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THE IMPACT OF FINANCIAL AND NON-FINANCIAL MOTIVATION ON JOB PERFORMANCE

Nicoleta Valentina FLOREA
University of Valahia, Targoviste, Romania
floreanicol@yahoo.com
ORCID: 0000-0002-1154-7744
Gabriel CROITORU
University of Valahia, Targoviste, Romania
gabriel.croitoru@valahia.ro
ORCID: 0000-0002-8327-3455
Daria FLOREA
University of Valahia, Targoviste, Romania
dariaflorea8@gmail.com
Mihai Bogdan CROITORU
University of Valahia, Targoviste, Romania
c.mihaibogdan384@gmail.com

Abstract
Employee motivation is a critical determinant of job performance, influencing productivity, job satisfaction, and organizational success. This study examines the relative impact of financial and non-financial motivation on employee performance, using Herzberg's Two-Factor Theory and Self-Determination Theory as theoretical frameworks. While financial incentives such as salaries, bonuses, and benefits drive short-term productivity, non-financial motivators - including career development opportunities, job security, recognition, and a supportive work environment - have a more significant and lasting impact on employee engagement and commitment. Using a quantitative methodology, this research surveyed 112 employees from diverse industries in the South Muntenia region of Romania, analyzing data through Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that while financial motivation positively influences performance, non-financial motivators exert a stronger effect, fostering sustained engagement and long-term organizational commitment. These findings highlight the necessity of an integrated motivational strategy that balances financial rewards with intrinsic motivational drivers to enhance overall workforce performance.

Keywords: *Employee motivation; job performance; financial incentives; non-financial rewards.*

JEL Classification: *J24, M12, M54, J33, D23*

INTRODUCTION

Employee motivation is a critical factor in enhancing organizational performance, influencing productivity, job satisfaction, and employee retention (Akerele, 2023; Ramchandani, 2024). While financial incentives have traditionally been emphasized, recent research highlights the importance of non-financial motivators such as recognition, professional development, and organizational culture (Argyropoulou et al., 2023; Pandya, 2024). Both intrinsic and extrinsic motivation play crucial roles in driving employee performance, with intrinsic factors often having a more lasting impact (Argyropoulou et al., 2023; Pandya, 2024). Leadership styles, particularly transformational leadership, significantly influence employee engagement and motivation (Prasetya, 2024). Organizations that effectively balance intrinsic and extrinsic motivators can foster long-term commitment, innovation, and improved organizational outcomes (Basu, 2023; Pandya, 2024). Employee engagement, closely linked to motivation, is a key predictor of individual and organizational performance (Arshad & Nai Ming, 2024; Primadi et al., 2023). Implementing strategies to enhance employee motivation and engagement is crucial for organizations seeking to optimize performance and gain a competitive edge.

Recent research highlights the growing importance of non-financial motivators in enhancing employee performance and organizational success. While financial compensation remains significant, factors like recognition, professional development opportunities, and positive organizational culture have been shown to have a sustainable impact on long-term performance (Achim et al., 2013; Moroşan-Dănilă et al., 2020). Studies indicate

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that a combination of financial and non-financial motivators is most effective in maximizing employee satisfaction and organizational profitability (Nurul et al., 2019; Sandu, 2020). Non-financial factors such as workplace satisfaction, equal treatment, and recognition of merits play crucial roles in motivating employees and improving organizational performance (Anghel & Almasan, 2022; Guerra, 2024). Effective motivational techniques should be tailored to the organization's environment and employee characteristics, striking a balance between job challenges and available resources (Pârjoleanu, 2020). Proactive personality traits and appropriate motivational factors have been associated with increased workplace performance (Constantinescu & Stegaroiu, 2023).

Recent research highlights the importance of sustainable practices and innovative management tools for long-term organizational performance (Armstrong & Murlis, 2007; Fisher, 2015). Studies show that informal relationships within teams can have a more significant impact on performance than financial rewards(Sava-Musteață, 2024). Enterprise sustainability positively affects business performance and stakeholder welfare in the long run (Domanović et al., 2020).

The growing complexity of today's work environment, driven by rapid digital transformations and evolving workforce expectations, calls for a nuanced understanding of the interplay between financial and non-financial motivation. While financial compensation remains a cornerstone of employee satisfaction, increasing evidence underscores the limitations of monetary incentives in fostering long-term engagement and performance. Research in this area has traditionally focused on the structure and effectiveness of financial compensation systems (Murugesan, 2012; Nicolescu & Verboncu, 2008). However, the rising emphasis on employee well-being, personal development, and meaningful work suggests that non-financial rewards may play a pivotal yet underexplored role in organizational success. Non-financial motivators such as recognition, opportunities for growth, and alignment with intrinsic values are believed to address deeper psychological and emotional needs, making them essential for sustaining engagement and productivity (Bradutanu, 2015; Florea, 2014; Kumar, 2010). By examining these factors through theoretical frameworks such as Herzberg's Two-Factor Theory and Self-Determination Theory (SDT), this study aims to determine the relative impact of financial versus non-financial motivation on employee job performance. Specifically, it investigates whether non-financial rewards are more effective in fostering enduring commitment to organizational goals compared to financial incentives, particularly by addressing intrinsic needs for autonomy, competence, and relatedness (Latham, 2012; Milkovich & Bloom, 1998). In an increasingly knowledge-based and employee-centered workforce, such insights could redefine conventional management strategies, paving the way for workplaces that prioritize intrinsic satisfaction alongside extrinsic rewards.

This study aims to evaluate the impact of both financial and non-financial motivational factors on employees' job performance, with a particular focus on the extent to which non-financial motivation influences long-term organizational commitment compared to financial rewards. Central to this analysis are Herzberg's Two-Factor Theory and Self-Determination Theory (SDT), which together offer a comprehensive framework for understanding the interaction between intrinsic and extrinsic motivators in shaping workplace behaviors and organizational outcomes. Herzberg's model differentiates between hygiene factors, such as salary and job security, and motivators, such as recognition and opportunities for self-actualization, suggesting that the latter are more critical drivers of sustained performance and satisfaction. By incorporating the principles of SDT, which highlight the importance of autonomy, competence, and relatedness in fostering intrinsic motivation, this research contends that an exclusive reliance on financial incentives may fail to cultivate a deep psychological commitment from employees to the organization's long-term objectives. Existing literature (Latham, 2012; Milkovich & Bloom, 1998) underscores that while financial rewards are essential for meeting basic needs and hygiene requirements, they often produce diminishing returns in motivation once a certain threshold is reached. This highlights the importance of non-financial mechanisms, such as career development opportunities, recognition of achievements, and aligning roles with employees' passions and values. Ultimately, this study seeks to contribute to a more nuanced understanding of how organizations can adopt a strategically balanced approach to motivation to enhance both individual and collective performance while fostering enduring commitment to organizational goals.

The primary objectives of this research are multifaceted, encompassing both theoretical analysis and practical application, with the aim of deepening the understanding of employee motivation and its effects on performance and engagement within an organizational context. Firstly, the study examines the role of financial motivators—such as competitive salaries, performance-based bonuses, and comprehensive benefits packages—in enhancing employee productivity and commitment. By focusing on these tangible rewards, the research evaluates their impact on short-term performance gains and overall employee satisfaction. Secondly, the study evaluates the effectiveness of non-financial motivators, including merit recognition, opportunities for career advancement, and a sense of job security, in cultivating intrinsic motivation and fostering long-term employee loyalty. These non-monetary incentives are often considered critical in addressing employees' psychological needs and creating a supportive work environment. Thirdly, a key focus of this research is to compare and contrast the relative influence of financial versus non-financial motivators in driving sustainable engagement, with the goal of identifying which approach yields a more significant impact over time. This comparative analysis provides a nuanced understanding of how various motivational strategies align with employees' diverse needs and expectations. Lastly, the findings

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of this study aim to offer practical insights and actionable recommendations for Human Resource professionals, enabling them to design and implement effective and balanced motivation strategies that not only improve employee performance but also contribute to organizational success in the long term. Through this comprehensive exploration, the study aspires to bridge the gap between theory and practice, offering a roadmap for organizations aiming to maximize workforce potential and foster enduring engagement.

The research employs a quantitative methodology, utilizing a structured questionnaire as the primary data collection tool, administered to a diverse sample of 112 employees across various industries. By adopting a Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, the study rigorously examines the causal relationships between financial and non-financial motivators while evaluating their predictive power in shaping employee motivation. The research is particularly notable for addressing existing gaps in the academic literature, especially regarding the long-term sustainability and effectiveness of non-financial motivators in fostering employee engagement and productivity. By offering empirical insights into the interplay between these motivators, the study aims to contribute both to theoretical advancements in organizational motivation research and to practical applications that inform managerial decision-making. The anticipated findings are expected to guide organizations in designing and implementing strategic motivation policies tailored to optimize employee performance, enhance job satisfaction, and support a high-performing, engaged workforce. This dual contribution to academic discourse and practical management highlights the significance and relevance of the research, providing a robust framework for understanding how motivation can be effectively sustained in contemporary organizational environments.

The article is structured as follows: In section one is presented the Literature review in the proposed field and are established the research hypothesis; in section two is made the Research methodology, are established the objectives and the sample for research. Section three is presenting the Results section, where are presented a few models and tests in order to show their significance for the research. In section four is developed the Confirmatory factor analysis and are presented the results for fulfillment of the established hypothesis. Then, in the final part of the article are presented the Conclusions and future research directions.

I. LITERATURE REVIEW AND RESEARCH HYPOTHESIS

I.1. ANALYSIS OF FINANCIAL MOTIVATING FACTORS

Financial motivation encompasses various tangible rewards provided by organizations to employees in exchange for their work performance. These incentives include base salaries, bonuses, commissions, profit-sharing plans, stock options, and other monetary benefits (Armstrong & Murlis, 2007; Murugesan, 2012). The primary objective of financial motivation is to attract, retain, and stimulate employees to achieve higher performance levels by providing financial security and recognition for their contributions (Milkovich & Bloom, 1998).

The study of financial motivation has been underpinned by several theoretical frameworks that offer critical insights into the dynamics of employee behavior and organizational effectiveness. One of the foundational models in this realm is Expectancy Theory, which postulates that individuals are more likely to exert effort when they anticipate that their performance will lead to desirable outcomes or rewards, such as financial compensation (Vroom, 1964). This perspective underscores the importance of aligning employee expectations with achievable rewards to foster sustained motivation and dedication. Complementing this is Reinforcement Theory, which focuses on the behavioral consequences of financial incentives (Skinner, 1953). According to this theory, behaviors that yield positive reinforcement - such as bonuses, pay raises, or monetary recognition - are more likely to be perpetuated, a process that can significantly enhance workplace productivity and performance. Another critical perspective is Agency Theory, which emphasizes the role of financial rewards in harmonizing the interests of employees, or agents, with those of the organization, or principals (Jensen & Meckling, 1976). This theory is particularly pertinent in roles where measurable performance outcomes, such as sales figures or shareholder returns, dictate success, as it advocates financial incentives to mitigate potential conflicts of interest between agents and principals while encouraging goal alignment. Together, these theoretical models present a robust foundation for understanding the nuanced relationship between financial motivation and workplace behavior, illustrating how monetary incentives can serve as both a driver and a mechanism for optimizing organizational performance and individual effort.

Research indicates that financial motivation has a strong and positive impact on employee performance, particularly in roles where output can be quantitatively measured. Employees who perceive fair and competitive compensation exhibit higher levels of organizational commitment and job satisfaction (Nicolescu & Verboncu, 2008). Additionally, financial incentives can enhance short-term motivation by reinforcing goal achievement, leading to increased effort and productivity (Latham, 2012).

A study by Yousaf found that commission-based pay structures significantly boosted sales employee performance, while performance-based bonuses led to improved efficiency in production sectors (Yousaf, 2014).

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Furthermore, a meta-analysis confirmed that pay-for-performance models positively influence work motivation, particularly when linked to clear and achievable performance targets (Gerhart et al., 2009).

Financial motivation is realized by offering to its employees, wages and salaries, bonuses, benefits (Armstrong & Baron, 2005; Armstrong & Murlis, 2007; Murugesan, 2012; Yousaf, 2014), cash rewards and cash prizes, fringe benefits, meal vouchers, payment of hours worked overtime, offering a company car, laptop, work phone, accommodation and meals for trips during the service, bonuses (seniority, heavy working conditions, night, driving allowances), commissions, tickets (meal, gift, holiday, etc.) (Nicolescu & Verboncu, 2008), facilities of free accommodation, gratuity, holidays' salaries (Gupta S., 2021, p.316), dividends, profit participation, gratifications, or salary reductions (penalties, fines), payment of holidays, of illness, of raising and caring for the child, of studies, etc., payment of health insurance, unemployment, life insurance, monthly incentive to reach targets on different segments.

Despite its benefits, financial motivation may have diminishing returns over time. Research suggests that employees adjust to their compensation levels and gradually shift their focus toward intrinsic job satisfaction elements such as career growth, work-life balance, and organizational culture (Bradutanu, 2015; Florea & Croitoru, 2023). Herzberg's Two-Factor Theory reinforces this notion by arguing that while financial rewards prevent dissatisfaction, they do not necessarily foster long-term engagement and fulfillment (Herzberg, 1966). Moreover, an overreliance on financial incentives can lead to unintended consequences. High turnover rates may emerge when employees continuously seek higher salaries elsewhere (Kumar, 2010). Additionally, excessive monetary incentives might encourage short-term goal orientation rather than intrinsic motivation for long-term professional development (Florea, 2014). Given these limitations, a balanced approach that integrates both financial and non-financial motivational strategies is essential for sustaining workforce engagement and performance.

Based on the literature reviewed, financial motivation plays a critical role in driving employee performance, particularly in roles with measurable outcomes. However, its impact may be moderated by factors such as job type, industry, and individual employee expectations. Thus, the following hypothesis is proposed:

Hypothesis 1: Financial motivation has a positive and direct impact on Work Performance

I.2. ANALYSIS OF NON-FINANCIAL MOTIVATING FACTORS

Non-financial incentives play a vital role in boosting employee motivation, engagement, and retention across various industries. Key non-monetary motivators include career development opportunities, recognition, a positive work environment, and work-life balance (Altassan, 2024; Orujaliyev, 2024). These factors have been found to be as effective, if not more so, than financial incentives in enhancing job satisfaction and commitment (Altassan, 2024; Saxby, 2024). Non-financial rewards are especially valuable in industries struggling with retention challenges, such as mining (Saxby, 2024). Effective non-monetary motivation strategies include flexible work arrangements, professional development opportunities, and employee recognition programs (Achim et al., 2013; Ashish, 2023; Mittal, 2023). Furthermore, offering transportation subsidies and implementing flexible working hours can significantly enhance employee motivation (Onavwie et al., 2024). Organizations that integrate a mix of financial and non-financial incentives, alongside coaching and mentoring activities, are more likely to foster a motivated and high-performing workforce (Pârjoleanu, 2020).

According to theoretical frameworks, Self-Determination Theory (Deci & Ryan, 1985) and Job Characteristics Model (Hackman & Oldham, 1976), these non-financial motivators address intrinsic psychological needs, such as autonomy, competence, and relatedness, which are essential for enhancing intrinsic motivation and fostering engagement. Herzberg's Two-Factor Theory further underscores the importance of emphasizing these intrinsic motivators, as they contribute to sustained job satisfaction and mitigate the risk of stagnation or disengagement (Herzberg, 1966). Ultimately, when organizations leverage non-financial motivation effectively, they can cultivate a committed workforce, enhance employee retention, and drive organizational success in the long term, proving that not all impactful rewards are monetary in nature.

Non-financial motivation refers to intangible rewards that enhance employee engagement and performance without direct monetary compensation. These include career development opportunities, job autonomy, recognition, a positive work environment, and work-life balance (Deci & Ryan, 1985; Hackman & Oldham, 1976). Such factors contribute to long-term job satisfaction and intrinsic motivation, often leading to sustained employee commitment and organizational success (Herzberg, 1966). Self-Determination Theory (Deci & Ryan, 1985) highlights that intrinsic motivation, derived from autonomy, mastery, and purpose, is crucial for long-term performance. Job Characteristics Theory (Hackman & Oldham, 1976) also emphasizes that meaningful work, skill variety, and task significance enhance employee motivation and satisfaction. Herzberg's Two-Factor Theory differentiates between hygiene factors, which prevent dissatisfaction, and motivators, such as recognition and career advancement, which actively enhance job satisfaction. Studies indicate that when employees perceive opportunities for personal growth and development, they are more likely to remain engaged and perform at higher levels (Judge et al., 2001).

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Several studies suggest that non-financial motivators play a crucial role in sustaining employee engagement. Research by Kohn argues that intrinsic motivation is more effective in promoting long-term performance than financial rewards alone (Kohn, 1999). A study by Amabile found that employees who felt a sense of autonomy and purpose exhibited higher creativity and problem-solving abilities (Amabile et al., 1996). Similarly, Ryan and Deci demonstrated that employees who experience meaningful work and supportive leadership are more likely to be committed to their roles (Ryan & Deci, 2000).

Organizational practices such as career mentoring, leadership development programs, and workplace flexibility contribute significantly to employee retention and productivity (Gagné & Deci, 2005). Furthermore, workplaces that foster recognition and social support create an environment where employees are motivated to excel without relying solely on financial incentives (Cerasoli et al., 2014; Rad et al., 2023).

While non-financial motivation enhances long-term job satisfaction, it may not always be sufficient in highly competitive job markets where financial compensation remains a primary driver (Guzzo et al., 1985). Employees may still expect a competitive salary, even if they value recognition and career growth. Additionally, cultural and generational differences influence how employees perceive non-financial incentives, requiring organizations to tailor their approaches accordingly (Hofstede, 1980). Thus, an integrated approach that combines financial and non-financial motivation is necessary to achieve optimal employee performance and job satisfaction. Building on the literature, non-financial motivation plays a critical role in fostering intrinsic motivation, engagement, and long-term performance. Thus, we propose the following hypothesis:

Hypothesis 2: Non-financial motivation has a positive and direct impact on Work Performance.

I.3. DETERMINING THE DEGREE OF IMPACT OF THE TWO MOTIVATING FACTORS ON JOB PERFORMANCE?

Understanding the interplay between financial and non-financial motivation is essential for developing effective strategies to enhance employee performance. While financial incentives provide an immediate boost in productivity, non-financial motivation fosters long-term commitment and engagement, leading to sustained performance improvements (Ryan & Deci, 2000).

Several studies suggest that non-financial motivation has a more profound and lasting impact on job performance than financial rewards. Financial motivation, which includes salaries, bonuses, and other monetary incentives, is effective in achieving short-term performance goals and attracting talent. However, its effectiveness diminishes over time as employees become accustomed to their compensation and begin to seek other forms of job satisfaction (Bradutanu, 2015).

On the other hand, non-financial motivation, which includes career development, job autonomy, recognition, and a positive work environment, plays a critical role in fostering intrinsic engagement. Employees who perceive opportunities for professional growth, meaningful work, and supportive leadership exhibit greater job satisfaction, creativity, and overall performance (Gagné & Deci, 2005). Studies indicate that workplaces emphasizing non-financial motivation experience higher retention rates, lower turnover, and improved organizational commitment (Herzberg, 1966; Judge et al., 2001).

A meta-analysis conducted by Cerasoli (Cerasoli et al., 2014) found that while financial incentives enhance performance in jobs with clearly defined, repetitive tasks, non-financial motivators have a greater influence in roles requiring creativity, problem-solving, and teamwork. Similarly, a study by Amabile et al. (Amabile et al., 1996) demonstrated that employees who receive intrinsic rewards, such as recognition and autonomy, exhibit higher levels of innovation and sustained performance than those driven solely by financial compensation. Furthermore, Deci et al. (Deci et al., 1999) argued that excessive reliance on financial incentives may lead to a decrease in intrinsic motivation, as employees shift their focus from professional growth to monetary rewards. This shift can result in a lack of long-term engagement and an increase in turnover when financial incentives fail to meet employee expectations.

Given the complementary roles of financial and non-financial motivation, organizations should adopt an integrated approach that balances both types of incentives. A hybrid model that includes competitive financial compensation while fostering a positive work environment, career development opportunities, and job autonomy has been shown to be the most effective in sustaining employee motivation and performance (Ryan & Deci, 2000). Based on the context and literature review, the following specific research hypotheses are proposed:

Hypothesis 3: Non-financial motivation has a greater impact than financial motivation in achieving long-term performance.

II. RESEARCH METHODOLOGY

The research was conducted between October 2024 and February 2025, involving a sample of 112 respondents from the South Muntenia region. This area was selected for its diverse economic landscape, which includes both urban and rural settings, as well as a mix of industrial, commercial, and service-oriented enterprises.

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Choosing this geographic region enables a more detailed understanding of how financial and non-financial motivators impact employee performance across various economic sectors.

Respondents were drawn from multiple industries, such as manufacturing, retail, healthcare, education, and financial services, ensuring a representative sample of employees working within different organizational structures and motivational contexts. Furthermore, the study included both private and public sector employees to examine how motivation strategies differ based on employment type. The geographic distribution of respondents was carefully balanced to capture perspectives from major urban centers like Ploiești and Târgoviște, alongside smaller towns and rural areas within the region.

SmartPLS was selected as the primary statistical analysis tool for this study due to its unique capabilities that align well with the specific requirements and challenges of regional research, offering advantages particularly in the context of managing data from small and medium sample size populations, which is often a limitation in geographically constrained studies such as this one. A key justification for its use lies in its ability to effectively handle non-normal distributions of data, which is a common challenge in social science research due to demographic heterogeneity and respondents' working conditions (J. F. Hair et al., 2022a). This was particularly relevant for this study as the sample drawn from the South Muntenia region showed considerable diversity. In addition, being a variance-based structural equation modeling (SEM) tool, SmartPLS offers greater flexibility in estimating complex models, making it adept at deciphering the complex relationships between the financial and non-financial motivational factors explored in this study.

To enhance the credibility and comprehensiveness of its findings, the study meticulously incorporated multiple control variables, with a particular focus on capturing the geographic and socio-economic intricacies of the South Muntenia region. By doing so, the research aimed to contextualize variations in motivation and work performance beyond the straightforward dichotomy of financial and non-financial incentives. Firstly, the inclusion of respondents from both urban and rural settings allowed for a nuanced exploration of how motivational drivers diverge in economically advanced urban hubs, such as Ploiești, compared to smaller towns and rural areas, where factors like job security and financial stability are likely to play a more pronounced role in shaping employees' attitudes. Secondly, the research accounted for industry-specific disparities by comparing responses from participants working within the dominant manufacturing sector-a hallmark of the region's economy-to those in service-oriented industries, such as education and healthcare, which tend to operate under distinct motivational frameworks and organizational cultures. Additionally, the study emphasized the differentiation based on company size and sector, separating responses from employees in small and medium enterprises (SMEs) from those in large corporations, while simultaneously analyzing distinctions between public and private sector workers. This approach acknowledges that organizational size and governance structures significantly influence the strategic application of motivational practices. By integrating these variables into its analytical framework, the study ensures that its conclusions are firmly rooted in the broader regional and sectoral context of South Muntenia, offering a more robust and multidimensional understanding of the factors influencing workplace motivation.

The data obtained were initially added into Microsoft Excel 2023 for preprocessing of information related to demographic data, data cleaning and determination of limestone composites. IBM SPSS Version 26 was then used for statistical analyses and SmartPLS 4.1 was used for confirmatory factor analyses.

The gender distribution of the respondents (47.3% female, 52.7% male) indicates a relatively balanced representation, allowing for a comprehensive analysis of gender-based motivational differences, table 1. Given that prior research suggests men tend to be more financially motivated, while women prioritize non-financial factors such as recognition and work-life balance (Ryan & Deci, 2000; Herzberg, 1966), further investigation into their distinct motivational drivers could provide deeper insights. If significant differences emerge in how financial and non-financial motivators influence job performance across genders, organizations may need to adapt incentive structures to better align with employee expectations and engagement patterns.

Table 1. Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	53	47.3	47.3	47.3
	Male	59	52.7	52.7	100.0
	Total	112	100.0	100.0	

Source: made by the authors

The data presented in Table 2 under the category of "Contract Type" highlights a significant difference in the employment arrangements of respondents, with 76.8% (accounting for 86 individuals) holding indefinite-term contracts, and the remaining 23.2% (26 individuals) categorized as having fixed-term contracts. This contrasting distribution underscores the potential implications of employment stability on workplace dynamics, particularly in the domains of employee motivation and performance. Indefinite-term contracts, being indicative of long-term job security, often correlate with greater organizational commitment and intrinsic motivation, as

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employees perceive their roles as stable and enduring. In contrast, fixed-term contracts, inherently temporary, can contribute to heightened job insecurity, which may influence employees to rely more heavily on external motivators, such as performance-based financial rewards, to mitigate the risk of employment discontinuity. Research in human resource management has consistently demonstrated that the type of employment contract serves as a critical determinant of workplace attitudes, shaping not only an employee's motivation levels but also their engagement, productivity, and sense of loyalty to the organization.

Analysis of this data suggests that the prevalence of indefinite-term contracts, encompassing over three-quarters of the workforce, is likely to foster a climate of organizational loyalty and engagement. Employees in this category may respond positively to non-financial motivators such as clear career development pathways, skill-building opportunities, and recognition for their contributions, as these mechanisms align with their long-term positional stability. On the other hand, the subset of employees on fixed-term contracts, constituting 23.2% of the workforce, are likely to exhibit a distinct set of motivational drivers. The inherent uncertainty of their contractual arrangements often necessitates an emphasis on short-term goals, prompting a stronger orientation toward financial incentives and performance-based rewards. Research findings suggest that while fixed-term employees may display high productivity in the short term due to evaluative pressures, their engagement and long-term organizational commitment may remain comparatively lower, as their focus pivots toward securing future employment opportunities beyond their current role.

Strategically, organizations must consider implementing tailored motivation policies that address the differing needs and concerns of these two employee groups. For indefinite-term employees, initiatives that enhance job satisfaction through non-monetary rewards, including career advancements, professional growth opportunities, and peer recognition, could serve to deepen their intrinsic motivation and reinforce their organizational loyalty. On the other hand, for fixed-term employees, it is imperative to mitigate their sense of job insecurity by introducing performance-based financial rewards, extending mentoring support, and potentially creating pathways for transitioning to permanent employment. These strategies not only address the immediate concerns of fixed-term employees but also foster a sense of inclusion and equity within a diverse workforce.

The data reflecting the distribution of contract types brings to light the dual nature of workforce composition, where the majority of employees benefit from the stability of indefinite contracts, while a significant minority contend with the uncertainties associated with fixed-term arrangements. To ensure optimal employee motivation and organizational performance, management must adopt nuanced approaches that align motivational strategies with the specific needs of each contract type. Further investigations are recommended to examine whether and how employees' perceptions of financial versus non-financial motivators diverge based on their contract type, as such insights hold crucial implications for devising effective retention, engagement, and performance management policies.

Table 2. Contract type

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CIM for nedetermined	86	76.8	76.8	76.8
	CIM for determined	26	23.2	23.2	100.0
	Total	112	100.0	100.0	

Source: made by the authors

The job seniority distribution, table 3, shows that 45.5% of respondents have less than three years of experience, indicating a workforce dominated by early-career employees who prioritize financial rewards and career growth opportunities. Mid-career employees (3-10 years, 31.3%) seek professional development and leadership roles, while experienced employees (10+ years, 23.3%) value job stability, recognition, and workplace flexibility. Motivational strategies should be differentiated, with financial incentives for early-career employees, career progression for mid-career professionals, and recognition programs for experienced staff. This approach can enhance workforce retention, engagement, and organizational performance, aligning motivation strategies with employees' evolving needs.

Table 3. Job seniority

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< one year	28	25.0	25.0	25.0
	1 year- 3 years	23	20.5	20.5	45.5
	3 years-5 years	18	16.1	16.1	61.6
	5 years-10 years	17	15.2	15.2	76.8
	10-20 years	20	17.9	17.9	94.6

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		Frequency	Percent	Valid Percent	Cumulative Percent
	more than 20 years.	6	5.4	5.4	100.0
	Total	112	100.0	100.0	

Source: made by the authors

The analysis of the data presented in Table 4 underscores a workforce predominantly composed of executive-level employees, with 70.5% of respondents (79 individuals) occupying roles at this tier, in contrast to the 29.5% (33 individuals) serving in management positions. This division not only highlights an organization structured hierarchically but also reflects the distinctive motivational needs and performance drivers inherent at these varying levels. Research in organizational behavior and psychology consistently emphasizes that employees' motivational priorities and engagement mechanisms differ significantly between operational and leadership roles. For the substantial majority of employees operating at the execution level, motivation tends to be extrinsically driven, reliant on tangible outcomes such as financial compensation, career progression, and job security. By offering structured promotion pathways, performance-based rewards, and continuous skill development initiatives, organizations can ensure prolonged engagement and productivity within this cohort. Conversely, individuals in managerial positions display a stronger inclination toward intrinsic motivators, prioritizing factors such as decision-making authority, opportunities for leadership development, and recognition within the organization. These employees thrive in environments that offer greater autonomy, strategic influence, and validation of their contributions through leadership-focused incentives rather than direct financial benefits. Therefore, organizations must embrace a dual motivation strategy, simultaneously addressing the largely financial and career-oriented motivations of their executive workforce, while fostering intrinsic motivators such as professional autonomy and recognition for their managerial staff. Such an approach is likely to enhance workforce engagement at all levels, driving superior organizational performance and employee satisfaction across the board.

Table 4. Function

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Management	33	29.5	29.5	29.5
	Executive	79	70.5	70.5	100.0
	Total	112	100.0	100.0	

Source: made by the authors

The salary distribution presented in Table 5 highlights a clear stratification of earning levels among respondents, with the majority (49.1%) positioned in the middle-to-high salary bracket of 6,001 to 10,000 RON. This group constitutes the financial backbone of the workforce, representing employees who are likely to enjoy a degree of economic security that allows their motivational focus to extend beyond mere financial remuneration. Drawing from self-determination theory (Deci & Ryan, 2000), these individuals may derive greater job satisfaction from intrinsic motivators such as career advancement opportunities, the prospect of greater autonomy in their roles, and consistent recognition for their contributions. Such findings underscore the critical importance of fostering leadership development programs, as well as cultivating a workplace culture where growth, innovation, and job satisfaction are prioritized to sustain high levels of engagement and performance. On the other hand, 13.4% of respondents who earn less than 4,000 RON represent a group for whom financial considerations are likely to be of paramount importance. According to existing motivational theories (e.g., Judge et al., 2001), this segment may respond most effectively to tangible monetary incentives, such as salary increments, performance-based bonuses, or even structured economic benefits like housing or transportation subsidies. Failure to adequately address their financial needs could result in heightened turnover rates within this demographic (Latham, 2012), thus posing potential challenges to organizational stability. Furthermore, the data reveals that 18.8% of respondents earn above 10,000 RON, a group that typically exhibits different motivational drivers. High earners often prioritize qualitative aspects of their roles, focusing on the attainment of leadership positions, long-term career progression, and their involvement in strategic decision-making processes (Gagné & Deci, 2005). Retaining such employees necessitates a dual approach—offering them visible influence within the organization while also recognizing their achievements in ways that resonate with their career aspirations. In conclusion, the salary distribution outlined in Table 5 underscores the necessity of a nuanced and stratified approach to workforce motivation. While lower-income employees may require primary emphasis on financial rewards to meet immediate needs, employees in middle to higher salary brackets will likely exhibit stronger engagement when offered non-financial benefits such as recognition, career development, and leadership opportunities. Organizations striving for sustained levels of satisfaction and performance must therefore employ targeted motivational strategies that reflect the diverse needs and expectations of employees spanning multiple income categories.

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Table 5. Salary

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	up to 4000 RON	15	13.4	13.4	13.4
	4001-6000-R RON	21	18.8	18.8	32.1
	6001- 10000 RON	55	49.1	49.1	81.3
	>10000 RON	21	18.8	18.8	100.0
	Total	112	100.0	100.0	

Source: made by the authors

The data presented in Table 6: Company Type reveals that 62.5% of respondents, amounting to 70 individuals, are employed by private companies, while the remaining 37.5%, or 42 individuals, work within public institutions. This distribution highlights a workforce predominantly engaged in the private sector, characterized by a profit-driven and performance-oriented operational framework, contrasting with the public sector, where employees are embedded in environments emphasizing regulatory stability, societal impact, and long-term job security. Such a dichotomy has significant implications for employee motivation and performance, as existing research underscores the fundamentally different motivational drivers between the two sectors. Employees within private companies are often motivated by extrinsic factors, such as competitive salaries, performance-oriented rewards, and opportunities for professional growth and advancement. In contrast, public-sector employees derive their motivation more significantly from intrinsic factors, including job stability, work-life balance, and the recognition of their societal contributions. Thus, while private sector organizations must implement strategies that prioritize financial incentives, skill development, and career progression to keep their workforce engaged and productive, public institutions are better served by focusing on long-term benefits, professional recognition, and non-monetary incentives to enhance workplace satisfaction and employee retention. In light of these data, it becomes evident that the development of differentiated motivational strategies tailored to the unique characteristics of private and public sector employees is imperative. Such strategies not only address the specific needs of the respective workforce segments but also serve to maximize productivity, engagement, and commitment across both types of employment environments.

Table 6. Company Type

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Publish	42	37.5	37.5	37.5
	Private	70	62.5	62.5	100.0
	Total	112	100.0	100.0	

Source: made by the authors

The data presented in Table 7 offers a comprehensive analysis of the distribution patterns of key workforce characteristics, encompassing contract type, job seniority, job function, salary levels, gender representation, and company type within the sample comprised of 112 respondents. Descriptive statistics such as mean values, standard deviations, and variances provide valuable insights into these variables, enabling a nuanced interpretation of the demographic and professional composition of the surveyed population. Starting with contract types, where indefinite and fixed-term employments are coded as 1 and 2 respectively, the observed mean of 1.23 strongly emphasizes a workforce predominantly employed on indefinite contracts, underscoring a pronounced degree of job stability within the sample. The notably low standard deviation of 0.424 further confirms a lack of substantial variability in contract type, indicating that homogeneity exists in terms of employment stability. For job seniority, measured on a scale ranging from less than a year (1) to over 20 years (6), the mean of 2.96 provides evidence that most employees possess between 3 to 5 years of professional experience. However, the high standard deviation of 1.605 and variance of 2.575 suggest a diverse spread, reflecting a balanced representation of individuals from various levels of tenure, from recent hires to experienced professionals. Similarly, job function, coded as management (1) and executive (2), exhibits a mean of 1.71, suggesting that a majority of respondents are employed in executive roles. The small standard deviation of 0.458 indicates that this trend is consistent across the group, with minimal variation. Regarding salary, categorized into four income brackets ranging from ≤4,000 RON (1) to >10,000 RON (4), the mean value of 2.73 demonstrates that most employees earn in the range of 6,001 to 10,000 RON, representative of mid-range earnings. While the standard deviation of 0.920 and variance of 0.847 point to moderate variability, they also reinforce that the majority's earnings cluster within this bracket. Gender distribution, analyzed with coding for females (1) and males (2), reveals a mean of 1.53, indicating a nearly balanced workforce but with a slight skew toward male respondents. The low standard deviation of 0.502

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highlights an equitable gender representation overall. Lastly, analysis of company type, distinguishing public (1) from private (2) organizations, with a mean of 1.63 and standard deviation of 0.486, suggests that a considerable majority of respondents are employed in the private sector, although a segment still operates within public institutions. Collectively, these findings illuminate critical aspects of workforce demographics and occupational attributes, offering a robust foundation for further analysis and strategic workforce planning.

The implications for workforce motivation and engagement within a stable employment environment, where indefinite contracts predominate, emphasize the critical importance of prioritizing non-financial motivators to sustain long-term employee engagement and satisfaction. In such scenarios, career development opportunities, skills enhancement, and job recognition play a pivotal role in fostering meaningful connections between employees and their organizations. These non-financial drivers offer employees a sense of purpose, progression, and acknowledgment, which can often outweigh purely financial considerations, particularly in environments that value long-term employment stability. Furthermore, the composition of the workforce, incorporating both newly employed individuals and experienced professionals, highlights the necessity for organizations to implement tailored training programs and career advancement pathways that adequately reflect the differing needs and aspirations of diverse tenure groups. Such customized approaches ensure that newer employees receive the foundational support required to acclimate and excel, while more seasoned professionals are continuously engaged through challenging projects, leadership opportunities, or specialized development initiatives that leverage their expertise. The significant presence of executive-level personnel in the workforce further underscores the necessity of integrating performance-based financial incentives into motivational frameworks, as these incentives can drive accountability, enhance goal alignment, and ensure ongoing contributions at the leadership level. Additionally, the workforce's balanced gender representation and the diversity observed across varying company types necessitate a strategic application of motivation strategies that are both inclusive and contextually adapted. This includes crafting sector-specific motivational approaches that align with industry realities while simultaneously addressing gender-based expectations to promote equality, inclusivity, and individualized career satisfaction. Ultimately, by embracing these multilayered strategies, organizations can effectively cultivate a highly motivated, engaged, and dynamically productive workforce capable of thriving within diverse and evolving professional landscapes.

The descriptive statistics confirm a financially stable, predominantly executive-level workforce, with a strong presence in the private sector and a mix of early-career and experienced employees. These findings emphasize the need for differentiated motivation strategies, integrating financial rewards for junior employees, career advancement opportunities for mid-level staff, and leadership incentives for senior employees to optimize retention and performance.

Table 7. Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
	112	1	2	138	1.23	0.424	0.180
Vechime Loc Munca	112	1	6	332	2.96	1.605	2.575
Functie	112	1	2	191	1.71	0.458	0.210
Salariu	112	1	4	306	2.73	0.920	0.847
Gen	112	1	2	171	1.53	0.502	0.252
Tip Companie	112	1	2	182	1.63	0.486	0.236
Valid N (listwise)	112						

Source: made by the authors

This study confirms that motivation is multi-faceted, requiring an integrated approach combining financial and non-financial incentives. While financial rewards drive short-term performance, intrinsic factors such as career development, recognition, and job security sustain long-term engagement (Bradutanu, 2015; Pârjoleanu, 2020). Organizations should implement sector-specific and job-level targeted motivation strategies, ensuring that financial incentives are balanced with career progression, autonomy, and recognition programs. Future research should explore the psychological and behavioral impact of motivational strategies across different workforce segments, refining models that integrate both extrinsic and intrinsic motivational drivers.

III. RESULTS

PLS-SEM has adopted a statistical method (Li et al., 2021) to estimate dysfunctional relationships among observed and latent variables (J. Hair et al., 2017). PLS-SEM is particularly suitable for the present study to handle (Hamdollah & Baghaei, 2016; Mousavi Baigi et al., 2023; Yener et al., 2020) various mediation and moderation

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structures (Sarstedt et al., 2014). PLS-SEM combines a two-step modeling procedure to determine the measurement framework and structure (Anderson & Gerbing, 1988).

III.1. MEASUREMENT MODEL EVALUATION

In this subsection, we examine the reliability and validity of the constructs used in the research model. Using a confirmatory factor analysis and descriptive statistics, we evaluated how well the selected items measure the latent variables. Additionally, based on composite reliability (CR), the study's reliability values were deemed satisfactory, ranging from 0.7 to 0.9 (J. F. Hair et al., 2019). In our research, this was true in all instances, as all item loads exceeded 0.7 (J. F. Hair et al., 2022b). Cronbach's alpha was also around and above 0.7 (Henseler & Sarstedt, 2013); all AVE values (average variance extracted) were above 0.5 (J. F. Hair et al., 2014); and the CR values were greater than 0.7, ranging from 0.820 to 0.862 (Jang & Lee, 2019; Nemțeanu et al., 2022). The VIF values for all analyzed variables (as shown in Table 8) were greater than 0.5, indicating that multicollinearity is not an issue for the study (Becker et al., 2015; Sobaih & Elshaer, 2022).

Table 8. Confirmatory factor analysis and descriptive statistics

Construct	Item	Measure	Mean	VIF	Loading (St.Est.)[a]	Chro Alpha[d]	AVE[b]	CR[c]
1. Financial motivation **(MFIN)**								
	MFIN1	Salary according to performance	1.929	1.543	0.755	0.723	0.520	0.820
	MFIN2	Bonuses	1.964	1.404	0.809			
	MFIN3	Cash rewards	1.938	1.361	0.749			
	MFIN4	Meal vouchers	1.812	1.345	0.717			
	MFIN5	Health insurance	1.964	1.328	0.878			
	MFIN6	Payment for studies	2.045	1.324	0.794			
	MFIN7	Life insurance	2.107	1.314	0.733			
	MFIN8	Payment through promotion	2.018	1.270	0.828			
	MFIN9	Paid training programs	1.955	1.260	0.836			
	MFIN10	Vacation vouchers	1.964	1.252	0.986			
	MFIN11	11.Company car	1.929	1.238	0.744			
	MFIN12	12.Work laptop	2.009	1.237	0.748			
	MFIN13	Work telephone	2.027	1.233	0.579			
	MFIN14	Paid overtime	1.964	1.222	0.897			
	MFIN15	Supporting expenses by the company (business travel, accommodation, meals, conferences, etc)	2.071	1.199	0.773			
Average			**1.980**					
2. Non-financial motivation **(MNFIN)**								
	MNFIN1	Thank you letters/emails	4.045	1.197	0.932	0.780	0.600	0.840
	MNFIN 2	Appropriate communication with managers and colleagues (feedback, listening, empathy)	4.089	1.194	0.797			
	MNFIN 3	Encouraging team work	4.107	1.192	0.852			
	MNFIN 4	Plaques, diplomas, medals	4.054	1.188	0.703			
	MNFIN 5	Teambuiling, quality circles, discussion meetings	4.089	1.175	0.712			
	MNFIN 6	Parties or ceremonies on certain special days (employee's birthday, company day, women's day, etc.)	3.884	1.150	0.728			
	MNFIN 7	Praise for special merits (in front of colleagues and bosses, in public meetings, on the website, in the press, etc.)	3.982	1.145	0.864			
	MNFIN 8	Flexible working hours (hybrid, teleworking, shifts)	4.098	1.143	0.964			
	MNFIN 9	Job and employee security	4.045	1.143	0.853			

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	MNFIN 10	Career development opportunities	4.098	1.134	0.708			
	MNFIN 11	Involvement in decision-making or delegation of tasks	3.830	1.125	0.737			
	MNFIN 12	Providing good working conditions and employee well-being (ergonomic conditions, autonomy, satisfaction and mental well-being)	3.920	1.124	0.864			
	MNFIN 13	Publicly providing results for the employee of the month	3.884	1.121	0.767			
	MNFIN 14	Existence of a transparent promotion system	4.098	1.111	0.883			
	MFIN 15	Loyalty through ethical, responsible, non-discriminatory, fair, equitable and integrity behaviors	3.938	1.111	0.775			
Average			**4.011**					
3. Performance is for me as an employee **(PER)**								
	PER1	A constant desire	3.179	1.106	0.769			
	PER2	An existential condition	3.000	1.106	0.814			
	PER3	A daily motivation	2.991	1.085	0.707	0.851	0.570	0.862
	PER4	An individual goal	2.938	1.036	0.819			
	PER5	A continuous challenge	2.938	1.018	0.756			
	PER6	A reason for change	2.732	1.009	0.724			
Average			**2.963**					

Notes: composite reliability ([a] CR); average variance extracted ([b] AVE); *** $p < 0.000$; *items removed: indicator items are below 0.5. a. All items loading > 5 indicates indicator reliability* (Hulland, 1999); *b. all average variance extracted (AVE) > 0.5 indicates convergent reliability* (Bagozzi & Yi, 1988; Fornell & Larcker, 1981a); *c. all composite reliability (CR) > 0.7 indicates internal consistency* (Gefen et al., 2000); *d. all Cronbach's alpha > 0.7 indicates indicator reliability* (Nunnally, 1978; Nunnally & Bernstein, 1994).

Source: Authors' own work.

Table 8, which presents the results of Confirmatory Factor Analysis and Descriptive Statistics for the construct of Financial Motivation (MFIN), reveals robust psychometric properties, underscoring the reliability and validity of the measurement model. The factor loadings for all items representing MFIN exceed the commonly accepted threshold of 0.5 (Hulland, 1999), signifying satisfactory indicator reliability. Among the items, the lowest factor loading is observed for MFIN13 (Work Telephone) at 0.579, while the item with the strongest representation of the construct, MFIN10 (Vacation Vouchers), demonstrates an impressively high loading of 0.986. These results confirm that the items are meaningfully reflective of the underlying construct. Additionally, Cronbach's Alpha for the scale is 0.723, while the Composite Reliability (CR) is calculated as 0.820. Both of these reliability measures exceed the recommended minimum thresholds (Nunnally, 1978), substantiating the internal consistency of the scale and underscoring its ability to consistently measure financial motivation. Furthermore, the Average Variance Extracted (AVE) for MFIN is 0.520, which surpasses the critical value of 0.5 (Bagozzi & Yi, 1988). This indicates the presence of convergent validity, confirming that the latent construct successfully accounts for a significant proportion of the variance in its indicators. Collectively, these statistics provide strong evidence that the Financial Motivation construct is both reliable and valid, thereby justifying its inclusion in further analyses or predictive models within the broader study. Such findings not only reinforce confidence in the measurement approach employed but also contribute to the robustness of the study's theoretical framework and empirical conclusions.

Table 8 presents the Confirmatory Factor Analysis (CFA) and descriptive statistics for Non-Financial Motivation (MNFIN), providing critical insights into the construct's reliability and validity measures. The factor loadings for all assessed items exceed the threshold of 0.5, highlighting their statistical significance and strong contribution to the construct. Notably, MNFIN8, which pertains to flexible working hours, demonstrates the highest factor loading at an exceptional value of 0.964. This finding corroborates existing literature, including the work of Ryan and Deci (2000), which emphasizes the pivotal role of flexible work arrangements in enhancing employee motivation and overall satisfaction. Further substantiating the robustness of the construct, Cronbach's Alpha is reported at 0.780, and the Composite Reliability (CR) is calculated at 0.840, both of which indicate strong internal consistency and reliability. Additionally, the Average Variance Extracted (AVE) value of 0.600 confirms the presence of convergent validity, a key criterion in establishing the quality of measurement scales. This finding underscores the relevance and importance of non-financial motivators such as flexible working conditions in

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fostering job performance, resonating with Herzberg's (1966) motivation-hygiene theory, which highlights the significance of intrinsic motivators in driving workplace productivity and satisfaction. Collectively, these metrics reinforce the theoretical and practical significance of non-financial motivators, validating their integral role in modern organizational contexts.

Table 8 provides a detailed analysis of the confirmatory factor analysis (CFA) and descriptive statistics pertaining to the construct of Performance (PER), highlighting its robustness and reliability within the model. The factor loadings for the items underlying the Performance construct range from 0.707 to 0.819, thereby meeting the critical threshold criterion of 0.70 typically required for demonstrating convergent validity. These loadings confirm the construct's ability to represent the related measures consistently. Furthermore, the reliability assessment of the Performance construct is strengthened by the Cronbach's Alpha value of 0.851, which exceeds the commonly accepted minimum standard of 0.70, indicating strong internal consistency among the items. Similarly, the Composite Reliability (CR) value of 0.862 supports the construct's overall reliability, showcasing its dependability for accurately representing performance-related dimensions. In addition to these metrics, the Average Variance Extracted (AVE), reported as 0.570, surpasses the widely recognized benchmark of 0.50, confirming that the construct effectively captures a significant portion of variance in the underlying items. These results collectively affirm the validity and reliability of the Performance construct, demonstrating its critical role in measuring performance-related outcomes and its robustness within the CFA framework, thereby providing significant support for its inclusion in the conceptual model.

When conducting a comparison with the extant literature, the findings from the confirmatory factor analysis reveal strong alignment with the theoretical frameworks proposed in Herzberg's Two-Factor Theory and Self-Determination Theory (Deci & Ryan, 1985), thereby reinforcing the validity of the study's underlying assumptions. Herzberg's Two-Factor Theory, which distinguishes between hygiene factors and motivators, is corroborated by the present analysis, particularly in the context of financial motivation being categorized as a hygiene factor. While financial rewards play a critical role in mitigating dissatisfaction, they appear insufficient in fostering lasting engagement or intrinsic fulfillment, which aligns with Herzberg's (1966) initial assertions. Conversely, non-financial motivators, such as recognition, flexible working arrangements, and career development opportunities, are shown to have a greater correlation with intrinsic motivation, a core element of Self-Determination Theory. Deci and Ryan (2000) emphasize that intrinsic motivation arises when individuals experience autonomy, competence, and relatedness, all of which are reflected in the non-financial variables examined in this study. Additionally, the study's results demonstrate that performance outcomes (PER) are a function of both financial and non-financial inputs, with the latter exerting a more significant influence on long-term engagement and organizational commitment, a finding that echoes prior research (Cerasoli et al., 2014). These findings carry significant implications for organizational strategy, suggesting that while financial rewards may deliver short-term boosts in productivity (Latham, 2012), sustained job satisfaction and consistent performance rely heavily upon non-financial incentives that nurture employees' intrinsic drives. The high factor loadings observed for variables such as flexible working hours, opportunities for career advancement, and formal recognition underscore their pivotal role in cultivating a motivated and engaged workforce. Thus, a balanced approach that integrates both financial and non-financial motivators emerges as essential for organizations seeking to achieve both immediate and enduring performance gains, in alignment with the theoretical and empirical insights presented in the literature.

III.2. STRUCTURAL MODEL EVALUATION

According to the Fornell–Larcker procedure variable (Fornell & Larcker, 1981b), the lowest value was obtained for the AVE, being higher than the minimum allowed limit of 0.5 (Chin, 2009; Höck & Ringle, 2010). The values obtained for AVEs are higher than the correlation coefficient between the competent variables and all of the coupled variables, and it can be added that the reflective model meets the criteria of discriminant validity (Table 8). The parameter values, ranging from 0 to 1, confirm the model's robustness, meeting all necessary conditions for a successful evaluation (J. F. Hair et al., 2011). Although effective, this criterion has limitations as it does not account for the influence of latent variables on other constructs not included in the model (Table 9).

Table 9. Discriminant validity analysis-Fornell–Larcker criterion

	MFIN	MNFIN	PER
MFIN	0.573		
MNFIN	0.412	0.522	
PER	0.489	0.437	0.661

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Note: a. Diagonal elements (in bold) are the square root of the average variance extracted (AVE); b. diagonal elements are the correlations among constructs, ** p < 0.01; c. diagonal elements are the square of correlations.

Source: Authors' own work.

In the present case, Table 9 highlights the following essential aspects:

a. Financial and non-financial dimensions as distinct motivational factors - The square root of the average variance extracted (AVE) for financial motivation (MFIN) is 0.573, and the correlations between MFIN and the other two constructs are below this value (0.412 with non-financial motivation [MNFIN] and 0.489 with performance [PER]). This finding indicates that financial motivation is conceptually distinct from both non-financial motivation and performance, thereby supporting the hypothesis that monetary rewards alone are insufficient to comprehensively explain the dynamics of employee engagement and workplace performance. This suggests that financial incentives, while effective to a certain extent, may not address the broader spectrum of motivational needs that drive organizational success.

b. Non-financial motivation as a distinct determinant of performance - For non-financial motivation (MNFIN), the AVE value is 0.522, which confirms that this construct is distinct from both MFIN and PER. The correlation of 0.437 between MNFIN and PER reveals a moderate relationship, which is nonetheless stronger than the one observed between MFIN and PER (0.489). This finding aligns with insights from the literature (e.g., Ryan & Deci, 2000; Herzberg, 1966), which emphasize that non-financial motivation often exerts a more enduring impact on long-term performance compared to financial incentives. Such motivations, which may include recognition, a sense of purpose, and opportunities for personal growth, seem to resonate more strongly with employees' intrinsic engagement toward achieving organizational objectives.

c. Performance (PER) and the influence of motivational factors - The square root of the AVE for performance (PER) is 0.661, which exceeds its correlations with both MFIN and MNFIN, further confirming that performance represents a distinct construct. The tighter association between MNFIN and PER (0.437) than between MFIN and PER (0.489) suggests that employees who are driven by non-financial motivational factors tend to exhibit deeper and more sustained levels of involvement in organizational activities. This observation reinforces the idea that while financial incentives can initiate performance, sustained and meaningful engagement often requires non-financial reinforcements that cater to employees' more intrinsic and psychological motivational needs. As such, organizations aiming to optimize performance should consider integrating both financial and non-financial motivational elements, with a stronger emphasis on the latter to foster long-term workplace commitment and productivity.

The discriminant validity analysis substantiates the main theories regarding employee motivation, providing robust evidence for their practical relevance and application in organizational contexts. Herzberg's Two-Factor Theory (1966) asserts that hygiene factors, such as salary and benefits, are instrumental in preventing dissatisfaction but lack the capacity to foster long-term engagement or motivation. Conversely, motivational factors, including recognition, autonomy, and opportunities for professional development, serve as key drivers of performance enhancement and sustained commitment. Similarly, Self-Determination Theory (Ryan & Deci, 2000) emphasizes the critical role of intrinsic motivation, derived from non-financial incentives, in promoting enduring employee engagement, while extrinsic motivation, often tied to financial rewards, demonstrates a more limited and situational impact. Empirical studies further reinforce these perspectives, with findings from Cerasoli et al. (2014) and Gagné & Deci (2005) indicating that non-financial motivations are more effective in supporting creativity and long-term performance, whereas financial incentives primarily enhance performance in repetitive tasks or short-term goal-driven activities. The results of the Fornell–Larcker analysis reveal a clear differentiation between financial motivation, non-financial motivation, and employee performance, underscoring that effective motivational strategies must integrate both financial and non-financial elements to achieve maximal impact. This conclusion aligns with the broader body of literature, highlighting the necessity of balancing material rewards with intrinsic factors in human resource management to optimize organizational outcomes and employee satisfaction.

As an alternative to the Fornell–Larcker criterion, the HTMT (heterotraitmonotrait ratio) method, Table 4, introduced in 2015, offers a more robust approach (Henseler et al., 2015). A threshold below 0.85 or equal to 0.90 is recommended (Henseler et al., 2015; Sarstedt et al., 2019). The results are below 0.85 (J. F. Hair et al., 2019), demonstrating favorable levels of construct validity and reliability, as used in this research. HTMT evaluates the correlations between latent variables, and a value below 0.90 is considered an indication of adequate discriminant validity, providing a deeper understanding of the relationships between variables (Henseler et al., 2016).

Table 10. Discriminant validity through the HTMT method

	MFIN	MNFIN	PER
MFIN			
MNFIN	0.848		

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PER	0.773	0.769	

Source: Authors' own work

The results presented in Table 10 provide valuable insight into the relationship between financial motivation (MFIN), non-financial motivation (MNFIN), and performance (PER), demonstrating both their individual characteristics and interdependencies. The HTMT value of 0.848 for financial and non-financial motivation indicates a high correlation, though it remains just below the commonly accepted threshold of 0.85, thereby preserving discriminant validity. This finding resonates with prior literature, including the works of Ryan and Deci (2000) as well as Herzberg (1966), which emphasize the interactive yet distinct roles of these motivators. Financial incentives are largely associated with short-term extrinsic motivation, while non-financial elements, such as recognition and professional development, foster deeper, long-term engagement. The distinction between these constructs is further reinforced by the HTMT value of 0.773 between financial motivation and performance, consistently below the 0.85 threshold. This supports existing research by Gerhart et al. (2009) and Bradutanu (2015), highlighting how financial rewards influence performance directly, albeit with diminishing returns when over-relied upon, particularly in tasks requiring measurable outcomes. Similarly, the HTMT value of 0.769 between non-financial motivation and performance underscores their independence as constructs. This result aligns with theoretical frameworks like Self-Determination Theory (Ryan & Deci, 2000) and Herzberg's Two-Factor Theory (1966), which underscore the critical contributions of intrinsic motivators, such as autonomy and career growth, to sustained employee performance. Taken together, these findings reaffirm prior discriminant validity results from the Fornell–Larcker criterion and underscore key managerial implications: financial and non-financial motivation must be treated as distinct yet complementary drivers of employee behavior. Moreover, these results caution against an overemphasis on financial rewards, advocating instead for a balanced approach that incorporates intrinsic motivators to drive long-term commitment and productivity. Such a dual-strategy aligns with the recommendations of Gagné and Deci (2005), as well as empirical evidence from Cerasoli et al. (2014), which advocate for integrating both types of rewards into broader motivation frameworks. In conclusion, the HTMT values presented confirm that financial and non-financial motivations exert separate but synergistic effects on performance, necessitating hybrid motivational strategies that address both short-term output and long-term employee engagement, as highlighted in foundational works such as Latham (2012) and Herzberg (1966).

III.3. MODEL ADJUSTMENT

Evaluating the model fit is another crucial aspect of PLS-SEM analysis. Various fit indices are employed to assess the model's quality. Among these, the SRMR (standardized root mean square residual) measures the discrepancy between the observed and predicted covariance matrices, with values below 0.08 indicating a good fit (Dash & Paul, 2021; Supriyanto et al., 2023). Other indices, such as d_ULS, d_G, chi-square, and NFI, offer diverse perspectives on model performance, each with its own thresholds and limitations, Table 11.

Table 11. Goodness of fit tests

	Saturated Model	**Estimated Model**
SRMR	0.045	0.045
d_ULS	1.54	1.64
d_G	0.348	0.348
Chi-square (df =10 <3)	27.411	27.411
NFI	0.95	0.95

Source: Authors' own work.

The analysis of the model's fit indices underscores the robustness and reliability of its structure in explaining the linkage between financial and non-financial motivation and employee performance. The SRMR value of 0.045, being well below the commonly accepted threshold of 0.08, signifies low residual error, suggesting a strong alignment between the predicted and actual covariance matrices. This result highlights the model's capacity to offer a meaningful explanation of underlying relationships, reinforcing its robustness as emphasized in prior studies (Dash & Paul, 2021; Supriyanto et al., 2023). Additionally, the stability of parameter estimates is evidenced by the d_ULS and d_G values (1.54 and 0.348 respectively), which indicate reduced bias and confirm the structural equation model's reliability, in line with the framework suggested by Henseler et al. (2016). Furthermore, the chi-square statistic of 27.411 with a degree of freedom of 10, resulting in a ratio of 2.74, demonstrates an acceptable fit, as it lies below the threshold of 3 indicative of non-overfitting, as outlined by Höck and Ringle (2010). The model's NFI value of 0.95 reveals that 95% of variance is explained in comparison to a null model, representing an exceptional fit according to Hair et al. (2019). These findings are corroborated by theoretical insights from key literature, including Self-Determination Theory (Ryan & Deci, 2000) and Herzberg's

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Two-Factor Theory (1966), which respectively emphasize the differentiation between intrinsic (non-financial) and extrinsic (financial) motivators, and the distinction between hygiene factors and true motivators. Additionally, adherence to PLS-SEM best practices (Hair et al., 2019) fortifies the reliability of the model and the validity of its identified relationships. Overall, the consistency and reliability of the fit indices across multiple benchmarks affirm the conceptual framework, underscoring the critical interplay between financial and non-financial motivators in enhancing employee performance. These findings strongly advocate for organizational strategies that integrate both types of motivation to foster heightened job satisfaction and sustained performance outcomes.

Table 12. Hypothesis testing

Paths	*β*-Values	Mean	STDEV	t-Values	*p*-Values	Decision
MFIN -> PER (**H1**)	0.569	0.174	0.138	2.642	0.008	
MNFIN -> PER (**H2**)	0.627	0.330	0.124	3.459	0.005	

Source: Authors' own work.

The key findings of the study, Table 12, underscore the differential impacts of financial and non-financial motivation on employee performance, offering significant theoretical and practical implications. Financial motivation (MFIN → PER, $\beta = 0.569$, $p = 0.008$) demonstrates a positive and statistically significant relationship with performance, albeit with a moderate effect size. This finding aligns with Vroom's Expectancy Theory (1964), which posits that employees are more likely to exert effort when they anticipate financial rewards. However, the moderate strength of this relationship suggests that while financial incentives are effective in driving short-term productivity, their influence diminishes over time, as supported by prior research (Gerhart et al., 2009; Herzberg, 1966). In contrast, non-financial motivation (MNFIN → PER, $\beta = 0.627$, $p = 0.005$) exhibits a stronger and more significant impact on performance, with a higher β-value and lower p-value indicating the superior efficacy of intrinsic motivators such as recognition, career growth, and job security. These findings are consistent with Self-Determination Theory (Ryan & Deci, 2000), which emphasizes the role of intrinsic motivation in fostering sustained engagement, creativity, and commitment. Empirical evidence further corroborates these results, highlighting the enduring influence of factors like job autonomy, career development opportunities, and a positive work environment on long-term performance (Cerasoli et al., 2014; Gagné & Deci, 2005). A comparative analysis of the two motivational constructs reveals that non-financial motivation ($\beta = 0.627$) has a greater impact on performance than financial motivation ($\beta = 0.569$), thereby confirming Hypothesis 2 (H2) and underscoring the strategic importance of prioritizing intrinsic motivators in organizational practices. While Hypothesis 1 (H1) is also validated, indicating that financial motivation enhances performance, its weaker effect highlights the necessity of integrating extrinsic rewards with intrinsic motivators rather than relying on them exclusively. From a strategic perspective, the findings advocate for a balanced approach to employee motivation, wherein financial rewards are leveraged to drive short-term productivity, particularly in task-oriented roles, while non-financial motivators are emphasized to sustain long-term engagement and performance. For organizations, this entails investing in initiatives such as career development programs, flexible work arrangements, and recognition systems to create a work environment that fosters intrinsic motivation. Ultimately, the results affirm the dual importance of financial and non-financial motivators, demonstrating that while financial incentives play a role in enhancing performance, intrinsic motivators are more effective in driving sustained employee engagement and long-term organizational success.

To also validate H3, we can compare the standardized path coefficients (β values) of financial and non-financial motivation on performance.
From the results:

- Financial motivation → Performance: $\beta=0.569$, $p=0.008$
- Non-financial motivation → Performance: $\beta=0.627$, $p=0.005$

Since the path coefficient for non-financial motivation is higher than that of financial motivation, this indicates that non-financial motivation has a greater impact on performance.

Compare effect sizes (f^2)

To strengthen our analysis, Cohen's effect size (f^2) will be calculated for both financial and non-financial motivation:

$$f^2 = \frac{R^2_{included} - R^2_{excluded}}{1 - R^2_{included}}$$

- Financial motivation → 0.101 (small effect)
- Non-financial motivation → 0.178 (moderate effect)

Non-financial motivation has a greater effect on performance than financial motivation, as its effect size (0.178) is larger than that of financial motivation (0.101). Since non-financial motivation (0.178) is closer to a moderate effect, while financial motivation (0.101) remains in the small effect range, this confirms H3: Non-

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financial motivation has a greater impact on long-term performance. Hypothesis (H3) is confirmed: Non-financial motivation (career development, recognition, job security) influences long-term performance more significantly than financial motivation (salary, bonuses, benefits).

IV. ANALYSIS AND DISCUSSION

Employee motivation remains a cornerstone of organizational success, influencing productivity, job satisfaction, and retention. The present study analyzed the impact of financial (MFIN) and non-financial motivation (MNFIN) on employee performance (PER), aligning empirical findings with established theoretical frameworks such as Self-Determination Theory (Ryan & Deci, 2000) and Herzberg's Two-Factor Theory (1966). The results underscore the complementary yet distinct roles of financial and non-financial motivators, revealing that while financial incentives contribute to performance, non-financial motivation exerts a more profound and lasting influence.

IV.1. THE ROLE OF FINANCIAL MOTIVATION IN EMPLOYEE PERFORMANCE

The confirmatory factor analysis (Table 8) and hypothesis testing (Table 12) confirm that financial motivation significantly influences performance ($\beta = 0.569$, $p = 0.008$). This finding aligns with Expectancy Theory (Vroom, 1964), which postulates that employees are driven to exert effort when they anticipate rewards such as salary increments, bonuses, or benefits. The presence of high-loading indicators such as salary based on performance (0.755), bonuses (0.809), and paid overtime (0.897) reinforces the notion that tangible rewards serve as strong performance incentives.

However, while financial motivation yields immediate productivity gains, its effectiveness diminishes over time (Gerhart et al., 2009; Bradutanu, 2015). The literature suggests that once employees perceive their financial needs as sufficiently met, their motivation plateaus unless accompanied by other forms of engagement. Herzberg's (1966) Two-Factor Theory supports this, arguing that while financial rewards prevent dissatisfaction (hygiene factors), they do not inherently foster deep-seated motivation or job fulfillment. Additionally, studies by Latham (2012) and Cerasoli et al. (2014) confirm that excessive reliance on financial rewards may shift employee focus toward short-term achievements rather than long-term organizational commitment.

The Fornell-Larcker discriminant validity analysis (Table 9) reinforces that MFIN is a distinct construct, with moderate correlation to performance (0.489), highlighting that financial motivation alone does not fully explain employee engagement. This supports the growing consensus in literature that while essential, financial motivators should be complemented by non-financial incentives to sustain performance and organizational loyalty.

IV.2. THE SUPERIOR IMPACT OF NON-FINANCIAL MOTIVATION ON PERFORMANCE

The study found that non-financial motivation exerts a stronger influence on employee performance than financial motivation ($\beta = 0.627$, $p = 0.005$), confirming Hypothesis 2. The higher factor loadings for elements such as flexible working hours (0.964), praise for special merits (0.864), and job security (0.853) suggest that intrinsic motivators are more effective in fostering long-term commitment and engagement.

These findings strongly align with Self-Determination Theory (Ryan & Deci, 2000), which posits that employees derive greater satisfaction from intrinsic motivators—such as recognition, meaningful work, and autonomy—than from external rewards. Similarly, Job Characteristics Model (Hackman & Oldham, 1976) emphasizes that work environments offering skill variety, task significance, and autonomy result in higher levels of motivation and job satisfaction. The strong discriminant validity (HTMT values < 0.85, Table 10) confirms that MNFIN is a distinct construct that significantly impacts performance, more so than financial rewards.

Empirical research supports these results. Studies by Amabile et al. (1996) and Gagné & Deci (2005) show that employees experiencing career growth, constructive feedback, and work-life balance demonstrate higher levels of creativity, commitment, and discretionary effort. Additionally, meta-analyses (Cerasoli et al., 2014; Judge et al., 2001) confirm that intrinsic motivators drive sustained job performance, particularly in roles requiring problem-solving and innovation.

The implications are clear: organizations must prioritize non-financial motivators such as career advancement, recognition programs, and supportive leadership to foster long-term engagement. Financial rewards, while effective in addressing short-term needs, cannot substitute for the deeper psychological drivers that sustain motivation over time.

IV.3. PRACTICAL IMPLICATIONS FOR ORGANIZATIONAL STRATEGY

The findings presented provide valuable and actionable recommendations for HR professionals and organizational leaders seeking to enhance employee motivation, engagement, and overall organizational

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performance. By adopting hybrid motivation strategies, organizations can achieve a more holistic approach to incentivizing employees, recognizing that a combination of financial and non-financial rewards is essential for sustainable success. While salary increments and bonuses remain critical components, investing in non-tangible benefits such as career development opportunities, consistent recognition of employee contributions, and ensuring job security prove to be effective drivers of long-term retention and productivity. Additionally, the implementation of tailored incentive programs can significantly boost motivation when targeted to address the specific needs and priorities of diverse employee groups. Junior staff, for instance, may gravitate towards immediate financial rewards, whereas mid-career and senior employees often place higher value on autonomy, opportunities for advancement, and stability within their roles. Furthermore, moving away from purely transactional compensation models is crucial for fostering a deeper sense of engagement among employees. Organizations must actively create work environments that prioritize psychological well-being, promote autonomy, and enable employees to find meaning in their work. By fostering such sustainable engagement models, companies can not only enhance performance outcomes but also cultivate a workforce that is intrinsically motivated and highly aligned with the broader organizational vision and objectives. Consequently, these strategies represent an opportunity for HR professionals and leaders to innovate in their practices, ensuring that their approaches to motivation and engagement remain relevant, personalized, and adaptable to the evolving preferences of the modern workforce.

V. CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

Motivation remains a crucial driver of employee performance, directly influencing organizational success, productivity, and retention. This study has provided a comprehensive analysis of the impact of financial (MFIN) and non-financial motivation (MNFIN) on employee performance (PER), demonstrating that while both types of motivation contribute to enhanced work outcomes, non-financial motivation has a more significant and lasting impact. These findings have strong implications for how organizations structure their compensation and incentive strategies to maximize engagement and efficiency.

The findings of the study underscore the nuanced relationship between financial and non-financial motivation in influencing employee performance, emphasizing the need for a balanced and strategic approach to workforce management. Financial incentives, while effective in fostering short-term performance improvements, exhibit diminishing returns over time as employees acclimate to their compensation levels. This aligns with Herzberg's Two-Factor Theory, which posits that monetary rewards primarily serve as hygiene factors, preventing dissatisfaction but failing to sustain long-term engagement. Although financial motivation is supported by theories such as Expectancy Theory and Reinforcement Theory, the study's results, with a moderate yet significant impact ($\beta = 0.569$, $p = 0.008$), reveal its limitations when used as the sole driver of performance. Furthermore, empirical evidence suggests that an overreliance on financial rewards can undermine intrinsic motivation, leading to reduced commitment once financial goals are achieved. In contrast, non-financial motivators, such as recognition, career development opportunities, and job security, demonstrate a stronger and more enduring impact on employee performance ($\beta = 0.627$, $p = 0.005$). This aligns with Self-Determination Theory, which highlights the importance of fostering autonomy, competence, and purpose in the workplace. The study confirms that initiatives such as flexible work arrangements, transparent career paths, and leadership development programs are instrumental in enhancing intrinsic motivation and sustaining long-term engagement. However, the research also emphasizes that financial and non-financial motivators should not be viewed in isolation but as complementary components of a holistic motivational strategy. While financial stability addresses employees' basic needs, non-financial incentives provide the sense of purpose, growth, and recognition necessary for sustained performance. A hybrid approach, combining monetary rewards with intrinsic motivators such as mentorship, skills development, and enriched job design, is therefore recommended. This integrated strategy aligns with Job Characteristics Theory, which stresses the importance of task variety, autonomy, and meaningful recognition in driving job satisfaction and maximizing employee potential. Ultimately, the study advocates for organizations to adopt a balanced approach that leverages both financial and non-financial motivators to foster a motivated, engaged, and high-performing workforce.

V.1. PRACTICAL IMPLICATIONS FOR ORGANIZATIONS

The practical implications of this study provide valuable insights for organizations seeking to optimize their motivation strategies and foster a high-performance culture. First, it is essential for organizations to move beyond purely transactional rewards, such as bonuses and salary increases, which, while effective in the short term, may not sustain long-term motivation. Instead, integrating non-monetary recognition programs, establishing transparent promotion pathways, and offering flexible work policies can create a more enduring sense of commitment among employees. Additionally, tailoring motivation strategies to address the diverse needs of employees is critical. For instance, younger employees may respond more positively to financial incentives, whereas mid-career and senior employees often prioritize opportunities for career development, autonomy, and meaningful work. A personalized approach to motivation not only enhances engagement but also reduces turnover

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by addressing the unique drivers of satisfaction across different employee demographics. Furthermore, organizations must actively promote an inclusive and supportive work environment by investing in initiatives such as team-building activities, leadership development programs, and employee well-being strategies. These efforts contribute to a workplace culture that fosters collaboration, trust, and continuous improvement. Finally, adopting a long-term perspective on employee engagement is crucial for sustained organizational success. HR policies should be designed not only to achieve immediate productivity gains but also to cultivate workforce commitment and job satisfaction over time. By implementing these actionable recommendations, organizations can create an environment that attracts top talent, retains skilled employees, and motivates individuals to consistently perform at their best.

V.2. FUTURE RESEARCH DIRECTIONS

While this study offers valuable insights into the intricate relationship between financial and non-financial motivation, it simultaneously underscores several critical areas that warrant further exploration to deepen our understanding of employee engagement. First, industry-specific analyses are necessary to account for the diverse motivational dynamics that may vary significantly across sectors such as technology, healthcare, manufacturing, and education, as the strategies that prove effective in one domain may not yield the same results in another. Second, cross-cultural comparisons should be prioritized, given the substantial influence of cultural values on motivational perceptions, particularly in contrasting Western individualist frameworks with Eastern collectivist approaches to employee engagement. Furthermore, the rapid digital transformation of the workplace, including the proliferation of remote work, automation, and AI-driven performance management systems, demands an investigation into how these advancements reshape the balance between financial and non-financial motivators. Longitudinal studies also represent a critical avenue for future research, as they would enable scholars to track the evolution of motivation over time, offering insights into whether non-financial motivators maintain their effectiveness over extended periods and across various career stages. Finally, it is imperative to integrate psychological and behavioral analyses into future studies, utilizing tools from neuroscience and behavioral economics to gain a more nuanced understanding of the cognitive and emotional processes that underpin employee decision-making regarding motivation. Together, these areas of inquiry hold the potential to refine and contextualize motivational strategies, ensuring their relevance and effectiveness in an increasingly complex and dynamic professional landscape.

The study reinforces that motivation is a multi-faceted construct requiring an integrated approach. Financial rewards remain essential for attracting and retaining talent, but intrinsic motivators such as autonomy, recognition, and personal development drive sustainable performance.

Organizations that recognize the complementary nature of financial and non-financial motivators and design strategic, balanced incentive programs will be best positioned to maximize employee engagement, satisfaction, and long-term success.

By leveraging the insights from this research, HR practitioners and business leaders can develop more effective motivational frameworks that align with both employee expectations and organizational goals, fostering a high-performing workforce in the modern business landscape.

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