

EMPIRICAL ANALYSIS OF MOTIVATIONAL FACTORS FROM ERG THEORY ON EMPLOYEE EFFECTIVENESS AND RETENTION AT BEIJING JINWAN RUICHENG TECHNOLOGY CO., LTD.

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Abstract

The research objectives are twofold: (1) to investigate the motivational factors that influence employee effectiveness at Beijing Jinwan Ruicheng Technology Co., Ltd. and (2) to investigate the motivational factors that influence employee retention at Beijing Jinwan Ruicheng Technology Co., Ltd. The study population includes the employees of Beijing Jinwan Ruicheng Technology Co. Ltd. and the data were collected through questionnaires from a sample of 200 respondents using the non-probability sampling method, specifically convenience sampling. The collected data was analyzed using statistical methods such as frequency, percentage, mean and standard deviation. In addition, the hypotheses were tested using the Partial Least Squares Structural Equation Model.

It was found that the motivational factors of the aspect 'Growth needs' have a direct and statistically significant impact on employee effectiveness, with a predictive power of 51.4%. In addition, motivational factors in the areas of 'Existence needs', 'Relatedness needs' and 'Growth needs' have a direct impact on employee retention and show statistically significant effects at levels between .003 and .029. These factors contribute to a predictive power of 72.3%.

Keywords: Motivation Factors, Employee Effectiveness, Employee Retention

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Introduction

Today, the global technology industry is a cornerstone of the modern economy. It is a catalyst for innovation and is shaping social change in countless sectors. This dynamic field, which encompasses information technology, telecommunications and digital media, has a fundamental impact on global economic trends and the development of social norms. In this global context, China's role is particularly noteworthy as it represents both strategic positioning and increasing influence. China's evolution from a manufacturing-oriented landscape to a powerhouse of technological innovation marks a significant turning point in its economic strategy (Lee, 2018). With concerted efforts in research and development, coupled with an extensive ecosystem of established tech giants and emerging start-ups, China has carved out a leadership position in several key technology areas, including artificial intelligence, mobile communication technologies and e-commerce (Zeng, 2019; Wu & Zeng, 2020). This progress is underpinned by the country's significant investment in technological infrastructure and policy initiatives to promote innovation and achieve a degree of technological self-sufficiency. In addition, China's status as a major global consumer market reinforces its influence in the technology sector, making the country an indispensable player in the formulation of global technology standards and trends (Fannin, 2019). Consequently, China's strategic efforts in the technology sector not only emphasize its pursuit of economic transformation and international competitiveness, but also reflect the interconnected nature of the global technology industry, in which China's contributions are central to the development of global technological advancement and standard setting.

Founded in Beijing in 2019, Beijing Jinwan Ruicheng Technology Co. Ltd. is at the forefront of industrial technology, providing specialized digital services for both government agencies and private sector companies. Its portfolio includes the development and implementation of advanced information security systems, the establishment of state-of-the-art computer laboratories, innovations in automation technology and the expert installation of various electrical systems. The company has 306 dedicated employees, each of whom is entrusted with specific, important tasks. Looking towards an ambitious expansion in 2025, Beijing Jinwan Ruicheng Technology recognizes the need to increase the productivity and efficiency of its current workforce to meet the challenges ahead. This strategic goal underlines a two-pronged approach: on the one hand, optimizing the potential of existing employees and, on the other, attracting new talent capable of meeting the evolving needs of the industry. Crucially, the company struggles with an annual turnover rate of 25%. This figure is remarkably

high for the industry and indicates significant issues that could impact employee satisfaction and retention. This not only ensures operational continuity and the retention of institutional knowledge, but also plays an important role in cultivating an environment in which experienced employees contribute to the promotion and development of new employees.

In this context, the main obstacles and areas in need of improvement become clear. Firstly, there is an urgent need to improve the operational efficiency and skills of the current workforce to keep pace with technological advances and project requirements. Secondly, the company faces the challenge of attracting and integrating new talent in a way that complements and enhances the existing corporate culture and capability. In addition, retaining skilled employees becomes a major concern, essential to maintaining continuity, fostering innovation and ensuring knowledge transfer within the organization. Addressing these challenges is critical to laying the foundation for discussions on motivation theory, which aims to identify strategies to motivate employees in order to improve performance, satisfaction and loyalty and ultimately contribute to the long-term success of the organization and its resilience in a competitive industry.

The above issues and challenges underscore the importance of exploring concepts and theories that are critical to improving job performance and employee retention in organizations. Research shows that employee motivation is an important determinant of organizational performance and employee retention. Motivated employees are more likely to show better performance, higher job satisfaction and stronger commitment to the organization (Tehseen & Hadi, 2015). Consequently, understanding the factors that influence employee motivation is crucial for organizations that want to increase employee performance and retain highly skilled staff.

Motivation theory, a cornerstone of both psychology and human resource management, attempts to unravel the intricate web of factors and principles that determine individual behavior in different contexts. By shedding light on the dynamics that underlie motivation, this theory provides managers with the tools necessary to improve both individual and team performance in order to create a motivated and productive work atmosphere (Ganta, 2014). At its core, motivation theory is anchored in Maslow's hierarchy of needs, which states that human needs unfold on five successive levels: Physiological, Safety, Social, Esteem and Self-Actualization. This model assumes that the fulfillment of these needs motivates people to reach their full potential (Acquah et al., 2021). Despite its widespread acceptance, Maslow's

hierarchical framework has been met with skepticism, leading to the development of alternative theories such as Herzberg's Two-Factor Theory, McClelland's Needs Theory, Vroom's Expectancy Theory, and Alderfer's ERG Theory. Each of these theories, while overlapping in some respects, offers unique elements and practical applications (Mansaray, 2019).

To underscore the relevance of motivation theory in the organizational setting, consider the following examples: Implementing Herzberg's two-factor theory could be to increase job satisfaction by improving working conditions (hygiene factors) and recognizing employees' achievements (motivators), resulting in higher performance and lower turnover rates. Similarly, by applying McClelland's needs theory, a company can tailor its incentive programs to employees' individual needs for performance, affiliation or power, thereby increasing motivation and loyalty to the company. Vroom's expectancy theory suggests that clarifying the path to reward outcomes can significantly increase employee engagement and productivity, as people are more likely to be motivated when they see a clear link between engagement, performance and reward. Finally, Alderfer's ERG theory, which synthesizes Maslow's five categories into three core needs— - existence, relatedness and Growth — offers a flexible approach to motivation that can be particularly effective in dynamic business environments. By ensuring that policies and practices meet these needs, organizations can create an environment in which employees feel valued and see opportunities for personal and professional growth, increasing both performance and loyalty. These specific examples not only demonstrate the practical application of motivation theories in the workplace, but also illustrate the significant impact they can have on employee performance and retention. By understanding and utilizing these theories, managers can create a work environment that not only meets the diverse needs of their employees, but also aligns with the goals of the organization, ultimately resulting in an engaged, satisfied and committed workforce.

ERG theory, developed by Clayton Alderfer in 1972, is a prominent theory that offers clear insights into employee motivation. As an extension of Maslow's hierarchy of needs, this theory divides human needs into three levels. Existential needs (E) include basic survival needs such as subsistence, salary, housing and food. Relatedness needs (R) include the desire to maintain important interpersonal relationships, including recognition, support and useful connections. Growth needs (G) focus on personal development and the realization of one's potential and include personal achievement, skill development, knowledge acquisition, receptivity to new learning experiences, and more (Eggert, 2015).

The ERG theory developed by Alderfer offers a more flexible approach to understanding employee needs by categorizing them into three basic groups: Existence, Relatedness and Growth. What is unique about this theory is that it recognizes that employees can feel needs on multiple levels simultaneously, a perspective that is essential to understanding the multi-layered nature of human motivation. This nuanced understanding of employee needs is critical to diagnosing the causes of satisfaction and dissatisfaction in the workplace (Kian et al., 2014). By appreciating the diversity and complexity of employee needs, ERG theory provides managers with a sophisticated framework to foster a work environment that enhances job satisfaction and leads to productive outcomes (Shikalepo, 2020). This theoretical approach is particularly relevant for Beijing Jinwan Ruicheng Technology Co., Ltd. given its upcoming expansion and the accompanying need to increase both employee performance and retention.

The decision to apply ERG theory in this company over other motivation theories is due to the particular challenges and opportunities that characterize the operational context. In contrast to Maslow's hierarchy, which proposes a linear sequence of needs, the flexibility of ERG theory allows for a more dynamic understanding of employee motivation and reflects the diverse and evolving landscape of the technology sector. This adaptability is critical for Beijing Jinwan Ruicheng Technology Co, Ltd. in managing the complexity of scaling operations, integrating new technologies and fostering an innovative corporate culture. The ERG theory, which aims to address multiple levels of needs simultaneously, is in line with the company's goal of optimizing the potential of its current workforce while bringing new talent on board. ERG theory provides a solid framework for identifying and leveraging the intrinsic and extrinsic factors that motivate employees to directly address the organization's challenges of increasing operational efficiency, driving employee growth and improving retention.

Therefore, the application of ERG theory in the context of Beijing Jinwan Ruicheng Technology Co, Ltd. aims to conduct an empirical study on how the motivational factors identified by the theory affect employee performance and retention. This study aims to provide empirical evidence and detailed data on the effectiveness of the application of ERG theory, with the ultimate goal of providing actionable insights and strategic recommendations to enhance organizational efficiency. In this way, it will demonstrate how a customized motivational strategy based on ERG theory can significantly contribute to the achievement of the organization's operational and strategic goals.

Research objectives

1. To study the motivational factors affecting employee effectiveness at Beijing Jinwan Ruicheng Technology Co., Ltd.
2. To study the motivational factors affecting employee retention at Beijing Jinwan Ruicheng Technology Co., Ltd.

Research hypothesis

1. Motivational factors have an impact on employee effectiveness at Beijing Jinwan Ruicheng Technology Co., Ltd.
2. Motivational factors influence employee retention at Beijing Jinwan Ruicheng Technology Co., Ltd.

Conceptual framework

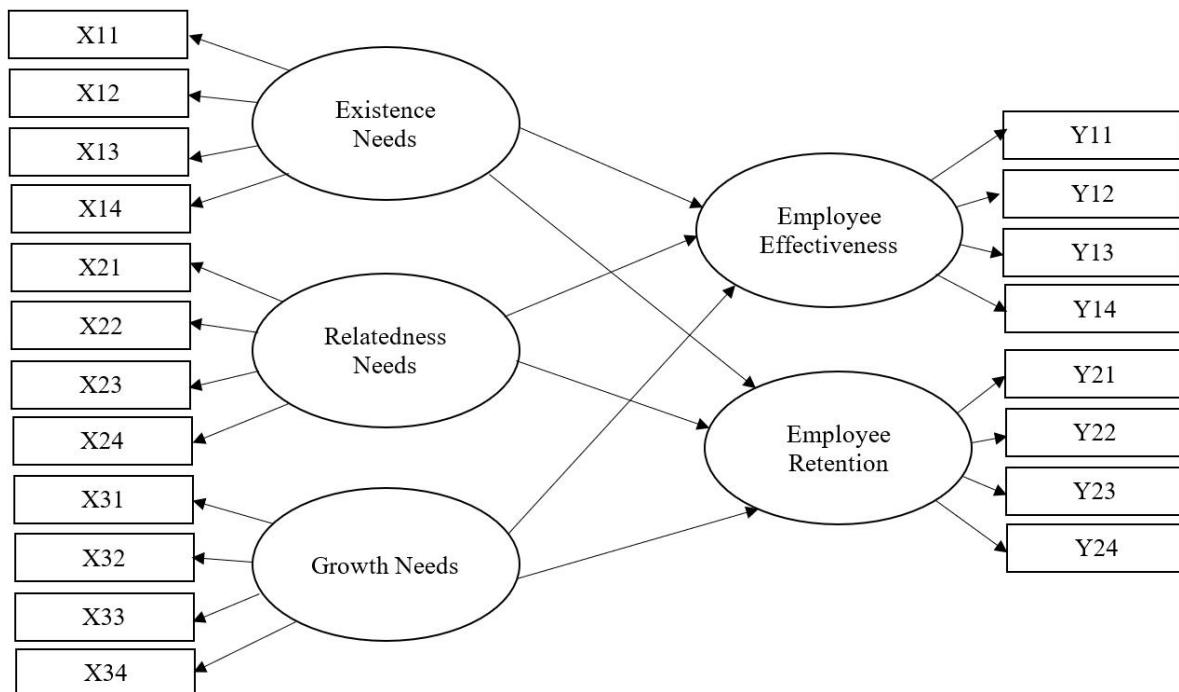


Figure 1 Conceptual framework

Literature Review

Concepts and theories about motivation in ERG Theory

The ERG theory, which was developed by Clayton Alderfer as a refinement of Maslow's hierarchy, simplifies human needs into three basic categories: Existence (E), Relatedness (R) and Growth (G). This model serves as a versatile framework for understanding

motivation in companies. (1) Existence needs (E): Existence needs (E): These are the basic needs for survival, such as food and shelter. Applied to the workplace context, they correspond to the basic employment conditions necessary for an employee's well-being, including salary, job security and job security. Empirical studies, such as those by Davidescu et al. (2020), have demonstrated a direct link between the satisfaction of existential needs and employee retention, highlighting the importance of meeting these basic needs in minimizing turnover. (2) Relatedness Needs (R): This category encompasses the human desire for meaningful interpersonal relationships that include aspects such as affiliation, recognition, and social support within the context of the organization. Research by Vo et al. (2022) demonstrates that satisfying relational needs through supportive management practices and team-building activities significantly increases job satisfaction and organizational commitment, supporting the theory's assertion of the importance of social relationships and recognition in the workplace. (3) Growth Needs (G): Growth Needs (G): Focused on personal development and self-actualization, these needs include the pursuit of achievement, competence, and the desire for personal growth and advancement. Karaferis et al. (2022) found that opportunities for professional development and opportunities for employees to challenge themselves are critical to meeting growth needs and have a direct impact on employee engagement and productivity. Their study supports the notion that organizations that invest in employee development foster a more dynamic and innovative workforce.

ERG theory's emphasis on the simultaneous and non-hierarchical nature of needs provides a nuanced lens for examining motivation in the workplace. In contrast to Maslow's theory, which assumes sequential need satisfaction, ERG theory recognizes that employees may seek to satisfy their relational and growth needs even when existential needs are not met, providing a more flexible approach to motivation that reflects the complexity of real-world organizational dynamics. This flexibility is confirmed by the comprehensive review by Estaji (2014), which highlights the applicability of the theory in different organizational contexts, thus underlining its potential as a universal framework for understanding and improving motivation in the workplace. The empirical evidence for ERG theory thus underscores its relevance and utility in organizational contexts and provides actionable insights for managers seeking to create a supportive and motivating work environment that addresses the diverse needs of their employees.

Concepts and theories about employee effectiveness

The employee effectiveness described by López-Cabarcos et al. (2022) reflects how well employees meet or exceed performance expectations. Influenced by Peterson and Plowman and following the ideas of Harrington Emerson (Na-Nan et al., 2018), the key components of effectiveness include: (1) Quality: producing high-quality results that are consistent with standards, ensure accuracy and timeliness, and benefit the organization and customers. (2) Quantity: Quantity of work meets company expectations and predetermined goals through effective planning and time management. (3) Time: Efficient time management using modern techniques to streamline work processes and save time. (4) Cost: Cost-efficient operations that minimize investments, maximize profits and use resources efficiently to reduce losses. The integration of these concepts and theories creates a conducive work environment and increases employee effectiveness and organizational performance.

Concepts and theories about employee retention

Employee retention is the ability of an organization to retain employees, which is influenced by factors such as job satisfaction, organizational culture, compensation, career development, work-life balance, and effective management practices (Chandani et al., 2016). The theory model of employee retention categorizes these factors into characteristics of the employee, the job, the organization and the manager (Azeez, 2017). Social Exchange Theory (SET) states that fair exchanges and positive outcomes increase employee engagement, with fair rewards, growth opportunities and a positive work environment promoting employee retention (Cropanzano et al., 2017). Employee engagement, which is related to employee retention, includes emotional engagement, higher satisfaction, motivation and loyalty, supported by effective leadership, communication, recognition and empowerment (Chandani et al., 2016). Effective talent management practices, including recruitment, onboarding, performance management, and career development, contribute to employee retention by fostering growth, retention, and loyalty (Boudreau & Ramstad, 2013). Understanding and implementing these concepts and theories can help organizations improve employee retention and create a positive work environment.

Discussion and critical evaluation of the theories and concepts

Exploring ERG theory in the context of employee effectiveness and retention, providing an insightful overview of its basic principles and potential applications. First, a critical examination of ERG theory must take into account the ambiguity and overlap of the three need categories of Existence, relatedness and Growth. This blurring of boundaries can complicate the practical application of the theory in organizational contexts, making it challenging for managers

to identify and implement targeted strategies that address specific motivational needs (Alshmemri et al., 2017). While the flexibility of the theory is appealing in theory, in practice it can lead to a lack of clear guidance on how to prioritize and effectively meet employee needs, especially in environments where resource allocation is a major concern.

Secondly, the adoption of a non-hierarchical needs structure, while a departure from Maslow's rigid hierarchy, brings with it a number of challenges. The assertion that needs can be pursued simultaneously ignores the potential for conflict and competition between needs, which can lead to situations where efforts to satisfy one category of need inadvertently undermine another (Khan, 2019). This aspect of the theory requires a more nuanced understanding of how to balance and integrate strategies that target the multifaceted nature of human motivation.

In addition, the generalizability of ERG theory across different cultural and demographic contexts needs to be examined. The universal applicability of Alderfer's categories has been questioned. Critics argue that cultural values and social norms significantly influence the prioritization and expression of needs (Lunenburg, 2011). This criticism suggests that the theory may need to be adapted to reflect cultural and individual diversity within the workforce, a factor that is critical for global organizations operating in a multicultural environment.

Furthermore, the dynamics of employees' needs over time is an area that ERG theory does not explicitly address. The assumption that the categories of Existence, relatedness, and Growth remain static may not accurately reflect the changing motivations of employees as they navigate their personal and professional development (Miner, 2015). This omission underscores the need for organizational strategies to remain adaptive and responsive to the changing needs and circumstances of employees.

In summary, a more comprehensive analysis of ERG theory should not only acknowledge its contributions to understanding employee motivation, but also critically address its limitations and the practical challenges of its implementation. Such an analysis would provide a balanced view that would enrich the dialog on motivation theories and promote the development of effective strategies for employee engagement and performance enhancement. This approach would not only contribute to a deeper theoretical understanding, but also to a more nuanced and effective application in business practice.

Research Methodology

1. The population for this study comprises the 306 employees at Beijing Jinwan Ruicheng Technology Co., Ltd. The researchers employed structural equation modeling (SEM)

as the testing framework, following the guidelines of Hair et al. (2010). According to their recommended formula, a sample size 10 times per the number of observed variables (Item of questionnaire each latent variables) or at least 200 samples is deemed suitable. In this study, the research design incorporates 20 observed variables from Item of questionnaire, systematically organized to represent 5 latent variables. Each of these latent variables is measured by 4 distinct observed variables, creating a structured approach to capturing the nuances of each underlying concept. Sample group ranging from 100 to 400 participants is recommended. However, for this study, the sample size is set at 200 participants, representing approximately 65.36% of the total population. This sample size is deemed sufficient for data analysis based on the recommended criteria. Convenient sampling was utilized to select participants for this research.

2. The research tool utilized is a questionnaire developed through the study and exploration of ideas and theories related to this research. Its objective is to collect data on motivational factors, employee effectiveness, and employee retention. The questionnaire comprises five sections, outlined as follows: (1) General information of the respondents. (2) motivational factors (ERG) ($\alpha = .804- .883$). (3) Employee effectiveness ($\alpha = .872$). And (4) Employee retention ($\alpha = .802$). The questions in sections 2-4 are of the closed-ended type, and respondents are required to express their opinions by using the Likert scale.

3. Data Analysis: The research involved data analysis and hypothesis testing using computer software. This process comprised two key steps: (1) Descriptive Statistics: This step aimed to provide preliminary information about the sample. It included presenting frequency tables, percentages, means, and standard deviations. These statistics offered basic insights into the sample. And (2) Inferential Statistics: This step was employed for hypothesis testing, with a significance level set at 0.05. Partial Least Squares Structural Equation Modeling (PLS-SEM) was utilized to test the research hypotheses. PLS-SEM enables both factor analysis and regression analysis simultaneously. PLS-SEM is most appropriate, along with the acceptable index values for evaluating model quality, is crucial for researchers.

1. Internal Consistency Reliability: Commonly assessed using Cronbach's Alpha and Composite Reliability (CR), with acceptable values typically above 0.7, though values above 0.6 may be considered adequate for exploratory research.

2. Convergent Validity: Assessed through the Average Variance Extracted (AVE), with a threshold of 0.5 or higher indicating that, on average, the model explains more than half of the variance of its indicators.

3. Discriminant Validity: The Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio are popular methods for assessing discriminant validity. For the Fornell-Larcker criterion, the square root of each construct's AVE should be larger than its highest correlation with any other construct. HTMT values should be below 0.9 for distinct constructs.

4. Path Coefficients: Significant path coefficients (β) indicate meaningful relationships between constructs. Bootstrap confidence intervals and p-values are used to determine significance, with p-values less than 0.05 typically considered statistically significant.

Research Results

1. The analysis reveals that the majority of respondents were female, 122 people (61.00%), aged 31 - 40 years, 98 people (49.00%), with a bachelor's level of education, 112 people (56.00%), and with an income of 3,001 – 4,000 CNY, 89 people (44.50%).

Table 1 The number and percentage of general information of respondent

General information of respondent	Frequency	Percentage
Gender		
- Male	78	39.00
- Female	122	61.00
Age		
- Less or equal 30 years	24	12.00
- 31 – 40 years	98	49.00
- 41 – 50 years	59	29.50
- More than 50 years	19	9.50
Education		
- Lower than bachelor	62	31.00
- Bachelor	112	56.00
- Higher than bachelor	26	13.00
Incomes		
- Less than 3,000 CNY	55	27.50
- 3,001 – 4,000 CNY	89	44.50
- 4,001 – 5,000 CNY	41	20.50
- More than 5,001 CNY	15	7.50
Total	200	100.00

2. The analysis indicates that the majority of respondents hold an overall opinion on motivational factors at the 'Agree' level ($\bar{X} = 3.79$, $SD = 0.53$). When examining the average for each aspect, it is found that most respondents had the highest opinion of Existence needs ($\bar{X} = 3.85$, $SD = 0.61$), followed by Relatedness needs ($\bar{X} = 3.80$, $SD = 0.62$), and the least favorable opinion was toward Growth needs ($\bar{X} = 3.71$, $SD = 0.63$). In addition, the majority of respondents hold an overall opinion on employee effectiveness at the 'Neutral' level ($\bar{X} = 3.19$, $SD = 0.85$). And overall opinion on employee retention at the 'Agree' level ($\bar{X} = 3.72$, $SD = 0.63$).

Table 2 The mean and standard deviation of motivation factors

factors	\bar{X}	SD	Level of opinion
Motivation factors	3.79	0.53	Agree
- Existence needs	3.85	0.61	Agree
- Relatedness needs	3.80	0.62	Agree
- Growth needs	3.71	0.63	Agree
Employee effectiveness	3.19	0.85	Neutral
Employee retention	3.72	0.63	Agree

3. Hypothesis testing results

Table 3 Shows the test results for structural integrity and component weight

Factors	Loading	AVE	Dijkstra-Henseler's rho (ρ_A)	Jöreskog's rho (ρ_C)	Cronbach's alpha (α)
Existence needs		0.532	0.821	0.819	0.820
- X11	0.737***				
- X12	0.779***				
- X13	0.677***				
- X14	0.722***				
Relatedness needs		0.653	0.884	0.883	0.883
- X21	0.792***				
- X22	0.812***				
- X23	0.845***				
- X24	0.782***				

Table 3 Shows the test results for structural integrity and component weight (Cont.)

Factors	Loading	AVE	Dijkstra-Henseler's rho (pA)	Jöreskog's rho (pc)	Cronbach's alpha(α)
Growth needs		0.519	0.817	0.811	0.804
- X31	0.742***				
- X32	0.726***				
- X33	0.611***				
- X34	0.792***				
Employee effectiveness		0.636	0.892	0.873	0.874
- Y11	0.636***				
- Y12	0.745***				
- Y13	0.819***				
- Y14	0.957***				
Employee retention		0.505	0.805	0.803	0.802
- Y21	0.647***				
- Y22	0.742***				
- Y23	0.740***				
- Y24	0.710***				

*** Statistical significance at .001 level

** Statistical significance at .01 level

* Statistical significance at .05 level

According to Table 3, it was found that all observed variables in the model have factor loading values greater than 0.5, ranging from 0.611 to 0.957, indicating their reliability in measurement. Dijkstra-Henseler's rho (**pA**) values range from 0.805 to 0.892, Jöreskog's rho (**pc**) ranges from 0.803 to 0.883, and Cronbach's alpha (**α**) falls within the range of 0.802 to 0.883. Importantly, all these values exceed the 0.7 threshold for reliability. Furthermore, the latent variables demonstrate discriminant validity, with AVE values above 0.5, ranging from 0.505 to 0.653. This aligns with the established preliminary agreement (Henseler et al., 2016).

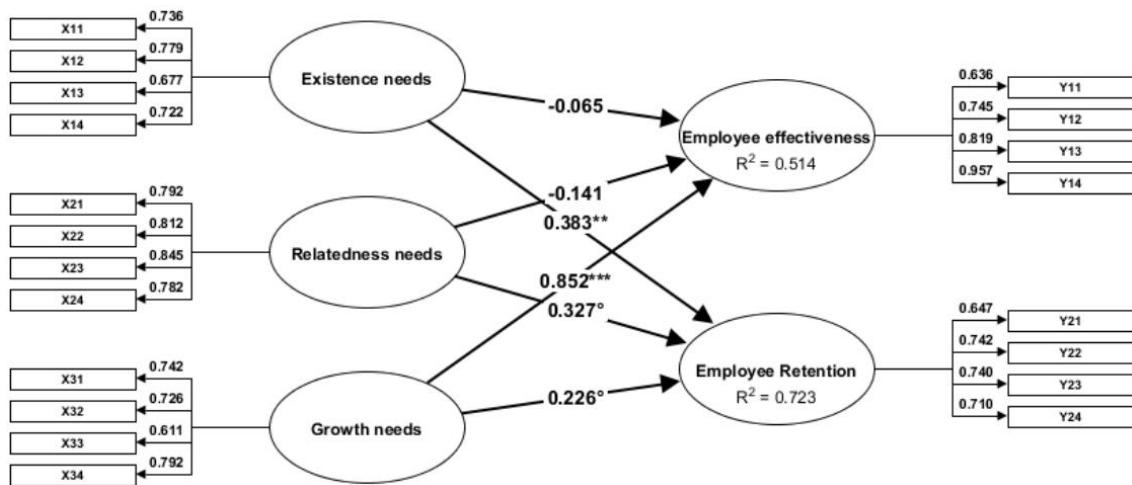


Figure 2 Shows the results of hypothesis testing

Table 4 Show effects from model

Effects	Beta	t-test	p-value	Cohen's F2
Existence needs → Employee effectiveness	-0.065	-0.431	.333	0.003
Relatedness needs → Employee effectiveness	-0.141	-0.831	.203	0.013
Growth needs → Employee effectiveness	0.852	6.359	.000***	0.652
Existence needs → Employee retention	0.383	2.699	.003**	0.202
Relatedness needs → Employee retention	0.327	1.949	.026*	0.120
Growth needs → Employee retention	0.226	1.896	.029*	0.080

*** Statistical significance at .001 level

** Statistical significance at .01 level

* Statistical significance at .05 level

According to Table 4, it is found that motivation factors, specifically growth needs, have a direct influence on employee effectiveness, with statistical significance at the .000 level. This relationship demonstrates a predictive power of 51.4 percent. Furthermore, motivation factors related to existence needs, relatedness needs, and growth needs also have a direct influence on employee retention. These relationships are statistically significant at levels ranging from .029 to .003 and exhibit a predictive power of 72.3 percent. The impact of this model, as indicated by Cohen's F² value, falls within the range of 0.003 to 0.652. This range, exceeding 0.35, signifies a significant effect, resulting in a high path coefficient (Beta).

Discussions

1. Motivational factors, encompassing existence, relatedness, and growth needs, are central to the success of Chinese companies and have a significant impact on employee satisfaction, commitment and overall organizational performance. Satisfying existential needs, including basic physiological needs, has a positive impact on job satisfaction, engagement and productivity (Cai et al., 2019). Providing a safe workplace, competitive wages and job security is crucial for motivation and reducing turnover. Relatedness needs, which is rooted in Chinese Guanxi culture, emphasizes social interaction and a sense of belonging. Organizations that foster interpersonal relationships and teamwork achieve higher job satisfaction and loyalty (Wang & Chen, 2020). Activities such as team building and open communication channels are essential for fulfilling the need for belonging. Growth needs that focus on self-actualization and personal development are increasingly important to China's ambitious workforce. Advancement opportunities, continuous learning and a culture of innovation attract and retain top talent, which in turn boosts performance and competitiveness (Hu & Fan, 2019). In summary, addressing these motivational factors creates a positive work environment that leads to lower turnover, higher productivity and improved competitiveness. Considering the socio-cultural context in China is crucial. Motivational strategies need to be aligned with cultural nuances to improve employee satisfaction and engagement, with group-based incentives being particularly effective.

2. Employee effectiveness is critical to a company's success and contributes directly to its overall performance. Effective employees play a critical role in increasing productivity, delivering high quality services and ensuring greater customer satisfaction, thereby promoting business growth and competitiveness (Liu et al., 2016). In China's rapidly evolving business landscape, influenced by globalization, technological advancement and changing consumer preferences (Cao et al., 2017), companies must adapt quickly and efficiently to survive in the long term. Highly efficient employees, characterized by their adaptability and commitment to continuous learning, enable companies to respond promptly to changing market dynamics and thus gain a competitive advantage (Xu & Shen, 2019). Engaged employees show more commitment, satisfaction and motivation, which leads to lower turnover (Qin et al., 2017). Their willingness to go beyond defined roles stimulates innovation and fosters a positive work environment — critical factors for organizational success. Employee effectiveness has a direct impact on customer satisfaction and loyalty through efficient services, personal interactions and effective problem solving. Effective employees who possess emotional intelligence,

cultural sensitivity and adaptability respond to diverse customer needs, maintain long-term customer relationships and improve brand reputation and market share.

3. The study on employee retention shows that the high turnover in Chinese companies is primarily due to the intense competition in the labor market caused by a shortage due to a low birth rate, rapid economic growth and an aging population. To address this challenge, organizations should focus on retaining their employees by offering competitive compensation packages, promoting professional development opportunities and cultivating a positive work environment. Management practices play a crucial role in influencing the turnover rate in Chinese companies. Li and Zhang's (2020) research shows that a lack of support and guidance leads talented employees to seek out companies with inspiring and skill-enhancing managers. This aligns with the findings of Wang et al. (2020), who suggest that a lack of advancement opportunities is a major factor in turnover. To counteract this trend, companies should invest in training and development programs, establish clear promotion paths and offer opportunities to improve skills and career advancement. Cultural factors such as guanxi (personal relationships) also contribute to employee turnover in China. The study by Shen et al. (2019) shows that employees are more likely to seek other opportunities if they feel that career growth and recognition are determined solely by personal relationships rather than performance or merit.

4. The study on the relationship between motivational factors, employee effectiveness and employee retention shows that motivational factors, especially growth needs, directly influence employee effectiveness in Chinese companies. The younger workforce, the so-called millennials, place great importance on personal development, career growth and continuous learning. Neglecting these needs can lead to lower job satisfaction, reduced loyalty and loss of motivation among Chinese employees (Rong, 2013; Xin & Wang, 2016; Liu et al., 2017). Although meeting these needs intuitively seems to be crucial for increasing employee effectiveness, the relationship is not always clear, especially for the needs of Existence and relatedness. In addition, the study finds that motivational factors, including existence needs, relationship needs and growth needs, directly influence employee retention in Chinese organizations. Existence needs, which relate to physiological and safety standards, have an impact on employee retention according to Herzberg's two-factor theory. Competitive pay, benefits and a safe working environment contribute to the fulfillment of these needs. Relationship needs, which emphasize social contact and positive relationships between employees, correspond to the collectivist culture in China. Creating a positive work

atmosphere through collaboration and team-building events promotes employee retention. Finally, growth needs that focus on personal and professional development, skill building and career advancement are critical to retaining top talent. Offering training programs, defined advancement opportunities, and fostering a culture of continuous learning and innovation have a positive impact on employee engagement and retention rates in China's dynamic business environment (Tang & El-demellawy, 2020; Kwan et al., 2017; Yuan & Woodman, 2010; Guo & Nord, 2017).

The new body of Knowledge found in this study

This research has provided insights into the application of ERG theory in motivating employees to increase their performance and commitment to the organization. The key motivating force for improving employee performance in work tasks is identified as the need for Growth. This stems from employees' expectation that they can develop personally and professionally within their role or through job mobility. Consequently, employees are driven to perform beyond the expectations of the organization, which encourages their managers' efforts to support and encourage their aspirations. Such support consists of creating a meaningful link between employees' efforts and the company's commitment to monitoring the development of their skills and the expansion of their knowledge. At the same time, the three motivational forces— - existence needs, Relatedness needs and Growth needs— - are critical components in creating a sense of stability and belonging for employees within the organization. These needs are adequately met and ensure the livelihood of employees, while their bonds with superiors and colleagues contribute to a cohesive team dynamic, a key aspect of organizational effectiveness. In addition, the inspiration that comes from career advancement is a driving force for employees to choose to stay with the company and contribute to the progressive growth of the organization. In summary, integrating ERG theory into understanding and satisfying employees' motivational needs, especially Growth needs, plays a critical role in cultivating a workforce that is not only competent, but also deeply connected and committed to the sustainable development of the organization.

Implications of the study

The study underlines the central role of employee motivation for productivity and employee retention. A nuanced understanding of motivational elements enables managers to foster a positive work environment, increase employee engagement and improve

organizational performance. Below are the managerial and academic implications of a study of motivational factors that influence employee effectiveness and retention.

1. Implications for management: From a management perspective, understanding individual motivational factors is critical. Managers can tailor motivational strategies to the specific needs of employees, whether they are intrinsic or extrinsic factors, resulting in higher job satisfaction and productivity. Emphasizing consistent communication, feedback and strong leadership support fosters a positive work environment and reduces turnover.

2. Academic Implications: On an academic level, the study provides insights into various aspects of employee effectiveness and retention. It contributes to the development of theories and frameworks for motivational strategies in organizations. By identifying key factors that influence employee satisfaction and engagement, researchers can help organizations implement effective retention strategies to reduce turnover rates. In addition, academic research can help identify the most effective motivational techniques so that organizations can create a positive work environment that promotes employee engagement and satisfaction.

Future Research

First, examining the impact of intrinsic and extrinsic motivational factors on employee performance and retention. Intrinsic motivation arises from internal elements, while extrinsic motivation involves external benefits such as compensation. Understanding their interplay provides insights that organizations can use to cultivate an environment that fosters employee engagement and long-term retention.

Second, examining the impact of leadership styles, such as transformational or transactional, on motivation and subsequent effectiveness and retention. Identifying effective leadership styles promotes employee satisfaction and loyalty and creates a stable motivational climate.

Third, examining individual differences, such as personality traits and values, helps to develop personalized motivational strategies.

Finally, using mixed research methods that integrate quantitative and qualitative methods provides a holistic perspective on the complex link between motivational variables, employee performance and employee retention. This approach combines statistical data with human narratives for a comprehensive analysis.

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