

# **Investigating the Effect of Job-Related Motivational Factors on the Employee and Organizational Performance through Mediating Role of Organizational Participation (Entekhab Industrial Group Case Study)**

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## **Abstract**

The present study aimed to investigate the effect job-related motivations on the employee and organizational performance through mediating role of organizational participation. For this purpose, a conceptual model has been developed and tested. In this regard, a main hypothesis (the effect job-related motivations on the employee and organizational performance through mediating role of organizational participation) and nine secondary hypotheses (the effects of organizational rewards on the employee participation, employee performance, and organizational performance; the effect of employee participation on the employee performance and organizational performance; the effect of employee performance on the organizational performance) were developed and tested. The statistical population of this study includes managers of Entekhab Industrial Group. The statistical population include 180 managers, supervisors and chief of Entekhab industrial group. Since the population is limited no sampling is necessary. Thus the whole population is studied. The data collection tool is a researcher-made questionnaire containing 25 items, of which the validity has been confirmed using the comments from advisors, professionals and experts; and the reliability, determined through Cronbach's alpha coefficient of 83%) The questionnaire includes personal data and main, specialized items for examining the research hypotheses. The collected data were

analyzed using SPSS and AMOS software programs through statistical tests at descriptive (frequency, percentage, accumulated percentage, average and standard deviation) and inferential (t-test, regression modeling, variance analysis, non-parametric Kolmogorov and Smirnov test, and Freedman non-parametric test) levels.

**Keywords:** Job-Related Motivations, Organizational Rewards, Employee Participation, Employee Performance, Organizational Performance.

## **1. Introduction**

With regard to the increasingly importance of the organizational goals in today's variable and dynamic environment, the role of manpower is considered as the most valuable human capitals in facing the organizational strategic goals, employers' ability in recruiting and maintaining employees, and increasing the organizational productivity through a good reward system (Ronagh,2011,p:10). It is necessary that the salary and reward systems designed based on the employees' capabilities and expertise and organizational goals in order to improve organizational performance (Reid,2002). Improvement of the employees' efficiency (as a short-term goal)is very important in the organizations because of its critical role in promoting organizational performance (Zaheer,et.al, 2008,p: 181). When a performance evaluation system will be successful that is designed based on the recognition of employees' need and also has compatibility with employees and organizations' needs and wants (Bartol and Locke,2000). The use of scientific methods in actual performance valuation is the best mechanism for decreasing employees' dissatisfaction and their conflicts in the workplaces. This results in recognition of actual qualifications, employees' preferences in comparison to each other in the rewards, motivating coworkers, and showing the actual and potential capabilities in providing a competitive environment (Ronagh, 2011,pp:237-238).The incentive effects of reward systems influence the organization's efficiency and also helpit in achieving goals through increasing employees' motivation and commitment (Landi and Cooling, 2000). A well-designed reward system creates a belonging sense among employees in any organization. This also results in the employees' cooperation and greater sense of responsibility (Tohidi, 2003,p: 29). The results of the studies have been done in the empowerment; cooperation and participation reveal that the employees with high levels of belonging to their organization will have more performance. The employees who have more participation opportunities will participate in their organization. The reward is a common capability resource that can be used for encouraging employees' participation (Kandla, 2007). Showing the cooperation and collaboration in every organization leads to decrease conflicts in workplaces. On the other hand, this promotes and actualizes the employees' creativity and capabilities and increases efficiency and productivity in every organization (Tohidi, 2003,p: 29).The results of different studies have been done in this area indicates that there is a significant positive relationship between perceptions of justice and the extent of employees' performance (Podsakoff et al., 2000). If the employees perceive that there is a justice-based performance evaluation system that is implemented for everybody and also if they perceive that the organization pay attention to the employees' welfare issues, then this leads that they strive to achieve organizational goals more seriously. On the other hand, if the

employees perceive that the organization does not behave them fairly; this may decrease their performance and increase the deviant behaviors, conflict, and job turnover. This also results in less commitment, cooperation, and participation among employees (Philip et.al, 2012,p:1218) As Kotler (2006) point out, conflict is derived from both economic and cultural interests in the organizations. The results of different studies indicate that the differences in the levels of employees in a department can lead to several serious problems in coordination and create interpersonal and intrapersonal conflicts. The common structures of rewards help to increase cooperation among employees, because each of the partners (organization and employee) has responsibility in success or failure of the common project. Lower (1997) believes that the organizational rewards influence the employees' attitudes and behaviors and also change their perceived satisfaction of rewards, attitudes, and behaviors toward their participation (Shang Pao, 2007, p:278).The participation and cooperation increases the production and competitiveness capabilities in the organizations(Tjosold,1988).

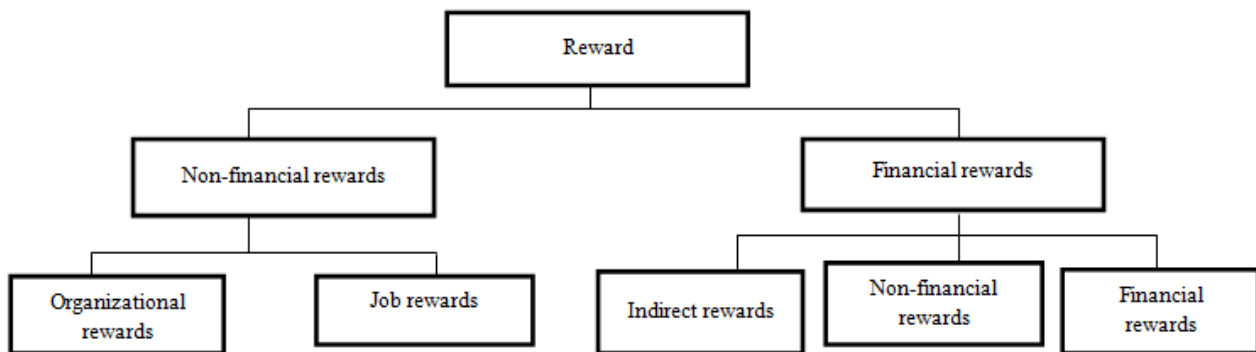
## **2. Literature review**

### **2-1. Reward system**

Also Helricle et al.(1995) define reward as a desirable outcome of employees' favorable behaviors in order to improve and increase its repetition probability. Shermerhorn (1993) refers to reward as the positive outcomes of employees' efforts. Also it should be remembered that if such desirable behaviors are not encouraged by organizations, they do not repeat their behaviors in the futures. However, every reward cannot result in productivity and it is necessary that human resource professionals take care in designing their reward system. Therefore, it is necessary to design a desirable reward system for reinforcing and improving organizational productivity. Unfortunately, many people think only about material aspects of reward, while reward has more comprehensive aspects. On the other hand, such perception leads that the managers ignore other aspects of reward. Therefore, different types of reward have been indicated in the following section.

**Intrinsic rewards:** this refers to the internal and natural rewards that are self-organized and occurs naturally. So, these rewards are created in the job. The source of these rewards is the employees' capability and individual development.

**Extrinsic rewards:** this refers to the rewards that are administrated from an external basis and include the valuable outcomes that a supervisor gives his/her subordinate (Shermerhorn, 1993). Disenzo (2010) indicates that the rewards can be categorized into two groups. These include financial and non-financial rewards. These have been presented in fig 1.



**Fig 1: different types of reward (Disenzo, 2010).**

**Financial rewards:** these are the main components of the reward structures. Past experiences and examinations confirm that the financial reward has superiority in encouraging employees toward excellence performance. Also financial aspect is the basis of motivational structure. This means that the financial rewards satisfy the employees' physiological and safety needs. Since other needs in Maslow's hierarchy of needs (such as social needs) can be satisfied through money, it can be concluded that financial reward has an important role in the reward system management.

**Indirect financial rewards:** these refer to the rewards that are paid for employees indirectly. Social securities and health insurance are the main indirect financial rewards (Kandla, 2007).

**Direct financial rewards:** this includes salary that the employees receive from their employers. Indeed, this refers to the cash that the employees receive from their organization (Kantor,2003).

**Direct non-financial rewards:** employees usually receive other non-financial rewards from their organization (Gomez et.al, 2005).

**Non-financial rewards:** the employees also receive non-financial rewards from their employers. Some employees may not be encouraged by financial rewards and encouraged by non-financial rewards for doing more performance. This is a good opportunity that the organizations utilize and leverage them for achieving more performance. These rewards can be categorized into two groups that each of them has been indicated in the following section.

**Job rewards:** a good job has very important role in the non-financial reward. Therefore, many organizations effort to enrich jobs actively. Job position is a main issue in every motivation theory. Employees may have an intrinsic satisfaction from some jobs. Therefore, the employers must adjust the job content so that employees enjoy doing it.

**Organizational rewards:** the employees can contact their friends and coworkers through their job in the workplaces. This leads to satisfy some of their needs. For example, appropriate job conditions and variable time schedules refer to the organizational rewards (Saadat, 2007,p: 253).

### **2-3.Participation**

Cooperation and participation are the necessary need of mankind that is derived from his/her social entity. This is a historical concept that its root is in the publicity and religious thoughts. Many authors believe that cooperation and participation are the cultural concepts and prerequisite of every successful design and plan for improving life and social development. It is somehow difficult to define cooperation and participation, because their definition is depends on the cultural values and different peoples have different perceptions from them (Tohidi,2003,p:30). Many authors and researchers define these concepts differently. The present study focuses on the definition that has been presented by Booksel and Parcel (2003).They state out that participation refers to the mechanism that empowers the employees for cooperating and making decision and also improve their abilities in their organization directly or indirectly. On the other hand, participation refers to a mental and emotional involvement that motivates individuals to participate in group workings eventually in order to achieve group goals. There are three aspects in this definition including mental and emotional involvement, assist, and responsibility (Benson,2000).On the other hand, there are several points in the definition of participation. For example, participation must be done from beginning of efforts and all of the organizational members must be involved in any organizational efforts. In such conditions, participative management system will be formed and developed. Human resource management is one of the most important resources that lead to organizational growth, development, and excellence through thought, creativity, innovation, commitment, and responsibility in every organization. On the other hand, an individual will have different reactions when facing different information, conditions, and events (Bean and Vars, 2000,p: 18).

Hanifi (2001)categorizes participation into two groups including Uni-dimensional participation and multi-dimensional one. Uni-dimensional participation refers to the one that peoples participate in a social or political aspects based on the society's needs and avoid other aspects or prevented from it. Multi-dimensional is the one that peoples participate in every affair (Tohidi, 2003,p: 29).

### **Employee Performance**

Dramatic changes in the knowledge management area have converted the nature of performance evaluation system to an inevitable issue, so that the lack of appraisal system in organization considers as one of the symptoms of the organizational diseases. Today, the performance evaluation is known as a strategic approach for integration of human resources activities together with policies of business and the organizations use advanced and complex methods for assessing the performance of their employees (Behri&Patron3, 2008). However, researches show that many organizations are not satisfied with their employees' performance evaluation plans. They suggest that performance evaluation systems have not been successful in creating motivation and improvement of employees' performance (Fletcher, 2001). Given the importance of performance evaluation, it is essential that organizations take action for more effectiveness of it. Periodical evaluation in a system and its components can increase its effectiveness. Such assessments are essential because, on the one hand, they specify the extent

to which the related purposes of the appraisal and development have been realized and on the other hand, based on these assessments we can rectify the current performance assessment practices (Dolan & Schuler, 1997).

Regarding the significance of the issue, this study is trying to examine the employees' performance evaluation process from the viewpoints of transportation bureau employees and determine the effect of employees' performance appraisal procedures on their intrinsic motivation in this organization.

### **Performance of Organization**

Broadly speaking, performance is the identity and quality of actions which is done by organizations for achieving their missions. From quantitative perspective, performance refers to a dimension of on overall scale. In other words, performance can be quantified in different manners. For example, performance levels can be quantified in numerical or percentage formats so that managers will be able to understand it more easily. When performance goals will be meaningful that it is possible to quantify them. During the past decades, organizations have undergone different changes in different areas. As a result of these changes, organizations are competing each other in different areas such as improvement in the quality, flexibility, certainty, product lines expansion, focus on the creativity, etc. Responding such challenges requires managers to adopt appropriate measurement model to improve their performance in different areas (Tavvalayi, 2007). A comprehensive view about the performance is obtained when it includes behavior and results. This theory was proposed by Barombareh: (performance is meant to behaviors and results. behaviors are derived from factor and convert performance from thought to action) behaviors are not just tools to achieve results but are outcomes that are taken from product of physical and mental tasks and can be separated from results. This definition of performance leads to this conclusion that data (behavior) as well as outputs (results) should be considered during the management of teams and individuals performance and this model is called (performance mix model) (Hartel, 1995) that including ability or competence level, results and also goal determining and review (Armstrong, 2007: 11).

### **4. Alternative Hypothesis**

H1: The organizational rewards influences on employee participation.

H2: The organizational rewards influences on employee performance.

H3: The organizational rewards influences on organizational performance.

H4 : employee participation influences on employee performance.

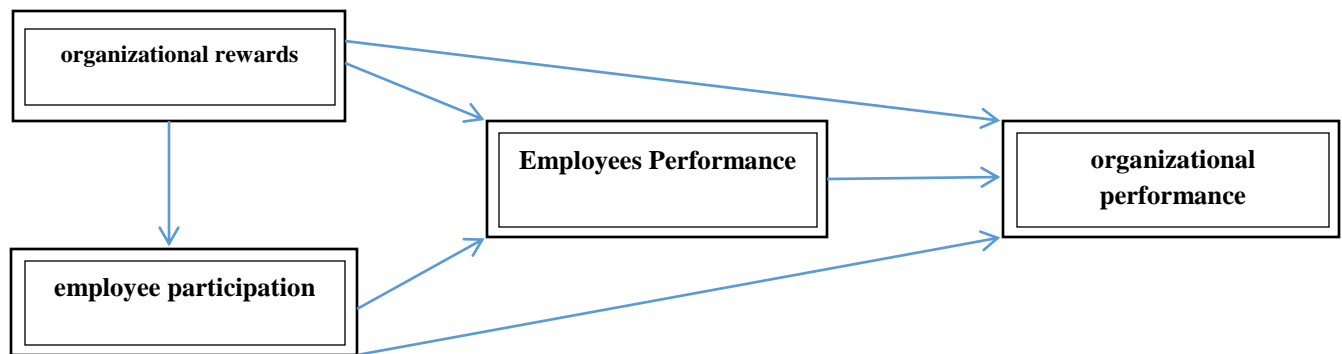
H5: employee participation influences on organizational performance.

H6: employee performance influences on organizational performance

### **5. The Conceptual Framework**

Model is relationship between theoretical design and the job of data collection and analyzing of information. In social science models include symbols and signals that is characteristics of some of empirical phenomenon (including components and their relationships) relate reasonably

through concepts related to each other. Therefore, model reflects fact and figures out given aspects of real world that related to the investigated problem. Model shed light on mentioned aspects and eventually makes empirical test of theory possible regarding the nature of these relationships. After testing model, better understanding of some parts of real world is achieved. In summary, model is a set that consists of concepts, hypotheses and measures which facilitates selection and collection of required information to test the hypotheses. In order to make an analytic model, researcher finally can act in two ways which there is no significant difference between them: either begins with setting hypotheses and then works on concepts or goes through a reverse way (Ghasemi, 2010).



**Fig 3: the conceptual framework of study**

**6. Research Methodology**

This study is a practical research from its goal perspective and is a descriptive-survey one from its research methodological view. Different instruments have been used in different steps of data-collection process. In order to review the literature, library method has been used. For collect the research data, a self-administrated questionnaire has been used. Finally, in order to examine normal distribution of the data, Kolmogorov – Smirnov index has been used. The results of this index reveal that the normal distribution of research data can be confirmed (sig: 0.95). The results of this index have been indicated in table 1.

**Table 1: the results of Kolmogorov – Smirnov**

Questionnaires	K-S index	Sig
organizational rewards	0.844	0.156
employee participation	0.983	0.124
employee performance	0.755	0.237
organizational performance	1.264	0.820

**6-1. Statistical population, sample, and sampling method**

The statistical population of this study includes all of the 180 male and female managers, supervisors and chief of Entekhab industrial group. Because this population is limited and it is not necessary for sampling, all of the statistical population members have been surveyed and they were asked to indicate the questionnaire. For this purpose, 180 questionnaires have been distributed among respondents that 152 of them indicate the questionnaire. Finally, 146 questionnaires have been used in statistical analysis.

**6-2. Data-collection and data-analysis methods**

The data-collection method of this study includes four self-administrated questionnaires. The first is organizational rewards questionnaire with 10 items for measuring direct financial, indirect financial, job, and organizational rewards. The second is **employee participation** questionnaire with 8 items for measuring. The third is employee performance questionnaire with 6 items. Finally, the fourth is organizational performance questionnaire with 5 items. In order to examine and confirm validity of the questionnaire, some academic professors and other professionals have been asked to modify and correct the questionnaire. Also Cronbachs' Alpha Coefficient has been used for examining and confirming reliability of the questionnaire. The results of reliability of the questionnaire have been presented in table 2.

**Table 2: the results of reliability of the questionnaire**

<b>Components</b>	<b>Average</b>	<b>Standard deviation</b>	<b>Cronbachs' Alpha Coefficient</b>
organizational rewards	2.93	0.60	0.882
employee participation	2.92	0.44	0.798
employee performance	3.60	0.48	0.799
organizational performance	3.33	0.53	0.804

In order to analyze the data and test the hypotheses, the SPSS has been used. Pearson correlation coefficient, regression test, path analysis, and Freedman test have been employed for this purpose. Also structural equation modeling has been employed for testing the proposed model. This has been done in Amos. Also several indexes have been used for testing the goodness of model fit. The GFI, CFI, RMSEA, IFI, and  $X^2$  are the main indexes that have been used for this purpose.



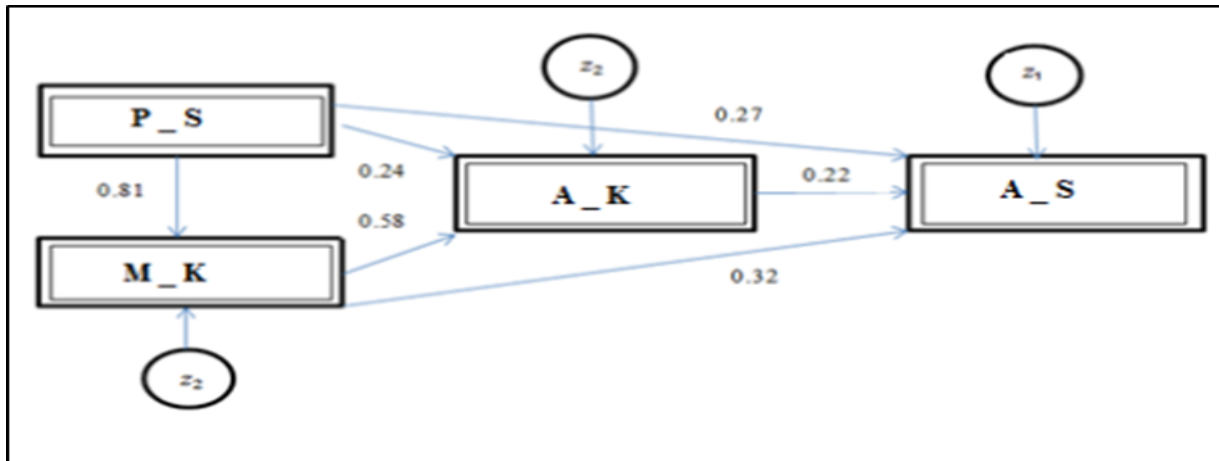
**7. Detailed explanations and hypotheses**

**Table 3: the results of testing the hypotheses**

Number of hypothesis	Description of hypothesis	Solidarity coefficient	Meaningfulness coefficient	Acceptance or rejection of hypothesis
H1	The organizational rewards influences on employee participation.	547/0	0.000	Accepted
H2	The organizational rewards influences on employee performance.	497/0-	0.000	Accepted
H3	The organizational rewards influences on organizational performance	06/0	0.002	Accepted
H4	employee participation influences on employee performance	106/0	0.000	Accepted
H5	employee participation influences on organizational performance	094/0	0.001	Accepted
H6	employee performance influences on organizational performance	049/0-	0.000	Accepted

**8. Structural equation modeling**

In order to test the proposed model, structural equation modeling has been used. For this purpose, firstly, goodness of model fit has been examined that its results has been indicated in figure 4.



**Fig4:basic model of research**

There are several indexes for examining goodness of model fit in structural equation modeling that some of them have been used in this study. The results of these indexes have been indicated in table 4.

The RMSEA is close to 0.00. If this index is more than 0.1 for a model, it is resulted that goodness of model fit is not confirmed. As indicated in table 4, the RMSEA is less than 0.08 for our model. This confirms goodness of our model fit. Also the results of other goodness of model fit indexes that have been indicated in table4, confirm goodness of our model fit.

**Table4: the results of goodness of model fit**

	NPAR	df	CMIN	CMIN/df	CFI	TLI		PCFI	PNFI	RMSEA
1	31	5	6.642	1.328	0.997	0.982		0.178	0.176	0.390

**Table5: the results of the relationships between model components**

Values	Standard deviation	Standard error	Critical Rate (CR)	P	Results
Variables					
The organizational rewards influences on employee participation.	0.81	0.100	2.999	0.000	Confirmed
The organizational rewards influences on employee performance.	0.24	0.055	2.304	0.000	Confirmed
The organizational rewards influences on organizational performance	0.27	0.087	2.609	0.002	Confirmed
employee participation influences on employee performance	0.58	0.385	5.692	0.000	Confirmed
employee participation influences on organizational performance	0.32	0.053	3.299	0.001	Confirmed
employee performance influences on organizational performance	0.22	0.084	2.354	0.000	Confirmed
p≤0.001					

The results of table 5 reveal that there are significant relationships between reward and cooperation, cooperation and coordination, reward and conflict, cooperation and conflict (p≤0.05). Also another part of the results reveal that there is not any significant relationship between conflict and cooperation.

### 10. Implications

Every author has several limitations in his/her study that some of them exists in beginning of study. Also every comprehensive study has several limitations and difficulties that these prevent from generalizing its results to other cases. Recognizing these limitations paves the grounds for interpreting its results and promoting quality level of the future studies. There are several limitations in this study that some of these have been presented in the following sections. The difficulties that the managers facing in communicating managers, managers' sensitivity toward questionnaire, and inappropriate organizational culture are the main limitations of this study. Undoubtedly, the main limitation of every study is that the authors cannot generalize the results of the study to other cases. Such a limitation exists in this study and the authors cannot generalize its results and findings to other cases. Also this study has

been done in an especial area of Iran in the city of Isfahan and thereby its results cannot be generalized to other cities of Iran.

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