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IMPACT OF MOTIVATION ON EMPLOYEE'S WORK PERFORMANCE IN E-COMMERCE

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U skladu sa članom 54. Pravila studiranja za I, II ciklus studija, integrisani, stručni i specijalistički studij na Univerzitetu u Sarajevu, daje se

IZJAVA O AUTENTIČNOSTI RADA

Ja, Aldijana Emirić, studentica drugog (II) ciklusa studija, broj index-a 3452-69652 na programu Menadžment, smjer Marketing, izjavljujem da sam završni rad na temu:

IMPACT OF MOTIVATION ON EMPLOYEE'S WORK PERFORMANCE IN E-COMMERCE

pod mentorstvom Dr. Prof. Lejla Turulja izradila samostalno i da se zasniva na rezultatima mog vlastitog istraživanja. Rad ne sadrži prethodno objavljene ili neobjavljene materijale drugih autora, osim onih koji su priznati navođenjem literature i drugih izvora informacija uključujući i alate umjetne inteligencije.

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SAŽETAK

Danas se zaposlenici u preduzećima smatraju jednim od glavnih generatora napretka konkurencije. Kako su vlasnici i menadžeri mijenjali svoje stavove prema poslovanju i ljudima koji rade u organizaciji, tako se mijenjao i pristup motivaciji zaposlenika. Svrha master rada je prikazati motivaciju zaposlenika, uz odgovor na tri hipotetska pitanja o motivacijskim faktorima i poslovnom učinku zaposlenika. Podaci su prikupljeni od 103 zaposlenika SensiLaba Slovenija pomoću upitnika koji su sami popunili. Primijenjena je višetruka regresija kako bi se utvrdio uticaj motivacije zaposlenika na poslovni učinak zaposlenika koji uključuje pet varijabi a to su nagrade, interne komunikacije, IT u komunikacijama, motivacija zaposlenika, poslovni učinak. Rezultati ovog istraživanja pokazuju da postoji značajna i pozitivna povezanost između motivacije zaposlenika i poslovnog učinka zaposlenika. Također se zaključuje da nagrade imaju značajan pozitivan odnos s učinkom i motivacijom zaposlenika. Rezultati su pokazali da je interna komunikacija u SensiLabu vrlo dobra te da osjećaj pripadnosti i uključenosti menadžmenta u zaposlenike utiče na povećanje motivacije. Kada je riječ o informatičkoj komunikaciji, rezultati su pokazali da su zaposlenici vrlo zadovoljni trenutnim mogućnostima koje im preduzeće pruža putem portala SensiLab te da informacije i mogućnosti koje su im dostupne utiču na njihovu motivaciju i uspješnost poslovanja. Istraživanje je također pokazalo da postoji utjecaj motivacije zaposlenika na radni učinak, što ide u prilog nalazima.

Ključne riječi: motivacija, poslovni učinak, nagrađivanje, regresiona analiza

ABSTRACT

Nowadays, employees in a company are considered one of the main generators of competition advancement. As owners and managers changed their attitudes towards business and the people working as part of an organization, so the approach used for motivation of employees also changed. The purpose of the master's thesis is to present the motivation of the employees, while responding to three hypothetical questions about motivational factors and performance. Data is collected from 103 employees of SensiLab Slovenia by using self-administered questionnaire. Regression analysis is applied to find the effect of employee motivation on employee's performance involving five variables rewards, internal communications, IT in communications, employee motivation, job performance. The results of this study show that significant and positive relationship exists between employee motivation and employee job performance. It is also concluded that rewards have a significant positive relationship with employee performance and employee motivation. The results showed that the internal communication in SensiLab is very good and that the feeling of belonging and involvement by the management in the employees influence the increase of motivation. When it comes to IT communication, the results showed that employees are very satisfied with the current opportunities provided by the company through the SensiLab portal, and that the information and opportunities that are available affect their motivation and business performance. The research also showed that there is an impact of employee motivation on work performance, and this supports the findings.

Key words: motivation, job performance, rewards, multiple regression

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1.   INTRODUCTION

Nowadays, employees in a company are considered one of the main generators of competition advancement. As owners and managers changed their attitudes towards business and the people working as part of an organization, so the approach used for motivation of employees also changed. According to the classical approach, employees are a resource involved in the business process, they possess certain qualities that help them perform their job well, thereby increasing productivity and, in return, they get a vague for the work they put in. In the age of knowledge management, reactiveness and market flexibility, contemporary organizations are looking for new, modern ways of motivation (Harell & Daim, 2010).

Fundamentally, motivation stems from human necessities, aspirations, and anticipations. In simpler terms, these elements imply methods that can be employed to inspire employees. It's essential to maintain motivation and endeavour to address diverse employee needs to ensure their satisfaction, contentment, and stress-free environment. This fosters a positive atmosphere, enhancing employee focus, interest, and initiative in their tasks, thereby leading to increased efficiency in their work (Mikkelsen *et al.*, 2017).

Motivation is a technique of creating attraction to work. The process of motivation is constant and is beneficial to both, the employer and the employee. This is crucial importance for improving employee performance (Journal & Basic, 2017).

The modern approach differs from the classical approach. It is based on the belief that the employees doing their jobs in an organization represent a capital with which differential advantages of an organization towards other organizations can be achieved. Both approaches mentioned have led to the classification of motivational theory into two groups: early motivational theory and contemporary motivational theory. All managers, executives and superiors need to understand the different types of motivating incentives (Latham & Pinder, 2005). Often, non-financial incentives or rewards lead to better one's efficiency and effectiveness as some individuals do their work for meeting personal goals and needs. Job satisfaction can be the result of achievements, verbal recognition, challenging work full of challenges and promotion (Tumen & Zeydanli, 2016).

The interest in applying the motivational practices on employees appeared at the same time as the industrialization of manufacturing: around 1940. Nevertheless, research and theoretical generalization have appeared around the 1950s and 1960s under applied work psychology. The modern age emphasizes the importance of urban motivational phenomenon (Mak *et al.*, 2018).

The fact that motivation needs to be studied within concrete work situations makes the motivating of others especially challenging, which also implies that the definition of standard motivational procedures is not easy to obtain, and it differs from one case to another, or from

one individual to another. The key factor needed for success in business today is finding a way to motivate people to work.

Managers must ensure they understand their employees' sources of motivation rather than merely adhering to a motivational theory. It's crucial to inquire about what drives employees, listen to their responses, and act accordingly. Through examining the interplay between motivation, satisfaction, and productivity, it becomes evident that there is indeed a correlation among these factors. Nevertheless, it would be completely wrong to generalize those tendencies and accept them as true.

In situations when results are the subject under discussion, companies very often begin to analyze sources of the failure, missed chances and the mistakes that have been made. The effects of such considerations can be accurately measured and shown in financial reports, becoming parts of managerial reports that imply a weakness in the work of human resources. It is a known fact that each human responds to a unique combination of factors which drive them to move, to reach higher standards when faced with a task and, thereby, making a positive contribution to the business of an organization (M. T. Lee & Raschke, 2016).

There are many motivational theories, and they change very quickly. Quite a few traditional motivational theories relate to the hierarchy of needs according to Maslow, achievement theory (McClelland), two-factor motivational theory (Herzberg), Theory of Justice (Adams), Theory of Expectation (Vroom) and others (NěmeČková, 2017).

Satisfied and motivated employees are always more productive, they contribute more to the fulfillment of organizational goals, that's why is very important for managers to identify what motivates every single employee and, in accordance with that, to develop the proper system of rewards (Ristic *et al*., 2017). The research intent of the paper is based on the study of the influence of basic leadership styles on work motivation of employees as a basic socio-psychological aspect of employees that affects company performance and organizational outcomes.

Work motivation is implied the desire and perseverance of the individual in performing a particular task. In many studies motivation is seen as a phenomenon that is influenced and affected by changes in other organizational phenomena such as which is management style, job structure and pay system (M. T. Lee & Raschke, 2016). Beside financial rewards there are also other important work motivation factors such as environment, relationship between departments, open communication and focus on achievement, which are dominant for achieving best work results. Given that the modern world is a society of hyper-change characterized by dynamism, dramatic, complex and unpredictable and influenced by five factors: market globalization, the advancement of information technology, increasingly dominant entrepreneurial forms, the growth of organizations in the service sector and a focus on quality management, future managers must rely on the intellectual capital of an organization that encompasses knowledge, ability and innovation of employees (Soedarsono *et al*., 1998).

1.1.   The aim of research

The master's thesis seeks to delve into the complex realm of employee motivation by addressing three overarching research questions pertaining to motivational factors and their impact on performance. These questions, elucidated in the introductory chapter and further delineated in the subsequent research phase, serve as guiding pillars for the investigation.

The primary objective of the research endeavour is to identify and prioritize the factors that play a significant role in motivating employees. Central to this inquiry is the examination of employees' attitudes towards their leaders, the influence exerted by leaders on employee motivation, and the perceptions of job content and performance. Through rigorous empirical inquiry, the research aims to shed light on the relative importance of these factors in driving employee motivation and, consequently, enhancing workplace performance.

The theoretical framework underpinning the research endeavour seeks to elucidate key concepts such as motivation, leadership, and their interplay in shaping employee behaviour and organizational outcomes. By synthesizing existing literature and theoretical perspectives, the theoretical part of the thesis endeavours to provide a comprehensive understanding of the underlying mechanisms driving employee motivation and the pivotal role played by leadership in this process.

The research methodology employed in the study entails the administration of structured questionnaires focusing on motivation and leadership. Through rigorous data collection and analysis, the research seeks to empirically examine the influence of these factors on employee performance and ascertain the validity of the research questions posited at the outset.

By distilling and synthesizing the research findings, the thesis aims to furnish valuable insights that can inform managerial practice. Armed with a nuanced understanding of the factors underpinning employee motivation, managers can leverage this knowledge to devise targeted interventions aimed at enhancing employee engagement, satisfaction, and ultimately, organizational success. Thus, the culmination of the research endeavour holds the promise of equipping managers with actionable insights to drive positive change and foster a more motivated and productive workforce.

1.2.   Research Questions

Before conducting the survey, a crucial step in any research endeavor is to establish clear research questions that guide the investigation. In this study, three specific research questions were formulated to provide a framework for the survey and subsequent analysis. These questions serve as the focal points around which data collection and interpretation revolve. Let's delve into each of these questions:

How important is pay in comparison with other motivational factors?

How does the attitude of the leader to the employees influence the worker's motivation? How important is the performance of a colleague in his attitude toward work?

The first question is interesting to the management of the company from the point of view of the importance of money stimulation, but at the same time we want to show employees that in accordance with the already discussed theoretical findings, pay is not the most important motivational factor. Considering that the surveyed population belongs to a slightly lower average wage segment in terms of the situation in the Slovene territory, but still well above the minimum wage, I expect that the importance will be highly defined, and in most of the results it will not be at the highest level. Although the financial factor is highly defined, in most of the results it is not the highest point. More than payment itself, rewarding is important for motivating employees, and even way of rewarding in companies that is what will employees remember more than just pay as it becomes self-explanatory over time (Y. Lee *et al.,* 2015).

Some argue that the most important strategic decision in a company about rewards is when, why and how an individual employee is rewarded for their work. Some choices can be made at the company level, and some are accepted by individual managers and organizational units. This is where the possibility of personalizing individuals about the rewards comes up. If a leader knows individuals, they can be much more motivated by such rewards that they mean more to them or they will prefer it. Some people like cash rewards, someone needs constant praise for his work to see that what he did was noticeable. Others want privileges such as service car, work from home, etc. (Fay & Frese, 2001).

The second question explores relationships in a hierarchical relationship. The company Sensilab is a hierarchical organization, where group leaders are responsible for the correctness and smoothness of business, the result and maintenance of appropriate relationships in the team. We derive from the theoretical findings presented in the first part of the paper, which rank the employees' feelings in the workplace as high motivation factors; therefore, it is assumed that the results of the analysis will show the high importance of the manager's attitude to the motivation of the worker (Graves *et al.,* 2013).

By the third research question, we measure the existence of a link between performance at work and the worker's attitude towards work; Based on experience, we assume that more successful employees who achieve better sales results, have greater self-esteem and more positive attitude towards work. Successful colleagues are expected to be repeatedly praised and encouraged by the manager for their further work, which is reinforced by self-confidence and does not build obstacles to achieving results, as their experience is mostly positive. Performance is analyzed so that the results of the work are compared with the goals. So, the actual situation is compared to what is expected. Purpose of determining performance is that we can decide who can get promotion, who must learn and try more, who should be transferred to another job position, who needs a pay raise, etc. This information helps us identify employee's skills or abilities to do some work (Lau *et al.,* 2018).

1.3.   Research Objectives and hypothesis

The principal objectives of this master's thesis encompass a comprehensive exploration of specific aims and goals intended to guide the research process and achieve meaningful outcomes. These objectives serve as the foundation upon which the thesis is built, providing a clear roadmap for conducting the study and addressing the research questions effectively:

1. To identify motivation factors of employees in Sensilab;
2. To analyze impact of financial reward system on motivation and employee performances in Sensilab;
3. To explain how open internal communication between departments is important for achieving best work results;
4. To find out non-financial important work motivation factors such as environment, relationship between departments, open communication and focus on achievement, which are dominant for achieving best work results.

In alignment with the overarching theme and specific research objectives, hypotheses serve as pivotal components in formulating testable propositions that guide the empirical investigation. These hypotheses are crafted based on the research goals and are designed to explore relationships, patterns, or effects within the chosen subject area. By articulating hypotheses, researchers aim to systematically examine the proposed relationships between variables or phenomena and contribute to the advancement of knowledge in the field.

In summary, hypotheses play a central role in structuring and guiding empirical research, providing a framework for systematic inquiry and hypothesis testing. Through careful formulation, testing, and interpretation, hypotheses contribute to the generation of new knowledge and insights that advance understanding within the chosen field of study.

In accordance with the subject theme and research goals, following hypothesis can be defined:

H1: Rewards and bonus system are positively related with work performances.

H2: Open communication between departments and "open-door policy" relationship between managers and employees have a positive impact on morale and employee performance.

H3: SensilabNet, portal for internal communication, for sharing news and information have a positive impact on employee motivation and better performances.

H4: Employees' motivation has significant influence on job performance at SensiLab company.

Figure 1. Hypothesis model
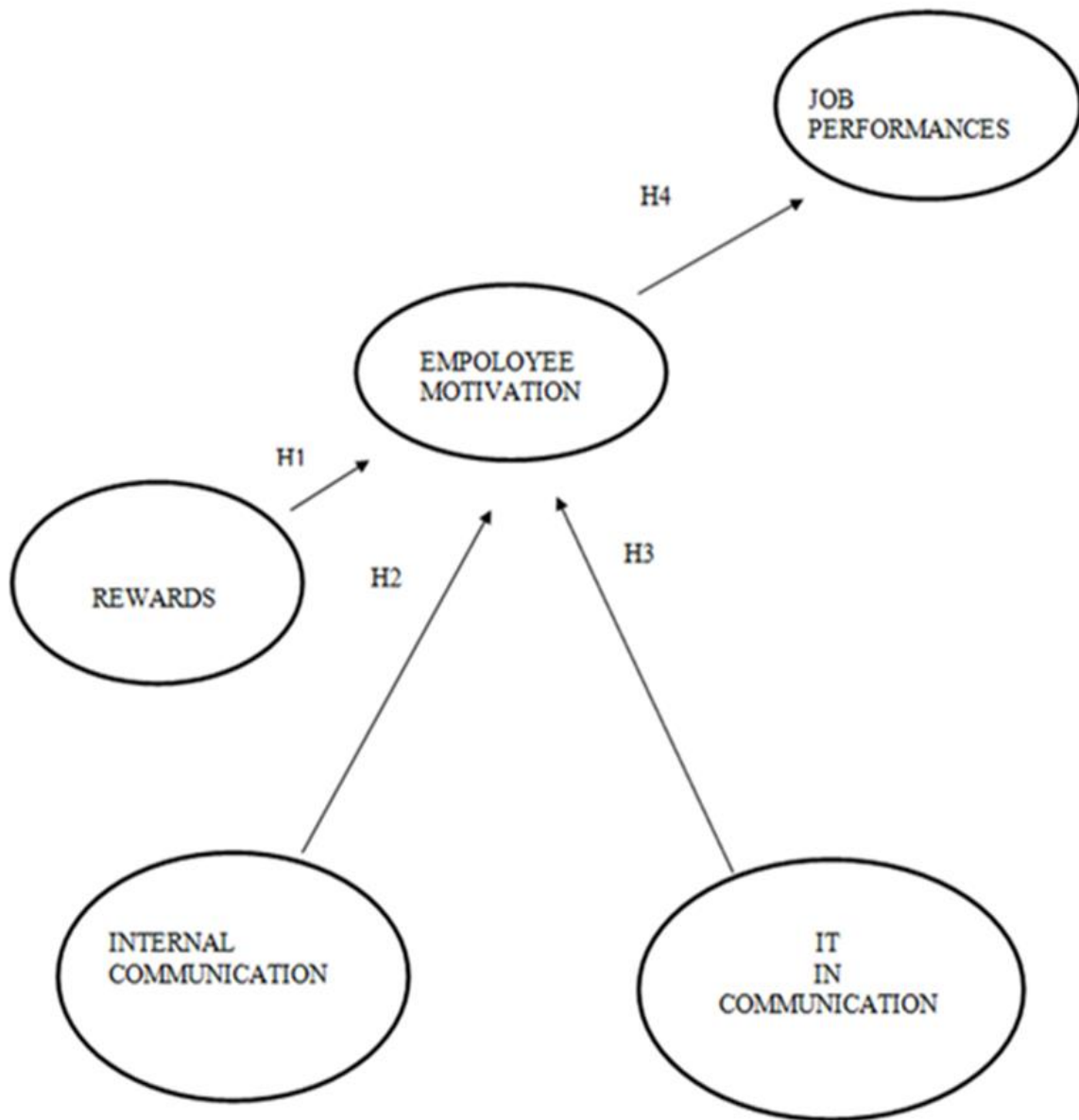
Source: Creation of the author

1.4. Methods of the thesis

In order to study the state of motivation and management of employees, I used the questionnaire by the technique of anonymity. With anonymity, I wanted to ensure the honesty of the answers. For the survey, I decided to obtain the relevant responses of the largest number of employees participating in the survey. The survey was prepared in such a way that it addressed all areas of leadership, motivation, performance, and satisfaction, which are important for determining the investigated factors.

The survey consists of a general and special part. In general, we investigate the gender, age, education, length of service in a company, the type of employment relationship and the position of the company (group leader or subordinate – guided associate). A special part of the survey involves investigating motivation factors of employees, expectations of leaders, experiencing work, expected leadership abilities and their handling at work. It concludes with the determination of workplace wellness and employee performance evaluation. Depending on the different levels of jobs (leader, guided) It will also be able to identify certain connections and addictions and find mutual (Hays & Hill, 2001).

The second part of this paper is titled Literature review. In this part, it will be explain the term and meaning of motivation, and later, focus on work motivation, which represents one of the most important assumptions on which the work efficiency and achieving of goals is based, in terms of individuals, as well as entire organizations. There is a correlation between the motivation percentage and the quality of results, as well as the level of development within an organization. For this reason, all managers wish to have the largest number of motivated workers and groups possible in their businesses. That is why a high emphasis is put on planned and systematic increase of motivation and morale among workers, which in a large part, falls under the area of managing human resources (Bryson & White, 2019).

Work motivation theories, aims to present existing work motivation theories is the second part of Literature review. Thanks to the efforts put in influencing human behavior, actions, and growth towards aiming their potential at successful businesses in organizations, the theories of work motivation were developed. In their core, they are important because they accentuate the challenges that are based on human behavior. In a certain way, the motivational theories exist to aid in finding a satisfactory solution by pointing at possible behavioral problems among workers in a workplace (Hitka & Štípalová, 2011).

The third part of Literature review is titled the impact of motivation in performance of employees. Motivation of employees and managing performances represent a central area of managing an organization, because they directly affect productivity, quality of service, growth, development, and the survival of an organization. As a result, the highest management is supposed to build a truly motivational structure in order to achieve the highest performance. Given the significant impact of motivation on performance, scientists, researchers, and entrepreneurs encounter a formidable challenge. The complexity and dynamics of this academic field have prompted researchers to endeavor to theoretically elucidate methods for keeping top performers motivated, thereby enhancing overall performance (Lin, 2011).

The third part of the paper named Empirical researsh is based on research, which is to be done at the „Sensilab"company. In this chapter, the characteristics of the research process will be presented in detail. The results, data analysis, testing of defined hypotheses and the characte ristics of the research sample will be presented in a descriptive manner, as well as by using tables and graphs.

The conclusion will sum up the most important results provided by the research. Also, it will focus on the limitations and recommendations for future research in this subject. The purpose of the master's thesis is to expand knowledge with the help of literature. To find out what is motivation and satisfaction of employees of Sensilab and to present empirical research and appropriate recommendations to the company's management. With help of research constructs I will expand the base of theoretical findings related to motivation and employee satisfaction. The way employees are motivated has changed over the decades. Today, the role of managers is to create appropriate conditions for employees and encourage them to achieve successful results, while in the past the role of leaders was based mainly on control. When employees feel good in their workplace they make better decisions, are much more efficient and productive.

2. LITERATURE REVIEW

2.1. Concept of working motivation

2.1.1. The concept and meaning of motivation

Employee motivation has become an inevitable factor today when it comes to the quality and value of a company. The essence of motivation stems from the term 'motive,' representing the internal needs, desires, wishes, or drives within individuals. It entails inspiring individuals to take action toward goal attainment. Psychological factors underlie people's behaviors regarding work-related goals (Chaudhary & Sharma, 2012), such as:

- Job satisfaction;
- Achievement;
- Need for financial compensation;
- Desire for respect.

It can be concluded from this that it is a motivating reason, an occasion, an incentive for some action. Motivation can be defined as the internal enthusiasm and drive within employees to complete work-related tasks. According to Chaudhary & Sharma (2012), motivation is the internal impetus that leads individuals to make decisions and take action. Motivated employees tend to be productive, content, dedicated, and satisfied with their work, demonstrating a high level of engagement (Nizam & Maqbool Shah, 2015).

In management, motivation refers to the internal force within an individual that influences the level, direction, and persistence of effort exerted at work (Mládková, Zouharová, & Nový, 2015). It encompasses the psychological processes that drive excitement, direction, and persistence of voluntary, goal-oriented actions. Motivation is a dynamic process involving the intensity, direction, and persistence of an individual's efforts toward achieving a goal. Despite its importance, many individuals desire more motivation without fully understanding its nature. Motivation can be defined as the provision of incentives that

stimulate action (Vaslavskaya et al., 2019). Managers and leaders often seek a more motivated team of employees, while employers prefer individuals who are inherently self-motivated.

Each individual's motivation varies, influenced by various motivational sources. According to Rahim & Jam'an (2018), theoretically, there are two types of motivation or sources of motivation. The first type originates from within each individual, encompassing attitudes, personality, experiences, education, hopes, or ideals. According to self-determination theory, motivation that comes from within increases in more autonomous work situations and results in more positive attitudes and behavioral outcomes (Elizabeth Boye & Amponsah-Tawiah, 2016). On the other hand, according to Rahim and Jam'an, another type of motivation is the one that comes from outside the individual, such as leadership, work environment, friends, rules, economy, politics, culture, and the like, all of which have an impact on behavior and individual attitudes. A special focus on extrinsic motivation can distract attention from the task, which has been called the hidden cost of rewards (Osterloh , Frost , & Frey, 2010).

Motivation can be defined as the combination of a person's desires and their emotional state, which drives them toward the pursuit of their goals (Mullins, 2010). In their work (Elizabeth Boye & Amponsah-Tawiah, 2016) they assert that motivation encompasses a series of processes involving a driving force that stimulates behavior and guides it toward achieving particular objectives. Additionally, they suggest that not only does motivation impact performance, but performance can also influence motivation, especially when accompanied by rewards

2.1.2. Motivation and productivity of work

Reviewing the literature, it can be noticed that many authors have tried to explain the motivation of employees over the years, starting from the assumption that each individual has a set of needs and for this reason prescribe the characteristics that should be present in jobs. This is precisely one of the main points of departure for managers when designing motivational schemes to influence work productivity. Motivation plays a critical role in organizations by enhancing morale among employees, driving them towards achieving their goals. Motivated employees contribute to the organization's success as they continuously strive to enhance their performance (Ahmad & Ali, 2009). High job satisfaction significantly enhances employees' work performance, which in turn can positively impact their contributions to the business (Kumar & Prabhakar, 2018). Ouchi (2004) Organizations would be more profitable and effective when their workers enjoy trust in them and this will lead to work productivity in addition motivated employees means staff retention and loyalty which will give business growth in the short term (Nizam & Maqbool Shah., 2015).

Namely, motivation is a process that maximizes the abilities and competencies of employees, which are the key resource of every company. Motivation has direct and indirect effects. It is often stated in practice that it significantly affects the success of work tasks, improvement

of employee performance, productivity and business efficiency. It is evident that these are factors of success and competitiveness of every company. In order to increase work efficiency and performance, it is important to address a number of issues, including increasing motivation among employees, feeling job satisfaction, and increasing work-related well-being in general (Said, *et al*., 2015).

Motivated employees tend to be more productive than unmotivated employees. Most businesses go to great lengths to motivate workers, but that's usually easier said than done. Each employee is an individual in his own right with different dislikes and needs, and for this reason, different things will motivate everyone. (Griffin, *et al*., 2017) say that the main difference between highly effective and productive organizations and less effective ones is usually found in the motivation of their employees.

Ray Atner professor of business sciences from Brookhaven College, stated that the manager's approach and a suitable environment are two necessary factors for the development of motivation, the third key factor is communication. Although communication takes place constantly and without stopping, in order for it to be successful, it is necessary for both parties to understand each other (Šalić *et. al*. 2015).

In their work (Chaudhary & Sharma, 2012) talking about how motivation affects work productivity, they state the following:

− Motivated employees are more productive - If the employee is satisfied and happy, he will perform his work with ease, impressively, and the result will be good in the end. It is common for such workers to motivate colleagues around them, thus making the team more productive and the company more successful.
− Decision-making and practical expectations - It is very important to involve employees in the process of making business decisions, while creating realistic expectations.
− Job description, work environment and flexibility - if the worker performs the job in accordance with his skills and personality, then there is a greater chance that he will perform his job well and achieve good work productivity, which will increase his motivation and satisfaction. A very pleasant working environment will greatly contribute to better productivity and willingness to work. Workers can also be motivated by a good business policy of the company, which refers to flexible working hours, working from home, childcare and the like.
− Salary and benefits - It is an old rule that an employee will be motivated by good benefits and a higher salary, only such things should be properly controlled.
− Company culture - An important motivational tool is the creation of a positive and employee-friendly culture within the company. Culture plays a key role in understanding the interlocutor, as it directly affects a person's personality and behavior.
− Self-esteem within an organization typically hinges on how effectively an individual's performance is assessed, along with the incentives, awards, and acknowledgments they receive, all of which bolster their self-assurance. With ongoing training, individuals can become more proficient and self-assured in their roles, leading to increased productivity.

Consequently, heightened self-confidence opens doors to further rewards, recognition, and favorable performance assessments. (Benson & Dundis, 2003).

2.1.3. How to motivate employees

The prosperity or downfall of any organization hinges on the level of motivation and dedication demonstrated by its employees towards their tasks. Motivation stands as a pivotal factor in enhancing employee output and efficiency. It directly influences employee commitment, productivity, and ultimately, the profitability of the business. It's imperative for every company, particularly its management, to discern which employees excel and which may benefit from further training. Management holds the responsibility of identifying what motivates each individual, as motivations vary—some are driven by acknowledgment, while others by rewards. In today's landscape, employees are key drivers of competitive advantage (Šalić *et.al*, 2015) and that the importance of motivation was presented earlier in the paper, the question remains how to motivate employees?

Over the years, the approach to motivating employees has changed, from the traditional understanding that an employee is only a resource that should be included in the work process, and that those who show good qualifications for performing a given job should be properly and paid for it. Today, however, a lot is written about employee motivation in general, and great attention is paid to increasing awareness of the benefits that a motivated employee brings, because the modern approach is based on the belief that people are actually organizational capital, on the basis of which a company's market advantage is created compared to others (Petković, 2008).

Interpreting what motivates employees is a key challenge for managers. While it is not feasible to directly instill motivation in others, it is crucial to understand how to shape the factors that drive their motivation. The overarching goal is for employees to recognize their own fulfillment as intertwined with the organization's success (Ahmad & Ali, 2009).

Managers adopt employee motivation as a core policy to boost the efficiency of employee performance within organizations (Oluseyi & Ayo, 2009). When discussing employee motivation, the focus often revolves around distinguishing between intrinsic and extrinsic motivation. Extrinsic motivation refers to the drive employees have to fulfill their needs indirectly, often through means such as monetary compensation (Ristic, *et al.,* 2017).

Employers and managers should be guided by the following factors when it comes to motivating employees (Chaudhary & Sharma, 2012):

- − Management and leadership actions allowed by employees;
- − Belief in the strength of their employees;
- − Seek input from employees regarding their desires and preferences.
- − Empower employees to gauge their own progress and achievements.

- Maintain transparent and consistent communication regarding factors that are important to employees.
- Demonstrate respect towards employees in all interactions.
- Offer regular recognition and appreciation to employees.
- Provide feedback and training opportunities facilitated by managers and leaders.
- Ensure that the benefits and compensation offered are competitive within the industry.
- Clearly outline the organization's reward systems and how they operate.
- Solicit feedback from employees regarding their performance.
- Foster an environment of open communication.
- Minimize interruptions and allow employees to focus on their tasks uninterrupted.

Carraher et al. (2006) also support the idea that implementing an effective reward system is essential for retaining high-performing individuals within organizations, emphasizing the importance of linking rewards to productivity. Similarly, Baron (1983) concludes that organizations could derive benefits from instituting comprehensive reward programs that center around formal reward policies.

As per Tosa, Mero, and Rizzo (2000), motivation holds dual significance, encompassing both psychological and managerial realms. Psychologically, it denotes an individual's internal state driving the initiation, direction, persistence, intensity, and completion of behaviors. Managerially, it pertains to the actions undertaken by managers and leaders to stimulate others towards achieving desired organizational outcomes, all while recognizing the intricate dynamics among motivation, capability, and performance.

However, subsequent to a series of investigations, particularly the renowned "Hawthorne Studies" conducted by Elton Mayo from 1924 to 1932 at the Hawthorne Works of the American Western Electric Company in Chicago, it was revealed that employee motivation transcended mere financial incentives. These studies demonstrated that employee behavior was intricately linked with their attitudes (Dickson, 1973, as cited in Lindner, 1998). The Hawthorne studies catalyzed the adoption of a human relations management approach, placing the needs and motivations of employees at the forefront of managerial concerns (Bedeian, 1993). This paradigm shift paved the way for the emergence of various other theories and interpretations regarding motivation and performance within organizational settings.

2.1.4. Return on investment in human resources and their motivation

The foundation of human resource management (HRM) lies in the recognition that it revolves around the effective utilization of resources, particularly human resources. Central to this understanding is the acknowledgment of individual differences encompassing knowledge, skills, abilities, and other traits (such as personality). Additionally, HRM involves recognizing and comprehending the processes and factors that influence motivation within individuals. (Vancouver, 2008).

2.1.5. Modern strategy of motivation

Motivational strategies can generally be divided into two basic groups, tangible and intangible strategies. Material reward strategies primarily focus on bolstering and elevating the financial standing of employees, principally through offering compensation for their work and effort (Prahin & Katavić, 2021).

The modern way of motivating employees emphasizes the importance of employee participation in this process. This means that their engagement is reduced to getting involved in the initiation phase, that is, in the start itself, where the goals are defined. In this way, positive emotions are awakened in employees, a sense of belonging as well as importance and respect is created, which can later positively affect their organizational skills. In this way, managers are greatly facilitated in the further creation of motivational strategies. Today, one of the tasks of the leader is to motivate employees to work in accordance with the directions that have been conveyed (Mulang, 2022).

2.2. Theory of motivation for work

2.2.1. Process theory of motivation

The challenge to motivation theory is now more theoretical and research than practical. We have many pieces of the puzzle, we just have to figure out how to put them together (Vancouver, 2008).

Analyzing process theories of motivation, it can be concluded that they lead to four essential assumptions (Bahtijarević-Šiber, 1999):

- Analyzing process theories of motivation, it can be concluded that they lead to four essential assumptions;
- Often, as individuals evaluate probabilities, they consider whether fulfilling certain tasks or expectations will result in desired outcomes, rewards, and similar benefits.
- In each individual situation, the motivation for an activity, that is, work behavior, is the result of those individual expectations and preferences, i.e. valence of goals and rewards;

In this chapter, three process theories will be presented, namely:

- Vroom's cognitive model of expectations;
- Porter – Lawler's expectations model;
- Adams' theory of social inequalities.

2.2.1.1. Vroom's cognitive model of expectations

Speaking about the development theories of modern methods of motivation, one cannot fail to mention Vroom's cognitive model, which is conceived as a function of motivation itself within the work organization. Vroom's expectancy theory considers motivation as strength. Picture number 2 shows Vroom's expectancy theory model.

Figure 2. Vroom's expectancy theory model
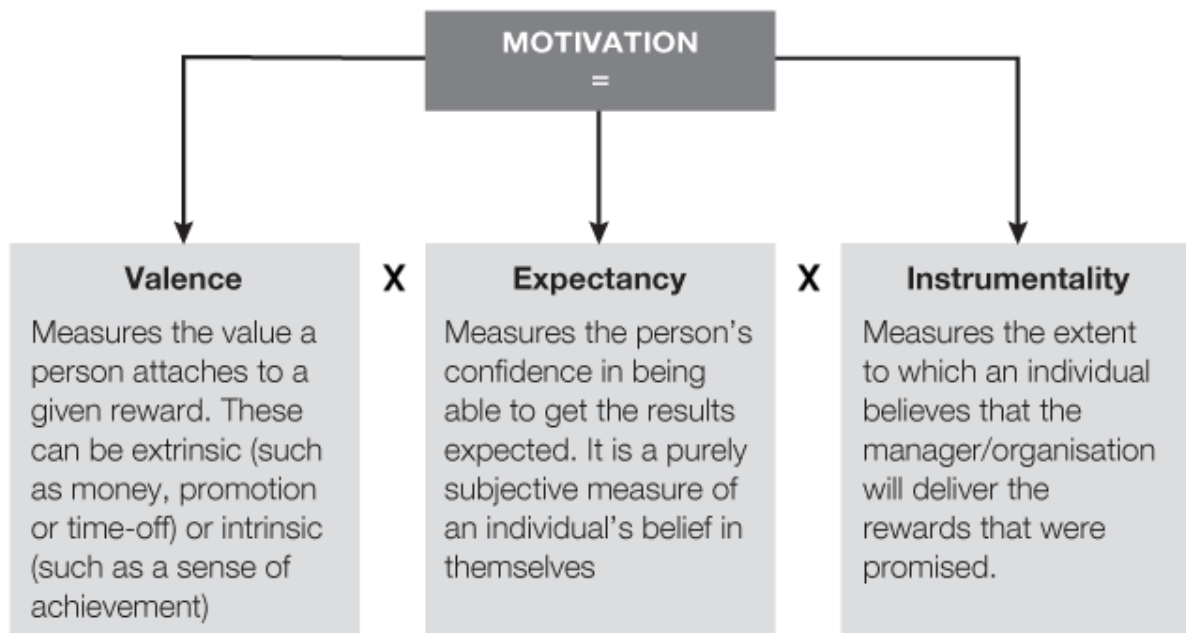
Source: Creation of author

The image depicts the model of Vroom's Expectancy Theory, consisting of three key components:

– valence,
– expectancy and
– instrumentality.

These components are interconnected and influence an individual's overall motivation according to the formula Motivation = E x I x V.

The concept of valance is based on attractiveness and importance through certain effects, in the most common case they are rewards, and it is observed how it affects the individual. On the other hand, the concept of expectancy explains the choice of an alternative by the individual's expectation that he can achieve the set goals with his choice. This means that if an individual - an employee believes that with better work and effort he will achieve a better status at work, then he will work better (Buble, 2000). Finally, speaking about the third element, which is instrumentality, it is considered that the individual will choose an alternative that is related to different effects.

Victor Vroom's (1964) expectancy-value theory, widely accepted as one of the most comprehensive explanations of motivation, integrates various elements from prior theories. It combines the perception aspects of fairness theory with the behavioral aspects of other motivational theories (De Simone, 2015). According to Vroom, individuals are motivated by the anticipation of benefits or rewards resulting from their performance. This theory underscores the importance of aligning rewards with performance to drive employee motivation. Each employee's effort can be gauged, as suggested by Kumar and Prabhakar (2018).

As previously mentioned, appropriate rewards at the right time can effectively manage employee performance. Vroom's theory echoes this sentiment, emphasizing the need for organizations to devise innovative motivational strategies to enhance performance (Nizam & Maqbool Shah, 2015).

2.2.1.2. Porter – Lawler's expectations model

Porter and Lawler's expectations model, building upon Vroom's framework, introduces novel elements shaping work performance. Central to their theory is the concept of employee expectations, wherein individuals anticipate meaningful support from company management and aspire for compensation that reflects their contributions. (Vaslavskaya, *et al*., 2019).

Incorporating elements of fairness theory, this model recognizes individuals' inherent tendency to evaluate the fairness of their compensation in comparison to their colleagues within the organization. Such evaluations directly influence their level of satisfaction. Delving into the literature surrounding this motivational framework yields a significant insight: it suggests that employee satisfaction is predominantly driven by their work results. In other words, when employees perceive their efforts being duly recognized and rewarded, they are more likely to experience satisfaction with their work. This underscores the importance of aligning performance with rewards and ensuring that employees feel adequately compensated for their contributions.

According to Porter-Lawler's expectations model, there is a strong correlation between labor productivity and employee satisfaction. The model posits that productive work not only fosters satisfaction but also plays a pivotal role in enhancing labor productivity. In essence, the model suggests that when employees are engaged in meaningful and productive tasks, they are more likely to experience satisfaction with their work, which in turn contributes to a rise in labor productivity. This highlights the significance of fostering a work environment that encourages and facilitates productive work, ultimately leading to higher levels of employee satisfaction and increased labor productivity (Vaslavskaya, *et al.,* 2019).

Picture number 3 shows the theory of Expectancy Porter and Lawler's.

Figure 3. Theory of Expectancy Porter and Lawler's (Agyapomaa, 2020)
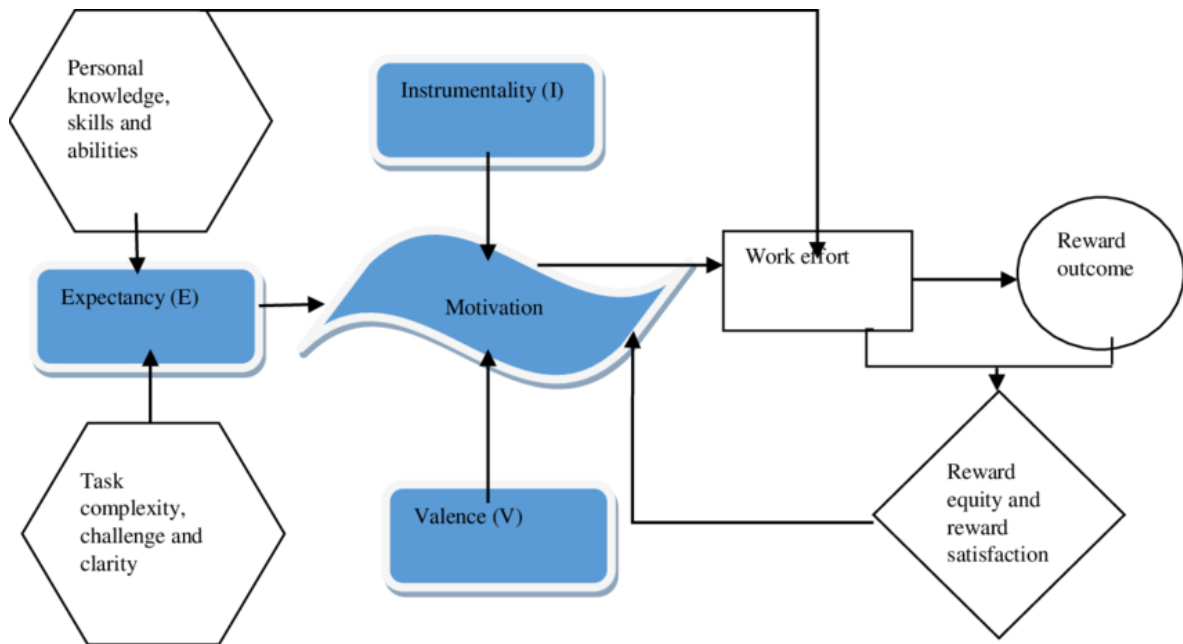
Source: (Agyapomaa, 2020)

2.2.1.3. Adams' theory of social inequalities

The equity theory, also recognized as the fairness theory of motivation, was conceptualized by John Stacey Adams, a prominent behavioral psychologist, in 1963. Similar to other prominent theories of motivation, such as Maslow's hierarchy of needs, the fairness theory acknowledges the intricate and individualized nature of human perception and evaluation. It underscores that various subtle and variable factors uniquely shape each person's assessment of their relationships with others (Guerrero, *et al.,* 2014).

Indeed, the equity theory suggests that there is a direct relationship between the level of fairness or equality among employees and their motivation levels. When employees perceive a high degree of fairness in the distribution of rewards and resources within the organization, their motivation tends to be higher. Conversely, the theory posits that inequality or perceived unfairness can lead to demotivation among employees. In essence, the principle of equity asserts that maintaining a fair and equitable environment is essential for sustaining high levels of employee motivation. According to Adam's equity motivation theory, employees who recognize a situation of inequality between themselves and their peers will feel demotivated and upset.

By putting inputs and outputs in a relationship, Adams believes that inequality always exists and their relationship of equality, i.e. inequality, must always be observed.

An individual can solve the inequality in one of the following three ways (Buble, 2000):

- By acting on its own inputs and outputs, in such a way that in the case of a negative difference it reduces inputs and tries to increase outputs, while in the case of a positive difference it tries to increase inputs;
- Resistance to work that manifests itself in absences from work, procrastination with execution, transfer to another job or another organizational unit, leaving the organization;
- By rationalizing the differences (justifying the differences) or by changing the reference group (finding another person at a lower level of output with whom to compare).

2.2.2. Content theories of motivation

This chapter will explore and analyze several motivation theories that are essential for understanding human behavior within organizations and human resource management. We will explore five key motivation theories:

- Hierarchy of Needs Theory: Abraham Maslow proposed a hierarchy of human needs, which organizes them from fundamental physiological requirements to the loftier aspirations of self-actualization.
- Three-Stage Hierarchy Theory: Clayton Alderfer revised Maslow's theory, categorizing human needs into three groups: existence, relatedness, and growth.
- Achievement Motivation Theory: Focuses on individuals' drive to achieve goals, emphasizing motivation for success and avoidance of failure.
- The Two-Factor Theory of Motivation by Herzberg differentiates between factors that lead to satisfaction (motivators) and those causing dissatisfaction (hygiene factors), emphasizing the significance of recognition and responsibility in driving motivation.
- Role Motivation Theory: Emphasizes the importance of significance and recognition in motivating employees.

Through this chapter, the aim is to provide a deeper understanding of various motivation theories and their practical application in the context of human resource management. We will analyze how each of these theories can offer valuable insights to managers to better understand and foster employee motivation, ultimately leading to enhanced effectiveness, employee satisfaction, and long-term organizational success.

2.2.2.1. The theory of hierarchy of needs

One of the more prominent theories in the realm of motivation is Abraham Maslow's (1954) Hierarchy of Needs, which seeks to integrate numerous studies on human motivation. Prior to Maslow, researchers tended to examine factors such as biology, achievement, or power separately to elucidate what drives, guides, and sustains human behavior. Maslow introduced a hierarchical structure of human needs, categorizing them into deficiency needs and growth needs. According to this framework, each lower-level need within the deficiency category must be fulfilled before progressing to the next higher level. Additionally, once a need is satisfied, if a deficiency arises in the future, individuals will take action to rectify it.

The initial four tiers consist of (Anon., 2015):

1. Physiological: addressing needs such as hunger, thirst, bodily comforts, etc.
2. Safety/security: seeking safety and protection from harm or danger.
3. Belongingness and Love: forming connections with others, seeking acceptance and affiliation.
4. Esteem: striving for achievement, competence, approval, and recognition.

As per Maslow, individuals prioritize pursuing growth needs only once their deficiency needs are fulfilled. Initially, Maslow's model focused solely on self-actualization as the pinnacle of growth. Self-actualized individuals demonstrate characteristics such as (Anon., 2015):

- focus on the problem;
- embracing a perpetual sense of appreciation for life's novelty;
- showing dedication to personal growth and development;
- demonstrating the capacity to cultivate profound experiences.

Figure 4 shows a graphic representation of the hierarchy of needs.

Figure 4. Maslow's Hierarchy of Needs

Surce: Available on: https://www.simplypsychology.org/maslow.html, on date 8.2.2023.

What the image illustrates is Maslow's conceptualization depicted as a pyramid, delineated into five tiers. At the base of this pyramid lies the physiological level, encompassing essentials such as food, water, and shelter—fundamental for human survival. The premise posits that if an individual's basic needs remain unfulfilled, the higher tiers of the pyramid

become inconsequential, as survival constitutes the most essential aspect of human existence (Benson & Dundis, 2003).

In the study by Osemeke and Adegboyega (2017), it is observed that managers possess a significant opportunity to assist individuals in discovering meaning in their work through the following methods:

− Validate research on workplace feelings.
− Dedicate time to facilitate the cultivation of individuals' workplace values and aid them in aligning these values with their objectives.
− Establish connections between individuals' tasks and a meaningful, noble purpose.

Ultimately, training empowers individuals to progress towards self-actualization, enabling them to unlock their potential, acquire new knowledge, embrace risks, and enhance their sense of security in their endeavors. As individuals expand their learning and development within the workplace, Maslow proposes that "Duty becomes delight, and delight merges with duty".

2.2.2.2. The theory of three-stage hierarchy

David McClelland proposed another prominent need-based theory of motivation, distinct from Maslow's hierarchy of needs or the satisfaction-dissatisfaction theory. McClelland's theory suggests that the behavior of most individuals in the workplace is driven by three fundamental needs (Harrell & Stahl, 1984):

1. Power Motivation: Those driven by this need are inclined towards positions of authority and influence. They exhibit strong leadership qualities and possess a high degree of self-discipline.
2. Achievement Motivation: Individuals with this inclination are propelled by the pursuit of success and the attainment of objectives. They excel in demanding circumstances and frequently set lofty goals for themselves, endeavoring to realize triumph in their endeavors.
3. Affiliation Motivation: Those motivated by affiliation prioritize social connections and a feeling of inclusion. They actively seek to foster and sustain positive relationships within their professional environment.These three needs, according to McClelland's theory, can play a significant role in shaping an individual's motivation and behavior in the workplace.

Affiliation-Those driven by this need thrive within group settings or environments that encourage collaboration. They demonstrate strong collaborative skills and actively seek out social interactions. Research by McClelland & Boyatzis (1982) reveals that individuals with a pronounced need for affiliation are naturally drawn to work settings that prioritize the cultivation of warm, amicable relationships. However, such individuals may encounter internal conflicts when placed in formal leadership roles, as the expectations of these

positions, often involving the discipline of subordinates, clash with their desire for friendly camaraderie with colleagues.

McClelland's research unveiled that individuals with a strong need for achievement tend to outperform those with moderate or low levels of this need. Furthermore, regional and national disparities in the motivation for achievement were noted. He delineated six key attributes exhibited by individuals with a heightened need for achievement (Osemeke & Adegboyega, 2017):

− Exhibit a strong inclination to shoulder personal responsibilities when tackling tasks or solving problems.
− Set moderately challenging goals and are willing to take calculated risks in pursuit of those goals.
− Display a keen appetite for performance feedback to gauge progress and identify areas for improvement.
− Possess a fervent drive for personal accomplishment and success.
− Seek out tasks that offer challenges and opportunities for growth.
− Tend to avoid passing on responsibilities to others and prefer to take initiative and accountability for their actions.

McClelland advocates that individuals occupying top management roles should possess a strong need for power alongside a diminished need for affiliation. Furthermore, he posits that while those driven by a need for achievement may excel as managers, they are typically not the best candidates for the highest echelons of management (Osemeke & Adegboyega, 2017).

2.2.2.3. The theory of motivation achievements

The theory of achievement motivation falls within the group of theories rooted in formulations related to human personality. McClelland's seminal work on achievement motivation was significantly influenced by Henry Murray, despite Murray not being directly involved in organizational behavior literature (Miner, 2005).

The Theory of Achievement Motivation has been conceptualized diversely across various studies, as evidenced by a review of the literature. Despite the similarities in essence, numerous approaches to achievement motivation have emerged independently, indicating that most theories on achievement motivation are complementary rather than conflicting. Perceived ability serves as the primary catalyst for this form of motivation. However, there remains a lack of consensus among theorists regarding whether achievement stems from mastering skills or the aspiration to enhance one's self-image (Brunstein, et al., 2005).

Achievement motives are often viewed as indirect predictors of circumstances relevant to achievement. Consequently, it is posited that achievement motives exert an indirect influence, whereas achievement goals have a direct impact on outcomes pertinent to achievement. Two distinct types of attitudes related to achievement include task involvement

and ego involvement. Task involvement refers to a motivational state wherein the individual's primary objective is to enhance skills and comprehension, while ego involvement prioritizes showcasing superior abilities (Butler, 1999).

Winter (2002) outlines achievement motivation as a crucial component of entrepreneurial leadership, contrasting it with power motivation, which he suggests plays a similar role in bureaucratic leadership. While the professional theory has garnered consistent support, the available research evidence in this regard is relatively limited. Notably, Winter does not find any aspects of the theory of achievement motivation applicable in this context.

2.2.2.4. Two-factor theory of motivation

Frederick Herzberg's Two-Factor Theory, introduced in 1959, is commonly referred to as the Hygiene-Motivation Theory. Herzberg is widely regarded as a pioneering figure in the realms of management and motivation. His approach aimed to explore the influence of attitude on motivation by directly soliciting individuals' accounts of instances when they experienced significant satisfaction and dissatisfaction at work. Through this investigation, Herzberg unearthed stark contrasts in the responses provided by individuals who reported positive versus negative sentiments regarding their work.

Herzberg's Two-Factor Theory posits that job satisfaction and dissatisfaction stem from distinct sets of job attributes. Specifically, the presence of motivators fosters job satisfaction, while the absence of hygiene factors contributes to job dissatisfaction. Before the introduction of Herzberg's theory, job satisfaction was commonly perceived as a single continuum, spanning from satisfaction to dissatisfaction, without distinguishing between the factors underlying each end of the spectrum (Labovitz, et al., 1968).

The Two-Factor Theory proposed that job satisfaction is delineated along two distinct continua. One continuum, influenced by hygiene factors, spans from dissatisfaction at one end to no dissatisfaction at the opposite end. The other continuum, governed by motivators, ranges from dissatisfaction to satisfaction. According to the theory, the presence of hygiene factors in the workplace does not inherently lead to satisfaction but rather prevents dissatisfaction. Conversely, motivators engender satisfaction when present and do not provoke dissatisfaction when absent. This framework necessitates that managers take into account two sets of job attributes: those that generate employee satisfaction and those that mitigate employee dissatisfaction.

Figure 5 illustrates Herzberg's classification of hygiene and motivational factors. Hygiene factors encompass supervision, interpersonal relationships, working conditions, salary, company policies and administration, benefits, and job security. In contrast, motivational factors comprise recognition, achievement, growth, responsibility, advancement, and the nature of the work itself. Motivational factors are also termed intrinsic factors, as they emanate from the job itself, while hygiene factors are regarded as external elements, as they exist outside the job context (Sanjeev & Surya, 2016).

The Two-Factor Theory is one of the most commonly applied theories of job satisfaction in job design. Jobs are specifically designed to include various motivational factors to enhance the job's motivational potential and ensure the presence of hygiene factors to prevent job dissatisfaction.

The Two-Factor Theory extends its influence to various workplace practices, including job enrichment, job rotation, and job enlargement (Sanjeev & Surya, 2016). Additionally, its impact reverberates in subsequent theories of job satisfaction, notably the Job Characteristics Model developed by Hackman and Oldham in 1976.

Figure 5. Herzberg's Two-Factor Principles
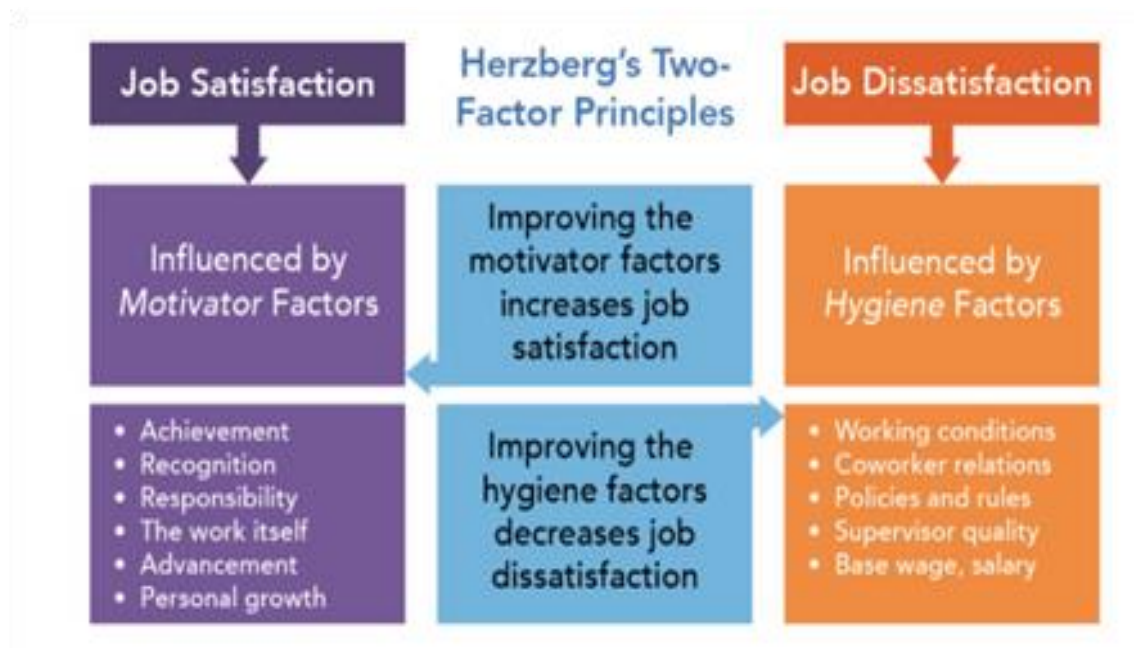
Source: (Organizational Behavior and Human Relations, 2023)

Herzberg delineated a set of factors crucial to the job enrichment approach, as highlighted by Miner (2005):

- Offering direct feedback on performance results to employees, devoid of evaluative judgments and typically not mediated through a supervisor.
- Involving a customer or client, either within or outside the organization, for whom the work is conducted. This designation applies to unit producers reliant on preceding production operations' outcomes and external customers of a seller.
- Providing opportunities for individuals to experience psychological growth through meaningful new learning.
- Allowing individuals to self-schedule their work within realistic timeframes, empowering them to take breaks according to their own schedules rather than managerial directives.

- Encouraging individuals to execute their tasks in their own unique manner and allocate time accordingly. For instance, employees who complete their assignments ahead of schedule may utilize the remaining work periods at their discretion.
- Allocating mini-budgets to employees, thereby making them directly responsible for expenses. This practice pushes cost and profit centers down to the lowest feasible level, empowering employees to approve expenditures within reasonable limits.
- Facilitating communication with individuals essential for task completion, irrespective of hierarchical constraints. Consequently, an employee requiring interaction with a superior in another department would be permitted to engage directly.
- Upholding individual accountability for outcomes.

2.2.2.5. *The theory of motivation role*

John Miner developed a theory that explains how different motivational theories relate to the motivation of roles within an organization, and these roles assume different motivational structural needs (Bahtijarević-Šiber, 1999).

Role motivation theories examine the interplay between various organizational types, the role expectations placed on key individuals (such as managers, professionals, entrepreneurs, or group members) within these organizations, and the corresponding motivational patterns associated with these roles. Essentially, these theories operate at a meso-level, bridging the macro (organizational) and micro (individual) levels of organizational science (Miner, et al., 1994). When roles and motivation are well-aligned, there is a higher likelihood of meeting role demands and achieving effective performance. Conversely, when an individual's motivational profile diverges from the requirements of the role, the likelihood of individual failure increases (Miner, et al., 1994).

The components of managerial motivation outlined in the statements are as follows (Miner, 2005):

- Favorable attitudes toward superiors.
- Desire for competition.
- Desire for power.
- Desire to play in a male role and thereby affirm oneself.
- Desire to be different and unique.
- Desire for responsible performance of routine duties.

The criticisms of role motivation theory, particularly its hierarchical version, were subject to considerable controversy in the late 1970s and 1980s. This examination also incorporates Miner's response to these criticisms, considering new evidence presented by him. The criticisms can be categorized into five main points, although many of them were articulated by only a select few critics:

- Lack of construct validity.
- Lack of reliability.
- Role motivation training focuses on theoretical aspects.
- The purported decline in motivation for management is questioned.
- Widespread gender effects are observed.

Regarding the issue of construct validity, Miner's response and other evidence already considered seem to have put this matter to rest.

2.3. The impact of motivation in performance of employees

2.3.1. The principles and characteristics of effective performance management

Most employees prefer guidance, freedom in performing their job, and encouragement rather than control. Performance management ought to function primarily as a control mechanism only under exceptional circumstances. The remedy lies in transitioning it into a collaborative developmental system through two key approaches. Firstly, every facet of the performance management process—coaching, counseling, feedback, monitoring, recognition, and the like—should foster development. Ideally, team members should experience growth and advancement through these engagements. Secondly, when managers and team members deliberate on enhancing their capacity to tackle larger and more significant tasks, they transition into strategic development discussions.

In his book (Armstrong, 2006) research was conducted on how certain organizations perceive performance management, and the goals are as follows:

- Empowering, motivating, and rewarding employees to perform at their peak.
- Directing employees' efforts towards the right tasks and ensuring they are executed correctly. Aligning individual goals with organizational objectives.
- Proactively overseeing and allocating resources to meet agreed-upon accountabilities and objectives.
- Connecting job performance with the council's medium-term corporate strategy and service plans.
- Aligning personal objectives with team, departmental, divisional, and corporate plans. Clearly articulating objectives with well-defined goals and targets, utilizing both qualitative and quantitative measures.
- Ensuring clarity regarding individual responsibilities, expected standards, and their contribution to the organization's overall success. Providing regular, equitable, and accurate feedback and coaching to inspire and challenge individuals to excel.
- Implementing a systematic approach to organizational performance, aligning individual accountabilities with organizational targets and activities.
- Defining the processes and behaviors through which managers oversee their employees' performance to foster a high-achieving organization.

− Optimizing the potential of individuals and teams to advance themselves and the organization, emphasizing the achievement of their objectives.

Performance management is a deliberate process primarily encompassing agreement, measurement, feedback, positive reinforcement, and dialogue. It revolves around evaluating outcomes in relation to set expectations expressed as objectives.

In essence, it centers on goals, standards, and performance metrics or indicators. Grounded in agreements regarding role expectations, objectives, performance enhancement, and personal development plans, it fosters an environment for continual performance dialogues. This includes regular and collaborative assessments of accomplishments vis-à-vis objectives, expectations, and plans (Armstrong, 2006).

2.3.2. Job satisfaction

Job satisfaction refers to the contentment and fulfillment employees experience in their work. It impacts their well-being, productivity, and retention. Factors influencing it include job nature, relationships, compensation, and growth opportunities. Organizations benefit from satisfied employees through increased productivity, lower turnover, and enhanced reputation. Strategies for improving satisfaction include meaningful work, recognition, career development, and work-life balance. Ultimately, prioritizing job satisfaction leads to happier, more engaged employees and better organizational outcomes.

In recent years, job satisfaction has attracted considerable interest from the fields of management, social psychology, and practical application (Zhu, 2013). Satisfaction creates self-confidence, loyalty, and ultimately improves employees' quality of work. However, job satisfaction is not a simple result of incentive programs. Even if they were to win a weekend getaway as a reward for achieving the highest sales, employees are unlikely to experience a notable increase in pride in their work (Tietjen & Myers, 1998).

Despite advancements in research, there remains a lack of definitive consensus regarding the concept of job satisfaction. Various authors offer distinct perspectives when defining job satisfaction. One of the frequently referenced definitions is provided by Vroom, who emphasizes the employee's position within the workplace. According to Vroom (1964) job satisfaction entails affective orientations individuals hold towards the work roles they currently occupy.

Job satisfaction encompasses a worker's sense of achievement and success in their job. It is widely perceived to have a direct correlation with productivity and personal well-being. Job satisfaction entails performing a job that one finds enjoyable, executing it proficiently, and receiving recognition for one's efforts. Moreover, it involves enthusiasm and contentment with one's work. Job satisfaction serves as a pivotal factor leading to recognition, income growth, career advancement, and the attainment of other objectives that contribute to a sense of fulfillment (Kaliski, 2007).

In 2006, Harrison and colleagues (Harrison, et al., 2006) published an article titled "How important are job attitudes? Meta-analytic comparisons of integrative behavioral outcomes and time sequences," where they emphasized that job satisfaction is a type of job attitude.

Job satisfaction is influenced by various factors, including the nature of work, salary, advancement opportunities, management, work groups, and work conditions, as illustrated in the diagram.

Figure 6. Determinants of satisfaction and dissatisfaction
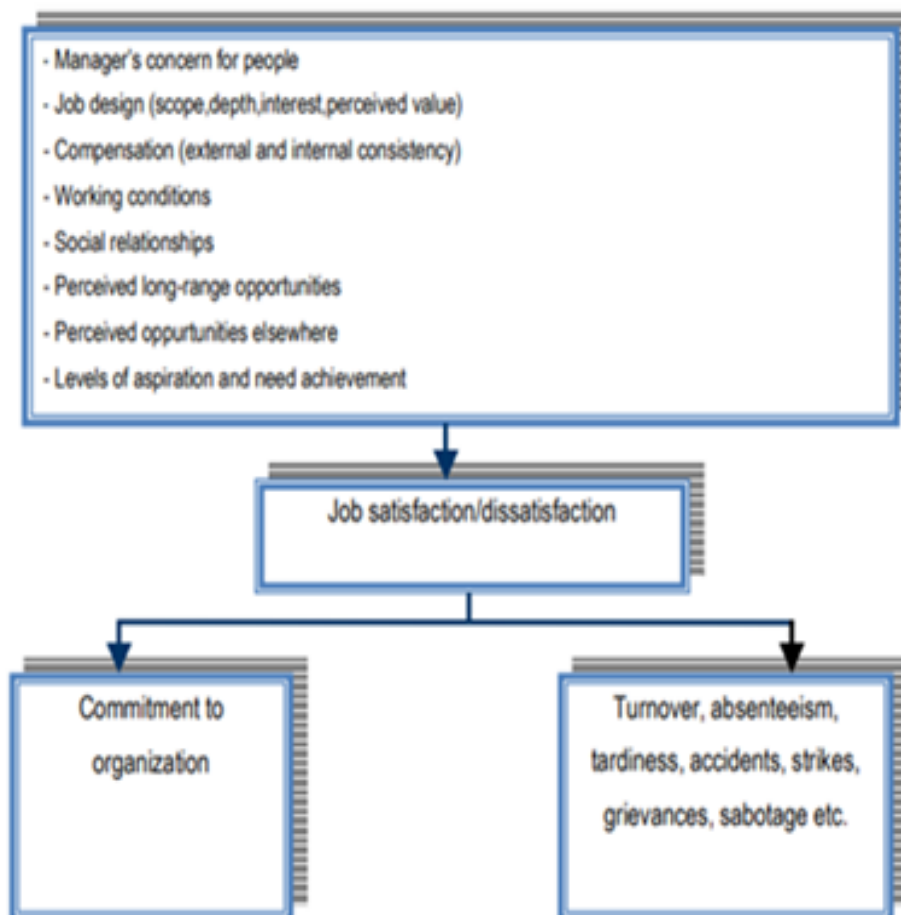
Soure: (Rue & Byars, 2003)

2.3.3. Techniques to increase employee motivation

When it comes to techniques for increasing employee motivation, there are two types of rewards: intangible and material rewards, which will be presented in the following chapters.

2.3.3.1. Intangible Compensation

Unlike the past when increasing motivation was primarily associated with money, today, a variety of rewards are used. In today's business environment, it can be said that salary primarily serves as a motivator for greater physical efforts, while various salary bonuses are aimed at stimulating mental efforts.

Bonuses are what motivate employees, including managers, to engage their full knowledge and experience and to continuously improve. Money is certainly important to every individual, both for survival and addressing existential questions. Once these basic needs are met, different needs such as respect or self-affirmation emerge. This is why non-monetary rewards are important, encompassing a wide range of motivational mechanisms, such as reserved parking spaces, stays in official residences, the use of company vehicles, days off, flexible working hours, and similar (Buntak*, et al*., 2013).

2.3.3.2. Material compensations

Material motivation, as one of the fundamental strategies underlying the organizational practice of motivating work, is influenced by the policies and practices of the organization itself. Compensation holds significant importance for employees on an individual level, as it serves as a reflection or gauge of the value attributed to their own work. Conversely, the level of remuneration can impact employee performance, motivation, and satisfaction (Mulang, 2022). The primary objective of material reward strategies or various material incentives is to enhance employees' work performance by boosting their motivation. In terms of the immediacy of material or financial benefits, two categories of financial compensation are particularly notable (Thaler et al., 2020):

1. Direct financial gains that individuals receive in "money";
2. Indirect material gains that contribute to an increase in employees' material standards but are not received as part of their salary, in the form of mo
3. ney.

It is important to recognize that indirect material gains typically have a lesser effect on employee motivation. Rewards can be individual, awarded to an employee based on their specific work activities, or organizational, where rewards are distributed to an employee along with their colleagues if the team, department, or entire company achieves desired business outcomes (Požega, 2012).

Money serves as a motivating factor that fulfills various needs. It is crucial for survival and essential for meeting basic needs related to survival and security. Additionally, money can address higher-level needs, such as self-esteem, by allowing people to acquire items that reflect their status and act as tangible symbols of appreciation. Essentially, money represents different intangible goals, which makes it a potent motivator (Robescu & Iancu, 2016).

According to Dessler (2008), direct financial rewards are payments made to employees that directly improve their financial situation.

2.3.4. The impact of motivation on the organizations performance

Organizational Performance is defined as "the concept that encompasses the results achieved through intentional and planned activities in established circumstances" (Geelmaale, 2019).

In their study (Bhatti & Haider, 2014), researchers examined the influence of employee motivation on organizational job performance. They administered a questionnaire to employees in two chosen service-based organizations. Upon collecting the data, they conducted regression analysis and utilized the Cronbach's alpha test to evaluate construct reliability. The findings revealed statistically significant constructs, with the exception of empowerment. Additionally, the study identified a positive correlation between motivation and job performance, suggesting that higher levels of motivation are associated with enhanced job performance.

Therefore, they concluded that there is substantial evidence that autonomy and recognition have a significant impact on motivation, ultimately influencing the job performance of employees in the surveyed service organizations based in Karachi, Pakistan. The study suggested that organizations should develop and enforce policies aimed at periodically providing autonomy and recognition to employees. This approach can ultimately serve to motivate employees and improve organizational performance.

Another study examined the influence of motivation on employee job performance, with a particular focus on analyzing the motivational factors affecting employee performance at Ghana Commercial Bank. The study revealed that the bank successfully attained its corporate objectives through employee job performance by implementing an extrinsic motivation package. This package encompassed periodic salary enhancements, fringe benefits, and promotions for employees.

2.3.5. Management and identification of motifs employees

Managers play a crucial role in motivating their employees due to their constant and direct communication, guidance, and influence on employee behaviour. The relationship between management and motivation is intertwined, and managers can influence the work motivation of employees in various ways and directions, either increasing or decreasing it. Shaping the job tasks of every management role is undoubtedly a challenging task.

Motivating employees is a fundamental aspect of effective management, as it directly impacts organizational performance, productivity, and employee satisfaction. Motivating employees to perform comprehensive, meaningful, and challenging tasks that provide autonomy, personal contribution, and constant feedback on the quality of performance, as

highlighted earlier, will result in higher motivation compared to narrow, repetitive task activities that leave little room for their execution. (Buntak, *et al.*, 2013).

Managers hold a pivotal role in crafting a work environment where employees feel engaged, appreciated, and motivated to deliver their utmost effort. This essay explores the strategies and approaches that managers can employ to effectively motivate their teams. Firstly, communication is paramount in motivating employees. Managers should clearly articulate organizational goals, expectations, and the importance of each individual's contribution to the overall success of the company. By providing context and clarity, employees can better understand how their work aligns with broader objectives, fostering a sense of purpose and motivation.

Recognition and appreciation are powerful motivators. Managers should acknowledge and celebrate employees' achievements, whether big or small. This can be achieved through various means such as verbal praise, written commendations, or public recognition in team meetings or company-wide forums. Recognizing employees' efforts not only enhances morale but also reinforces positive behavior and fosters ongoing high performance.

Furthermore, offering opportunities for growth and development is essential for motivating employees. Managers should invest in training programs, workshops, and skill-building initiatives that enable employees to expand their knowledge and capabilities. Providing a clear path for career advancement and professional growth demonstrates to employees that their long-term success and progression are valued by the organization. Empowerment and autonomy are also key factors in motivating employees. Managers should delegate tasks and decision-making authority to employees, allowing them to take ownership of their work and contribute ideas and solutions. This empowerment fosters a sense of autonomy and trust, encouraging employees to innovate, solve problems, and take initiative in their roles.

Creating a positive work environment is not just a nicety; it's a strategic imperative for organizations aiming to maintain high levels of employee motivation and productivity. To achieve this, managers must cultivate a workplace culture characterized by collaboration, respect, and support. First and foremost, fostering a culture of collaboration encourages teamwork and mutual support among employees. When team members perceive themselves as integral parts of a unified unit striving for shared objectives, they are inclined to feel motivated and involved in their tasks. Open lines of communication additionally facilitate collaboration by allowing employees to exchange ideas, offer feedback, and tackle challenges together. Respect stands as another crucial component of fostering a positive work environment. Employees should feel valued and respected for their contributions, regardless of their role within the organization. Acknowledging and valuing employees' efforts and achievements can significantly enhance morale and motivation. Moreover, creating a culture of respect involves promoting diversity, equity, and inclusion, where all employees feel welcome and appreciated for their unique perspectives and backgrounds.

Supportive leadership is crucial for maintaining employee motivation. Managers should be approachable and empathetic, actively listening to employees' concerns and providing guidance and assistance when needed. Empowering employees to take ownership of their

work and providing them with the resources and support they need to succeed are essential aspects of supportive leadership. Work-life balance is another critical factor in employee motivation. Managers ought to develop policies and practices that help employees strike a healthy balance between their work and personal lives. This can involve implementing flexible work schedules, offering wellness programs, and promoting time off to recharge and rejuvenate.

In conclusion, motivating employees is a multifaceted endeavor that requires proactive effort and investment from managers. By prioritizing communication, recognition, development, empowerment, and a positive work environment, managers can effectively motivate their teams to achieve success and drive organizational growth. In the end, motivated employees exhibit higher levels of engagement, productivity, and commitment, resulting in increased performance and overall success for the organization. The picture number 7 depicts graphically what tasks of management are like.

Figure 7. Management tasks in motivation
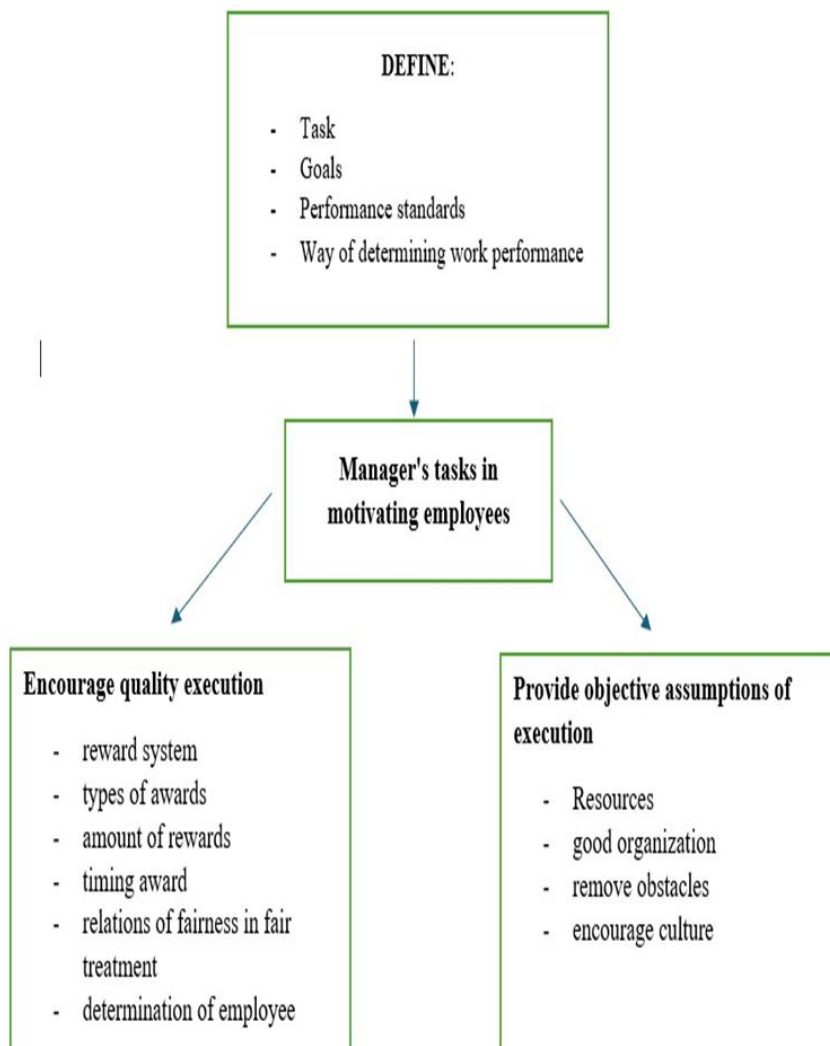
Source: (Bahtijarević-Šiber, 1999)

A crucial task for managers in motivating employees is to identify and monitor their needs and preferences regarding rewards for their work. However, the management's perception of what motivates employees is often guided by stereotypes about employees, and they may not pay enough attention to their desires, needs, and preferences. The effectiveness of managers in carrying out their tasks related to motivation will largely depend on the motivation of the employees themselves.

Managers should, among their many tasks, pay attention to daily behaviors and relationships with colleagues. Participation refers to the extent to which employees are engaged in decision-making processes concerning critical aspects of work and organizational operations. It is a process through which employees in organizations are involved in decision-making and problem-solving with the aim of better utilizing their potential and achieving organizational goals.

The choice of a managerial career and success in managerial roles are influenced by certain attitudes and motives, including (Sambol, 2009):

- Favorable attitudes towards authority figures and individuals in positions of power.
- The desire to exert control or influence over others.
- The craving for responsibility and a feeling of accountability.
- The aspiration for prominence and assertive behavior.
- The inclination towards competition.
- The requirement for validation and affirmation.

2.3.6. The basic stages in the process of motivation in the organization

The essential principles for establishing a highly motivating work environment in organizations can be condensed as follows (Whetten & Cameron, 2011):

1. Clearly define an acceptable level of overall performance or specific behavioral goals.

- Individuals must understand what is required to meet expectations.
- If possible, formulate goals collaboratively.
- Goals should be challenging and specific.

2. Remove all obstacles to achieving performance goals.

- Provide individuals with all necessary technical information, financial resources, and resources.
- If a lack of skills is hindering performance, take action for retraining.
- Assess the level of leadership involvement in assisting individuals and the realistic availability of such assistance

3. Establish rewards and disciplinary measures based on performance achievement.

− Carefully consider the consequences of ignoring performance (ignoring behavior is rarely interpreted as a neutral response).
− Employ discipline to address counterproductive behavior and utilize rewards to reinforce productive behavior.

4. When discipline is necessary, use it as a learning experience for the individual; specifically identify the problem and explain how to correct it.
5. Transform acceptable behavior into exceptional behavior

− Reward every level of improvement.

6. Use rewards that are aligned with individuals.

− Provide flexibility in the selection of rewards.
− Provide prominent external rewards as well as satisfactory job content (internal satisfaction).

7. Regularly assess subordinates' perceptions of how rewards are distributed.

− Correct misconceptions related to fair distribution.

8. Guarantee prompt delivery of rewards and feedback.

− Reduce the time between specific behaviour (effect) and feedback on work performance.
− Provide a specific, fair, and clear assessment of current abilities and long-term opportunities.

2.3.7. Rewarding as a form of employee motivation

As emphasized earlier, in today's business landscape, employees are regarded as the most invaluable asset of a company. Consequently, the primary responsibility of managers is to monitor the level and fluctuations of employee motivation to ensure their satisfaction, all with the overarching aim of effectively achieving the company's objectives. Rewards play a pivotal role in motivation theories, encompassing operant conditioning, Herzberg's two-factor theory, expectancy theory, and Hackman and Oldham's job characteristics model. Studies on operant conditioning and behavior modification have demonstrated that rewards are more efficacious in eliciting enduring changes in behavior compared to punishments, particularly in instances where the behavior involves straightforward steps or routines (Fernandez & Pitts, 2011).

Just as a motivation system relies on various forms of rewarding and incentivizing exemplary employees for their outstanding performance, a system for disciplining employees who fail to fulfill their job duties conscientiously and responsibly should also be established. A disciplinary system, which may involve reprimands, withholding incentives, temporarily

assigning less lucrative and less responsible positions, and similar measures, can sometimes yield a positive impact on an employee if they clearly understand the reason for the discipline and their associated responsibilities. However, if an employee perceives disciplinary action as unjust, it can have the opposite effect, leading to demotivation.

2.3.8. Why stimulation must be accompanied by the result?

Every company has various methods of motivating employees. Motivational strategies should be tailored to the employees' desires and do not always have to be of a financial nature. Financial incentives can take the form of bonuses, cash rewards, supplementary retirement, health or life insurance, education, company cars, and the like. Non-financial incentives may include promotions, increased responsibilities, flexible working hours, and so on. All of these measures serve to motivate employees to improve their performance, develop their skills, and concurrently contribute to the success of the company.

Certain authors characterize motivation as a proficiency in harmonizing the interests of employees and organizations, ensuring that behaviors lead to the fulfillment of both employee desires and organizational goals concurrently. They argue that to foster motivation in the workplace, managers should possess the ability to align the interests of both employees and employers (Adegoriola, 2018).

Stimulation must be accompanied by results that reflect the desired outcome or objective. In other words, the purpose of stimulation is to inspire action or change that leads to tangible and positive results. For example, if a leader provides recognition or rewards to motivate employees, the desired result would be increased productivity, higher morale, or improved performance. Similarly, if an organization invests in employee training and development to stimulate growth, the expected result would be enhanced skills, knowledge, and capabilities among employees. Ultimately, stimulation should culminate in tangible outcomes that enhance the overall success and efficiency of individuals, teams, and the organization as a whole.

2.3.9. Motivation and Leadership

Motivation and leadership are two interconnected aspects crucial for organizational success. Effective leadership begins with inspiring and guiding individuals towards a shared vision or goal. Leaders who demonstrate strong communication skills, vision, and empathy can effectively communicate the organization's mission and values, motivating employees to align their efforts with broader objectives. By offering clear direction and purpose, leaders can cultivate intrinsic motivation among employees, instilling a sense of ownership and dedication towards attaining collective goals.

Moreover, effective leaders understand the importance of recognizing and rewarding employees for their contributions. By acknowledging and celebrating achievements, leaders can reinforce positive behavior and motivate employees to continue striving for excellence.

Additionally, leaders who demonstrate trust, respect, and support towards their team members create a positive work environment where individuals feel valued and empowered, leading to higher levels of motivation and engagement. Furthermore, effective leadership involves providing opportunities for growth and development. Leaders who invest in employees' professional development and provide avenues for learning and advancement demonstrate their commitment to their team members' success. By offering challenging assignments, mentorship, and career progression pathways, leaders can stimulate employees' intrinsic motivation, encouraging them to continuously improve and excel in their roles.

Additionally, effective leaders lead by example, embodying the values and behaviors they wish to see in their team members. By demonstrating resilience, integrity, and a strong work ethic, leaders inspire trust and confidence in their abilities, motivating employees to emulate their positive traits. Furthermore, leaders who foster a culture of collaboration, open communication, and teamwork create a supportive environment where individuals feel motivated to collaborate and share ideas, leading to innovation and creativity.

The central theoretical argument posits that leaders inspire employees by imparting significance and purpose to their tasks and roles. However, this "inspiration process" may not hold equal relevance across all organizational contexts. While some authors advocate for the importance of all public sector employees making a positive impact on others and society, it may not be equally imperative for leaders in every organizational setting to prioritize these prosocial influences. Certain employees may already perceive their work as impactful, as their tasks evidently demonstrate their contribution to others and/or society (Bro et al., 2017).

Leaders must possess a deep understanding of their employees to discern their desires and requirements. They should actively interact with employees in the workplace and invest deliberate effort in getting to know each individual, including showing interest in their lives beyond the office (Tracy, 2017). Establishing regular touchpoints with employees, ideally maintaining daily connections with each one, is crucial. The aim is to foster open and reciprocal communication with every employee. These touchpoints need not always be in-person but can encompass various forms of communication. "Managers who utilize a blend of face-to-face, phone, and electronic communication tend to be the most effective in engaging employees." Conducting weekly one-on-one meetings with each employee proves to be an effective method for facilitating in-person touchpoints (Jensen, 2018).

3.   EMPIRICAL RESEARCH

This chapter will provide a comprehensive overview of the research results conducted for the purpose of writing the paper, along with the methodologies employed to attain these results. Key insights, analyses, and conclusions derived from the research process will be highlighted to ensure a thorough understanding of the topic and to support the paper's relevance. Through a detailed review, readers will be acquainted with the data collection methods, analytical techniques utilized in data processing, and the interpretation of the obtained results. Furthermore, the implications of the research findings and their correlation with the formulated hypotheses or research questions will be discussed. Through systematic

presentation, readers will be able to assess the validity and significance of the research, as well as comprehend its contribution to the scientific community.

3.1. Research objective and hypothesis

The principal objectives of this master's thesis were:

1. To identify motivation factors of employees in Sensilab
2. To analyze impact of financial reward system on motivation and employee performances in Sensilab
3. To explain how open internal communication between departments is important for achieving best work results.
4. To find out non-financial important work motivation factors such as environment, relationship between departments, open communication and focus on achievement, which are dominant for achieving best work results.

In alignment with the overarching theme and specific research objectives, hypotheses serve as pivotal components in formulating testable propositions that guide the empirical investigation. These hypotheses are crafted based on the research goals and are designed to explore relationships, patterns, or effects within the chosen subject area. By articulating hypotheses, researchers aim to systematically examine the proposed relationships between variables or phenomena and contribute to the advancement of knowledge in the field.

In summary, hypotheses play a central role in structuring and guiding empirical research, providing a framework for systematic inquiry and hypothesis testing. Through careful formulation, testing, and interpretation, hypotheses contribute to the generation of new knowledge and insights that advance understanding within the chosen field of study.

In accordance with the subject theme and research goals, following hypothesis can be defined:

H1: Rewards and bonus system are positively related with work performances.

H2: Open communication between departments and "open-door policy" relationship between managers and employees have a positive impact on morale and employee performance.

H3: SensilabNet, portal for internal communication, for sharing news and information have a positive impact on employee motivation and better performances.

H4: Employees motivation has significant influence on job performance at SensiLab company.

Figure 8 shows a graphic representation of the model on the basis of which the above-mentioned hypotheses were defined.

Figure 8. Hypothesis model
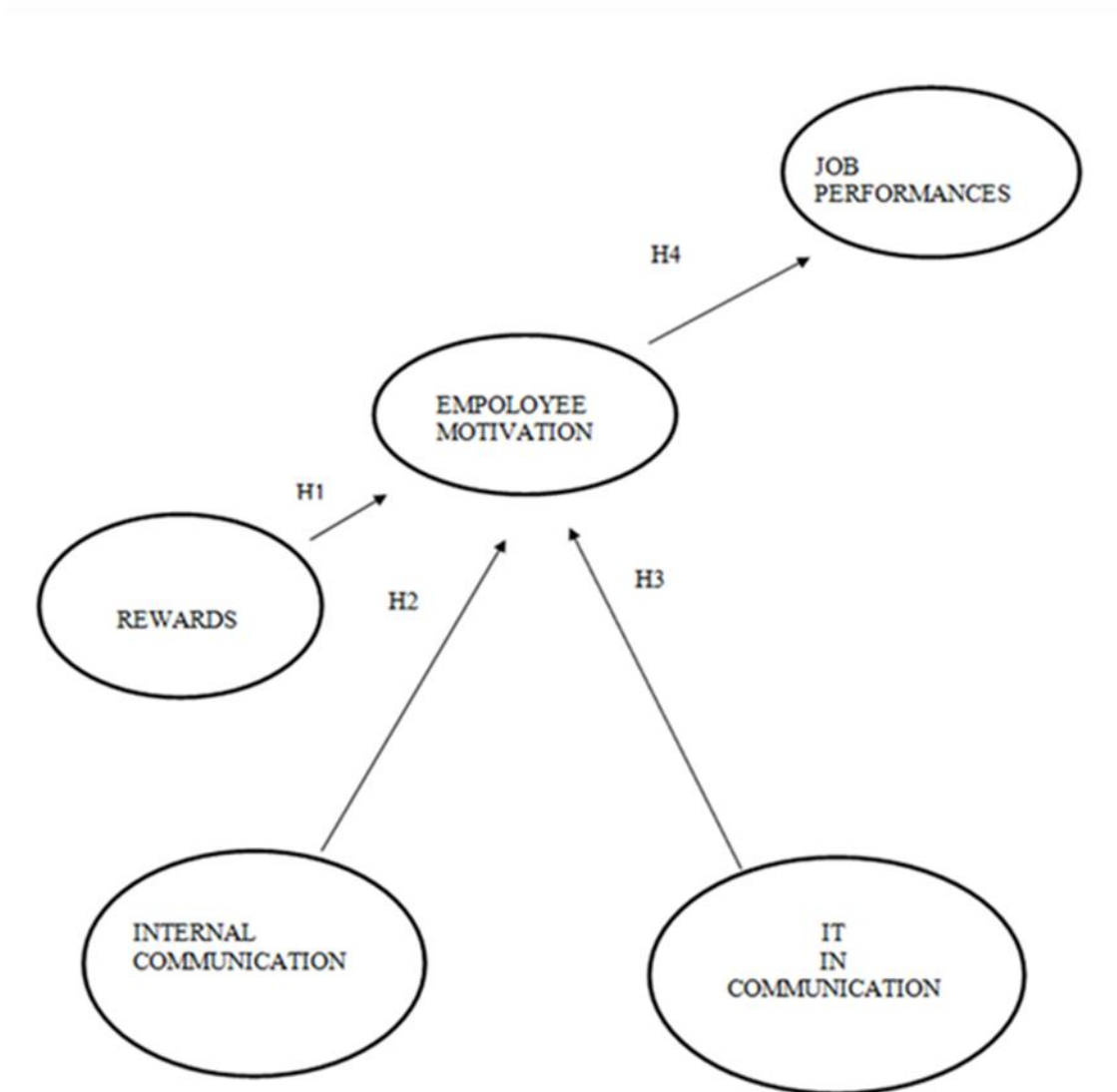
Source: Creation of author

3.2. Research approach

This work was about case study methodology, and the company SensiLab was chosen for the purposes of the research.

Sensilab was founded in 2005, with a clear goal in mind: offering customers trust – worthy, reliable, and easy – to – use natural – based supplements and supporting their health and well – being goals in whichever way possible. Their team of experts is dedicated to finding cutting – edge solutions in the field of food supplements, whether it concerns maximising the bioavailability of natural extracts or utilising new patented ingredients. Their products are all produced in the EU, in a modern pharmaceutical plant, following GMP and HACCP standards. They undergo testing twice – as raw materials and as finished products, so each product comes with purity and microbiological integrity guarantees. Several of our products have obtained the AGROLAB certificate of analysis.

Sensilab d.o.o. is a company based in Slovenia, with its primary headquarters situated in Ljubljana. As of 2023, the company employs 280 individuals. According to its latest financial report, Sensilab D.o.o. experienced a notable increase in net sales revenue, amounting to 24.55% in 2021. Additionally, during the same period, the company's total assets witnessed a growth of 5.64% (EMIS, 2023).

Figure 9. Company performance for 2021 year
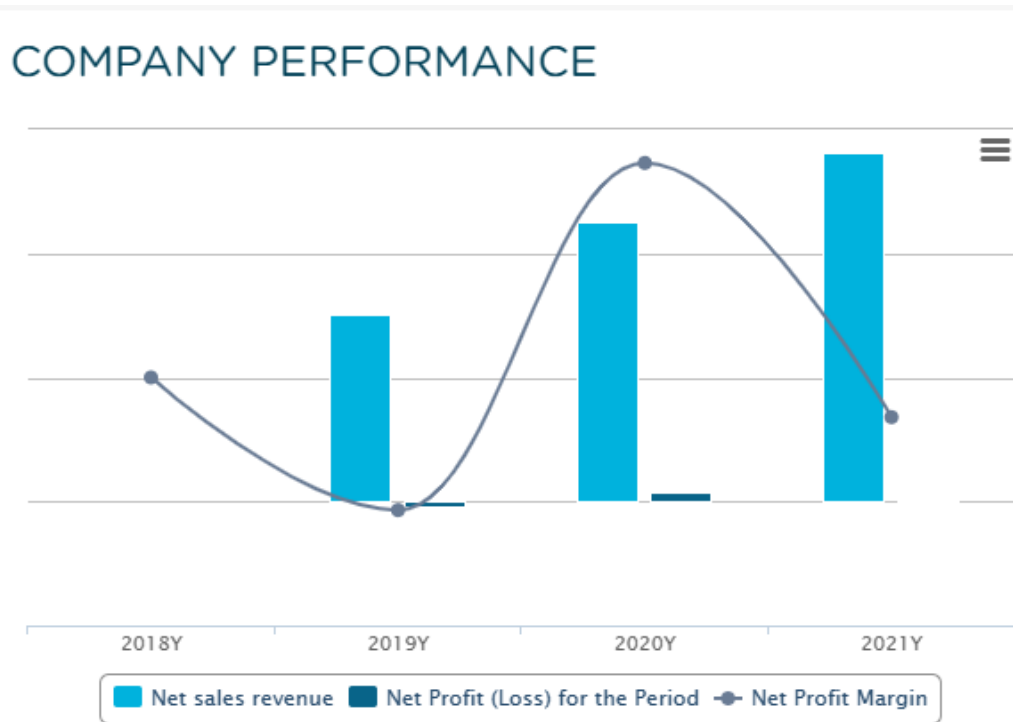
Source: Creation of author

3.2.1. Data collection

For the purpose of writing this paper, it was necessary to conduct a survey using a questionnaire on motivation and leadership, with the aim of explaining the impact of all factors on performance and examining the validity of the hypothetical questions posed.

According to the conceptual model defined at the beginning of the work, there are 5 variables (Rewards, Internal communication, IT in communication, Employee Motivation and Job performance) based on which hypotheses are defined. The questions for measuring these variables were taken and adapted from earlier research and studies.

The questions used in the questionnaire are as follows:

Rewards, Frey (1997)

1. Monetary incentives enhance motivation.
2. Increasing salaries boosts employee performance.

3. The SensiLab management allows me to grow as a person, improve self confidence overcome the weakness, mature foster their self esteem.
4. The SensiLab management is fair regarding internal management procedures/methods.

Internal communication

1. Most communication between management and other employees in SensiLab can be considered two-way communication. Men, L. R. (2014).
2. The organization environment, in which their activity is embedded is cooperative, and foster mutual respect, and there is friendship and interpersonal trust among employees. (Chiaburu and Tekleab, 2005)
3. SensiLab as a company is fair regarding internal management procedures/methods. (Chiaburu and Tekleab, 2005)
4. The SensiLab management gives me sense of belonging regarding the organization themselves a part of the organization are loyal/faithful to the organization (Chiaburu and Tekleab, 2005)

IT in communication (Vadhavkar, 2001)

1. SensilabNet allows me to convey my ideas very effectively to my global team member.
2. SensilabNet used by the team are conveniently accessed from multiple location.
3. Overall, I am satisfied with the current set of technologies in communicating with team member.

Employee Motivation (The McKinseyQuarterly, 2006)

1. I feel a sense of personal satisfaction when I do this job well.
2. My opinion of myself goes down when I do the job badly.
3. I take pride in doing my job as well as I can.
4. I try to think if ways of doing my job effectively

Job performance Bishop (1987)

1. My performance is better than that of my colleagues with similar qualifications.
2. I am satisfied with my performance because it's mostly good.
3. My performance is better than that of employee with similar qualifications in other firm in e-commerce

Respondents responded to a live survey, they were provided with a questionnaire where the questions were formulated on the basis of previously defined variables, the answers were subsequently entered into MS Excel and were measured on a Likert scale from 1 to 5, where a grade of 1 indicates complete disagreement with the statement offered, while a score of 5 indicates complete, absolute agreement with the statement that was stated, that is:

1 – I don't agree at all;

2 – I mostly disagree;

3 – Neither agree nor disagree;

4 – Mostly agree;

5 – I completely agree.

Multiple regression will be used for data analysis. Multiple regression analysis is the most powerful tool that is widely used, but also is one of the most abused statistical techniques (Hoang Diem Ngo, 2012). Multiple linear regression is a statistical technique employed to gauge the relationship between two or more independent variables and a single dependent variable. It is utilized when seeking to understand the following:

1. The strength of the relationship between multiple independent variables and a single dependent variable. For instance, assessing how variables like rainfall, temperature, and fertilizer quantity impact crop growth.

2. The value of the dependent variable at specific levels of the independent variables. For example, estimating the anticipated crop yield at particular levels of rainfall, temperature, and fertilizer application (Bevans, 2023).

3.2.2. Process of data collections

As explained earlier, the questions from the variable were taken from earlier research and studies and were adapted for the needs of writing the paper. Based on this, an online questionnaire was created in Google Form. After that, the link with the questionnaire was sent by email to the employees of SensiLab Slovenia. The survey consists of a general and specific part. In the general section, we gather information on gender, age, education, length of service in the company, type of employment relationship, and the position within the company (group leader or subordinate - guided associate). The specific part of the survey focuses on investigating employee motivation factors, leader expectations, work experiences, expected leadership skills, and their handling at work. It concludes with the assessment of workplace well-being and employee performance evaluation. Depending on the different job levels (leader, guided associate), I will also be able to identify certain connections and dependencies and find commonalities. In the second part of the survey, respondents were asked to rate the importance of each of the listed variables through pre-defined questions.

The ratings ranged from 1 to 5, and each rating represented the following meanings:

1 – I don't agree at all

2 – I mostly disagree

3 – Neither agree nor disagree

4 – Mostly agree

5 – I completely agree

3.3.   Case study – Sample

Earlier it was presented that the company SensiLab Slovenia were case study of this paper. In the study, 103 employees of Sensilab company participated, and they represent the sample used in this research.

3.3.1. Structure of Participants by Gender

The gender distribution of the respondents is shown in Figure number 10.

Figure 10. Structure of Participants by Gender
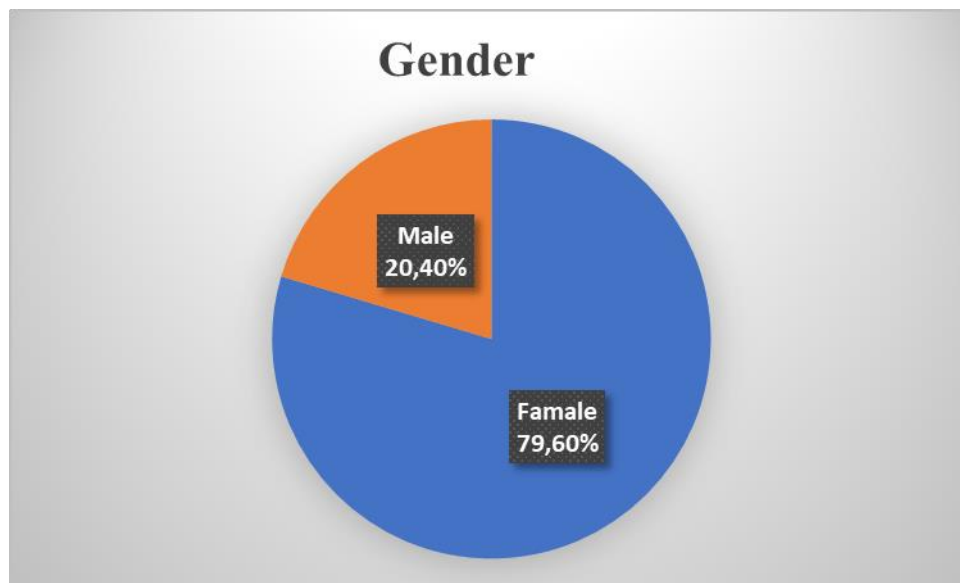
Source: Creation of author

According to the provided chart, regarding the gender of the surveyed Sensilab employees, it can be determined that a larger number of respondents are female (79.6%) compared to males (20.4%). The structure of the participants by gender is also presented in tabular form in Table 1.

Table 1. Structure of Participants by Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Male**	21	20,4%	20,4%	20,4%
	Famale	82	79,6%	79,6%	100%

	Total	103	100%	100%	

3.3.2. Structure of Participants by Age

Figure 11. Structure of Participants by Age
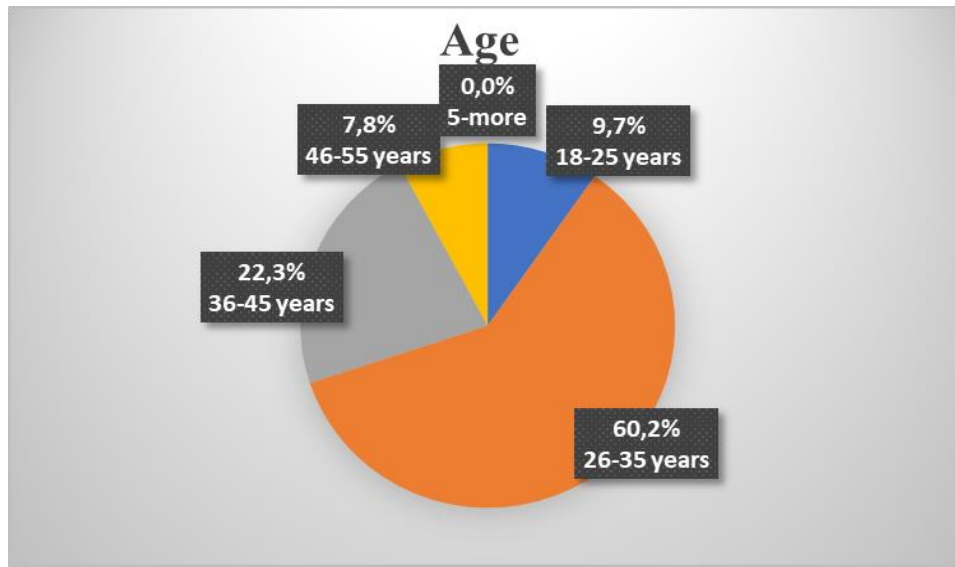
The graph in Figure 11 shows that the largest number of surveyed employees at Sensilab are between the ages of 26 and 35, representing 60,2% of the respondents. The smallest number of surveyed employees falls in the age group of 46-55, with no employees over 55 years of age.

Table 2. Structure of Participants by Age

		Frequency	Percent	Valid Percent	Cumulative Percent
	18-25	10	9,7%	9,7%	9,7%
	26-35	62	60,2%	60,2%	69,9%
	36-45	23	22,3%	22,3%	92,2%
Valid	**46-55**	8	7,8%	7,8%	100%
	55-more	0	0%	0%	
	Total	103	100%	100%	

3.3.3. Structure of respondents by education level
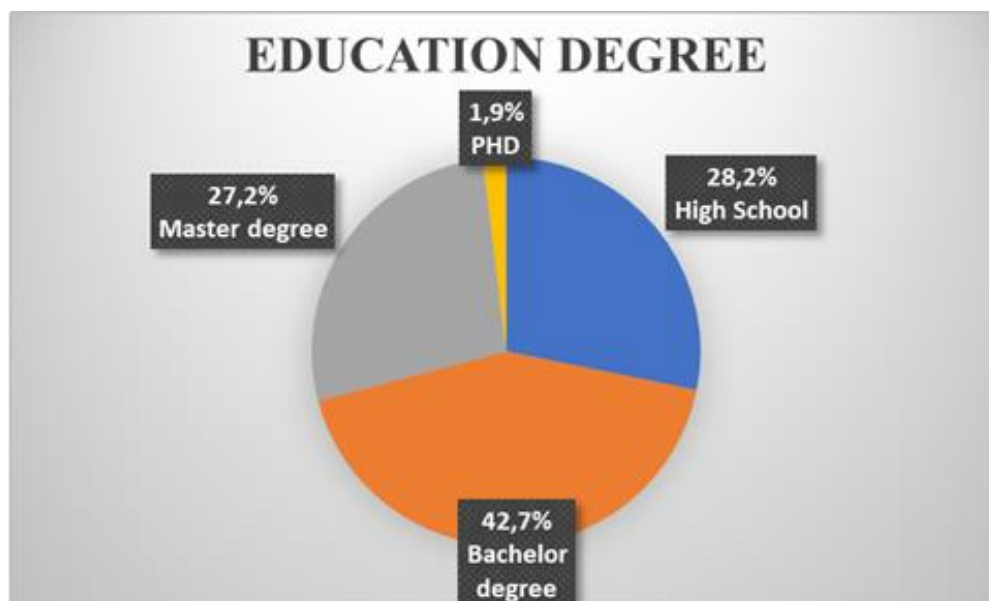
The largest number of surveyed employees at Sensilab company have completed the First cycle of studies - Bachelor's degree (42.7%), while among the respondents, there are two employees with a PHD degree (1.9%), as shown in the graph in Figure 12 and Table 3. In general, most of the employees who participated in the survey are highly educated.

Table 3. Structure of respondents by education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**High school**	29	28,2%	28,2%	28,2%
	Bachelor degree	44	42,7%	42,7%	70,9%
	Master degree	28	27,2%	27,2%	98,1%
	PHD	2	1,9%	1,9%	100%
	Total	103	100%	100%	

Source: Creation of the author

3.3.4. Structure of respondents according to length of employment at Sensilab

Figure 13. Structure of respondents according to seniority
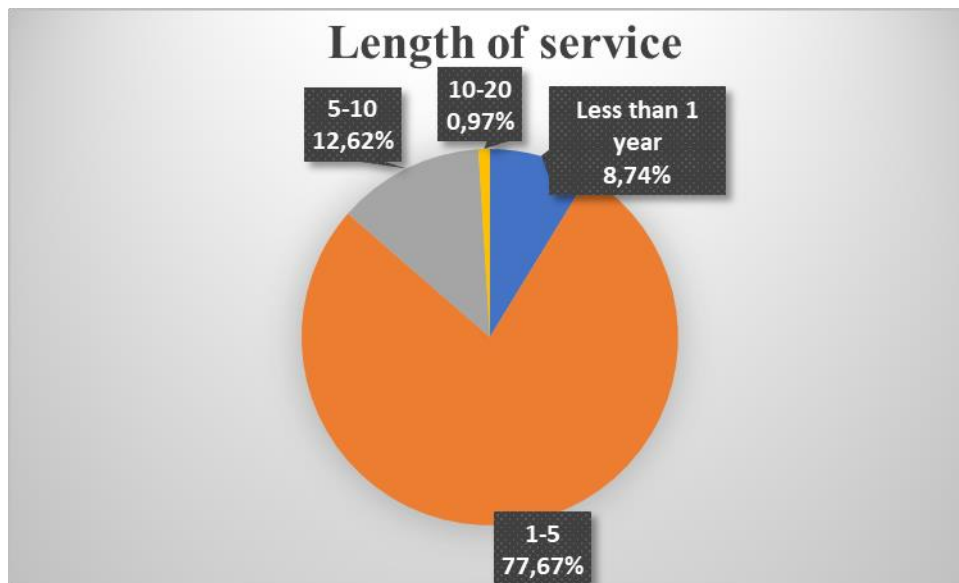
Source: Creation of author

Observing the respondents according to the years of service in Sensilab, it can be determined that the largest number of employees have work experience between 1-5 years, a total of 80 respondents, or 77.67%, then respondents between 5-10 years, a total of 13 respondents, or 12.62%, while only 1 the respondent has a working experience of 10 to 20 years, or 0.97%.

Table 4. Structure of respondents according to seniority

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Less than 1 year**	9	8,74%	8,74%	8,74%
	1-5 year	80	77,67%	77,67%	86,41%
	5-10 years	13	12,62%	12,62%	99,03%
	10-20 years	1	0,97%	0,97%	100%
	Total	103	100%	100%	

Source: Creation of the author

Such results are expected considering that it is a company that was founded in 2005, as mentioned earlier in the paper. The average length of service is about 18 years, which, given the average age of the respondents, is an indicator of employee retention in Sensilab. One of

the key factors is a secure salary, employment, and permanent job. The most common length of service at Sensilab is 13 years, and the average length of service is even.

3.4. Data analysis

Totally 105 questionnaires were distributed. 103 questionnaires were received. 2 questionnaires were not received. Out of 103 received questionnaires all of 103 were eligible. Hence, the sample size considered for the study was 103.

The first step was to examine the data. We first addressed missing values, then outliers, and then data analysis assumptions. There were no missing values, all 103 respondents answered all the questions.

In order to determine whether the model of this research is acceptable, the data F test is taken from the results of multiple regression, which in this case is F=27,61923202 as shown in table number 5.

Table 5. F-test

	df	SS	MS	F	Significance F
Regression	3	5,906818602	1,968939534	27,61923202	4,61956E-13
Residual	99	7,057582693	0,071288714		
Total	102	12,96440129			

Source: Creation of the author

From the table 5 we see that p=4,61956E-13<0.05, so it can be concluded that the test is significant, which means that at least one variable is defined correctly. It can be said that most of the variables are correctly defined.

Picture number 10. shows the Normal probability plot graph for the dependent variable Job Performance, obtained in Excel as a result of multiple regression analysis.

Figure 14. Normal Probability Plot
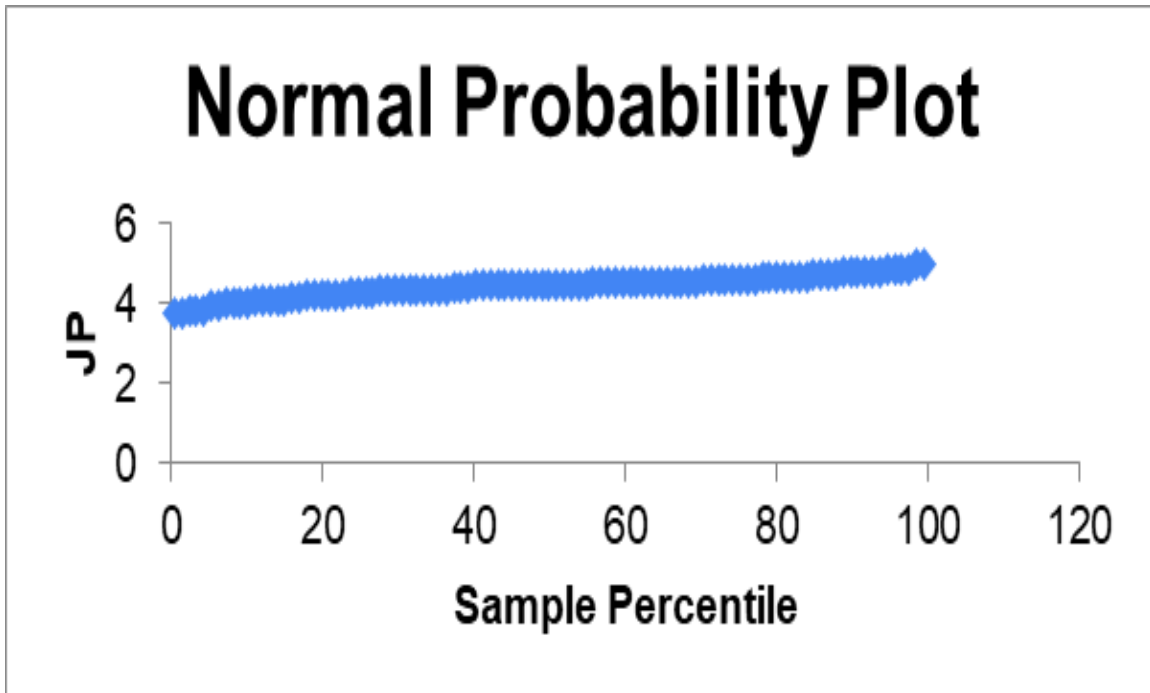
Source: Creation of author

3.4.1. Descriptive statistics

As stated earlier in the paper, there are five variables (Rewards, Internal communication, IT in communication. Employee motivation and Job performance) and one control variable as presented in table number 6. Descriptive statistics were done in Excel programe.

Table 6. Descriptive statistics

	Rewards	Internal communication	IT in communication	Employee Motivation	Job Performance	Years
Mean	4,53	4,35	4,44	4,48	4,47	
Standard Error	0,04	0,04	0,04	0,04	0,04	0,75
Median	4,50	4,50	4,67	4,50	4,44	38,00
Mode	5,00	4,50	4,67	4,50	4,33	30,00
Standard Deviation	0,41	0,42	0,45	0,39	0,36	7,63

45

Sample Variance	0,16	0,18	0,20	0,15	0,13	58,26
Kurtosis	-0,89	0,25	-0,07	0,16	0,64	-0,71
Skewness	-0,35	-0,57	-0,71	-0,69	-0,68	-0,15
Range	1,50	2,00	1,67	1,75	1,78	36,00
Minimum	3,50	3,00	3,33	3,25	3,22	18,00
Maximum	5,00	5,00	5,00	5,00	5,00	54,00
Sum	467,00	448,25	457,33	461,00	460,00	4032,00
Count	103	103	103	103	103	103

Source: Creation of the author

From the number table 6, we see that the mean value is between 4.35 and 4.53, which means that the answers in the survey are mostly positive because the Linkert scale is defined from 1-5. The standard deviation ranges from 0.36 to 0.45, which tells us that there is no great deviation from the arithmetic mean.

3.4.2. Presentation of hypothesis testing results

As mentioned earlier, multiple regression was used in the Excel program. The model was tested with three hypotheses that make up the conceptual model proposed in this paper.

The paper presents the following hypotheses that needed to be tested:

H1: Rewards and bonus system are positively related with work performances.

H2: Open communication between departments and "open-door policy" relationship between managers and employees have a positive impact on morale and employee performance.

H3: SensilabNet, portal for internal communication, for sharing news and information have a positive impact on employee motivation and better performances.

H4: Employees motivation has significant influence on job performance at SensiLab company.

Table 7. Multiple regression results-Testing H1, H2 and H3 hypotesis

	Coefficients	Standard Error	t Stat	P-value
Intercept	0,8081797	0,4280417	1,8880862	0,0619425
Rewards	0,2554519	0,0653133	3,9111761	0,0001685
Internal communication	0,1887471	0,0688111	2,7429737	0,0072281
IT in communication	0,3779641	0,0642932	5,8787572	0,0000001

Source: Creation of the author

The results of multiple regression show that out of the three hypotheses tested, all three are confirmed, given that p<0.01 in all three cases.

H1: Rewards and bonus system are positively related with work performances is confirmed because its value is p-value<0.01 (β=0,2554519, p=0,0001685<0.01). In other words, the Rewards and bonus system contributes to business performance.

H2: Open communication between departments and "open-door policy" relationship between managers and employees have a positive impact on morale and employee performance was confirmed because its p-value<0.01 (β=0,1887471, p=0,0072281<0.01). This means that the better the atmosphere between employees and management, the higher the motivation and business performance..

H3: SensilabNet, portal for internal communication, for sharing news and information have a positive impact on employee motivation and better performances was also confirmed (β=0,3779641, p=0,0000001<0.01). This means that the more information available to employees, the higher the motivation and business performance as a result of multiple regression analysis

The results of the multiple regression analysis show that the model explains 43,9% of the variance of the dependent variable (Adjusted R Square = 0,439121895). This means that the proposed model explains 43,9% of the variance of business performance, i.e. independent variables, in this case Rewards, Internal communication and IT in communication, greatly contribute to business performance

H4: Employees motivation has significant influence on job performance at SensiLab company was confirmed because its p-value<0.01 (β=0,551786498, p=3,49104E-11<0.01

as shown in table number 8. This means that the higher the employee's motivation, the better his business performance will be.

Table 8. Multiple regression results-Testing H4 hypotesis

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	1,984319466	0,334985363	5,923600507	4,38318E-08
EM	0,551786498	0,074213598	7,435113105	3,49104E-11

Source: Creation of the author

The results of the multiple regression analysis show that the model explains 34,7% of the variance of the dependent variable (Adjusted R Square = 0,347). This means that the proposed model explains 34,7% of the variance of business performance, i.e. independent variables, in this case employee motivation contribute to business performance.

4.   CONCLUSIONS

The purpose of the master's thesis was to present the Impact of motivation on employee's work performance in e-commerce – Case Study SensiLab Slovenia.

The main goals of this master's thesis were the following: 1. Identify the motivation factors of employees in Sensilab; 2. Analyze the impact of the financial reward system on the motivation and performance of employees in Sensilab; 3. Explain how open internal communication between departments is important for achieving the best work results; 4. Find out non-financially important factors of work motivation such as the environment, the relationship between departments, open communication and achievement orientation, which are dominant for achieving the best work results.

To approach the solution of the set goals more easily, it was necessary to extensively analyze the literature and study various studies that dealt with the same or similar issues. It was necessary to understand what motivation means, that is, what a motivated employee means for an organization. How management should approach and how much attention should be paid to every detail when it comes to its employees. Understanding the theory and analysis of previous research was crucial when creating the questionnaire that was sent to respondents of SensiLab Slovenia.

For writing this paper, it was necessary to conduct a survey using a questionnaire on motivation and leadership, with the aim of explaining the impact of all factors on performance and examining the validity of the hypothetical questions posed. According to

the conceptual model defined at the beginning of the work, there are 5 variables (Rewards, Internal communication, IT in communication, Employee Motivation and Job performance) based on which hypotheses are defined. The hypotheses that were defined were: H1: Rewards and bonus system are positively related with work performances; H2: Open communication between departments and "open-door policy" relationship between managers and employees have a positive impact on morale and employee performance; H3: SensilabNet, portal for internal communication, for sharing news and information have a positive impact on employee motivation and better performances; H4: Employees motivation has significant influence on job performance at SensiLab company. The questions for measuring these variables were taken and adapted from earlier research and studies.

Multiple regressions were used for data analysis. The results of multiple regression show that out of the four hypotheses tested, all four are confirmed, given that $p < 0.01$ in all four cases. It has been established that rewards and recognition influence employee motivation. This has also been confirmed in earlier studies.

The results showed that the internal communication in SensiLab is very good and that the feeling of belonging and involvement by the management in the employees influence the increase of motivation.

When it comes to IT communication, the results showed that employees are very satisfied with the current opportunities provided by the company through the SensiLab portal, and that the information and opportunities that are available affect their motivation and business performance. The research also showed that there is an impact of employee motivation on work performance, and this supports the findings.

In the end, it can be said that based on the conducted research, the analysis of different types of data and the discussion of the obtained results, it can rightly be said that the defined variables have a positive effect on the employee's motivation, that is, on his business performance. Research has shown that a motivated employee at SensiLab Slovenia will have better business performance than an unmotivated employee.

Managers are advised to continually focus on refining and enhancing existing methods to motivate their employees effectively. It's a fundamental aspect of management to understand that employees not only desire recognition and rewards but also crave a sense of understanding and acknowledgment from their superiors. Because rewards and recognition play pivotal roles in shaping employee performance, it's imperative for managers and supervisors to dedicate ample attention to this crucial element of employee engagement.

When employees feel genuinely appreciated for their contributions, it has a profound impact on their motivation levels and overall performance. Recognizing their efforts not only boosts morale but also fosters a sense of belonging and commitment within the workforce. This, in turn, cultivates a more positive and productive work environment.

By prioritizing recognition and rewards, managers demonstrate their investment in their team's well-being and success. It's not merely about incentivizing desired behavior but also about nurturing a culture of appreciation and mutual respect. When employees feel valued and supported, they are more inclined to go the extra mile, leading to increased efficiency and ultimately benefiting the organization.

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