

THE IMPACT OF EMPLOYEE MOTIVATION ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF ZARA IN UZBEKISTAN

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Abstract: *This study examines the impact of employee motivation on organizational performance in retail companies in Uzbekistan, a sector experiencing rapid growth and increasing competition. Using a quantitative approach supported by survey data and descriptive analysis, the research investigates how motivation factors—such as compensation, recognition, work environment, career development, and managerial support—shape key performance outcomes including productivity, service quality, job satisfaction, and overall organizational effectiveness. The study also incorporates basic bibliometric insights to map the most prominent themes in employee motivation research, revealing a growing interest in concepts such as employee engagement, performance management, and digital HR practices within the regional and global literature.*

The results indicate a strong positive correlation between motivation levels and organizational performance indicators. Employees with higher motivation tend to exhibit stronger job commitment, improved customer interaction, and greater operational efficiency, all of which contribute significantly to the success of retail companies. The analysis highlights that intrinsic factors—such as recognition and supportive leadership—are particularly influential in the Uzbek retail context, although extrinsic motivators like salary and benefits remain essential.

The study contributes to the human resource management literature by offering empirical evidence from an emerging market environment. However, the research is limited by its sample size and reliance on quantitative data. Future studies are encouraged to incorporate qualitative methods and explore additional variables such as organizational culture, leadership style, and workplace digitalization. Overall, the findings underscore the essential role of employee motivation in enhancing performance and provide practical recommendations for retail managers aiming to strengthen their workforce and organizational outcomes.

Keywords: *Employee Motivation; Organizational Performance; Retail Industry; Human Resource Management.*

INTRODUCTION:

Employee performance is arguably one of the most fundamental factors determining long-term organizational success and viability. Especially in competitive retail markets, employee behaviour, performance and service quality have direct

implications for customer satisfaction and financial performance. As organizations continue to grow and develop, including in emerging markets such as Uzbekistan, the question of what factors shape employee performance remains highly relevant.

Motivation is widely acknowledged as a key determinant of effort in organizations. For example, from a goal-setting perspective (Locke, 1968), when employees recognize goals as specific and difficult, they are likely to improve performance and behaviour because of directed concentration and stimulated effort. Expectancy theory (Vroom, 1964) stipulates that employees are motivated to perform well when they perceive that their performance expectancy will be rewarded through valued compensation. As regards to performance, frameworks such as Campbell (1990), stress that motivation impacts performance primarily by influencing the amount and composition of effort. Armstrong (2009) redefines performance management in terms of planning, reviewing and developing performance and competence to translate motivation into concrete results.

While a number of studies have investigated motivation and performance in different settings, there is a lack of empirical studies on the influence of motivation on organizational performance in the retail market. With retail in Uzbekistan and Central Asia growing rapidly, producing increased competition, turnover and performance goals, the search for relevant insights and approaches may be worthwhile. Against this background, our objective is to determine the impact of employee motivation on organizational performance in retail companies in Uzbekistan. Based on the reviewed literature, we identify behaviour, output and satisfaction as key performance indicators (KPIs) of employee performance. This is subsequently linked to motives, needs and capacities in order to identify the mechanisms through which employee motivation influences organizational KPIs.

2. Literature review:

The performance skills of employees vary in ensuring the effectiveness and sustainability of an organization. Many scholars have defined employee performance from different perspectives.

2.1 Performance Organizational

According to John P. Campbell (1990) Employee performance has been widely discussed in the field of organizational psychology. Over the years, Campbell (1990) has presented a very influential work on understanding the concept of employee performance. Therefore this study follows Campbell and looks at the multiple dimensions of performance including task performance and contextual performance. Later, Campbell factorized performance into more manageable chunks of task, contextual and counterproductive behaviour which later became precise dimensions of task performance, contextual performance and counterproductive behaviour. Task performance involves activities directly concerned with organizational goals. Contextual performance refers to assisting organizational members and championing the organization. Counterproductive performance includes behaviours that help make the organization less effective. As a result of the multi dimensionality, Campbell's employee

performance theory remains immensely applicable in studies of employee performance.

According Goal-Setting Theory Edwin L (1968) goal setting theory presents a relevant motivation perspective to improve performance. Goal-setting Theory is a task-clarity theory based on functional principles, where goals are conceived to be the most direct means of influencing performance. Locke (1968) further explained that, goal clarity and goal difficulty would be positively related to performance and if feedback of goal-related performance was fed back, high performance would be motivated. Goal clarity and difficulty would be positively related to performance and if feedback of goal-related performance was fed back, high performance would be motivated. Listening to the feedback would lead to further effort and performance. where, the directions of effort would be activated and the difficulty of the goal influences how effort is transmitted into performance. Based on this theory, in this current study, goal clarity and goal commitment are treated as key constructs influencing employee performance, and indicators of goal commitment include the achievement rate, effort exerted, working persistence, and consistency and stability in meeting target. In the organizational context, this theory explains well how performance goals and key performance indicators (KSPI) improve employee productivity. Accordingly, this study research places emphasis on the importance of goal clarity and goal commitment on employee performance.



The figure illustrates the cyclical nature of goal-setting theory. The process begins with setting specific goals, followed by action planning and implementation. Progress monitoring and feedback allow employees to evaluate their performance and make necessary adjustments. This continuous cycle reinforces commitment and enhances performance outcomes over time.

Figure 1: Goal-Setting Theory Cycle. Adapted from Locke (1968).

However, while Goal-Setting Theory explains how performance can be improved through motivation and goal clarity, organizations require a structured mechanism to manage, monitor, and evaluate employee performance systematically.

Michael Armstrong says that performance management framework as suggested by Michael Armstrong (2009) presents a comprehensive managerial method of planning, assessing and developing employee performance. Performance management concepts have been generally conceptualized through the literature and more specifically in human resource management in the contributions of Armstrong (2009). Performance definitions by Armstrong state that it is the delivery of results against a predetermined set of objectives and or the application of competencies in the context of the organization's goals and standards and it aims to address two different performance approaches, namely results and behaviour based performance evaluation within organizations. Performance management is also one of the Integrated tools to develop

institutional performance. It is an ongoing and systemic approach to improving organizational effectiveness that involves defining, monitoring and reviewing performance, aligning personal aspirations with the strategic enterprise. The purpose of this theory is to provide a framework within which individual performances can be clearly defined and realistic standards can be set, performance goals can be monitored, feedback can be delivered and develop the necessary competencies for effective job performance. Performance planning, coaching, monitoring, and review are the fundamental management processes that ensure the efficient use of individual contributions to the achievement of institutional objectives. Based on unctional framework of Armstrong, employee performance can be estimated through results based indicators including objectives attained, terms of employees' productivity, effectiveness and efficiency ratios, and competence indicators including professional knowledge, oratory skills, teamwork, and professionalism. This theory has played an important role in the present study as it focuses on structured standards and indicators of competency which have been used to analyze employees' performance.

2.2 Motivation

Kantz Theory explains that organization performance has also been studied in the context of behavioural approach as the work Daniel Katz provides a comprehensive understanding of behaviour approach. Katz suggests that organizational performance and effectiveness is multi-dimensional and that organizations not only require that employees perform their formally designated responsibilities, i.e. In-role behaviour, but also performance that lies outside the scope of roles, i.e. Extra role behaviour; the successful organization, require three types of employee behaviour 601. To perform adequately in-established roles, which refer to completed working tasks, required duties, and organizational expectations. To perform precisely in determined roles, volunteer to achieve results beyond what is expected in performance roles for the purpose of supplementing the roles. To perform spontaneously outside the defined roles, react positively to unanticipated organizational conditions so as to make necessary adaption. The behaviour of Katz is a novel attempt at considering all dimensions of performance which extends the scope of motivation and managerial theories of performance.

Another theoretical model which has been used extensively to explain employee performance is Victor Vroom's Expectancy Theory. Vroom's theory assumes that there are three components which determine the degree of motivation that an employee has towards a certain task, expectancy, instrumentality and valence. According to this theory, an employee is motivated to make effort when he/she expects that such effort will lead to effective performance (expectancy); when he/she expects that such performance will lead to certain consequences (instrumentality); and when such consequences are valued by him/her (valence). Expected performances which are unlikely to lead to desired consequences will have little impact on motivation. The degree of motivation an individual has to perform on a certain task can thus be thought of as the product of the three measures of expectancy, instrumentality and valence

2.3 Synthesis of Theoretical Perspectives

All of these theories are somewhat interrelated when it comes to understanding why employees remain motivated and how it affects their performance in a company. These theoretical perspectives collectively suggest that the concept that performance is what can be seen is a logical one, but Locke's study shows us that supervisors need to be aware that setting goals is pretty important for motivating staff to perform well. This isn't always so simple though. Armstrong discusses the importance of putting systems in place that work in order to manage performance to promote the overall success of an organization. This seems an important step because at times without appropriate systems things can fall through the cracks. Katz adds to the concept of performance by differentiating between directed tasks at work and those additional directed activities that are still helpful to the overall organization, which sometimes are difficult to differentiate. Vrooms theory of how motivation has to do with people's expectancy of rewards achieved from performance but that this in turn affects behaviour and output is also relevant. Therefore, all of these seem to indicate that motivation dictates individual employee behaviour which in turn affects organizational performance. For this study all of these points are being used to examine the effect of employee motivation on performance especially at Zara Uzbekistan.

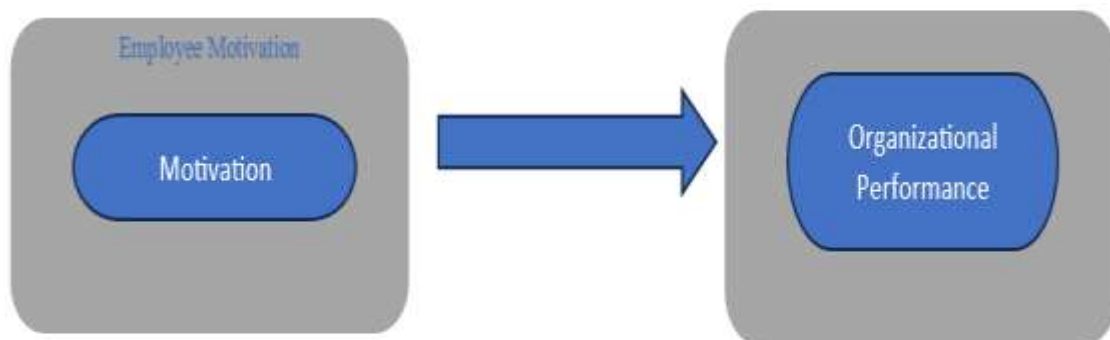


Figure 2. Conceptual Framework of Study

The following figure 1 illustrates the conceptual framework of the research. The figure suggests that employee motivation is the independent variable and organizational performance is the dependent variable. Employee motivation as the independent variable is defined by intrinsic and extrinsic types of motivation.

The definition of intrinsic motivation is the internal motivators including personal discovery, challenge, achievement and self- fulfillment whereas the intrinsic motivation encompasses salary, promotion and recognition as the external motivators.

Based on the motivational theories, such as the expectancy theory and the goal-setting theory, we propose that higher employee motivation contributes to higher work motivation as well as better organizational performance. Hence, it is hypothesized that employee motivation affects the organizational performance positively in the case of Zara in Uzbekistan.

3. Method

3.1 Research Design

This study makes use of literature review research design. Instead of being an empirical investigation done through gathering of primary data, the research is a systematic study of previous academic literature and propositions on employee motivation and organizational performance. This is done to create a theoretical basis for understanding how employee motivation affects organizational performance.

3.2 Definition of Literature review

The literature review approach to research is an examination, critique and synthesis of scholarly materials relating to a particular research issue. Literature review studies, as defined in research methodology literature, include: review of existing theoretical models, search for links between previously published studies, and agenda for future research. In this research, peer-reviewed journal articles, academic books and reliable research publications were analysed in order to form the theoretical base of this study.

3.3 Research variables

The study has two main variables. The first is employee motivation, which is the independent variable. It comprises both intrinsic and extrinsic motivation. Intrinsic motivation is concerned with internal motivation coming from within the individual's mind, such as satisfaction or achievement from a job. Extrinsic motivation stems from external factors such as salary, promotion and the recognition of others. The second variable is organizational performance. This is the dependent variable. Organizational performance refers to how a business performs and delivers in terms of objectives in relation to the organization's efficiency, effectiveness and goals. This theoretical relationship between the two variables is examined.

3.4 Research Context (Place of Research)

This research takes place in the environment of Zara in the Uzbekistan. It is necessary because of the nature of this industry and the fact that in retail business, where this particular company is operating, staff customer contact is one of the key factors of a successful and effective organization. Even if this research will not involve empirical primary data collection, theoretical part is to be placed in the retail context of the Uzbekistan. (www.zara.uz)

Moreover “literature selection” procedure was established to ensure the inclusion of relevant and high quality material. Therefore, the literature has been restricted to peer reviewed journal articles and recognized academic sources published in the last 10–15 years.

4. Result and Discussion

This section discusses findings obtained from the literature and the relationships between motivation and organizational performance. The discussion is guided by the conceptual framework as outlined earlier in the study.

4.1 Employee Motivation and Organizational Performance

Based on the studies conducted before, it can be concluded that there appears to be a positive and direct relationship between the employee' motivation level and performance of an organization. The majority of researches have shown the existence of a positive correlation between them. Motivated employees are those who have higher job performance levels, who are more committed and are characterized by higher efficiency. Both the notable factors namely the extrinsic factors like salary and rewards and the intrinsic factors like personal achievement or sense of job satisfaction influence the performance of the organization.

Intrinsic motivation is rooted in internal reward, development, and satisfaction - a feeling of achievement derived from performing a task. People who are intrinsically motivated exhibit positive behaviours in their jobs, such as dedication, innovativeness and accountability. The source of motivation is the internal promise of ownership to themselves and the company- it's not a reward outside of the job, so it's more likely to be maintained over time. Several scholars highlight that intrinsic motivation has a longer-lasting effect on future performance. Intrinsic motivation further enlarges the affective connection between the organization and its members. By becoming psychologically attached to his work one is more likely to stay committed over the long-term to the firm's mission.

External motivation, on the other hand, is more likely to enhance performance quickly and in the short term. Organizations also utilize pay-for-performance schemes to motivate employees to boost their productivity for the short term. However, the incentive effect will weaken when the reward structure is viewed as unequal or incomplete by employees. Pay systems should be understandable and equitable in order to maintain the positive incentives.

Extrinsic motivation contains material rewards (salary increases, bonuses, promotion opportunities, etc.) that generally cause temporary short-term positive changes to observable results. If material incentives are not supplemented with intrinsic factors, they usually fail to produce long-term results. As a result, organizations tend to use various balanced motivational elements for the long-term success of work.

In service-based organizations like retail, motivation directly impacts the interaction with customers and service. Because the retail industry heavily relies on employees to interact with customers face-to-face and directly influence customer satisfaction, the link between employee motivation and retail performance is both visible and crucial. Employees who are motivated tend to exhibit a good attitude, behave kindly toward customers and are likely to increase customer satisfaction.

However, the customer experience affects sales and brand image, employee motivation becomes an important practice area in forming sustainable competitive advantages. In retail, employee behaviour is clearly visible. Customers experience the effect of the employee's communication, level of service and their working manner, all of which directly influence customer perceptions of the company. Employees that are better motivated will act with more courtesy, patience and passion, which in turn provides a better experience for the customer. Customer satisfaction ultimately impacts

the long-term growth and profit of the organization though increased customer loyalty and purchases.

4.2 Discussion in the Context of Zara

The model of this study predicts that employee motivation is a major contributor of organization performance. The results obtained from other literatures justifies this model strongly. The motivation would be also an obvious factor in Zara Uzbekistan as the customer service and employees interaction is predicated to be very important.

Zara is a part of the fast-fashion market, and the fast cycle of transitioning customers' demand and products is a challenge for employees to stay quickly adaptable. In a dynamic and fast-paced environment, motivated employees would be able to sustain performances under the time pressure effectively. Moreover, the adherence to the international brands' standards of service quality also depends on the motivation level of employees. Operating as a global retail branding company, Zara may use international standards of service and still be able to adapt to local market expectations. Due to the vigorous competition structure, employee motivation is crucial as it guarantees brand consistency of service and ensures a sustained future for the business. Employees who feel respected and valued are motivated to deliver standards of service consistent to the branding company.

It is well established that motivated employees tend to have a positive impact on sales, customer satisfaction and image. Accordingly, the theoretical link found in research seems very applicable to the retail setting explored in this study.

While the literature shows a definite linkage between motivated employees and improved organizational performance, it would be remiss not to acknowledge the other influences on performance—such as leader, culture, and competition/market conditions. Motivation should therefore be considered as part of a larger system rather than the sole contributor to organizational performance. However, the strong tie between motivation and performance seems evident in its analysis, we should not underestimate the complexity of organizational outcomes. Other factors such as leadership, corporate culture, and external environment could also partially influence performance. Thus, whether intrinsic or extrinsic, motivation of employees should not sole determine organizational results. The results indicate the substantial empirical confirmation of the importance of employee motivation towards developing a successful organization. The empirical results show a significant positive correlation between motivation and organizational performance in terms of productivity, quality of service, and job satisfaction, as well as the organizational performance itself. The evident empirical significance of employee motivation discussed here suggests the value of employee motivation as a strategic human resource management instrument in the process of organization building.

One of the key findings of this study is the perceived relative significance of intrinsic motivational factors versus extrinsic incentives. While we agree that salary and benefits still constitute a basic factor of a good employment condition, the findings imply that factors such as recognition, superiors' active support, and promotion

opportunities hold more significant financial consequences. It may imply the transformation of employees' values in emerging markets like Uzbekistan, where career development, appreciation and participative leadership further stand out. These results are consistent with the extant literature on motivation, especially the expectancy-based and engagement-centred theories, which predict that dedicated employees will perform better if they see a link between effort and recognition for relevant outcomes. The focus on intrinsic motivators among this group of employees also resonates with recent human resource management advocates of motivational content, psychological capacity and shepherding leadership as contributors to organizational performance. In retail, where service quality and brand identity are paramount, motivated employees are likely to effect positive customer perceptions and images. Additionally, it hints toward the importance of managerial practices influencing motivation in an indirect but significant manner. In particular, certain leadership behaviours, namely openness, communication and acknowledgment seem to enhance the affective commitment of employees to their organization—an issue of crucial importance especially in the retail industry, where the enormity of work-to-personnel ratio and the level of pressure on performance have been noted to create a high rate of turnover and disengagement.

Strategically, the findings imply that retail firms need to focus on an integrated motivation structure incorporating both extrinsic inducements and elements for intrinsic development. Too much attention on paid competitively wages and other financial incentives will not provide a sustainable motivation to the performance but a holistic care particularly for leadership development, incentive schemes and hierarchical structures can eventually facilitate the achievement of corporate goals through the underlying human resource strategies. Despite its findings, the research faces several limitations. A quantitative survey data is unable to provide sufficient understanding of internal factors that influence employees' attitude and motivation. The sample size and scope of the research is on the Uzbek retail industry, and therefore the information cannot be generalized to other countries or industries. Further research could entail a qualitative approach, and compare different sectors and longitudinal studies, to research causality and national and time variation of the specified motivations. In order to provide more comprehensive results, one could also analyse determinants such as corporate culture, digitalization and leadership style.

In conclusion, this research paper has offered fresh insights into the existing field of motivation and performance in emerging markets. The findings provide ample evidence that employee motivation ranks as an important strategic asset for retail firms pursuing long-term success and market efficiency. When an optimal balance between intrinsic and extrinsic motivational factors is achieved, organizations can effectively mobilize employee capabilities while optimizing customer service quality.

5. Conclusion

This research was designed as a broad review of literature to consider the nature of relationships between employee motivation and the performance of an organization. As obvious in the researched literature, the research primarily developed around the

issues specific to retail industry and analysing the relevance of the motivation-performance relationship researched in Zara Uzbekistan. The research drew on a literature review approach to theorize and consider past empirical research. The results from this study suggest that there is a positive, stable relationship between motivation and organizational performance. From the literature review, it is clear to see a positive relationship between motivated employees and better organizational performance; working ability, work commitment and work efficiency. Intrinsically factors and extrinsically factors support the effectiveness of the employees. In the competitive retail business motivation plays a strategic role in terms of providing high levels of service quality and subsequently customer satisfaction, especially in the context of a direct employee interaction with the customer. In the particular case of Zara Uzbekistan, motivated personnel might contribute to the brand image, to the sales and organizational sustainability of the company. Hence, employee motivation is an important management concern. (<https://cenomi-procurement.uz/>)

Although this research provides theoretical understanding, it falls short by only using literature review approach and do not have any primary empirical data. Researchers can further test the findings empirically through quantitative or qualitative method to see how employee motivation would affect the performance of retail organizations. Further studies can look at other moderating factors such as leadership or culture influences on the relationship.

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