Relationship between Motivational Factors and Job Performance of Employees in Malaysian Service Industry

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Abstract
Recent developments in service industry have heightened the need for motivating employees. The aim of this study was to have better understanding on factors of employee motivation and their association with job performance in Malaysian servicing organizations. The dependent variable in this study is job performance. The independent variables are motivational factors namely payment, job security, promotion, freedom, friendly environment and training. A correlation research design was used in this study. Survey method was used to collect data. The research instrument was a structured questionnaire. A convenience sampling technique was used to select the respondents for this study. A total of 130 employees of service organizations constituted the sample. The results showed that among the motivational factors, two variables were found to be significant predictors of job performance. Training contributed 40.4% to job performance while promotion contributed an additional 3%. An interesting finding of the research is that intrinsic motivational factors are considered more important compared to extrinsic motivational factors such as payment, job security, and friendly environment. Freedom an intrinsic variable however was not found to be significantly related to job performance.

Keywords: job performance, motivation, employees in service organizations

1. Introduction

1.1 Research Background

As performance of employees is significant for organizations, the management should consider improving performance of workers in their companies by encouraging them to do their tasks and duties as efficiently and effectively as possible. Therefore, motivation in firms is absolutely important and necessary because it could change the behaviour of employees in positive ways. That is why many managers believe that when they establish motivated employees in the workplace, they can observe significant achievements in their organizations.

For better understanding of the role of motivation, we should know the meaning of motivation. Motivation is a Latin word and it means “To move” (Wade & Tavris, 2008). Psychologists believe that motivation is the process that drives individual towards achieving a goal. Moreover, motivation gives a person a purpose and the drive that he needs to achieve it. It helps people to push or pull from a bad situation, which are negative features in their lives. Nowadays, employers are interested to know about motivation and how to motivate their employees to improve productivity.

Brayfield and Crockett (1995) studied on the relationship between motivational factors and job performance of employees. They believed that there is little relationship between these two variables. Vroom (1964) reviewed for this subject and he realized that the median correlation between these two variables was 0.14. Miner (2003) believes if one wishes to create a highly valid theory, which is also constructed with the purpose of enhanced usefulness in practice in mind, it would be best to look to motivation theories for an appropriate model.

Malaysia is a developing country in Asia and houses to many service firms, which contribute toward its economy. Moreover, Malaysian service organizations play significant roles both socially and economically. Providing the employees of Malaysian service companies with motivating factors would influence their job performance and make them more successful as the enterprisers. This would be good for Malaysia.

It is important that a manager knows the primary needs of workers to manage and address them toward great job
performance in service firms. When their needs are met, the employees are likely to take responsibility for their performance and thus they will perform well to achieve their organization’s goals.

1.2 Research Problem

Taylor (1856–1915) and Gilbreth (1868–1924) believed that the employees have little feeling to work, so they need to be motivated. In this study, we would like to examine the correlation between organizational motivation factors consisting payment, job security, promotion, freedom, friendly environment, training and employee job performance. Therefore, we measure motivation with relation to job performance.

According to many researches, there exist many common and different points in the field of motivation. This study is designed to have better understanding on factors of employee motivation and their influence upon job performance in Malaysian servicing organizations. The research focuses on exploring variables that drive employees’ motivation. However, the scope of the research is limited to determining the level of motivational factors of employees in Malaysian service organizations. This study aims to address the following problem: Is there any relationship between the level of motivational factors and job performance of employees in Malaysian service organizations?

1.3 Justification of Study

This study is designed to have a better understanding of motivation factors, which influence job performance in Malaysian servicing organizations. Therefore, the findings in this study will have both theoretical and practical contribution. It will contribute to the existing knowledge on factors that can enhance job performance in service organizations. The results have practical use as managers of service organizations may use it to motivate their employees to improve job performance.

As the priority needs of employees in the majority of companies are changed (Hersey & Blanchard, 1972), the employers have to know their staff member’s current needs and priorities. In addition, they should create conducive environment at work to enhance workers’ performance since there appears to be many difference in their needs and behaviours based on demographic factors. Therefore, the management of a service organization should establish a good relationship with employees in the work place to determine and address workers’ problems and their motivation factors.

2. Literature Review

2.1 Motivation Defined

The meaning of motivation is originally derived from the Latin word ‘mover’, which means “to move”. Generally, motivation refers to the relations between individuals and position. Motivation involves the processes of individual ‘intensity which means how hard a person’s effort is directed toward the goal and persistence that is how long a people can maintain this effort’. Therefore, motivation of employees in organization refers to the intensity of their efforts in achieving the organizational goal.

Managers in business organizations face challenges of having to manage motivational factors of their employees by satisfying their personal and career needs in order to enhance their job performance (Alonso and Lewis, 2001). Indeed, most researchers found that many firms in the world focus on performance of the employees and incentives that can contribute toward their performance and their operations’ productivity (Brewer and Selden, 2000).

2.2 Payment and Job Performance

Employee’s performance can increase organizational productivity by varying the inputs needed to attain their expected outputs. However, there are many factors, which affect organizational productivity other than employee performance. Akerlof and Kranton (2010) reported that many organisations would be successful in their goals and purposes if they understand the identity economics. People's identity that is their conception of who they are, and of who they choose to be, may be the most important factor affecting their economic lives and may indicate what would be the most appropriate incentives for them to perform in their job. There seems to be evidence to confirm the positive relationship between financial factors and job performance in service organizations. Money is the fundamental inducement; no other incentive or motivational technique comes even close to it with respect to its influential value. All businesses use pay, promotion, bonuses or other types of rewards to motivate and encourage high-level performances of employees. It has the supremacy to magnetize, maintain and motivate individuals towards higher performance. According to Lemieux et al. (2009), the existing evidence shows that when there is a good performance measures, performance-pay can enhance employee productivity and improve match quality. However, the use of performance-pay is constrained by the quality of available performance
measures.

As a consequence, a profit maximizing firm will introduce performance-pay in a particular job only when the quality of the performance measure is sufficiently good. Muralidharan and Sundararaman (2009) provide supporting evidence that payment is associated with output of employees and serves as incentive to enhance workers’ performance. Meanwhile a study by Lazear (2000) revealed that when employers increase the salary of the workers, most employees work on their tasks and duties diligently. A study published by Muralidharan and Sundararaman (2009) showed that when management increased the teachers’ salaries by more 3%, the average level of student learning was enhanced. Fisher (2005) considers money to be the key motivator for employees. Kelly (1990) focused on employees who work in banks as tellers. Her research found that bank tellers appear to have low job satisfaction and seem to be less motivated at work. In addition, the study found that low payment for bank tellers is one of the most important factors that influence job performance in service companies. Therefore hypothesis 1(H1) is proposed as follows:

H1: There is a significant relationship between payment and job performance.

2.3 Job Security and Job Performance

Empirical investigation indicates that there is a positive relationship between job security as a motivational factor and job performance (Gabris & Simo, 1995). Miller et al. (2001) found that job security has significant effect on the performance of workers and employees are less motivated to work when job security is low. Researches investigating effects of job loss and having a job indicate that employee behaviors start going bad as soon as they start worrying about job loss (Domenighett, 2000; Özyaman, 2007). Thus, researches on this subject ( Şenoğlu, 2010; Poyraz & Kama, 2008; Özyaman, 2007) suggest that job security provides employee with high motivation and it affects other motivation levels. For example in Şenol’s research (Şenol, 2010) job security was rated as one of the three most important motivational tools in all subcategories. Poyraz and Kama’s (2008) study on hotel staff also showed that job security functions as an important motivational tool since it changes negative work behaviors and the thought of leaving the job. Lack of job security has been found to be the reason for high turnover of employees. While there are many studies, linking job security as a motivational factor for employees’ work performance, some studies have found results to the contrary (Macleod & Parent, 2009). However, most studies have highlighted job security as a motivational factor for job performance. Therefore hypothesis 2 (H2) is proposed as follows:

H2: There is a significant relationship between job security and job performance.

2.4 Promotion and Job Performance

Herzberg (1986) states that providing employees with opportunities to advance in their company through internal promotions acts as a motivator related to work. Simon and Enz (1995) and Wiley (1997) found that promotion and advancement opportunity to be among the best tools to motivate employees. Riketta and Dick (2005) suggested that behaviour of employees in the workplace is related to satisfaction in their careers. Empirical research by Harrison and Novak (2006) showed that efforts by management to establish promotion opportunities contributes to employee’s job satisfaction and acts as a motivator for job performance. Therefore hypothesis 3 (H3) is proposed as follows:

H3: There is a significant relationship between promotion and job performance.

2.5 Freedom and Job Performance

Maslow’s theory (1987) showed that one of the most significant factors, which is able to motivate people at workplace, was freedom. Management of organizations can give flexibility and freedom at work place to improve job performance. Maslow (1987) revealed these several important freedom namely,

1) Freedom to communication and argue,
2) Freedom to judge colleague in the work environment,
3) Freedom to catch information that is related to their careers,
4) Freedom to research to promote the ability of their works,
5) Freedom to commit and perform in work place,
6) Freedom to state themselves for getting promotion at works,
7) Freedom to be honest and not to be pressure to say something that they do not believe it,
8) Freedom to be in a group and work as a team for helping great deal within the organization.
Therefore, Maslow (1987) concluded that providing employees with freedom to make decisions about their work satisfies their need for autonomy and help managers to use it as a motivation factor for increasing the productivity of employees. According to Blanchard and Witts (2009), employees greatly desire to have the tools, training, support and authority to make decisions and perform their jobs correctly. Across (2005) agrees with this and states that employees do not perform well in situations where they lack autonomy, especially after they have gained the skills to work independently. Therefore hypothesis 4 (H4) is proposed as follows:

H4: There is a significant relationship between freedom and job performance.

2.6 Friendly Environment and Job Performance

Another factor that influences people at work is a friendly environment because this factor has been found to have a direct impact on job performance of employees in service organisations. Chen and Lien (2008) stated that a large number of employees are likely to change their jobs when they are under pressure. Friendly environment at work is able to influence employees to commit themselves to carrying out their tasks and duties effectively. Similarly, respect among colleagues and managements will assist in creating a good work environment thus serves as an incentive for employees in workplaces (Halbesleben et al., 2007).

Roca et al (2006) found a significant correlation between friendly environment and job performance factor in the multinational organization. Furthermore, Jamal (2007) studied the correlation between stressful work environment and the level of a person’s work ability among workforce of North American companies. The results showed in 90% of the companies, there was negative association between stressful work environment and job performance. This suggests that if the work environment seems stressful, managers must make effort to develop and implement programs that can foster a friendly job environment to motivate the employees (Hourani et al, 2006). For this reason, managements should play a constructive role in creating a harmonious atmosphere. They can create such an atmosphere by arranging events like tea breaks, birthday or wedding anniversary parties and trips. These programs can act as stimulus to motivate their employees (Campbell, 1990). Therefore hypothesis 5 (H5) is proposed as follows:

H5: There is a significant relationship between friendly environment and job performance.

2.7 Training and Job Performance

Herzberg (1986), in his Two Factor Theory, listed offering training and development opportunities, so that people can pursue the positions they want within the company as motivators related to work. Roca et al. (2006) found that there is a significant correlation between training and job performance factor in the multinational organization. Additionally, in any organisations, the training of employees seems to be one of the motivational driving factors, which leads to a direct correlation with performance of employees (Min et al, 2006).

Besides, training the employees of the organisations, it is believed that providing learning opportunities is a significant motivational factor for job performance (Kress et al., 2004). In other words, the management must apply efforts of essential meaningfulness dynamics to set up the job motivators such as training program (Zapata -Phelan, 2009). Therefore hypothesis 6 (H6) is proposed as follows:

H6: There is a significant relationship between training and job performance.

2.8 Theoretical Framework

Based on the review of literature, a theoretical framework has been developed to represent the relationship between motivation and job performance. This is a correlation cross-sectional study. The factors influencing job performance in this study consists of payment, job security, promotion, freedom, friendly environment and training. The dependent variable in this study is job performance. The theoretical framework for this study is presented in Figure 1.
3. Materials and Method

3.1 Research Design
This is essentially a correlation research that applies quantitative approach and uses the survey method to collect data. The focus of this research is on employees of servicing organizations in Malaysia. This study focuses on the motivation factors consisting of payment, job security, promotion, freedom, friendly environment, and training as independent variable and their influence on job performance as dependent variable. The research instrument used in this study is a structured questionnaire.

3.2 Sampling and Population
The list of the service organizations was obtained from Malaysian Employers’ Federation. A systematic sampling method was used to select the samples for this study. The primary data are data gathered and assembled through a structured questionnaire. A total of 185 questionnaires were sent to the selected organizations. The unit of analysis were workers who worked in various departments in the organizations namely Sales & Marketing, Human resource, Network, Finance & Accounting, Information Technology, Support, Research & Development and Engineering. A total of 130 completed and useable questionnaires were returned. This represents a response rate of 70.27 percent. Secondary data for this study had been collected from journals articles, magazines, books and newspaper, which contributed to the review of literature.

3.3 Data Analysis
Data analysis was performed using Statistical Packages of the Social Science (SPSS). Multiple regression analysis using enter method was used to determine the relationship between the independent variables and the dependent variable. Stepwise regression analysis was used to determine which among the predictor variables contributed most to job performance of employees in Malaysian service organizations. The level of significance was set at $p = 0.05$.

4. Results

4.1 Relationship between Motivational Factors and Job Performance
This section presents results of the multiple regression analysis where motivation factors are regressed with job performance using the enter method to determine the correlation between the independent variables and dependent factor. This is also to determine the total contribution of the motivation factors studied to job performance.

Table 1. Multiple regression of analysis with motivation factors as predictors of job performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.652a</td>
<td>.425</td>
<td>.397</td>
<td>.54273</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), training, payment, promotion, freedom, environment, security
In table 1, the R-squared value from model summary is 0.425 which means 42.5% of variation in job performance is accounted by variation in the 6 motivation factors namely, payment, job security, promotion, freedom, friendly environment and training in the servicing organizations.

Table 2. ANOVA for enter method

<table>
<thead>
<tr>
<th>Model</th>
<th>sum of squares</th>
<th>df</th>
<th>mean square</th>
<th>F</th>
<th>sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>regression</td>
<td>26.793</td>
<td>6</td>
<td>4.466</td>
<td>15.160</td>
<td>.000</td>
</tr>
<tr>
<td>residual</td>
<td>36.230</td>
<td>123</td>
<td>.295</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>63.024</td>
<td>129</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. dependent variable: performance

The results of ANOVA are presented in table 2. $F(6, 123) = 15.16$ and $p < 0.05$. That means that least one of the 6 independent variables can be used to explain job performance in the service organization.

Table 3. Coefficients for the relationship between predictor variable and job performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.678</td>
<td>0.318</td>
<td>2.131</td>
<td>0.035</td>
</tr>
<tr>
<td>Payment</td>
<td>0.002</td>
<td>0.016</td>
<td>0.013</td>
<td>0.142</td>
</tr>
<tr>
<td>Job Security</td>
<td>-0.052</td>
<td>0.026</td>
<td>-0.235</td>
<td>-1.970</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.078</td>
<td>0.026</td>
<td>0.335</td>
<td>2.961</td>
</tr>
<tr>
<td>Freedom</td>
<td>0.013</td>
<td>0.019</td>
<td>0.062</td>
<td>0.665</td>
</tr>
<tr>
<td>Environment</td>
<td>0.007</td>
<td>0.027</td>
<td>0.028</td>
<td>0.252</td>
</tr>
<tr>
<td>Training</td>
<td>0.139</td>
<td>0.030</td>
<td>0.506</td>
<td>4.610</td>
</tr>
</tbody>
</table>

*Dependent variable: Job Performance

Table 3 presents the correlation between motivation variables and job performance. The results show that there is significant relationship between promotion and job performance ($B = 0.078$, $p < 0.05$) and between training and job performance ($B = 0.139$, $p < 0.05$). However the relationship between payment and job performance ($B = 0.002$, $p > 0.05$), job security and job performance ($B = 0.052$, $P < 0.05$), freedom and job performance ($B = 0.013$, $P < 0.05$), and environment and job performance ($B = 0.00$, $p > 0.05$) were found to be not significant. Therefore H3 and H6 are not rejected. H1, H2, H4 and H5 are rejected.

Table 4. Model summary for stepwise method

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.611a</td>
<td>.374</td>
<td>.369</td>
<td>55529</td>
</tr>
<tr>
<td>2</td>
<td>.636b</td>
<td>.404</td>
<td>.395</td>
<td>54366</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), training

b. Predictors: (Constant), training, promotion

Table 4 (model summary), displays the results of the multiple regression analysis between motivation factors and job performance using the Stepwise Method. The results indicate that training is the most significant predictor of job performance contributing to 37.4% of job performance, these are followed by promotion, which contributes a further 3% to job performance, together, training and promotion contributes a total of 40.4% to job performance.
Therefore, from table 5, it can be concluded that the two motivation factors, training and promotion are the significant predictors of job performance of the employees in the service organizations that were studied.

5. Discussion and Suggestion

The main aim of this study is examine the relationship between motivational factors namely payment, job security, promotion, freedom, friendly environment, training and job performance of employees in Malaysian service organizations. Multiple regression analysis was used to analyse the data. The motivation factors of payment, job security, promotion, freedom, friendly environment and training were found to contribute a total of 42.5% of job performance. This suggests that variables other than the motivation factors studied could be contributing to job performance.

Two motivation factors that are training and promotion were found to be significant predictors of job performance contributing 40.4% of job performance. The best predictor of job performance was found to be training, which contributes to 37.4% of job performance. Promotion contributed a further 3% to job performance. The significant relationship between training and job performance is consistent with the findings of Herzberg (1986) who listed offering training and development opportunities, so that people can pursue the positions they want within the company as motivators related to work. The results are also similar to that of Roca et al. (2006) who found that there is a significant correlation between training and job performance factor in the multinational organization and that of Min et al. (2006) who found that the training of employees seems to be one of the motivational driving factors that has direct correlation with their job performance.

The finding that promotion is significantly related to job performance is consistent with the studies of Herzberg (1986) who stated that providing employees with opportunities to advance in their company through internal promotions as a motivator related to work and Simon and Enz (1995) and Wiley (1997) who found that promotion and advancement opportunity to be among the best tools to motivate employees. Empirical research by Harrison and Novak (2006) also showed that promotion opportunities contributes to employee’s job satisfaction and acts as a motivator for job performance.

5.1 Recommendation

Human resource management in servicing organization should provide some incentive factors such as payment, freedom, promotion, friendly environment, training and job security to motivate their workers to improve their productivity. Indeed, motivation factors have an influential function on performance of workforce, as all organizations opt to enhance the efficiency in terms of improving the work of employees. On the other hand, employees usually have to work more than eight hours a day at their offices. In addition, modern life impacts human’s work and make them to spend more time and high physical force in workplaces so as to deal with work tasks and possible problems. Thus, for this reason, managements should identify the individual factors as they determine the drive of employees toward achievement of organizational goals. This study believes that incentive factors are able to motivate the workers to increase their productivity and performance.

The results of this study found training and promotion to be the two most important motivational factors. Thus human resource management should provide a lot of trainings and promotional opportunities to the employees, as they would be the two factors that drive their motivation towards good job performance. In the case of training, the organizations should conduct training need analysis for all staff and drawing individual training plan for the staff. They could also have mentoring and coaching programs to develop talent. Since promotion was found to be an important motivational factor, organizational policies should give priority to internal selection over external selection. A very systematic succession planning system should be put in place where potential candidates for promotion are given development programs to address the gaps in their knowledge, skills, abilities and other attributes (KSAOs) so that they will have the competence to take on their new posts when the time comes. Other methods that could be adopted are through job rotation, giving special assignments where they acquire the KSAOs through the implementation of the assignments, executive coaching programs and so on.

5.2 Limitation of the Study

As in other investigations, this study has some limitations. One of the limitations in this research is related to the sample size of study. The respondents for this study were only 130 employees. Another limitation in this study is that the six motivation factors only contributed 42.5% of job performance. Due to limited time as well as data collection, the research has just concentrated on major motivational factors namely payment, job security, promotion, freedom, friendly environment and training in job performance of employees in Malaysian service organizations.
5.3 Suggestions for Future Research

Further research needs to be carried out on a larger population and sample size to increase the generalizability of the findings. More motivation factors and other factors that could have influenced on job performance must be included in order to obtain more comprehensive understanding factors that influence on job performance. The results of this study indicates that there is a need to determine other factors that the employees may care about as these factors are likely to have an effect on their performance.

For future studies, other motivation predictors can be identified to see how they influence in job operation of employees since there are many incentive factors in the service organizations, which have not been covered in this study. All in all, researches should be conducted and should consider large sample size.

References


