Significance of Motivation on Employee Optimal Performance: A Study of Amendu Manufacturing Industry in Mthatha, Eastern Cape, South Africa

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Abstract

The objective of this study was to investigate the significance of motivation on employee optimal performance in Amendu manufacturing industry in Eastern Cape, South Africa. To achieve this objective, quantitative research method was employed to test the hypothesized model formulated in the study. Inferential analysis was conducted using SmartPLS, while structural equation modeling was used to test and evaluate multivariate causal relationships among the variables. The empirical findings revealed that after testing the formulated model, it was ascertained that there is a significant positive impact of financial motivation, which include salary increase, cash allowance, bonus, retirement benefit on employee's optimal performance. Similarly, non-financial motivations such as position promotion, award for recognition, training and development, involvement in decision making, were also ascertained to have significant positive impact on employee's optimal performance in Amendu manufacturing industry. Previous literature was also found to have an agreement that many employees agreed award of recognition can stimulates employees to perform optimally in their job deliverables. It was recommended that organisations such as Amendu manufacturing industry should employ both financial and non-financial motivations to enhance employee optimal performance.

Keywords: Employee Motivation, Optimal Performance, Manufacturing Industry

1. Introduction

Motivation is important in any organisation, whether small or large enterprise people need to be motivated to accomplish their duties and meet organisational goals. With this background information, Talbi and Ouared (2022:) stated that the term motivation is the process that initiates, guides, and maintains goal-oriented behaviours. Jayarathna (2014) argues that there are few challenges managers face in any organisation, which include how to get employees motivated to do...
their work and the motivational strategies that can be used to accomplish organisations goals. Most employees feel comfortable with their work when managers motivate them, especially when they have performed their tasks very well (Mbukanma & Strydom, 2022). Many organisations in the world have their own way of motivating employees to carry on their tasks towards optimal performance. According to Ali and Anwar (2021) employee motivation and optimal performance are the most significant concepts to every organisation, as productivity results from employee optimal performance.

According to Kumari, Barkat and Abbas (2021) motivation informs the willingness of an employee to accomplish the goals of the organisation. Ali and Anwar (2021) the term motivation is what makes the employees work hard to improve optimal performance to achieve their job responsibilities. Therefore, both researchers Kumari et al (2021); Ali and Anwar (2021) agreed that the term motivation simply refers to the process of stimulating people towards accomplishing the set organisational goals. Managers in any organisation are responsible for getting things done through other employees (Mbukanma, 2022; Anwar & Abdullah, 2021). A good manager must know how to motivate employees to improve their performance that leads to higher productivity in an organisation. According to Anwar and Abdullah (2021) employee performance is based on many factors out of which motivation is the important one. Paillé and Morelos (2019) the term employee motivation refers to how an employee's attitude towards their responsibilities in an organisation is influenced and how well they perform the duties you have obligated them.

The term employee performance is the process of measuring how well employees accomplish their goals and priorities (Neher & Maley, 2019). According to Wood, Park and Kim (2020) the concept of motivation and employee performance has become more interesting to researchers and practitioners in recent times. These terms have been defined in different ways by many researchers. Thus, Babjohn and Neelophertaj (2018) posit that every organisation in the world has their own way that is unique from others in terms of motivating their employees, this implies that if the Amendu manufacturing industry motivates its workers in a manner that they are satisfied with their job, it will result in optimal performance, which will result to increased productivity.

Yuliyanti, Sudjanto and Santosa (2021) posit there is a positive motivational effect on a person that helps to improve his/her performance, which could come in form of financial motivation or non-financial motivation. Thus, referring financial motivation as a motivation in financial form that companies provide to encourage their employee to work towards improving their performance that led to higher productivity (Kumari, Barkat Ali, & Abbas, 2021). While non-financial motivation is the type of motivation that are non-financial in nature used by companies to encourage their employees towards improved performance (Colic, Arapovic, & Mekic, 2022). Perhaps for Amendu manufacturing industry to sustain productivity growth, it needs well motivated employees. According to Delfino and van der Kolk (2021), well-motivated employees require less supervision to accomplish their task delegated by their managers. Greater firm productivity results from optimal performance, which can only be accomplished if all employees are properly motivated, either financially or non-financially. Hence the aim of the study, which focus was to investigate the significance of motivation on employee’s optimal performance.

2. Problem Statement and Objective

Some employees in an organisation leave their work because they are not motivated rightly. But some of the employees are not leaving the organisation, because there are some benefits they receive like bonuses, incentives when they perform their task successfully. According to Kalogiannidis (2021) and Manganye and Mbukanma (2021) it is very important to motivate employees to improve in their performance which leads to increase productivity. Brevis and Vrba (2014) posit that the term motivation is what drives a person to attain organisations objectives. Other authors such as Bawa (2017) stated clearly that the term motivation is what makes a person do something or act in an effective way in achieving the intended goals. According to Virgiawan, Riyanto and Endri (2021) the
term employee performance simply mean how employees behave in an organisation and how well
tasks are performed as delegated by upper managers.

Arguably, Kalogiannidis (2021) post that employee motivation and employee performance of
organisation has become the focus for researchers in recent times. Both public and private
organisations, their employees are aware that motivation plays a vital role in increasing their
performance (Inayat & Jahanzeb, 2021). However, there is a gap in previous literature on how
motivation enhances employee performance and other better ways to achieve employee optimal
performance. Although several studies have emphasized the importance of motivation within an
organisation, but limited study has been conducted with specific focus on Amendu manufacturing
industry. Consequently, there has been an existence of inconsistent motivational processes that falls
short of information on the futuristic impact on employee performance. Perhaps, considering the
potential of employee motivation, the quest to integrate and reconcile the most uncertainties
surrounding the effectiveness of motivation towards improving employee optimal performance
within an organisation and especially in Amendu manufacturing industry remains inevitable. Hence,
the objective of this study, to ascertain the significance of motivation on employee optimal
performance in an organisation with specific focus on Amendu manufacturing industry.

3. **Empirical Literature Review**

The word motivation comes from the word 'motive' which means needs, desires, wants, or drives
within the individual. Motivation is the process of initiating employees to act to attain the goal of the
organisation (Suzuki, 2021). According to Gaur and Rajendra (2021) the term motivation is the process
that initiates, guides, and maintains goal-oriented behaviours. Based on the above views of Gaur et al
(2021) and Suzuki (2021) the term motivation simply means the process of motivating individuals to
take action to achieve a goal. According to Sharma (2020) motivation can also make an employee
attain his or her personal goals.

Every organisation, whether small or a large organisation has diverse ways of motivating their
employees. According to Silas and Ukpomg (2022) the term motivation in an industry is a way of
persuading people to behave in a good manner in order to achieve the common objectives of the
organisation. Ali and Anwar (2021) argued that motivation is considered to be the most important in
every organisation and is defined as the process of giving incentives to individuals to act and attain
organisational goals. According to Jose, Minh, Ullah and Sadiq (2021) motivation has an important
role in encouraging someone to do the work to achieve their personal or group or company goals. In
the setting of a manufacturing industry, motivation is defined as emotional factors that can
courage their own to do some work to achieve or fulfil their personal needs and desires, groups and
organisations. According to Friday, Ntirandekura and Muhindo (2022) all forms of motivation are
categorized into two, which is financial motivation and non-financial motivation.

3.1 **Financial Motivation**

According to Manzoor, Wei and Asif (2021) financial motivation is defined as the process of providing
monetary incentives to employees to motivate or reward them for better achievement. Many
organisations are using financial motivation to improve performance of work, namely salary increase
and cash allowances, bonuses, awarded to recognition, retirement benefits.

a. **Salary and Allowances:** In every organisation the salary and allowances given to the
employees are basically from financial incentives. The increase in salaries and allowances
form a part of motivation for the employees to improve their job performance. The salary
system is considered to be the most used increments because it is based on the performance
of the employees during the year.

a. **Bonus:** Bonuses are the extra reward that is added to the basic salary, as a reward for good
performance. It is mostly in the form of cash, gifts, and paid vacations. The uniqueness of
bonuses is that in most cases, organisations or companies grant their workers bonuses during the festive time.

b. **Retirement Benefits:** Every organisation provides certain retirement benefits to its employees such as pensions, gratuity, and provident funds. This provides a sense of security and stability for the employees.

3.2 **Non-Financial Motivation**

According to Anjum, Islam, Choudhury and Saha (2021) non-financial motivation is the form of motivation that is not in form of financial terms given to an employee. Non-financial motivation typically costs little money to the company, they include position promotion, award for recognition, training and development, and involvement in decision making.

3.3 **Motivation as a Form of Employee Optimal Performance**

The term motivation is synonymous with stimulating, inspiring, and inducing the employee performance to their best capacity. Aliyyah, Prasetyo, Rusdiyanto, Endarti, Mardianah, Winarko, Chamariyah, Mulyani, Grahani, Rochman and Kalbuana (2021) stated that the term employee performance is defined as what an employee can do through their ability, skills that result to achievement. According to Kalogiannidis (2021) Good motivation can strengthen commitment, and lead to improved performance which can lead to an increase in productivity (Prasetyo et al., 2021). If employee motivation can be linked to the reason for the work, the spirit and happiness of the employee can be good. Arguably, the performance of the employee is considered to be good only if the employee does what is expected to be done. Employee performance includes the quality and quantity of output, and the presence at work (Suzuki, 2021). Although, they have been evidence of some factors that affect employee performance, namely clear goals and expectations, motivation and incentives, tools and resources, and moral and culture. Motivation as posit by Gaur et al (2021) and Suzuli (2021) energies employees to overcome these challenges and work towards achieving optimal performance.

4. **Research Method**

Research methodology is a description of the processes followed when conducting a specific type of study. It outlines the techniques or steps for obtaining and analysing data relevant to a certain research topic (Myeong et al, 2022). For the benefit of this study, the researcher employed a quantitative method. Quantitative method (normally uses deductive approach) focuses on components of social behaviour that can be measured and patterned rather than just learning about them and deriving meaning from them that individuals apply to their own behaviour (Zampetti, Geremia, Bavota, & Penta, 2021). It was anticipated that the adopted quantitative method will aid this study to achieve its objective, which focuses on investigating the significance of motivation on employee optimal performance in Amendu manufacturing industry in Eastern Cape, South Africa. Quantitative data was collected from 119 (out of 300) employees using a questionnaire. Inferential statistical analysis was conducted using SmartPLS, and structural equation modeling was used to test and evaluate multivariate causal relationships among the variables. Thus, to statistically examine the significance of motivation on employee optimal performance in Amendu manufacturing industry in Eastern Cape, the following hypothesised model was developed and tested:
H1: There is a positive relationship between financial motivation and employee optimal performance.
H2: There is a positive relationship between financial motivation and non-financial motivation.
H3: There is a positive relationship between non-financial motivation and employee optimal performance.

The conceptual model presented afore illustrates the hypothesised relationship between financial and non-financial motivation with employee’s optimal performance. It was anticipated that the inferential statistical analysis will aid this study in ascertaining the relationship between the independent and the dependent variables.

5. Data Analysis and Findings

The act of obtaining, modeling, and assessing data in order to provide information that helps decision-making is known as data analysis (Bairagi & Munot, 2019). Accordingly, quantitative data was collected from 119 employees using a questionnaire. Composite Reliability was employed to evaluate the measurement scale in order to confirm the internal consistency and the reliability of the instrument used in the study. Accordingly, the threshold of composite reliability according to Hamid, Sami and Sidek, (2017) should be 0.6-0.7 to be acceptable and all the variables tested in the study fall within the acceptable threshold as shown in the Reliability Test Result Table. Similarly, Average variance extracted was used to measure the amount of variance that is captured by the construct in relation to the amount of variance due to its measurement error. If the researcher finds the average variance extracted for the construct, they are interested in knowing, on average, how much variations in their items can be described by the latent variables. As such, the Average variance extracted that is greater than 0.4 is marginally acceptable (Chinomona & Cheng, 2012). While 0.5 is extremely excellent. Based on the outcomes provided in the Reliability Test Result Table all the values meet the accepted threshold of Average variance extracted.
Table 1: Reliability Test Result

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite reliability (rhoc)</th>
<th>Average variance extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee optimal performance</td>
<td>0.803</td>
<td>0.673</td>
</tr>
<tr>
<td>Financial motivation</td>
<td>0.819</td>
<td>0.436</td>
</tr>
<tr>
<td>Non-financial motivation</td>
<td>0.776</td>
<td>0.635</td>
</tr>
</tbody>
</table>

5.1 Construct Correlation Coefficients

The correlation matrix is a simple table which shows correlation coefficients for different constructs (Chinomona, 2013). The matrix shows the correlation among all the possible pairs of values in the table. Correlation is a powerful tool to summarize a large dataset and to identify and visualize patterns in the given data. This study used correlation to ascertain the relationship between financial motivation, non-financial motivation and Employee optimal performance. For absolute values of \( r \) (the correlation coefficient), 0-0.19 is extremely weak, 0.20-0.39 to be weak, 0.40-0.59 to be moderate, 0.6-0.79 to be strong, and 0.8-1 to be very strong correlation. Whereas \( r=0 \) represents no correlation, \(-0.33 \leq r < 0\) its weak negative correlation, \(-0.67 \leq r < -0.33\) its moderate negative correlation and \(-1 \leq r < -0.67\) is strong negative correlation.

Table 2: Correlation Matrix

<table>
<thead>
<tr>
<th>Construct</th>
<th>Employee optimal performance</th>
<th>Financial motivation</th>
<th>Non-financial motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee optimal performance</td>
<td>1.000</td>
<td>0.500</td>
<td>0.413</td>
</tr>
<tr>
<td>Financial motivation</td>
<td>1.000</td>
<td>0.500</td>
<td>0.482</td>
</tr>
<tr>
<td>Non-financial motivation</td>
<td>0.413</td>
<td>0.482</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The relationship between Employee optimal performance (EOP) and financial motivation (FM) is 0.500, while with non-financial motivation obtain 0.413 which indicates a moderate correlation. Financial motivation (FM) and Non-financial motivation have a positive relationship of 0.482 that is a weak relationship. The highest relationship existed between EOP and FM with the Moderate correlation of 0.500 and the lowest relationship existed between FM and NFM with a weak correlation of 0.482. Thus, to test and access the multivariate causal linkage between the independent and the dependent variables, the model for the study was tested using Structural Equation Model and the output is presented below:

Figure 2: Structural Equation Model
Three hypotheses were tested, with financial motivation having a strong relationship to non-financial motivation of 0.482, financial motivation having a positive relationship to employee optimal performance of 0.391, and non-financial motivation having a weak relationship to employee optimal performance of 0.225.

5.2 Path Analysis Results

Similarly, to obtain and validate the directed dependencies among the variables, a Path Analysis was conducted as shown in the table below:

<table>
<thead>
<tr>
<th>Hypothesized relationship</th>
<th>Hypotheses</th>
<th>Path Co-efficient</th>
<th>T-statistics</th>
<th>P-value</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>FM -&gt; EOP</td>
<td>H1</td>
<td>0.391</td>
<td>3.139</td>
<td>0.000</td>
<td>Significant &amp; supported</td>
</tr>
<tr>
<td>FM -&gt; NFM</td>
<td>H2</td>
<td>0.482</td>
<td>4.824</td>
<td>0.000</td>
<td>Significant &amp; supported</td>
</tr>
<tr>
<td>NFM -&gt; EOP</td>
<td>H3</td>
<td>0.225</td>
<td>0.111</td>
<td>0.062</td>
<td>insignificant &amp; not supported</td>
</tr>
</tbody>
</table>

To get the significance of the hypothesis, the bootstrapping needs to be run where Busenbark, Yoon, Gamache and Withers (2022) proposed that the p-value should be ≤0.05 and the t-statistics should be greater than 1.96 for the proposed hypothesis to be significant and supported. Therefore, only two hypotheses were found significant in this study, H1 with p=0.000, T-statistics=3.139 and H2 with p=0.000, T-statistics=4.824 H3 have the p-value greater than 0.5 (0.062) and t-statistics less than 1.96 (0.111).

6. Empirical Findings and Contributions

a. The results that have been obtained after testing H1 revealed that there is a positive relationship between financial motivation and employee optimal performance. A path coefficient of 0.391 was obtained after testing H1. This indicates that financial motivation has a positive association with employee optimal performance. The results show that the relationship of financial motivation is positively associated in significant way (t=3.139, p=0.000). Therefore, financial motivation such as salary increase, cash allowances, bonus, retirement benefit have significant positive impact on employee optimal performance.

b. After testing H2 it was revealed that there is a positive relationship between financial motivation and non-financial motivation. The path coefficient of 0.482 was obtained, which indicates that financial motivation has an association with non-financial motivation. More so, the results show that the relationship of financial motivation is strongly associated in a significant manner (T=4.824, P=0.000). This means that salary increase, cash allowances, bonus, retirement benefit positively relates to position promotion, award for recognition, involvement in decision making and training and development within the organisation.

c. After testing H3 it was revealed that there is little relationship between non-financial motivation on employee optimal performance. A path coefficient of 0.225 was obtained after testing H3. This indicates that non-financial motivation has a weak impact on Employee optimal performance. More so, the results show that the relationship of non-financial motivation is positive associated in an insignificant manner (T=0.111 P=0.062). This means that position promotion, award for recognition, involvement in decision making and training and development have weak impact on employee optimal performance as compared to financial motivation with employee optimal performance in the Amendu manufacturing industry in Mthatha, Eastern Cape.

7. Conclusion and Recommendations

The main objective of this study was to investigate the impact of motivation towards employee
optimal performance a study of Amendu manufacturing industry in Mthatha, Eastern Cape. The conclusion is derived from the empirical findings of the study. This study was conducted with mainly focus on how financial motivation and non-financial motivation influence on employee optimal performance. The overall results showed that all the hypotheses were positive $H_1=0.391$, $H_2=0.482$, and $H_3=0.225$, however only one was insignificant. Based on the results, financial motivation has a positive relationship with employee optimal performance as it shown with path coefficient of 0.391. Financial motivation has a strong association on non-financial motivation as shown by the path coefficient value of 0.482. Therefore, this study has succeeded in mitigating the identified problem by developing statistical evidence on the relationship between motivation and employee optimal performance. As such, it is recommended that organisations such as Amendu manufacturing industry should employ both financial and non-financial motivations to enhance their employee optimal performance.

References


