

EMPLOYEE MOTIVATION AND PERFORMANCE OF MANUFACTURING FIRMS IN MALAYSIA

^{1*}Ali Mokhtar Mehran, ²Izah Tahir Mohamad & ³Mustafa Hassan Mohd

^{1*}Student, Universiti Malaysia Pahang

^{2,3}Lecturers, Universiti Malaysia Pahang

***Email of the corresponding author: alimokhtarmehran@gmail.com**

Publication Date: June 2022

ABSTRACT

Purpose of the study: The purpose of the study was to examine the impact of employee motivation on performance of manufacturing firms in Malaysia.

Statement of the problem: The performance of some of the manufacturing firms in Malaysia has been reporting losses. In 2018, the overall performance of the manufacturing firms declined by 10% and in 2019, it further declined by 11.7% and 14.1% in 2020. The persistent decrease in performance is a concern that needs to be addressed, given that the country's manufacturing sector contributes to around 19.7% of the GDP annually.

Findings: Motivation plays a vital role in improving staff's efficiency and effectiveness. There are two types of motivation extrinsic and intrinsic. Extrinsic or external motivational can include income, bonus offer, reward, good working environment while intrinsic or internal motivation is the act of doing something without anticipating anything in return. The motivation of the employees can increase their commitment and feel to be part and parcel of the organization.

Conclusion: The motivated workers have a positive effect on organizational performance. Recognizing what motivates workers in a particular firm is essential because it aids in decision-making. It becomes imperative for the organization to keep the employees motivated if they want to achieve tremendous success and be competitive. The organization cannot meet its objectives and goals if the organization's employees feel not to be motivated.

Recommendations: The management should better recognize and concentrate on their workers' motivation factors to increase productivity. Managers of the manufacturing firms should determine the proper motivation strategy for their firm before proceeding with the motivation approaches. Policies and methods that positively promote worker motivation need to be considered by the firms. Firms are expected to develop a safe and cooperative environment for workers.

Keywords: *Employee motivation, performance, manufacturing firms, Malaysia*

BACKGROUND OF THE STUDY

Motivation has constantly been a vital variable for employee productivity by playing an essential role in influencing worker performance which translates right into worker productivity (Faisal Ahammad, Mook Lee, Malul & Shoham, 2019). Employee motivation is key to an organization's success. It's the level of commitment, drive, and energy that a company's workers bring to the role every day (Bamber, Stanton, Bartram & Ballardie, 2020). Without it, companies experience reduced productivity and lower output levels, and the company will likely fall short of reaching meaningful goals. Several scholars have brought out various motivation concepts to know human psychology and its effect on their performance in the past century.

The workers' motivation has always been a significant issue because unmotivated workers are most likely to put in little or no effort at the workplace, avoid going to work as much as possible, leave the organization if given the opportunity, and have lower-quality job output (Rizky & Ardian, 2019). On the other hand, motivated workers are a great asset to any organization because they are imaginative, constant, objective-driven and hardworking (De Vito, Brown, Bannister, Cianci & Mujtaba, 2018). As a result, motivated workers are highly efficient compared to unmotivated staff members. Kuvaas (2020) argued that motivation and productivity are ideas that have been topics of immense interest amongst researchers and practitioners.

Motivation is how a person or a group of people are influenced to act in a wanted manner to receive favorable rewards (Wulf & Lewthwaite, 2021). To be motivated is to do something different; to be inspired to go beyond the call of duty. That is to do more than you have to do, not because you are told to but because you want to. The idea of productivity is one of the most fashionable and regularly utilized in administration nowadays (Brynjolfsson & McAfee, 2020). It is described as the optimal use of resources in producing products and making services that fulfill predetermined goals.

The motivation of workers is a crucial principle, and each company follows various motivation techniques (Teixeira, Marques, Silva, Brunet, Duda, Haerens & Hagger, 2020). Even though a worker's ability affects his productivity partially, his motivational level is the other deciding aspect. There are two types of motivation as a whole for any kind of labor force, i.e., extrinsic and intrinsic. Extrinsic or external motivational variables are income, bonus offer, reward, and a good working environment (Filimonov, 2018). On the other hand, intrinsic or internal motivation is doing something without anticipating anything in return. The worker can be intrinsically encouraged if they discover their task pleasurable and intriguing. Human resource management's task is to encourage their workers to enhance performance.

The duty of motivation in influencing a worker's actions and productivity has been acknowledged in all aspects of the organization. Jufrizen, Mukmin, Nurmala and Jasin (2021) indicate that employees' motivation is the beginning of significantly increasing their participation and efficiency in an organization. Employee motivation is the energy, dedication, and creativeness that an organization's employees bring to their jobs (Hu, Dollard & Taris, 2022). Employee motivation can often be problematic for small enterprises. To attain their objectives and goals, organizations develop approaches to compete in highly competitive markets and boost their performance and this can be achieved based on the efficiency of the employees. If the workers are not satisfied with their work and not motivated to satisfy their tasks and attain their goals, the company cannot achieve success (Locke, 2020).

The performance of some of the manufacturing firms in Malaysia has been reporting losses. In 2018, the overall performance of the manufacturing firms declined by 10% and in 2019, it further declined by 11.7% and 14.1% in 2020. The persistent decrease in performance is a concern that needs to be addressed, given that the country's manufacturing sector contributes to around 19.7%

of the GDP annually. Thus, the study sought to examine the effect of employee motivation on the performance of manufacturing firms in Malaysia. The study reviewed the literature to make inferences.

LITERATURE REVIEW

Grant (2018) performed a study about the connection between work motivation and employee productivity in the manufacturing sector in the USA. The study adopted the descriptive research design. The collection of the data was done using the questionnaires. The study's findings showed that motivation positively and significantly affects employee productivity. The workers' motivation has always been a significant issue because unmotivated workers are most likely to put in little or no effort at the workplace, avoid going to work as much as possible, leave the organization if given the opportunity, and have lower-quality job output.

Rizky and Ardian (2019) examined the influence of employee motivation on company productivity of selected hospitality firms in Vienna, Austria. The study results indicated that employee motivation has a positive and significant impact on company productivity. The majority of organizations compete to endure in this unstable and intense market environment and this can be achieved by motivating the employees. Inspiration and performance of the workers are vital tools for the success of any company in the long term. The aspects like empowerment and acknowledgment raise worker motivation. If the empowerment and recognition of workers are enhanced, their motivation to function will also increase along with their success and company performance.

Ertas (2020) researched the association between work motivation and job productivity among banking institutions in Alabama State in the USA. The study results showed that work motivation positively impacted job productivity. The research contributes to an understanding that the more the workers are materially and immaterially compensated at the workplace, the more likely they are to be productive and achieve their efficiency targets. The outcomes are further supported by the work of Rafikul and Ahmad (2008), which indicates that the absence of worker motivation within an organization result in the under-utilization of the potential and skills of workers considering that they feel that their efforts are not being rewarded in a good style.

Liao and Chuang (2021) reported that motivation is used to describe both intuitive and rational processes. Individuals look to satisfy the standard drives needs and personal objectives, which

trigger human behavior. Bamber, Stanton, Bartram, and Ballardie (2020) argued a significant impact between employee motivation and performance. The research showed various aspects to consider in encouraging workers: some financial or monetary, such as pay and others are non-financial, like acknowledgment and challenging activities. The motivated workers are a great asset to any organization because they are imaginative, constant, objective-driven and hardworking (De Vito, Brown, Bannister, Cianci & Mujtaba, 2018). As a result, motivated workers are highly efficient compared to unmotivated staff members. Kuvaas (2020) argued that motivation and productivity are ideas that have been topics of immense interest amongst researchers and practitioners.

ALDamoe, Yazam, and Ahmid (2021) conducted a study to examine the influence of employee motivation on performance. The study made inferences based on the literature. Literature and different research studies revealed that motivation positively impacts performance. Employee motivation is key to an organization's success. The level of commitment, drive, and energy that a company's workers bring to the role every day (Bamber, Stanton, Bartram & Ballardie, 2020). The workers' motivation has always been a significant issue because unmotivated workers are most likely to put in little or no effort at the workplace, avoid going to work as much as possible, leave the organization if given the opportunity, and have lower-quality job output (Rizky & Ardian, 2019).

Ahmed, Sultana, Paul and Azeem (2021) examine the impact of workers' motivation on organizational performance in Taiwan Mining Companies. The research found that, because of the risk aspects related to the mining sector, management needs to make sure that workers are well motivated to curb the rate at which workers start industrial unrest, which impacts performance, and that workers are to comply with health and safety rules since the sector contribute significantly to the (G.D.P.) of the nation. Jufrizen, Mukmin, Nurmala and Jasin (2021) indicate that employees' motivation is the beginning of significantly increasing their participation and efficiency in an organization. Employee motivation is the energy, dedication, and creativeness that an organization's employees bring to their jobs (Hailemichael, 2022). E

Dastane (2020) performed research to investigate the influence of worker motivation on work performance. The research utilized a descriptive study design. The study findings showed that motivation has a significant impact on work performance. Heifetz and Laurie (2018) discovered

that workers are the heart of any firm. For any firm to run smoothly and without any disturbance, worker collaboration cannot be replaced with anything else. It is of utmost significance that the workers of a firm have a good partnership with the top administration and maintain a healthy and professional connection with the other coworkers. The following research is a self-conducted study on exactly how motivational instruments affect workers' performance for betterment.

Samuel (2020) conducted research to look at the partnership between motivation and workers' performance in the Anbassa City Bus Service Venture scenario. The study is based on a mix of qualitative and quantitative data for an apparent reality to comprehend and translate the impact of variables. The research utilized a non-probability sampling strategy, mostly a purposive sampling approach to pick those chosen participants for the analysis. The results showed that the motivational factors inspire workers in the business. The more workers get motivated, the more effective their level of performance would be. As a result, the study advises that the firm must establish motivational methods for more productivity and managers to have a thorough motivation scheme in all elements of the business. Lastly, it is suggested that management attaches more significance to problems of worker motivation to make the firm make it through amongst various other transportation firms.

Mustafa, Alzubi and Bashayreh (2021) reported that motivation plays a vital duty in workers' performance. Though firms are interested in maintaining the workers motivated at work, they do not have a clear picture of what certainly inspires a worker. The money (consisting of workers' earnings) dramatically influences workers' productivity and performance. Still, they do not, with one voice, position it among the strongest determinants of worker motivation (Pham, Chiappetta Jabbour, Vo-Thanh, Huynh & Santos, 2020). The intrinsic or internal motivation is doing something without anticipating anything in return. The worker can be intrinsically encouraged if they discover their task pleasurable and intriguing.

Motivation is how a person or a group of people are influenced to act in a wanted manner to receive favorable rewards (Wulf & Lewthwaite, 2021). To be motivated is to do something different; to be inspired to go beyond the call of duty. That is to do more than you have to do, not because you are told to but because you want to. The idea of productivity is one of the most fashionable and regularly utilized in administration nowadays (Brynjolfsson & McAfee, 2020). It is described as the optimal use of resources in producing products and making services that fulfill predetermined

goals. Human resource management's task is to encourage their workers to enhance performance. The motivation of workers is a crucial principle, and each company follows various motivation techniques (Teixeira, Marques, Silva, Brunet, Duda, Haerens & Hagger, 2020). Even though a worker's ability affects his productivity partially, his motivational level is the other deciding aspect. There are two types of motivation as a whole for any kind of labor force, i.e., extrinsic and intrinsic. Extrinsic or external motivational variables are income, bonus offer, reward, and a good working environment (Filimonov, 2018).

RESEARCH FINDINGS AND CONCLUSION

The study found that motivated employees positively increase their performance level. Motivation plays a vital role in improving staff's efficiency and effectiveness. There are two types of motivation extrinsic and intrinsic. Extrinsic or external motivational can include income, bonus offer, reward, good working environment while intrinsic or internal motivation is the act of doing something without anticipating anything in return. The motivation of the employees can increase their commitment and feel to be part and parcel of the organization. Motivation usually boosts the expected firm productivity if managers focus on the issues that might be affecting workers. The motivation of the employees can be a long-term strategy of an organization. If the workers are not satisfied with their work and are not motivated to satisfy their tasks and attain their goals, the company cannot succeed.

The study concluded that motivated workers have a positive effect on organizational performance. A motivated worker indeed develops a high level of production while decreasing absenteeism and turnover rate. Recognizing what motivates workers in a particular firm is essential because it aids in decision-making. The motivated workers work best in the firm's interest, which leads them in the direction of development, success, and productivity. It is further concluded that the motivated employee can keep the organization's secrets. It becomes imperative for the organization to keep the employees motivated if they want to achieve tremendous success and be competitive. Motivated employees increase commitment, satisfaction and efficiency. The organization cannot meet its objectives and goals if the organization's employees feel not to be motivated.

RECOMMENDATIONS

Based on the findings, it is recommended that management should better recognize and concentrate on their workers' motivation factors to increase productivity. Managers of the manufacturing firms should determine the proper motivation strategy for their firm before proceeding with the motivation approaches. Executing the right motivation strategy in the firm will lead to highly inspired people and high-performing workers, therefore improving firm productivity. Policies and methods that positively promote worker motivation need to be considered by the firm and general management. These methods should be combined with the firm's total objectives and goals in both the long and short run. Furthermore, firms are required to prepare their guidelines, plans and procedures and make it possible for employees to work well and to gain from their job and achievements. A fair reward system must be systematized in firms. Firms are expected to develop a safe and cooperative environment for workers. Employers and supervisors need to acknowledge plainly and describe motivating approaches for workers to make the firms competitive.

REFERENCES

- Ahmed, I., Sultana, I., Paul, S. K., & Azeem, A. (2021). Employee performance evaluation: A fuzzy approach. *International Journal of Productivity and Performance Management* 4(2),17-21
- ALDamoe, F. M. A., Yazam, M., & Ahmid, K. B. (2021). The mediating effect of HRM outcomes (employee retention) on the relationship between HRM practices and organizational performance. *International Journal of Human Resource Studies*, 2(1), 75-96.
- Ali, BJ, & Anwar, G.(2021). An Empirical Study of Employees' Motivation and its Influence Job Satisfaction. *International Journal of Engineering, Business and Management*, 5(2), 21-30.
- Bamber, G. J., Stanton, P., Bartram, T., & Ballardie, R. (2020). Human resource management, Lean processes and outcomes for employees: towards a research agenda. *The International Journal of Human Resource Management*, 25(21), 2881-2891.
- Brynjolfsson, E., & McAfee, A. (2020). Race against the machine: How the digital revolution is accelerating innovation, driving productivity, and irreversibly transforming employment and the economy. *Journal of Human Resource and Leadership*, 3(1), 17-29
- Ciobanu, A., Androniceanu, A., & Lazaroiu, G. (2019). An integrated psycho-sociological perspective on public employees' motivation and performance. *Frontiers in Psychology*, 4(4), 36-51

- Conrad, D., Ghosh, A., & Isaacson, M. (2021). Employee motivation factors: A comparative study of the perceptions between physicians and physician leaders. *International Journal of Public Leadership* 7(1), 19-31
- Dastane, O. (2020). Impact of leadership styles on employee performance: A moderating role of gender. *Australian Journal of Business and Management Research*, 5(12), 27-52.
- Ertas, N. (2020). Turnover intentions and work motivations of millennial employees in federal service. *Public personnel management*, 44(3), 401-423.
- Faisal Ahammad, M., Mook Lee, S., Malul, M., & Shoham, A. (2019). Behavioral ambidexterity: The impact of incentive schemes on productivity, motivation, and performance of employees in commercial banks. *Human Resource Management*, 5(1), 45-62.
- Grant, A. M. (2018). Does intrinsic motivation fuel the prosocial fire? Motivational synergy in predicting persistence, performance, and productivity. *Journal of applied psychology*, 3(1), 48-69
- Hailemichael, B. (2022). *An Assessment of The Performance Appraisal Practice: The Case Of National Alcohol And Liquor Factory*. (Doctoral Dissertation, St. Mary's University).
- Heifetz, R. A., & Laurie, D. L. (2018). The work of leadership. *Harvard business review*, 7(5), 124-134.
- Hu, Q., Dollard, M. F., & Taris, T. W. (2022). Organizational context matters: Psychosocial safety climate as a precursor to team and individual motivational functioning. *Safety science*, 14(5), 105-124.
- Jufrizen, J., Mukmin, M., Nurmala, D., & Jasin, H. (2021). Effect of Moderation of Work Motivation on the Influence of Organizational Culture on Organizational Commitment and Employee Performance. *International Journal of Business Economics (IJBE)*, 2(2), 86-98.
- Kuvaas, B. (2020). Performance appraisal satisfaction and employee outcomes: mediating and moderating roles of work motivation. *The International Journal of Human Resource Management*, 17(3), 504-522.
- Latham, G. P., & Locke, E. A. (2020). Goal setting—A motivational technique that works. *Organizational dynamics*, 8(2), 68-80.
- Liao, H., & Chuang, A. (2021). A multilevel investigation of factors influencing employee service performance and customer outcomes. *Academy of Management journal*, 47(1), 41-58.
- Markos, S., & Sridevi, M. S. (2018). Employee engagement: The key to improving performance. *International journal of business and management*, 5(12), 89-93.
- Parashakti, R. D., Fahlevi, M., Ekhsan, M., & Hadinata, A. (2020). *The influence of work environment and competence on motivation and its impact on employee performance in health sector*. In *3rd Asia Pacific International Conference of Management and Business Science (AICMBS 2019)* (Vol. 259, p. 267). Atlantis Press.
- Pham, N. T., Chiappetta Jabbour, C. J., Vo-Thanh, T., Huynh, T. L. D., & Santos, C. (2020). Greening hotels: does motivating hotel employees promote in-role green performance? The role of culture. *Journal of Sustainable Tourism*, 3(2), 1-20.

- Ramsay, H., Scholarios, D., & Harley, B. (2021). Employees and high-performance work systems: Testing inside the black box. *British Journal of industrial relations*, 38(4), 501-531.
- Rizky, M. C., & Ardian, N. (2019). Enhance employee performance for increase work motivation on Universitas Pembangunan Panca Budi Medan. *Journal Homepage* 7(8), 19-34.
- Samuel, B. (2020). *The Role Of Organizational Culture On Effectiveness In The Case Of Anbessa City Bus Service Enterprise* (Doctoral Dissertation, St. Mary's University).
- Swart, R. (2019). *The influence of employee motivation on productivity in a merged real estate environment* (Doctoral dissertation, North-West University).
- Teixeira, P. J., Marques, M. M., Silva, M. N., Brunet, J., Duda, J. L., Haerens, L., ... & Hagger, M. S. (2020). A classification of motivation and behavior change techniques used in self-determination theory-based interventions in health contexts. *Motivation science*, 6(4), 43-54
- White, L., Lockett, A., Currie, G., & Hayton, J. (2021). Hybrid context, management practices and organizational performance: A configurational approach. *Journal of Management Studies*, 58(3), 718-748.
- Wulf, G., & Lewthwaite, R. (2021). Optimizing performance through intrinsic motivation and attention for learning: The OPTIMAL theory of motor learning. *Psychonomic bulletin & review*, 23(5), 1382-1414.