



Employee Motivation and Job Satisfaction: A Study on Organizational Performance and Employee Retention

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Abstract – Job satisfaction and motivation of employees are key determinants of both the performance and the long term survival of the organization. This paper focuses on the correlation between motivation, job satisfaction, performance in an organization and employee retention (Robbins & Judge, 2019). This study aims at examining the effect motivational strategies have on staff levels of satisfaction and the overall effect of these variables on the productivity, profitability, and the stability levels in the workforce. The new world of business is growing competitive and knowledge based and the organizations need to keep the talent and improve the performance with the help of a proper human resource practice. The research is based on the quantitative case study based on primary data, which has been achieved through structured questionnaires given to 150 employees working in a mid-sized organization of services. Secondary data in terms of HR reports, turnover statistics and performance measures were also examined. Correlation analysis, regression analysis, and descriptive statistics were used as a statistical means of evaluating variables relationships. The results demonstrate that there is a high positive relationship existing between job satisfaction and intrinsic motivation (Deci & Ryan, 2000). The extrinsic motivators like salary and job security are also relevant in retention, although intrinsic elements prove to be more long-lasting with regard to engagement and productivity (Herzberg, 1966). The regression outcomes show that there is a mediating role of job satisfaction between motivation and organizational performance (Judge et al., 2001). The increase in satisfaction levels was linked to low turnover intention and better productivity indicators. The research finds that companies need to pursue a moderated motivational system that incorporates both intrinsic and extrinsic elements in order to increase their retention and work efficiencies.

Keywords: Employee Motivation, Job Satisfaction, Organizational Performance, Employee Retention, Intrinsic Motivation, Human Resource Management..

I. INTRODUCTION

The human resource is viewed as a strategic asset in the modern organization having a major bearing on the competitive advantage (Barney, 1991).

Employees on the other hand are sources of knowledge, skills, creativity and ability to innovate which unlike tangible resources are directly involved in determining the success of an organization. With the shift in the transformation of industries into either service or knowledge based economies, there has been a growing significance of psychological and behavioral attributes of employees. The key organizational behavior constructs that are important in the way people perform and put dedication in their roles include employee motivation and job satisfaction. Employee motivation can be defined as both internal and external stimuli that jump start, direct and maintain the aspect of work. It includes personal development and personal recognition and extrinsic elements like salary and job security. Job satisfaction is the emotional and cognitive judgment that the employees make about the job experiences (Locke, 1976). Once the employees are made to feel appreciated, treated well and assisted, then chances are that they will be more productive and loyal. On the other hand, low satisfaction may result in absenteeism, declining productivity and attrition.

Industry Relevance In most industries such as the banking sector, healthcare sector, information technology, manufacturing sector and service sectors, employee retention has become a strategic issue (Hom & Griffeth, 1995). Employee turnover is expensive since organizations spend a great deal of resources in recruitment, training, and development of their employees. The high turnover not only raises financial costs but also disturbs the continuity of the operations and the culture of the organization. The attitudes of employees have direct correlation to both customer satisfaction and brand reputation in service industries especially. The motivated employees are more likely to provide high service levels, demonstrate a higher rate of commitment, and positively impact forming the team working process. The contemporary workplaces are influenced by globalization, digital transformation, and changing employee expectations as well. Employees are also demanding meaningful work, career building prospects, flexibility and appreciation. Those organizations that do not respond to these expectations might have problems in terms of maintaining a stable and engaged workforce. Thus, better comprehension of how motivation and job satisfaction can affect the retention and the performance is imperative to the sustainable organizational growth.

Research Context This study falls under the umbrella of strategic human resource management and performance in the organizations. In the digital era of business and



analytics-based decision-making, businesses are strongly relying on data to streamline business operations. Yet, the success cannot be ensured by technological progress only without inspired and contented employees. Although in very automated industries, human resourcefulness and interest are still needed in the innovation and flexibility. Moreover, the notion of organizational sustainability involves the quality of life of the employees as a more crucial aspect of the concept. Businesses are being judged not just by the financial performance but also based on their capacity to keep ethical management standards in place and their distribution of employees satisfaction. The HR analytics tools have also recently made organizations measure the engagement levels, turnover risks, and the performance trends which has an opportunity to implement the evidence-based motivational strategies.

Scope of the study This research is aimed at analyzing the correlation between employee motivation and job satisfaction and to study how they interact to yield an impact on performance in the organization as well as retention of employees. The study aims at pinpointing the primary motivational variables that play a major role in the levels of satisfaction and the foundation of the relationship between satisfaction and the performance results and turnover motivation. The study will combine theoretical consequences with empirical evidence to give practical information to managers and policymakers whose interest is on diminishing the workforce and ensure that it is more stable and productive.

II. REVIEW OF LITERATURE

Past Studies on the same. There has been extensive research on the correlation between motivation of employees, their satisfaction at the work place and the results of the organization. It was written that some of the initial organizational behavior research focused on the significance of human needs and attitudes at work. A wide range of empirical studies has always found out that job satisfaction correlates with motivation positively (Spector, 1997). When employees feel that they are properly recognized, given a chance to grow and a reasonable reward, their levels of satisfaction tend to be increased. Research studies carried on different industries have suggested that satisfied employees are more deeply committed to the organization, less apt to absentees, and also less likely to turnover intentions (Tett & Meyer, 1993). Studies also indicate that employee engagement greatly depends on motivation that leads to increased productivity and quality of service as well. Even though the positive relationships have always been found, the results are different in different industries and cultural contexts, which point in the necessity to analyze it context-factors.

Major Theories, Model and Experimental Results.

The hierarchy of needs proposed by (Abraham Maslow,1943) is one of the theories on motivation research that forms its foundation. Maslow proposed that human beings are driven by the hierarchy of needs which start with the fundamental physiological needs through self- actualization. This means in the work environment the employees have to feel safe and connected to society before they work towards success and self-development. Notwithstanding its power, critics state that the needs might not exist in terms of strict hierarchy. The other important contribution is the two-factor theory that was invented by (Frederick Herzberg,1966). Herzberg made a distinction of hygiene factors that keep people from being dissatisfied and motivators that bring about satisfaction. Salary and job security minimize dissatisfaction, unlike recognition and achievement which increases motivation.

The empirical studies help recognize the significance of intrinsic motivators but also claim that extrinsic rewards can still be applied in some situations. The achievement, affiliation, and power are the strategies of behavior that are stressed by the theory of acquired needs proposed by (David McClelland,1961). This model puts special emphasis on the variation in motivational preferences between individuals and proposes the argument that customized management systems could perform better compared to generic policies. Self-Determination Theory that was developed by (Edward Deci and Richard Ryan,2000) focuses on intrinsic motivation that is based on autonomy, competence, and relatedness. The empirical research proves that intrinsic motivation results in an increased involvement and long-term performance as opposed to purely extrinsic incentives. Job design also has relationships with satisfaction and performance further provided by the Job Characteristics Model designed by (J. Richard Hackman and Greg Oldham,1976). This model suggests that enriched jobs, which are characterized by autonomy, feedback, and importance of tasks in the work, improve work motivation and performance.

Comparison of the Various Authors. Where Maslow paid attention to prioritization of needs, Herzberg distinguished between satisfaction and dissatisfaction factors. Where McClelland laid emphasis on individual differences in motivation, Deci and Ryan revealed the psychological needs as the background of intrinsic motivation. Hackman and Oldham changed the focus towards job structures and design as a motivational determinant. All these theories imply that individual as well as organizational factors are known to affect job

satisfaction and performance. Contemporary studies combine these viewpoints and have to admit that motivation is complex and situation-specific.

Research Gaps Although the theoretical work has been made, a number of gaps exist in the research. A lot of literature reviews are done on motivation and satisfaction individually and none of them explores their ubiquitous



mediating roles on performance and retention. It is also characterized by little fusion of motivational theories and quantitative financial performance measure. Also, emerging changes in the work environment, including hybrid working and digitalization, demand a new empirical evidence base. The following study closes all these gaps by drawing a relationship between motivation, satisfaction, performance, and retention within an organized analysis in the organizational case studies.

Problem Statement The companies in industries are witnessing a rising trend of employee turnover, dwindling employee engagement and irregular performance results. Even after establishing compensation system and incentives, there are still numerous companies that face a challenge of retaining talented workers. Voluntary turnover will cause disruption of the working process, escalation of recruiting and training expenses and a reduction in the morale of the work team. Besides, poor participation and dissatisfaction lead to the decrease of productivity and innovativeness. The available literature is thoughtful in nature and does not have a lot of practical integration of motivational constructs with indicators of organizational performance that can be measured. Empirical research is required that will investigate the relationship between motivation and job satisfaction and the latter with performance and retention. This study, therefore, aims at evaluating such relations in a formal organizational setting in order to offer practical implications.

III. GAP ANALYSIS

The analysis of the gap of the study shows an evident discrepancy between the present practices of the organization and the results that the organization wants to achieve regarding employee motivation, job satisfaction, performance, and retention. Despite overreliance on extrinsic motivation factors such as salary and job security, the organization has not been keen enough on the intrinsic ones such as recognition, autonomy and career development which makes job satisfaction levels to be moderate and inconsistent among employees. This difference can also be traced in the high turnover, reduced productivity, and low employee involvement, indicating that the existing motivation measures are not effectively transforming into their improved performance. In addition, absence of growth opportunities, low appreciation, and participative leadership are among the issues that make the employees feel undermined and uninvolved. According to the study, job satisfaction is a critical mediating factor between motivation and performance, that is, without enhancing satisfaction, motivation in itself cannot deliver the intended organizational results. The biggest gap, therefore, is that the organization is unable to get motivation to long-term job satisfaction that will ultimately impact productivity, employee retention, and organizational performance.

IV. Research Methodology

The research design that is used in this research is the quantitative research design and follows a case study design carried out in a mid-sized service organization. Structured questionnaires were used to gather primary data with 150 employees in a five-point Likert scale to measure variables intrinsic motivation, extrinsic motivation, job satisfaction, the performance of the organization, and turnover intention. The primary data was supplemented by secondary data that consisted of HR reports, turnover data, and organizational performance reports. The methods employed in the research were descriptive statistics to summarize data, correlation analysis to determine the relationship between variables and regression analysis to determine the effects of motivation on job satisfaction and organizational performance and mediation role of job satisfaction. This combined approach ensured that the relationship between motivation, satisfaction, performance and employee retention at the organization were effectively analyzed.

V. Analysis & Discussion

Case Characterization. The case is based on a case of a mid size service based organization that employs about 300 employees in total. Within the last three years, the firm had a growing turnover rate of 22 percent annually and the growth of productivity had declined. Feedbacks made by the employees showed that there were issues of recognition, spread of workload, and that there was a low potential of career advancements. The management questions were whether the employee satisfaction and performance were well supported by motivational practices.

Data Analysis (Financial, Marketing, Customer, Risk etc.) The data were collected using a structured questionnaire comprised of five points Likert based on which 150 employees were surveyed on the primary data. The measured variables were the intrinsic motivation, extrinsic motivation, job satisfaction, perceived organizational performance, and turnover intentions.

The HR records and financial reports were checked to provide secondary data to determine the trends of productivity and the rate of absenteeism. The analysis of descriptive statistics revealed rather high scores of intrinsic motivation in respect to extrinsic factors. The analysis of correlation showed that motivation and job satisfaction were strong positively correlated and job satisfaction and organizational performance were strong positively correlated. It was observed that job satisfaction had a negative correlation with turnover intention meaning that employees who had not been satisfied were less likely to quit the organization. As it was revealed through regression analysis, job satisfaction is strongly predicted



by motivation, and organizational performance is strongly predicted by job satisfaction. In addition, job satisfaction was determined as mediating the dependence between motivation and turnover intention. The statistical data was supported by higher productivity and reduced absenteeism in departments with a high level of satisfaction.

Interpretation of Findings The results are indicative of the importance of intrinsic inspirational aspects of recognition, autonomy and professional development in strengthening job satisfaction. Financial incentive is a pillar to stability but it cannot be used alone in terms of long-term commitment. When employees become aware that they can grow and they feel that they are valued, chances are high that they will express themselves by showing dedication and greater performance levels. The issue of mediating effect on job satisfaction is ascertained to ensure that the motivation into performance outcomes may be achieved through the improvement of employee attitudes.

VI. CONCLUSION

Summary of Findings

This paper has looked at employee motivation relating to their job satisfaction, the performance of the particular organization and employee retention in the organized organizational setting. This is clearly evidenced because the results indicate that employee motivation is a dominant factor in the development of job satisfaction, which subsequently has a tremendous effect on the performance and retention rates. The statistical data showed that the intrinsic motivation factors have a strong positive relationship with job satisfaction demonstrating that employees, who report having a sense of recognition, autonomy, responsibility and having an opportunity to develop professionally, report higher aspects of job satisfaction. Although the extrinsic motivation like salary and job security and financial rewards are also relevant to the extent that they were still found to be comparatively moderately affecting long-term engagement. The regression analysis has supported the fact that job satisfaction serves as a mediating variable between motivation and organizational performance (Judge et al., 2001). This implies that just being motivated does not necessarily improve performance, unless the motivation is converted into positive attitude and satisfaction among employees. Moreover, the manifestation of negative correlation between job satisfaction and turnover intention, indicates that employees who are satisfied will have little to no chances of leaving the organization (Hom & Griffeth, 1995). The departments that were more satisfied exhibited better productivity, reduced absenteeism and enhanced performance of the teams. The overall results support the theoretical view put across by motivation and job design scholars and confirm that they are relevant to the contemporary organizational environment.

Managerial Implications This study has relevant findings that can be used by managers and leaders in organizations. To begin with, the management must understand that organizational performance can only be sustainable, with employee-oriented approaches, and not just through money. Organizations ought to come up with positions that allow freedom, diverse abilities, impactful efforts, and frequent assessment. HR policies must also integrate recognition programs, communication transparency, and career progression systems to increase the level of intrinsic motivation. Moreover, the leaders need to embrace participative and supportive leadership strategies that will generate trust and psychological safety.

Employees that are given the willingness to train and develop their professional conditions not only increase the level of competence but also the commitment to the organization. HR analytics has an opportunity to track the trend of satisfaction among employees, observe the signs of disengagement, and perform necessary interventions in good time. Through wise implementation of motivational models within organizational policies, managers will be in a position to minimize the cost of turnover and maximize productivity in the long-term.

Policy or Industry Relevance. On the industry level, the findings underpin the increased significance of workforce sustainability in the attainment of competitive advantage. Organizations are forced to make employee satisfaction one of their strategic goals in other fields with high employee turnover and employee skills, technology, healthcare, and services. Workforce stability can greatly be enhanced with the establishment of policies that encourage the equitable payment, equal development, and healthy working conditions. Furthermore, policymakers and regulatory authorities can urge companies to implement the employee welfare standards as a practice of corporate governance and sustainability models. Since companies tend to conduct their operations in a global and digitalized context, it becomes necessary to implement the human resource strategies into the wider organizational objectives. Companies that invest into motivational practices have higher chances of attaining better brand reputation, customer satisfaction and financial performance.

Scope for Future Research Despite the fact that this research has given valuable insights, there are a number of avenues that can be explored in future. Future researchers can increase the sample size to a variety of organizations and fields in order to increase generalizability. A longitudinal research design would be able to study the progression of motivation and satisfaction as time progresses and its impact on the organizational growth in the long term. An additional research that can be conducted in future is the effect of inclusive and virtual work setting on the motivation of employees especially working in a digitally oriented industry. Moreover, the use



of sophisticated analytical procedures like the structural equation modeling processes may give more profound information into the mediating and moderating variables that affect performance and retention. Cross cultural studies can also be used comparatively to determine differences in motivational aspects based on economic and social situations. The way these areas are addressed, the future research could be used to help develop a fuller list of the dynamics between employee motivation, job fulfillment, and the success of an organization.

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