job Satisfaction & OP = Organizational Performance.

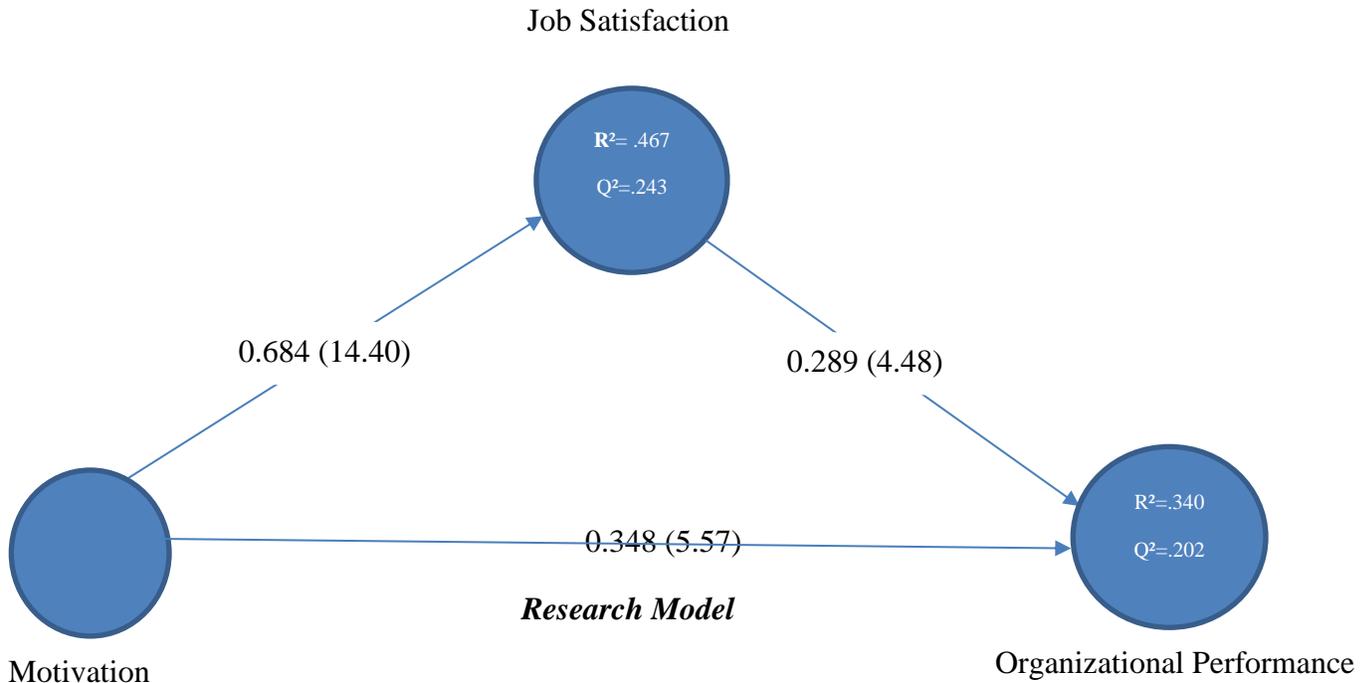
The next step in the measurement model was to estimate the discriminant validity, which denotes the degree to which the measures are not a replication of some other variables; discriminant validity was tested using the new criteria based on Multitrait-multimethod matrix to evaluate discriminant validity: the Heterotrait-Monotrait (HTMT) ratio of correlations (Henseler et al., 2014). Discriminant validity was tested using this new method, and results are shown in table 3.

Table 3; Discriminant Validity (HTMT - Ratio)

	1	2	3
Job Satisfaction			
Motivation	0.579		
Organizational Performance	0.534	0.746	

Results of Structural Model

To assess the results of structural model, criteria suggested by (Joe F. Hair et al., 2012; Joseph F. Hair et al., 2013) has been taken into consideration. First, the R^2 value of the endogenous constructs, second is the path coefficients in the structural model, third is the predictive relevance Q^2 and fourth the results of mediating effects via Bootstrapping procedure. Now in the first phase of the analysis the relationship between the variables have been discussed. Motivation of the employees positively significantly associated with Job Satisfaction ($\beta = 0.684$; $p < 0.01$), Employee's Motivation significantly positively associated with Organizational Performance ($\beta = 0.348$; $p < 0.01$) and Job Satisfaction significantly associated with Organizational Performance ($\beta = 0.289$; $p < 0.01$). Thus H1, H2 and H3 were all supported (See Table 4). Motivation Explicates 46.8 % of variance in Job Satisfaction ($R^2 .468$) whereas Job Satisfaction explains 34.2 % of variance in Organizational Performance ($R^2 .342$). Hence the values of .468 and .342 are higher than the 0.26 value that (Cohen, 1988) recommends would specify a significant model. Apart from R^2 and beta-coefficient, the predictive sample reuse technique (Q^2) shows predictive relevance (J. f Hair et al., 2014; Hair Jr et al., 2014; Henseler & Sarstedt, 2013). Based on the blindfolding procedure, Q^2 shows how accurately "data points of indicators" in reflective measurement model fitted. For present study, Q^2 was attained using cross-validated redundancy procedures. A Q^2 greater than zero means that the model has predictive relevance, whereas a Q^2 less than 0 means the model lacks predictive relevance. As shown in Fig 1, Q^2 for both endogenous variables indicate acceptable predictive relevance.



Mediation Analysis

This study assumed that job satisfaction mediates the relationship between motivation and Organizational performance. Mediation analysis assessed by applying the procedure suggested by (Nitzl et al., 2016) in Smart PLS 3.0 as more complex models can be easily tested in it (J. f Hair et al., 2014). Results shows that the indirect effect of Job Satisfaction is ($\beta = 0.198$, $VAE = 36.2$, $p < 0.01$) showing partial mediation effect as the “Variance accounted For” is approximately 36% which is less than 80% but more than 20% (J. f Hair et al., 2014; Nitzl et al., 2016) (See Table 5).

Discussion and Conclusion

The primary objective of the research is to test the mediating effect of Job satisfaction in the relationship between Employee motivation and Organizational Performance in the public sector undertakings. Seminal studies have been conducted depicting the same hypothesized relationship (Curtis et al., 2009; Delaney & Huselid, 1966; Fernandez, 2008; Muogbo, 2013; Pang & Lu, 2018; Pincus, 1986) but still there is a dearth of literature in the public sector organization. Initially measurement model was tested and then the results of Structural model were shown. Motivation has positive beta-coefficient of **.684** on Job Satisfaction while on Organizational Performance (**.348**). Job satisfaction also has positive beta-coefficient of **0.289** on Organizational Performance.

It refers that motivation depict a greater role in the overall performance of the organization. Job Satisfaction is a significant mediating variable which means motivated employees are satisfied and that satisfaction is leading towards better organizational performance (Fernandez, 2008; Lee & Raschke, 2016; Pang & Lu, 2018; Pincus, 1986). To conclude, the study demonstrates that in government organizations in India, the satisfaction along with motivation is very important to spur the performance of these organizations. More emphasis should be given on retaining the motivated employees in order to build a trusted and committed workforce ultimately leading towards the better performance and increased productivity in the organizations. Likewise, academicians can also benefit from the findings of the research. So, the findings of the study have implications for both Public sector undertakings professionals and academicians.

Limitations and Directions for future research

Similarly, with any research, this study also had some limitations that proposed chances for future examination. A noticeable restraint of this study comprises of the sample and the sampling method used. We used convenience sampling, data collected from just two Government Organization, and the size of the sample was 489, which should be large enough. The results consequently must carefully be widespread to the wider population. Further research can contemplate using a greater sample size resulting from numerous Government undertakings in numerous diverse parts of the country. There is a need of exploratory research is required as the research is descriptive in nature. Further research should investigate the relationship of other variables which increases the job satisfaction and performance of the organization. Future researches should consider other aspects of the workplace in order to explore more variables.

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