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**THE EFFECT OF MOTIVATION ON EMPLOYEES
PERFORMANCE: THE CASE OF AYAT SHARE COMPANY**

BY

TESFAMICHEAL MULUGETA

June, 2018
Addis Ababa, Ethiopia

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COMPANY**

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(SGS/ 0049/2009)**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSTY, SCHOOL
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APPROVED BY BORED OF EXAMINERS

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Table of Contents

| | |
|--|----------|
| ACKNOWLEDGEMENTS | III |
| LIST OF TABLES | IV |
| LIST OF FIGURES | V |
| ABSTRACT..... | VI |
| CHAPTER ONE | |
| INTRODUCTION..... | 1 |
| 1.1 Background of the Study | 1 |
| 1.2 Background of the organization..... | 2 |
| 1.3 Statement of the Problem..... | 3 |
| 1.4 Research Questions | 5 |
| 1.5 Research Objective | 5 |
| 1.5.1 General Objective | 5 |
| 1.5.2. Specific Objective | 5 |
| 1.6 Significance of the Study | 5 |
| 1.7 Scope of the Study | 6 |
| 1.9 Definition of key terms | 7 |
| 1.10 Research Limitations | 7 |
| 1.11 Organization of the Study | 8 |
| CHAPTER TWO | |
| LITERATURE REVIEW | 9 |
| 2.1 Introduction..... | 9 |
| 2.2 Theoretical Literature Review | 9 |
| 2.2.1 Motivation - An Overview | 9 |
| 2.2.2 Motivation Defined..... | 9 |
| 2.2.3 Characteristics of Motivation..... | 10 |
| 2.2.4 Forms of Motivation (Intrinsic or Extrinsic)..... | 11 |
| 2.2.5 Different theories of motivation..... | 16 |
| 2.2.6 Employee performance | 20 |
| 2.2.7 Impacts of Employee Motivation on Employee Performance | 21 |
| 2.3 Empirical Literature Review | 22 |
| 2.3 Conceptual framework..... | 24 |

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY 26

3.1 Introduction..... 26

3.2 Research Design..... 26

3.3 Research Type..... 26

3.4 Population 27

3.5 Sampling Design 27

3.6 Data Gathering Tools 28

3.7 Data Processing and Data Analysis 29

 3.7.1 Data Processing..... 29

 3.7.2 Data Analysis 30

3.8 Validity and Reliability of Instruments..... 31

3.9 Ethical consideration..... 32

CHAPTER FOUR

DATA, ANALYSIS AND INTERPERTATION 33

4.1 Response Rate..... 33

4.2 Demographic profile of Respondents 33

4.3 Analysis of the Research Findings..... 35

 4.3.1 Descriptive Statics..... 35

 4.3.2 Results of Inferential Statistics 37

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS..... 44

5.2 Major Findings..... 44

5.3 Conclusions..... 45

5. 4 Recommendations..... 47

REFERENCES..... 49

APPENDICES 52

 Appendix 1: Questionnaire 52

 Appendix 2: Interview Questions 57

ENDORSEMENT i

DECLARATION..... ii

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LIST OF TABLES

| | |
|--|-----------|
| <i>Table 3.1 Sample Size Determinations for Each Stratum.....</i> | <i>28</i> |
| <i>Table 3.2 Variables of the Study.....</i> | <i>31</i> |
| <i>Table 3.3 Reliability Test.....</i> | <i>32</i> |
| <i>Table 4.1 Respondents by Age, Sex, Qualification and Years Of Service.....</i> | <i>34</i> |
| <i>Table: 4.2 Mean And Slandered Deviation of Extrinsic and Intrinsic Factors.....</i> | <i>35</i> |
| <i>Table: 4.3 Normes.....</i> | <i>37</i> |
| <i>Table 4.4: Pearson Correlation.....</i> | <i>38</i> |
| <i>Table 4.5: Descriptive Statistics.....</i> | <i>40</i> |
| <i>Table 4.6: Model Summary.....</i> | <i>41</i> |
| <i>Table 4.7: Multicollinarity.....</i> | <i>41</i> |
| <i>Table: 4.8: Model Summary of Multiple Regressions.....</i> | <i>42</i> |

LIST OF FIGURES

| | |
|---|----|
| <i>Figure 2.1 Maslow's Hierarchy of Needs</i> | 16 |
| <i>Figure 2.2 Need Theory of Motivation</i> | 18 |
| <i>Figure 2.3 Reinforcement Theories</i> | 19 |
| <i>Figure 2.4 Conceptual Frame Work</i> | 24 |

ABSTRACT

Motivation is the term used to describe those processes, both instinctive and rational by which people seek to satisfy the basic drives perceived needs and personal goals, which trigger human behavior. This study sought to investigate the factors that motivate employees in the workplace and their relationship to employee performance with special reference to Ayat Share Company. Mixed methods research approach (combinations of quantitative and qualitative data sets) in a concurrent triangulation strategy both descriptive and explanatory design were used to examine the effect between motivation and employees' performance. The sources of data were primary and secondary. Primary data were collected from employees of Ayat Share Company using questionnaires which contained 19 items that measured extrinsic and intrinsic factors of motivation to describe quantitative data and the perceived performance of employees. In addition, semi-structured interview was conducted with three employees from Ayat Share Company Offices. The data was collected across a population through stratified sampling. The target population of this study included all employees in Ayat Share Company were selected for the study since a problem has been seen on the effectiveness of the motivational strategy to improve performance. One hundred sixty (160) questionnaires were distributed for the collection of data from which one hundred fifty (150) are used. Cronbach alpha coefficient method was applied to see the reliability of the questionnaire. Data was analyzed using descriptive statistical tools, Pearson's correlation matrix to show the relationship' between the dependent and the independent variables and also regression analysis to show the effect of the independent on the dependent variable. Results show that extrinsic motivations have strong, positive and statistically significant relationship with employees' performances The finding showed that from the mean score of intrinsic and extrinsic motivational factors mean of extrinsic factors (the mean of the leadership style, salary/monetary compensation and effective dissemination of information) show high mean score. Change in employee performance was more due to extrinsic motivation than intrinsic motivation while applying separately. Therefore, Ayat Share Company administrators Both the organization management and the employees should appreciate the influence of the intrinsic factors on employee motivation levels. The organization should effectively exploit the extrinsic factors influencing employee motivation as a strategy for establishing a positive employee motivation.

Keywords: Motivation, Employee Performance

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Motivations are energizing factors and are the main cause for movement of any living organism including human being. Because, motivation will keep the workers committed to their duties and do their jobs seriously and joyfully. One of the reasons for successfulness of employees and thus organizations is the presence of motivational factors at high degree in those organizations.

John Naylor (2004) stated that “motivation is a set of internal processes and external forces that direct behavior”. There are two types of motivation extrinsic and intrinsic. Extrinsic is when motivation is provided by someone else they include increase in pay and responsibility. They are frequently provided by manger, colleagues can offer them through their appreciation. Intrinsic is derived from the process of performing a particular function accomplishing a complex task overcoming a serious problem or resolving difficulty brings feelings of satisfaction they arise from pleasing one’s self but Extrinsic arise from pleasing someone else. This thesis tries to show the effect of both Extrinsic and Intrinsic on perceived performance of subordinates in the company

James B. Rieley (2006) also stated that “in order to motivate employees they need either to believe in something or feel that somebody believes in them.” Motivation includes the things that induce an individual to perform while motivators are the identified rewards or incentives that sharpen the drive to satisfy these wants. They are also the means by which conflicting needs may be reconciled or one need heightened so that it will be given priority over another. A business environment in which managerial performance is effective and efficient tends to breed a desire for high quality management among most or all managers and personnel. A motivator then is something that influences an individual behavior.

Regarding the impact or effect of motivation on performance, various studies were conducted in different parts of the world in different kinds of organizations. Such as Buguza (2013) investigated the impact of employee motivation on job performance in Tanzania banking sector. A case study of Tanzania postal Bank head office and Metropolitan Branch, his findings

indicated that salary increment, promotion and recognition were important motivational factors for employees of Tanzania Postal Bank. Majority of respondents sees money as what they worked for. The study observes that Tanzania postal Bank does not offer any kind of housing loan scheme to its employees as well as customers since itself is a financial institution. The study recommends that managers and supervisors should avoid being bias when measuring employee's job performance. The study further recommends that the bank should provide/offer a housing loan scheme to its employees as one of motivating factor to their job performance and that the Managers of Tanzania postal Bank should invest more on staff trainings. Moreover, the study recommends that in order to motivate and show consideration to its staffs the management should lower bank charges to its staffs transfer services.

The above study is one of many that deal with the relationship between motivation and performance but this study focuses on the real-estate business in which it took Ayat Share Company under study.

1.2 Background of the organization

Ayat Share Company was the first private real states in Ethiopia, before becoming a share company, it was a private limited company established in 1996 with a total capital of 5 million Ethiopian Birr and with an objective of alleviating shortage of housing through building and transferring standard residential houses and apartments with different sizes, designs, types, locations and payment schemes at an affordable cost. It had a strategic goal of building and marketing 25,000 residential houses. To this end, Ayat has constructed and handed over 4,000 residential houses to different clients in just the first phase of its operation. According to a data collected in 2006, it had also created job opportunities to over 10,634 Ethiopians, 780 of which were permanent employees. (www.ayat-homes.com)

1.3 Statement of the Problem

In the modern competitive world, business organizations are facing ever-growing challenges regarding commitment, engagement, belief, recruitment and retention of their employees. Multiple studies in different countries and across industries show that employees who are passionate about their jobs and the organizations in which they work are in the minority.

Studies by Nurun (2017) results obtained indicate that if employees are positively motivated, it improves both their effectiveness and efficiency drastically for achieving organizational goals. Buguza (2013) found that salary increment, promotion and recognition were important motivational factors for employees of Tanzania Postal Bank. A study conducted by Akalu (2015) in Ethiopian Electric Power Enterprise revealed that: financial motivational strategies given to employees in an enterprise had a significant influence on the employees' performance; non-financial motivation strategies had no significant influence on employees performance; enterprise motivation strategies were not inconformity with employees expectation and EEP enterprise employees prefer financial motivation strategies then non-financial motivation strategies.

In another study conducted by Linda (2016) revealed that UNICEF Somalia did not use monetary rewards to motivate its employees. The study showed that the company used non-monetary rewards like recognition, decision making roles, promotion, and flexible working hours to motivate employees. The study showed that the employees indicated that they believed that money was a crucial incentive to work motivation and that most of them used the value of money to perform the function of a scorecard by which they assessed the value that the organization had placed on their services. Asim (2013) found that training is an important motivational technique that leads to a positive impact on employee performance in the educational sector in Pakistan. However, the study only focused on training as a source of motivation leaving a gap to be filled by examining other motivational techniques.

The variability in the results of previous studies and the fact that this study which differs from the other local studies in that it was conducted in Ayat Share Company using the three main offices as sample frame places it worth investigating. Moreover, there are a few studies that have been done on the impact of motivation on employees' performance in other sectors which underpins expanded study and investigation.

One of the prominent reasons that motivated the researcher to pick up this research problem was that the researcher has experienced some problems of the managerial motivational ability to improve employee's performance in Ayat Share Company. Not only managers ability but also the motivational packages used by the company its self lacks in improving or energizing the employees to increase in their performance this raises the question in the motivational package effectiveness in improving performance. This might be caused by using ineffective motivational packages or lack of knowledge in terms of methods and forms of motivation which lead to the infectiveness of their policy to motivate employees, which led to no change in the performance of their employees.

The above mentioned gap found in the company was assessed by the use of preliminary interviews conducted with employees found both in the top management to the low level supervisors and other sales consultants along with the researchers experience in the company as a sales consultant, the researcher felt that the staff members were not satisfied as such with management's ability in terms of compensation packages to encourage better performance out of their subordinates in which it caused high turnover among subordinates due to low performance. Additionally, the researcher could not be able to find other recent studies conducted on this topic in Ayat Share Company.

Therefore, the purpose of the study was to investigate the effect of motivation on employee's performance the case of Ayat Share Company. To achieve this purpose the study tried to answer the following basic questions.

1.4 Research Questions

- I. What are the dominant factors that affect employee's motivation in Ayat Share Company?
- II. What is the impact of motivation (intrinsic and extrinsic) on employee's performance?

1.5 Research Objective

The study was conducted with the aim of achieving the following objectives:

1.5.1 General Objective

The general objective of the study is to examine the effect of Motivation on Employee Performance In The Case Of Ayat Share Company

1.5.2. Specific Objective

The study has the following specific objectives

- I. To identify dominant factors that affect employee's motivation in Ayat Share Company.
- II. To see the impact of motivation (intrinsic and extrinsic) on employees performance in Ayat Share Company.

1.6 Significance of the Study

This study will be of immense benefit to the employees of Ayat Share Company, management of Ayat Share Company, students and academicians in the field of the study in that it will highlight how the concept of motivation and job performance are valued and understood and the need for all to pay attention to a variety of motivation issues or financial incentives for employees.

The research has exposed the researcher to the practical issues of the subject. It enabled him to match theory and in this way that the researcher will better understand more the application of the motivation theories managing human resources in real estate business.

Furthermore, the study will bring to light the different forms of motivation which will inform the design of appropriate measures aimed at bringing out the best in employees with regard to job performance.

Again, the factors leading to high performance as well as causes of low performance will inform management in their decision making. Administrators will be helped through this study to be able to use motivation not just for the sake of it but to know how, when and what type of motivation to use so as to achieve maximum performance of staff.

The findings of this study will assist in the development of effective managerial strategies and policies that can help in improving the administration and realization of Ayat Share Company goals. Also, the findings will enable the Ayat Share Company management in general to identify the motivational factors and their problems and can use it in the improvement of management concerning employee's needs, issues of welfare and motivation of employees and enhance their performance for a better and deliverance of good services.

1.7 Scope of the Study

The main focus of this study is examination of the effects of motivation on employee's performance in the case of Ayat Share Company in which it considered motivation as extrinsic and intrinsic motivation. The data for this study was delimited to the company's employees and their managers of Ayat Share Company real estate business aspect of the company this is due to the fact that the real-estate aspect of the company is the backbone of the company in which many problems could be traced back to it. This study also has its share of delimitation in the sampling frame which only considered a particular real estate of Ayat Share Company and therefore the results cannot be generalized to the whole real estate business (sector) or to other types of organizations of the country. Therefore, any term found in this study should be interpreted in relation to the motivation and employee performance of Ayat Share Company. In which the study consider the time period from 2016-2018 G.C as its study area since during this time the company went on extreme changes in terms of organizational focus to reinvent themselves and gain market share it had lost in the past years.

1.9 Definition of key terms

For the purpose of this study, the following terms are defined as follows:

Employee Motivation: Ray Williams, a columnist for Psychology Today, defines motivation as, “predisposition to behave in a purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner force that drives individuals to accomplish personal organizational goals”. Sibson (1994) also defines motivation as the driving force which allows a person to take action on his/her desires or goals.

Employee Performance: It is highly accepted that when people are motivated on their job, there is going to be a correspondence productivity that will boost the organizational performance.

Employee Absenteeism: This is the rate at which employees do not present themselves at work which is majorly associated with job dissatisfaction and loss of motivation.

Employee Turnover: Turnover is the rate at which employees enter and leave a company in a given fiscal year. One of the determinants of turnover intent or staying within the organization is job satisfaction. When employees are not happy or satisfy with their work, they have high tendencies of abandoning the organization but if the perception of the employees about their treatment is fairly okay and receiving remuneration package, it reduces the intent of leaving the company.

1.10 Research Limitations

There were some limitations encountered in the conduct of this research study. The main limitation existed in the sample group, as it was quite small. Therefore, the diversity in the answers could have been limited. . In addition to this:

- Difficulty in collecting questioners on time,
- Confidentiality of in formations that can be major input for the research

- Negligence of some respondents, to respond to the questioner openly and timely, lack of sufficient time and finance to conduct the study were also among the various problems encountered by the researcher during the study.

1.11 Organization of the Study

The study is organized in five main parts, a references and appendices. The first chapter consists of the introduction: background of the study, objectives of the study (general and specific), significance of the study, delimitation of the study, limitations of the study, definition of key terms and organizations of the study.

The second chapter discuss about the related review literature and related research which include the concept of motivation and employee performance. Chapter three deals with the research design, methods and procedures employed to conduct the study.

The fourth chapter focuses on presentation, analysis and interpretation of the collected data during the study. The last part, the fifth chapter of the study focuses on the summary, conclusions and recommendations of the study. Lists of the reference materials and appendices are attached at the end of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers and explains the concepts, models and theories that are relevant in the field of motivation and necessary to facilitate a comprehensive analysis and understanding of the research question. It may be useful to conceptualize the term employee motivation and what its concepts are.

2.2 Theoretical Literature Review

2.2.1 Motivation - An Overview

Along with perception, personality, attitude and learning, motivation is an important part of understanding behavior. Motivation defined as a psychological state that is said to exist whenever internal and /or external forces trigger, direct, or maintain goal- directed behaviors (Jackson and Slocum 2002). Motivation refers to the resolution of achieving a goal, marked by a goal directed behavior. When we refer to someone being motivated, we imply that the individual is trying hard to perpetrate a certain task. However, motivation alone can't suffice what we require to consummate that task with utmost efficiency. Ability – having the skill and knowledge to perform that task is also significant in this regard.

2.2.2 Motivation Defined

Many contemporary authors have also defined the concept of motivation. According to Hellriegel, et al (2002) motivation is a psychological state that is said to exist whenever internal and /or external forces trigger, direct, or maintain goal- directed behaviors (Hellriegel, et al 2002). The many different theories of motivation can be easily grouped in to three general approaches. Those are managerial approach, job and organization approach and individual difference approach.

- A. *Managerial approach*: The managerial approach to motivate employees focus on the behavior of managers in particular, their use of goals and rewards. The manager that employees work with on a day to day basis can directly motivate employees through personal, one on one communication (Hellriegel, et al 2002). On this approach managers can work with employees to set realistic goals then use recognition, praise and monetary means to reward employees for achieving those goals.
- B. *Job and organization approach*: The second approaches to motivate employees emphasize the design of Job and general organizational environment (Hellriegel, et al 2002). According to this approach the job itself is part of the explanation for why people enjoy their work but the organizational context also is important
- C. *Individual difference approach*: The third approach to motivating employees treats motivation characteristics of the individual (Hellriegel, et al 2002). According to this approach an employee who is motivated in an organization would be highly motivated in any organization.
- D. *Integrating the approaches*: All the above 3 approaches are the most useful when they are combined and integrated.

2.2.3 Characteristics of Motivation

Mitchell (1982) quartered by Mullins (2005) identified the following characteristics, which underline the definition of motivation namely:

- **Motivation is typified as an individual phenomenon**: Every person is unique and all the major theories of motivation allow for this uniqueness to be demonstrated in one way or the other
- **Motivation is usually intentional**: Motivation is assumed to be under the control of the worker, and behaviors that are influenced by motivation such as effort expended, are seen as choices of action.
- **Motivation is multifaceted**: The two factors of greatest importance.
 - i. What get people activated
 - ii. The force of an individual to engage in desired behavior.

The purpose of motivational theories is to predict behavior motivation is not behavior itself and it is not performance. Motivation concerns actions and internal and external forces, which influence a person's choice of action.

2.2.4 Forms of Motivation (Intrinsic or Extrinsic)

Intrinsic motivation

It can be described as the process of motivation by work itself in so far as it satisfies the personal needs of the employee. Intrinsic motivated work behavior stems from a person's 'internal' desire to do something, and is therefore usually self-applied e.g. pure interest in a project or a positive recognition from colleagues are examples of intrinsic motivation.. The factors affecting intrinsic motivation include responsibility, freedom to act, courage to use and develop persons own skills, interesting tasks and opportunities for advancement. Intrinsic motivation refers to motivation that is enhanced by commitment to work, personal enjoyment, and interest. According to Ryan and Deci, (2000) intrinsic motivation is define as the doing of an activity for its inherent satisfaction rather than for some separable consequence. When a person is intrinsically motivated, that person is moved to act for the fun or challenge entailed rather than expecting outside reward or pressure from other officials. When that person is intrinsic motivated he works to satisfy three psychological needs, namely: autonomy, competence and relatedness.

Intrinsic motivated employees like to have freedom to make decisions, to express creativity, opportunity for advancement, recognition for good work and so on. For this type of employees external reward is not the main factor or reason to do the activity or the work given to him because they can be satisfied by the work itself which means that the task its self are the motivator.

A. Empowerment and Autonomy

It's defined by Clutterbuck and Kernaghan (1994) as encouraging and allowing employees to take personal responsibility for any improvement brought about in the performance of their assigned task whilst contributing to the attainment of the overall objective of the organization.

It grants employees with the ability to act and responsibility to do their duties independently and allow them to have authority over the job. It's as if giving them control over their own destiny. It

doesn't only increase effectiveness and efficiency of employees but as a booster of fulfillment for employees, work motivation and trust in the organization.

B. Recognition and Employee Motivation

According to Kamalian, Yaghoubi and Moloudi, (2010) rewards and recognition are essential factors in enhancing employee motivation and job satisfaction which is directly associated to organizational achievement. He posited that taking time to say you recognize them, makes the employees to do more than they would normally do. It's an intrinsic motivation that involves the psychological rewards gained by doing a job well. It can be either in written or verbal form in which to recognize an employee's achievement.

C. Fairness of Treatment

Deals with how people feel about the distribution of rewards, opportunities and by which they are allocated and how employees are treated in the work place. It's one of the most vital factors for the success of any organization because it affects the long term validity of any organization in terms between subordinates and employer. Therefore, organizations must strive to make sure that there is always the spirit of trust, sense of commitment and appreciable level of satisfaction among employees (Kamalian et al. 2010).

D. Trust

It's seen as the perception of one person about the other, decision to act based on communication, behavior and their decision. Trust as a concept is complex and in order it to work, it requires both trusting beliefs and trusting intensions. It creates invisible bond between people who trust each other whoever they are. It enables us to make transactions with other trustworthy people and seclude the untrustworthy. In business, transactions are, whether material or immaterial, vital. If a certain organization suffers from culture of distrust among its employees and employer, this will possibly lead the organization to eventually underachieve in its business markets. Put differently, organizations that foster trust are generally more profitable.

E. Opportunities for Personal Development

The quality and variety of employee training and development available at a workplace are key for employee motivation. An employee perception of opportunities for personal growth and development is one of the important predictors of employee motivation. Many employees want to move forward with their career and not remain stagnant.

Extrinsic motivation

Extrinsic motivation is the amount of effort other people give to the person to motivate them. Extrinsic motivation refers to tangible rewards supervision, pay, fringe benefits, co-workers, work environment, personal life, work conditions and job security. In this type of motivation a person cannot be motivated by the work itself like intrinsic motivation but satisfied by the possible reward that person gets by doing a certain activity. Ryan and Deci (2000) argued that extrinsic motivation requires an instrumentality between the activity and some separable consequences such as tangible or verbal rewards and that satisfaction comes not from the activity itself but rather from the extrinsic consequences to which the activity leads. Rewards are useful instruments that encourage individuals to perform as is desirable and it can take the form of monetary. It can also be in form of incentives such as increased salary and leave bonus to non-monetary incentives like promotions and job security.

A. Monetary Compensation/Salaries

To enhance extrinsic motivating factor, money remains the most significant motivational strategy. It has the supremacy to magnetize, retain and motivate individuals towards higher performance. Frederick Taylor and his scientific management associate described money as the most fundamental factor in motivating the industrial workers to attain greater productivity (Ryan & Deci, 2000).

Reward influences employee motivation and spur employee to performance. Rewards in forms of pay, promotion, bonuses or other types of reward are used to motivate and encourage high level performances of employees. Effective use of rewards to motivate employee can enhance the bottom line of any organization because when employees are motivated, their productivity level increases which has a multiplier effect on the organization (Ryan & Deci, 2000).

B. Good Leadership Relations

There are many definitions that are given to leadership by different experts but commonly we can summarize it by seeing it as the use of different influences by the leader to the followers to gain more out of them in terms of performance, to achieve a desired result or what not. Good leadership relation is an important factor in fostering employee motivation. Providing employees with the supports they needed such as helping them with job related problems, good communication, regular feedback about employee performance increases employee motivational level. Employee wants to have sense of belonging, have inputs into decisions that affect them, feel important and appreciated. They want to be informed and involved at work place. Employees are motivated when a job brings recognition and respect for them(Ryan &Deci, 2000)..

C. Job security

Job security has become indispensable in employee and organization preference list, particularly due to economic reasons. Thus, it has become one of the most crucial and important factors driving employee motivation and performance. The most desire of every employee is to keep their jobs for as long as they wish. In this view, it implied that job security is a determinant factor and key element influencing an employee's decision on whether to join an organization or not (Latham, 2007).

D. Communication and Effective Dissemination of Information

Availability of good communication and dissemination of information between the employer and the employee is a key component for the increase or decrease in employee motivation and performance. This is understandable because it provides the employee some good level of trust in the management. When information flows back and forth in the workplace, it implies that feedback can be given by both the employer and the employee in an atmosphere of trust. When this happens, the implication is that the concerned stakeholders respect and take each other into considerations.

The need for information sharing between the employer and the employees cannot be overemphasized especially during major organizational changes, acquisition or organizational development. Uncertainty may easily cause employees to fear failure or even losing their jobs.

The more there is uncertainty, the lower productivity gets. Inadequate or unreal information may cause a lot of speculation which makes the work secondary to employee. When employees are informed it adds certainty and trust. To ensure a motivated working environment, management must build a relationship of trust with the employees, media and other whom might be involved. In times of change, employees should be the first to know what is going on as the employees should have time to adapt.

E. Nature of the Job

Many studies have researched about the relationship between the nature of job and employee motivation. Results show that nature of job itself becomes a dominant factor of job employee motivation when employees assess different aspects of their work, like supervision, growth opportunities, salaries and colleagues and so on. When the job performed by an employee is perceived to be important and less stressful, employee motivational level will be on the increase. Stressful work on the other hand is a well-known factor for low motivation and morale, decrease in employee performance, high employee turnover, sick leave, accidents, low job satisfaction, low quality products and services, poor internal communication and conflicts. Basically meaning less stressful job more performance and the opposite is true.

Intrinsic and Extrinsic motivation: - Extrinsic motivators are efficient but the influence doesn't last long. Intrinsic motivators tend to have a longer effect as they are inherent and not imposed from outside (Armstrong 2007). As the needs of individuals differ a lot, it is important to concentrate carefully on the attachment of goals and incentives given when goals are accomplished. Motivation theories help to understand different motivators. Motivation theories have been examined for decades. These theories can be implemented to the company's human resource policies to get the best out of the employees

To get the best from their people, managers should emphasize anticipated reward value, whether extrinsic or intrinsic. So managers' job is to strengthen effort-performance-reward expectancies. For employees who have difficulty attributing outcomes to their performance, managers must make sure they realize performance-reward connections and provide performance feedback.

2.2.5 Different theories of motivation

Motivation is such a scheme which is applied to inspire, increase stamina and work ability by mentally conciliating the employees or workers to their work or job in an organization. In brief, Motivation is something which inspires one to work self-intentionally.

Maslow's hierarchy of needs: According to Maslow human behavior is goal-directed. Motivation cause goal-directed behavior. It is through motivation that needs can be handled and tackled purposely. According to Maslow's Hierarchy, needs were categorized into 5 types/ levels from lower to higher order of needs. Individuals must satisfy lower order of needs before they approach higher order. Satisfied needs will no longer motivate. Motivating a person depends on knowing at what level the person is at of hierarchy. (Jones & George 2009)

- a) **Lower Order (External):** Physiological, Safety etc.
- b) **Higher Order (Internal):** Social, Esteem, Self-actualization etc.
- c) **Physical needs:** Need for food, water, shelter, clothing, sexual satisfaction etc.
- d) **Safety and security needs:** Need to be free from physical danger and the fear of
- e) **Social needs:** Need for love and affection, acceptance by fellows and the like.
- f) **Ego-need:** Need for power, prestige, status and self-confidence.
- g) **Self-actualization need:** Desire to become what one is capable of becoming-to maximize one's potential and to accomplish something's.

Figure: 2.1 Maslow's hierarchy of needs (1943)



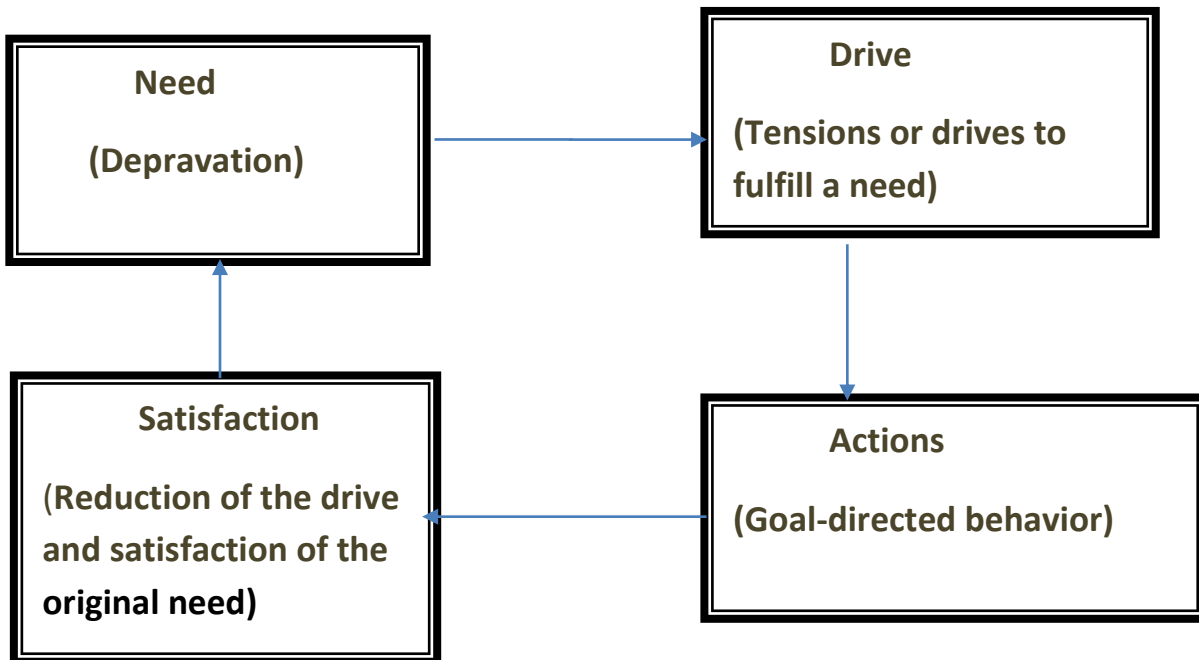
According to Abraham Maslow hierarchy of need each need must be satisfied in each level before a person desires to satisfy a need at the next higher level so that one comes after the other

according to Maslow theory every employed first need a wage sufficient for food and shelter then their security need came it can be job security and then belongingness needs such as social needs and feelings of belonging and esteem needs, self-actualization will come according to their hierarchy. (Jones & George 2009)

Herzberg's motivation hygiene theory: Adopting an approach different from Maslow's, Frederick Herzberg focuses on two factors, the first is the outcome that can lead to high levels of motivation and Job satisfaction and the second us the outcome that can prevent people from being dissatisfied. According to Herzberg's motivation hygiene theory people have two set of needs or requirements. A) *Motivators need* which are related to the job itself and how challenging it is. Outcome such as interesting work, autonomy, Achievement, Recognition, Work itself, Responsibility, Advancement, Growth etc. B) *Hygiene factors* are related to the physical and psychological context in which the work is being performed. They are satisfied by outcomes such as pleasure with coworkers, effective supervision, working condition, Salary status, Security, Relation with peers, Subordinate etc. According to Herzberg when hygiene needs are not met, workers are not dissatisfied. Satisfying hygiene needs, however, does not result in high level of motivation or even high level of job satisfaction. For motivation and job satisfaction to be high motivator need must be high (Jones & George 2009).

Three needs theory: McClelland's three needs theory refers that; every person has one of three driving motivators. Those are *the need for achievement* is the extent to which an individual has a strong desire to perform challenging task well and to meet personal standard for excellence. *The need for affiliation* is the extent to which an individual is concerned about establishing and maintaining good interpersonal relations, being liked, and having the people around him or her get along with each other. *The need for power* is the extent to which an individual desires to control or influence others(Jones & George 2009). They aren't inherent; we develop them through culture and life experience.

Figure 2.2: Need theory of motivation



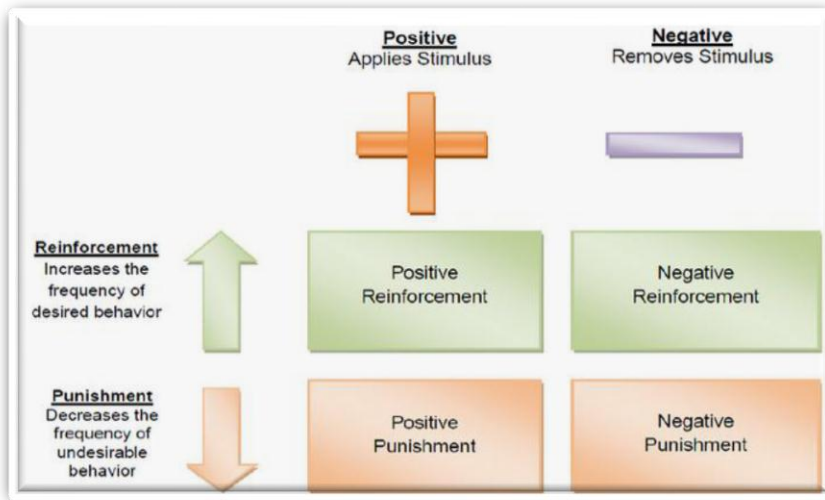
Goal setting theory :It focus on motivating workers to contribute to their job and organization in this way it's the same as equity theory but takes it a step further by considering as well how mangers can ensure that organization members focus their inputs in the direction of high performance and achievement of organizational goals. The basic assumption of goal-setting is that goals are immediate regulators of human actions. This theory refers to effects of setting goals on subsequent performance. Individuals who set specific, difficult goals performed better than those who set easy and simple goals. Some of the important features of this theory are: The willingness to work for attainment of goals, Specific and clear goals, Specific and challenging goals, Better and appropriate feedback of the results etc(Jones & George 2009).

Reinforcement theory:An approach to motivation based on the “law of effect” – the idea that behavior with positive consequence tends to be repeated, while behavior with negative consequences tends not to be repeated (Jones & George 2009).

in this theory it shows that a past behavior will affect future actions since when we think that some behavior lead us to positive consequence and repeat it in order to get positive consequence and avoid some behaviors' since in our past experience that behavior lead us to a negative consequence.

This theory refers that we can change anyone's behavior by using reinforcement, punishment and extinction. Rewards are used to reinforce behavior we want and punishment to prevent behavior we don't want. Extinction is to stop someone from practicing learned behavior at all.

Figure 2.3: Reinforcement theory



Equity theory: A theory of a job motivation emphasizes the role played by an individual's belief in the equity or fairness of rewards and punishments of rewards and punishments in determining his or her performance and satisfaction. (Jones & George 2009)

Equity theory is a theory that centers on perceived fairness of an individual. An employee reflects on how much effort he has expended and compares this to what he has got from it. Based on the idea that, individuals are motivated by fairness and if they find/ identify inequity in the input or output ratio of themselves and their referent groups then they will seek to adjust their input or output to reach their perceived equity. External equity arises when employee use comparisons to others who have the same job but work in different organizations. Internal equity occurs when employees compare themselves to others who have different job but work in the same organization.

2.2.6 Employee performance

According to Aguinis (2009), “performance is about behavior or what employees do, and not what employees produce or the outcomes of their work.” Performance is an effort along with the ability to put efforts supported with the organizational policies in order to achieve certain objectives. Campbell (1990) also defines performance as behavior. It is something done by the employee. This concept differentiates performance from outcomes. Outcomes are the result of an individual's performance, but they are also the result of other influences.

There are several variables that determine performance. These variables could be classified as general determinants of performance. For instance, one's qualification can go a long way to enhance his performance. When one goes through education, development and training to acquire a certain level of qualification, it will enhance his working ability all other things being equal. Also, experience is a great asset that can improve an employee's performance. The longer the number of years' experience, the higher the level of performance all other things being equal. Again, quality and style of supervision is a key factor. The use of democratic and autocratic styles of supervision will have varying degree of results given different behaviors of employees; the working environment is another determinant that could pose serious threat to performance. For example, if the working environment is hazardous, it could endanger the lives of employees.

The single most important determinant of performance is compensation package. In the absence of compensation, performance levels would be very low compensation could be financial or non-financial may have different levels of motivation and consequently its influence on performance; factors such as tools and equipment can enhance one's performance. Imagine the use of computers, combine harvesters, irrigation system and teaching aids in the production system. Technology has made it possible to have certain tools and equipment that enhance productive activities; and other determinants of performance include support from other colleagues, production materials, health condition of employees, job security, and retirement and other benefits, age, loyalty or commitment (Aguinis, 2009).

Campbell (1990) and Aguinis (2009) have provided their version of performance determinants to complement the general determinants. They suggested that individual differences on performance are a function of three main determinants: declarative knowledge, procedural

knowledge, and motivation. Declarative knowledge refers to knowledge about facts, principles, and objects among others. It represents the knowledge of a given task's requirements. Procedural Knowledge is having certain skills in knowing what to do and how to do it. That is, the employee requires certain technical skills to be able to accomplish a task. Procedural knowledge also relates to one's intelligence level and physical ability. The third predictor of performance is motivation, the driving force behind every human activity.

Motivation, which refers to "a combined effect from three choice behaviors - choice to expend effort, choice of level of effort to expend, and choice to persist in the expenditure of that level of effort" (Campbell, 1990). All three determinants of performance must be present for performance to reach high levels. If any of the determinants has a value of zero (0), then performance also has a value of zero (0). Thus, $\text{Performance} = \text{Declarative knowledge} \times \text{Procedural knowledge} \times \text{Motivation}$.

2.2.7 Impacts of Employee Motivation on Employee Performance

A. Employee Motivation and Absenteeism

Absenteeism is defined as the non-attendance of employees for scheduled work. According to Lat-ham, (2007) there is an inverse relationship between motivation and absenteeism. When motivation is high, absenteeism tends to be low and when motivation is low, absenteeism tends to be high. Even though this correlation has been found to be rather moderate, the underlying assumption is that absence is at least in part, the result of dissatisfaction on the job.

B. Employee Motivation and Productivity

The relationship between employee motivation and employee productivity is not well established. However, the consensus is that motivation leads to increase in productivity in the long run the strongest implication of much of the research is that the two variables, motivation and performance, are relatively independent of each other. There seems to be at least two possible reasons for this. The first is that in many jobs variations motivation cannot lead to variations in productivity. Secondly, even when correlations do appear, the associations may be spurious, since both may be associated with other factor.

There are some conditions under which high productivity more clearly leads to motivation. One condition is that the employees perceive that intrinsic and extrinsic rewards are contingent upon their productivity. The second condition is that the extrinsic rewards (pay for example) be distributed equitably. Inequitable distribution fails to convince the employees close correlations between hard works and rewards

C. Employee Motivation and Turnover

Employee turnover basically means the percentage of employees who within a particular period of time opt to leave the company or business for other companies. This forces the company to replace them with new employees at an additional cost. This is a great loss for the company, given the fact that it has spent a lot of resources to perfect the skills of these employees, only to have them leave the company and render their services to competitors. A company with a high rate of employee turnover faces greater risks of failed performances in the long run.

D. Employee Motivation and Safety Practices

Poor safety practices show a negative consequence of low motivation level. When people are discouraged about their jobs, organizations and supervisors, they are more predisposed to experience accidents. An underlying reason for such accidents is that discouragement may take one's attention away from the task at hand. Inattention leads directly to accidents.

2.3 Empirical Literature Review

Even though there are lots of researches on motivation and employees performance, we can't get enough in Ethiopian real-estate context especially in Ayat Share Company. By considering this fact, we will look some researches done on the topic in countries other than Ethiopia.

Linda (2016) also investigated the impact of motivation on employee's performance in an organization: A case of UNICEF Somalia support Centre, Nairobi which it revealed that UNICEF Somalia did not use monetary rewards to motivate its employees. The study also showed that the company used non-monetary rewards like recognition, decision making roles, promotion, and flexible working hours to motivate their employees. It showed that the employees indicated that they believed that money was a crucial incentive to work motivation and that most of them used the value of money to perform the function of a scorecard by which

they assessed the value that the organization had placed on their services. The study showed that employees at UNICEF Somalia were not happy with their job design in terms of the tasks they performed and the organization did not involve them in the job design leading to their demotivation.

The study showed that, UNICEF Somalia employees acquire training aimed at improving their knowledge, skills and attitudes towards their work, as well as increase their morale and confidence in the job. It was revealed that, the employees in the organization have a sense of security built from their training and this facilitated their ability to manage changes and new situations that occurred within the organization. The study concludes that employees at UNICEF Somalia were not happy with their job design in terms the tasks they performed and the organization did not involve them in the job design leading to their decries in their motivation level.

The study concludes that UNICEF Somalia employees acquire training aimed at improving their knowledge, skills and attitudes towards their work, as well as increase their morale and confidence in the job and that the employees in the organization had a sense of security built from their training that facilitated their ability to manage changes and new situations within the organization. The study recommends that management retain the non-monetary rewards as a cost-effective way of keeping the workforce highly motivated, but also include monetary rewards that should be linked directly to the compensation plan and for to provide and create a practical job rotation program and develop a comprehensive program for its electiveness. The study recommends managers to also provide optimal motivational systems that need to be determined for implementing job rotation policy.

Boamah(2014) investigated the effect of motivation on employees' performance on the Brong Ahafo Education Directorate. In which it revealed that promotion and opportunity for advancement are the major motivation factors and the study has also revealed that motivation level is low in the area of wages and salaries. In which it showed that Ghana Education appears to be paying lowest wages and salaries in the industry. The researcher recommended that Ghana Education Service (management) should consider as a matter of urgency, the need to make

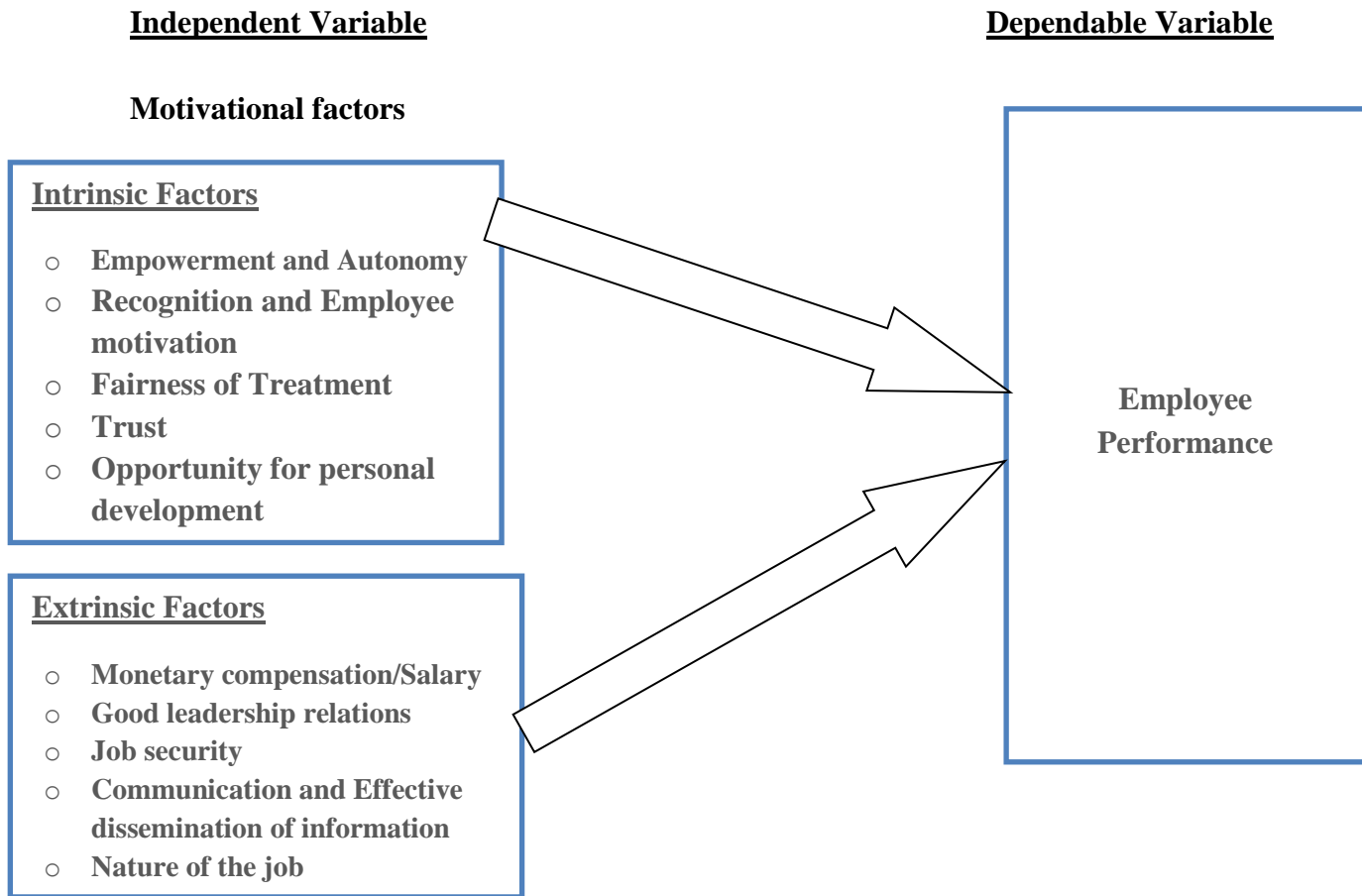
upward adjustment in wages and salaries which will go a long way to reduce the high incidence of labor turnover.

Jacinta (2013), investigated the impact of employee motivation on employee performance. Their study showed that significant and positive relationship exists between employee motivation and employee performance. It is also concluded that intrinsic rewards has a significant positive relationship with employee performance and employee motivation. This study concludes that employee perceived training effectiveness has a negative relationship with motivation. It is also proved from to their responses, they were provided with the training courses but this training was not implemented by them in their routine teaching as they considered it to be ineffective. They were not satisfied with the training provided to them and this affected their motivation to teach.

2.3 Conceptual framework

For the phenomenon of motivation and its effects on performance to be studied empirically, there is the need for a conceptual framework that pulls together the concepts of motivation and employee performance. The conceptual framework, as illustrate in figure below which illustrates the underlying relationship. Motivation either intrinsic or extrinsic leads to performance and is influence by factors such as salaries, fringe benefits, responsibility, promotion in the organization nature of work, recognition of work done, opportunity for advancement, working conditions, and relationships with superior and peers. The conceptual framework provides a foundation for focusing specific variables for the study. These variables are based on the literature reviewed on motivation and its effect on employee performance. The conceptual framework of the study is

Figure 2.4 conceptual frame work



Source: constructed From Literature 2018

From the above discussion, motivation the drive behind effort to satisfy needs can come from within or from external force (intrinsic and extrinsic) respectively. The need theorists“ focuses on the question of what arouses, sustains and regulates goal directed behavior that is what particular things motivate people and the process theorists“ also emphasize on the process of motivation and importance of rewards. Performance and determinants of performance were discussed. Factors such as salaries, fringe benefits, responsibility, promotion in the organization nature of work, recognition of work done; opportunity for advancement, working conditions, and relationships with superior and peers motivates employees, and concluded with a conceptual framework of the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This section presents the overall research design of the study, research methods, sources of data, sampling techniques, data gathering instruments and their validity and reliability, results, variables of the study, procedures of data collection and methods of data analysis.

3.2 Research Design

Research design addresses important issues relating to a research project such as purpose of study, location of study, type of investigation, extent of researcher interference, time horizon and the unit of analysis (Sekaran & Bougie, 2010).

A descriptive research design and explanatory with survey were applied in the research using quantitative method and qualitative method. Since descriptive study is used to describe existing situation under study, the study undertake descriptive analysis that describes the effect of motivation on employee's performance. The study also used explanatory study design by explaining, understanding and predicting the cause and effect relationship between variables.

3.3 Research Type

This study utilized cross-sectional survey in which all relevant data were collected at a single point in time. A quantitative approach of doing research was used. Questionnaires were used as the survey instrument. Quantitative approach enables to answers questions through a controlled deductive process, allowing for the collection of numerical data, the prediction, the measurement of variables, and the use of statistical procedures to analyze and develop inferences from that data and in order to acquire an in depth understanding of facts and reasons of the occurrence, it adopted qualitative approach.

3.4 Population

The total population of this research was the employees and management staff of Ayat Share Company, because they were the basis of the study and provided the relevant answers to the study questions. The study population comprised of all the staff members who came from various departments within the organization which is 4661 employees in total.

3.5 Sampling Design

The total population of this research will be the employees and management staff with in main offices of Ayat Share Company. Stratified sampling will be employed by dividing the total population in to three different strata in order to assist in minimizing bias when dealing with the population. Ayat Share Company real estate division is divided into three main different branches or offices in which different work are being done. Considering this the researcher classified the overall population into three main strata. These strata are Ayat site office, CCE site office and Ras hotel offices. Specifically proportionate stratified sampling was conducted in order to increase the chances of being able to make comparisons between strata.

The number of the total population who are currently working in the organization is 4661 which include 79 in sales and marketing, other permanent employees include 182, others in the construction work include 4400 but for this study it only focused on the sales and marketing and other permanent employees of the company which in total are 261 in which it represent the population for the study in question. This is because those in construction work are not permanent it's hard to follow and administer data collection and my not have close knowledge about the company in question and with limitation to time and resources the researcher is forced to focus on the others. The researcher had to make certain parameter estimates. For this study, the confidence level (Z) was set at 95%, the margin of acceptable error (E) was 5%. Therefore, the sample size (n) for this proportion is determined by using <http://www.raosoft.com> sample size software (the following formulas).

$$n = \frac{NZ^2 * 0.25}{[d^2 * (N-1)] + (Z^2 * 0.25)}$$

After the calculations, the sample size is 156 subjects. Where:

n = sample size;

N = total number population for the study = 261 employees

d = level of accuracy (if the study is 5% = 0.05 in absolute terms)

Table 3.1 Sample size determination for each stratum

| Name of strata | Population | Proportional sample size | Sample size for each stratum |
|--------------------------|------------|--------------------------|------------------------------|
| Ayat site office | 146 | 146/261=0.551 | 0.551*156= 85.956 |
| CCE site office | 36 | 36/261=0.138 | 0.138*156= 21.528 |
| Ras hotel offices | 79 | 79/261=0.3027 | 0.3027*156 = 47.2212 |
| Total | 261 | | 156 |

3.6 Data Gathering Tools

The data gathering tools for this study were questionnaire and interview. These tools can be used to collect data from both primary and secondary sources necessary to investigate and interpret the opinion of respondents.

I. Questionnaire Design

A questionnaire is a type of survey method that utilizes a standardized set or list of questions given to individuals or groups, the results of which can be consistently compared and contrasted (Trochim, 2006). It can be used to reach large number of respondents, lower costs than interviewing, reduced interviewer bias and among others are advantages associated with questionnaire. Its drawbacks are low response rates, clarity issues, possible language and literacy

issues. The questionnaire has four sections; the first section deals with general personal information about the respondents. The second section deals with the respondent's opinion on extrinsic factors that influence employee motivation in the company. The questions address's the key dimensions of factors of motivation identified in the literature. The third section addresses the opinion on intrinsic factors that influence employee motivation in the company in the company. The fourth section will address the respondent's opinion on the effects of motivation on the employee performance. The last section was to measure employee performance by using a five -point Likert response scale. According to the sample 156 questioners and extra 10 questioners was taken just in case respondents are unable to fill the questioners so in total 166 questioners was prepared and distributed for the sample population. And of those 150 was received and analyzed on chapter four.

II. Interview

Interview helps to obtain relevant information that cannot be collected by questionnaire. This tool was selected because it provides information which ensures the capability of the data (Kumer, 1999). It will to gain more information about the research question and to get more in-depth data from those that have more experience from others in the company. Due to these two individuals both who are in top management position

0(sales manager and general manger) level was chosen for the interview based on the years of experience with semi structured interview.

3.7Data Processing and Data Analysis

3.7.1 Data Processing

This data processing procedure has two consecutive phases: First data cleanup in which the collected raw data was edited to detect errors and omissions in response and to cross check method, whether the questions are answered accurately and uniformly. The next phase is the process of assigning numerical or other symbols was followed. Coding involves assigning numbers or other symbols to answers so that responses can be grouped into limited number of classes and categories. This helps to reduce the response into a limited number of categories or

classes and then the process of classification or arranging large volume of raw data in to groups with common characteristics was applied.

3.7.2 Data Analysis

Statistical Package for Social Science (SPSS) software version 20 was employed to analyze and present the data through the statistical tools used for this study, namely descriptive analysis, correlation, simple regression and multiple regression analysis.

The descriptive statistical results were presented by tables, frequency distributions and percentages to give a condensed picture of the data. This was achieved through summary statistics, which includes the means, standard deviations values which are computed for each variable in this study.

Inferential statistics allow researchers to infer from the data through analysis the relationship between two variables; differences in a variable among different subgroups; and how several independent variables might explain the variance in a dependent variable. (Sekaran, 2000) Therefore, the inferential statistical methods that are used for the study are explained as follows:-

A. The Pearson Correlation analysis

As stated on Alwadaei (2010) Correlation Analysis: is to show the strength of the association between the variables involved. Inter-correlations coefficients (r) were calculated by using the Pearson's Product Moment. Field (2009) also state that the output of correlation matrix can be the correlation coefficient that lies between -1 and +1 within this framework, a correlation coefficient of +1 indicates a perfect positive relationship, and a correlation coefficient of -1 indicates a perfect negative relationship; whereas a coefficient of 0 indicates no liner relationship. While, for correlations purpose the descriptors developed by Davis (1971) was use

Interpretation of strength of correlation coefficient

The correlation is significant at 0.01 levels (2-tailed). In order to interpret the results of the correlation, Somekh and Lewin (2005) criterion for evaluating the magnitude of a correlation was used as a reference.

B. Multiple Regression Analysis

Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores. Multiple regression analysis more than one predictor is jointly regressed against the criterion variable (Cohen & Swerdlik, 2002). This method is used to investigate the effect of training and development dimensions (training design and delivery style) and employee's performance.

Regression functions

The equation of multiple regressions on this study is generally built on around two sets of variables, namely dependent variables (employee performance) and independent variables (extrinsic and intrinsic motivation). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

Table: 3.2 Variables of the study

| Independent variables | Dependent variables |
|-----------------------------|------------------------|
| Extrinsic Motivation | Employee's Performance |
| Intrinsic Motivation | |

3.8 Validity and Reliability of Instruments

The validity and reliability of the data were checked carefully. Validity and reliability of scores on instruments, additional standards for making knowledge claims, lead to meaningful interpretations of data.

In this research content, the researcher has used questionnaires that their validity and reliability are checked and are modified according to literatures within the specific topic. Also an approval from advisor and other consultants was applied in order to increase the face/content validity. Prior to the actual data collection, pilot test was conducted by distributing sample questionnaires to 15 respondents within the offices.

Reliability measures the degree to which a research instrument yields consistent results or data after repeated trials. To ensure the reliability of the instrument in this case of study and the

researcher has tested the reliability using Cronbach's Alpha (α). Cronbach's Coefficient is a reasonable indicator of the internal consistency of instruments that do not have right or wrong marking schemes, thus can be used for questionnaires using scales such as rating. For this particular study, the questionnaires Likert scale items reliability was checked by Cronbach's - alpha coefficient with the help of SPSS software and as shown below in table 3.2

Table: 3.3 Reliability test

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .810 | .814 | 19 |

3.9 Ethical consideration

In this study the researcher consciously considered ethical issues in seeking permission, avoiding deceptions, maintaining confidentiality, respecting the privacy, and protecting the anonymity of respondents that encountered during the study. Thus, to collect data, the researcher provided support letter from St. Mary's University School of Business Department Of General MBA Program about the research topic and asked permission from the administrative bodies to conduct the research. Besides to this, the researcher told the purpose of the study to the respondents and ensured voluntary participation, as it is only for academic purpose with full confidentiality. The cover letter of the questionnaire included the purpose of the study and about

CHAPTER FOUR

DATA, ANALYSIS AND INTERPERTATION

4.1 Response Rate

This chapter discusses the results of the findings of the data analyzed from the questionnaires. The data was analyzed based on the research objectives and questionnaire items using a statistical tool, to generate frequency distribution tables, means, regression and correlation analysis and the results of analysis presented

The statistical program used for the analysis and presentation of data in this study is the Statistical Package for the Social Sciences (SPSS) version 20. Descriptive analysis and inferential analysis of the study are presented respectively.

For the sample size of one hundred and fifty six 160 questionnaires were distributed to the respondents and out of 160questionnaires, 150 of them were collected that accounts 93.75% response rate. Accordingly, the analysis of this study is based on the number of questionnaires collected.

4.2 Demographic profile of Respondents

The following section deals with presentation, analysis and discussions on the descriptive analysis The following table shows the results that were obtained with regard to the characteristics of the respondents.

Table 4.1 Respondents by Age, Sex, Qualification and Years of Service

| No. | Item | | Frequency | Percentage (%) |
|-----|------------------|--------------------|-----------|----------------|
| 1 | Gender | Female | 54 | 36.0 |
| | | Male | 96 | 64.0 |
| | | Total | 150 | 100 |
| 2 | Age | 18-30 | 104 | 69.3 |
| | | 31-40 | 40 | 26.7 |
| | | 41-50 | 6 | 4.0 |
| | | Total | 150 | 100 |
| 3 | Education level | Diploma | 5 | 3.3 |
| | | First degree | 101 | 67.0 |
| | | Master's degree | 44 | 29.3 |
| | | Total | 150 | 100 |
| 4 | Years of service | 0-3 years | 104 | 68.7 |
| | | 4-6 years | 16 | 10.7 |
| | | 7-9 years | 14 | 9.3 |
| | | 10 years and above | 16 | 10.7 |
| | | Total | 150 | 100 |

Source: Field Survey, 2018

Concerning gender of respondents on table 4.1 above from the total of 150 respondents 96 of the respondents (64.0 %) were man and 54 of the respondents (36.0 %) were women. This implies that majority of the respondents are male than females in this study.

Regarding age distribution of respondents, 104 (69.3%) are between 18-30, 40(26.7%), are between 31-40 years, and 6(4.0%)between 41-50 years. This indicates that the majority of the groups are between 18-30 of their productive age and conscious to provide accurate responses to survey questions.

Concerning respondents educational level, out of the total participants 5 (3.3%) were diploma holders 111 (69.8%) had first degree, 44 (29.3%) of them had master's degree. This shows that from respondents of Ayat share company employee most of them have first degree qualifications. This implies that majority of respondents had first degree and appropriate to provide information

The last item indicates the respondent's years of service in the company. From the table 68.7 % (n=103) had work with the service between 0-3 years, 10.7% (n=16) had worked 4-6 years, 9.3% (n=14) between 7-9 years and 10.7% (n=16) have been with the company 10 years and above as indicated by the table. This implies that subordinates respondents had sufficient experience to provide information about the study.

4.3 Analysis of the Research Findings

4.3.1 Descriptive Statics

In this study, descriptive statics were used as a way to examine the mean and standard deviation of the sample respondents of Ayat Share Company that are relevant in the raw data.

Table 4.2: The mean and standard deviation of extrinsic and intrinsic factors and Employee performance

| Item | N | M | SD |
|---|----------|----------|-----------|
| The Leadership Style | 150 | 4.06 | 1.051 |
| Job Security | 150 | 3.67 | 1.085 |
| Effective Dissemination of Information | 150 | 3.83 | 1.032 |
| Salary/Monetary Compensation | 150 | 3.97 | 0.976 |
| Nature of Job they do | 150 | 2.56 | 1.059 |
| Employee Empowerment and Autonomy | 150 | 2.13 | 1.180 |
| Fairness in Treatment of Employee | 150 | 2.5 | 1.355 |
| Opportunity for Personal Development | 150 | 2.17 | 1.266 |
| Trust Exhibited at the Workplace | 150 | 3.02 | 1.212 |
| Employee Recognition | 150 | 2.46 | 1.168 |
| Employees Performance | 150 | 2.28 | 0.554 |

Source: Field Survey, 2018

Table 4.2 indicates the summary of descriptive statistics of all variables that are evaluated based on a 5-point scale (1 being strongly disagreed to 5 being strongly agreed).

According to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considered as high as illustrated by Comparison bases of mean of score of five point Likert scale instrument.

Standing from this, the mean of extrinsic factors (the mean of the leadership style, salary/monetary compensation and effective dissemination of information) show high mean score which shows the respondent are more motivated by leadership style of the management motivate them, the monetary compensation of the company motivate them to increase their performance level, that the availability and effective dissemination of information motivate them to do their job effectively. The rest extrinsic factors Job security have a moderate mean and nature of job have the least mean score in which it shows that Ayat share company employees are not motivated by the nature of job they do. This was substantiated by the interview in which they all agreed that the company has one of the best compensation packages and monetary incentives with high pay rate, and higher commission than others in the sector.

And variables within intrinsic factors (employee empowerment and autonomy, fairness in treatment of employee, opportunity for personal development, employee recognition, trust exhibited at the workplace) can be interpreted as variable with low mean score. These show that the respondents agree that the company doesn't engage in intrinsic motivational methods. It also shows that there is no employee empowerment and autonomy in which subordinates are not given to make decisions concerning their job, that employees are not treated fairly, that there is no or little opportunity for personnel development, that employees are not recognized for their commitment or level of performance, that lack of trust amongst the employees of the company. This is also substantiated by the interview the interview talked about conflict that arose due to lack of trust between employees of the company that the only time a given employee is recognized is when that employee has done something wrong. The result implies that compensation system in the

organization understudy is not balanced and that it may not sustain employees motivation and there by their performance.

Furthermore, the above result shows the mean score 2.28 for Employees performance with standard deviation of 0.554. Since the mean of employee performance is 2.28 it is considered as low mean score. Accordingly, employees' of Ayat Share Company has low performance since; they are not satisfied with the present motivational design in which it's unbalanced.

4.3.2 Results of Inferential Statistics

In this section Pearson's Product Moment Correlation Coefficient and multiple regressions analysis was computed. With the help of these statistical tools, conclusions are drawn with regard to the sample and decisions are made with respect to the research questions.

A. Pearson's Product Moment Correlation Coefficient

Pearson's Product Moment Correlation Coefficient was used to determine the relationship between intrinsic and extrinsic motivation with employee performance.

Table-4.4 presents the relationship between the two independent variable extrinsic and intrinsic motivation and the dependent variable employee performance. To analyze the correlation a 2-tailed Pearson correlation analysis was used. The correlation is significant at 0.01 levels (2-tailed). In order to interpret the results of the correlation, Somekh and Lewin (2005) criterion for evaluating the magnitude of a correlation was used as a reference.

Table 4.3: Norm for Evaluating the Magnitude of a Correlation

| S.N. | Correlation coefficient (r) | Strength of relationship |
|------|-----------------------------|--------------------------|
| 1 | $r < 0.33$ | weak relationship |
| 2 | r- between 0.34 and 0.66 | moderate relationship |
| 3 | r- between 0.67 and 0.99 | strong relationship |

Source: Somekh and Lewin (2005)

Table 4.4: Pearson correlation

| | | Extrinsic | Intrinsic | Employee Performance |
|----------------------|---------------------|-----------|-----------|----------------------|
| Extrinsic | Pearson Correlation | 1 | .515** | .670** |
| | Sig. (2-tailed) | | .000 | .000 |
| | N | 150 | 150 | 150 |
| Intrinsic | Pearson Correlation | .515** | 1 | .552** |
| | Sig. (2-tailed) | .000 | | .000 |
| | N | 150 | 150 | 150 |
| Employee Performance | Pearson Correlation | .670** | .552** | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 150 | 150 | 150 |

** . Correlation is significant at the 0.01 level (2-tailed).

Source Owen survey, (2018)

The results in table 4.4 indicate that, there is positive and significant relationship between extrinsic motivation and employee performance. ($r = 0.670$, $p < 0.01$), therefore, as it is cited on table 4.3 r value 0.670 indicates a strong association between extrinsic motivation and employee performance.

The correlation of intrinsic and employee performance show a positive and significant relationship since r value 0.552 , $P < 0.01$. Therefore intrinsic motivation shows moderate association with employee performance.

B. Regression analysis

Regression analysis is a technique used in statistics for investigating and modeling the relationship between variables (Douglas Montgomery, Peck, & Vinning, 2012). Simple linear regression: Simple linear regression is a model with a single regressor x that has a relationship with a response y that is a straight line. This simple linear regression model can be expressed as $y = \beta_0 + \beta_1x + \epsilon$ where the intercept β_0 and the slope β_1 are unknown constants and ϵ is a random error component .If there is more than one regress, it is called multiple linear regression. In general, the response variable y may be related to k regresses, x_1, x_2, \dots, x_k , so that $y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \dots + \beta_kx_k + \epsilon$.) Multiple regression is a statistical technique and it is an extension

of simple linear regression. It is used when we want to predict the value of a variable based on the value of two or more other variables. The variable we want to predict is called the dependent variable (or sometimes, the outcome, target or criterion variable) (Douglas Montgomery, Peck, & Vinning, 2012).

For this study multiple regression analysis was employed to examine the effect intrinsic and extrinsic motivation on employee performance.

However before running a multiple regression, there are several assumptions that need to be checked the data meet, in order for its analysis to be reliable and valid, i.e. assumptions of normality of the distribution, independency of residuals, and multicollinearity of variables should be tested or analyzed.

➤ **Normality of the distribution**

Values that are assumed to be normally distributed are the means across samples. To be clear: the Assumption of Normality (note the upper case) that underlies parametric stats does not assert that the observations within a given sample are normally distributed, nor does it assert that the values within the population (from which the sample was taken) are normal. The core element of the Assumption of Normality asserts that the distribution of sample means (across independent samples) is normal. In technical terms, the Assumption of Normality claims that the sampling distribution of the mean is normal or that the distribution of means across samples is normal. By definition, parametric stats are those that make assumptions about the shape of the sampling distribution of the value of interest (i.e., they make assumptions about the skew and kurtosis parameters, among other things; hence the name). The shape that is assumed by all of the parametric stats that we will discuss is normal (i.e., skew and kurtosis are both zero) (Mordkoff , 2000)

Normal distribution is detected based on sleekness & kurtosis statistics. skeweness is a measure on the asymmetry of a distribution. whereas, kurtosis measures the size to which observations cluster around a central point .the acceptable range for normality for both statistics is b/n -1.0 and +01.0 .as showed in table 22., except the skeweness statistics of competition from other options,

(-1.024) the rest of all variables for both of skewness & kurtosis statistics are fall in the acceptable standard of normality (-1.0 - , +01.0).

Table 4.5: Descriptive Statistics

| | N | Mean | Std. Deviation | Skewness | | Kurtosis | |
|-----------|-----------|-----------|----------------|-----------|------------|-----------|------------|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| ENTRINSIC | 150 | 3.9748 | .86358 | -1.337 | .197 | 2.163 | .392 |
| INTEINSIC | 150 | 3.9166 | .87555 | -1.215 | .197 | 1.686 | .392 |
| EP | 150 | 3.7940 | .43403 | .005 | .197 | -.367 | .392 |

Source Owen survey, (2018)

➤ **Independency of Residuals**

The predication errors or difference between the observed actual value of the dependent or the case variable (y) and the predicted value (\hat{y}) estimated by the regression equation is called the residual (e). And each data point has one residual. I.e. Residual = Observed value - Predicted value. $e = y - \hat{y}$. Both the sum and the mean of the residuals are equal to zero. That is, $\sum e = 0$ and $\bar{e} = 0$.

According to Anderson, R.L., (1941), Autocorrelation refers to the correlation of a time series with its own past and future values. Autocorrelation is sometimes called “serial correlation”, which refers to the correlation between members of a series of numbers arranged in time. Alternative terms are “lagged correlation”, and “persistence. As mentioned above no auto correlation or no serial correlation implies that the size of the residual for one case has no impact on the size of the residual for the next case. In statistics, the Durbin–Watson statistic is a test statistic used to detect the presence of autocorrelation at lag 1 in the residuals (prediction errors) from a regression analysis.

Table 4.6: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .712 ^a | .507 | .486 | .39732 | 1.663 |
| a. Predictors: (Constant), Intrinsic, Extrinsic | | | | | |
| b. Dependent Variable: Employee Performance | | | | | |

Source Owen survey, (2018)

Here, the researcher used the Durbin-Watson statistic to test the assumption that the residuals are independent or uncorrelated. It measures how residuals are interrelated each other across the cases. The test statistic value for Durbin –Watson can vary from 0 to 4. For assumption to be met, this value to be close to 2 or the acceptable range is (1.50- 2.50). Values below 1 and above 3 are cause for concern and may turn into the analysis invalid. In this study as illustrated in table 4.16 below Durbin –Watson is 1.667 it implies or tells that it falls in the acceptable range.

➤ **Assessment of Multicollinearity**

Tolerance value below 0.10, VIF greater than 10 in correlation matrix and the predictors is the causes for multicollinearity (Klein, 1962; Greene, 2000; Freund and Littell 2000). Tolerance is a statistics used to indicate the variability of the specified independent variable that is not explained by the other independent variables in the model.

Table 4.7: Multicollinearity

| Model | Collinearity Statistics | |
|------------------|-------------------------|-------|
| | Tolerance | VIF |
| EXTRINSIC | .730 | 1.371 |
| INTRINSIC | .730 | 1.371 |

Source Owen survey, (2018)

Table shows the tolerance levels for all variables are greater than 0.10 and the VIF value are less than 10. These all revealed that there was no multicollinearity problem that alters the analysis of

the findings. Thus, R value, tolerance and VIF are acceptable. And can continue on to assess the multiple regressions.

➤ **Multiple Regressions**

In order to determine the extent to which the explanatory variables explain the variance in the explained variable, multiple regression analysis was performed.

Table: 4.8: Model Summary of Multiple Regressions

| Motivational factors | B | β | t | Sig. | R | R ² | F | Sig |
|----------------------|------|---------|-------|------|-------------------|----------------|--------|-------------------|
| Extrinsic | .438 | .525 | 7.773 | .000 | .712 ^a | .507 | 75.656 | .000 ^b |
| Intrinsic | .218 | .282 | 4.171 | .000 | | | | |

a. Dependent Variable: Employee Performance
 b. Predictors: (Constant), Intrinsic, Extrinsic

N.B.:- R: Correlation Coefficient, R²:Coefficient Determination, F: F-Value, B: Regression Coefficient, β : Standardized Coefficients, t: t-value, Sig: P-Value

Source Owen survey, (2018)

Table-4.5 shows the overall variance accounted for the employee performance. If p-value is less than 0.05 then the independent variables do a good job explaining the variation in the dependent variable. If $p > 0.05$ then the independent variables do not explain the variation in the dependent variable. To this effect, since $p < 0.05$, intrinsic and extrinsic motivation do a good job explaining the variation in employees performance.

Extrinsic motivation ($t=7.773, p < 0.05$) and intrinsic motivation ($t=4.171, p < 0.05$) are significantly contribute for positive prediction of employee performance.

To identify the effect of individual predictor variable (significant contributor), standardized coefficient Beta value were considered. The standardize coefficient Beta (β) of extrinsic= 0.525 and intrinsic=0.282. Therefore, extrinsic motivation contributes more than intrinsic, since it had larger standard coefficient. From the above regression analysis, it can be said that extrinsic motivation was more determinant (influential) variable that predicted employees' performance as

practiced in Ayat share company Offices. It can be also said that if company employed more of extrinsic motivation, the employees' performance would be improved in Ayat share company Offices.

Table- 4.5 also shows 50.7% of the variance of employee performance was jointly explained by both intrinsic and extrinsic motivation. When the coefficient determination ($R^2=0.507$) 50.7% was taken into consideration. This revealed that applying the both intrinsic and extrinsic motivation jointly would predict employees' performance more than single use of motivational factors in Ayat share company Offices.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter addresses the results and findings on the effect of employee motivation their performance in Ayat Share Company. The findings are outlined according to specific objectives of the study. The findings are based on the responses from the questionnaire filled and gathered and the interviews conducted on research questions. Conclusion and recommendations are further provided.

The purpose of the study is to examine the Effect of Motivation on Employee Performance In The Case Of Ayat Share Company. The study was guided by the following research questions:

- I. What are the dominant factors that affect employee's motivation in Ayat Share Company?
- II. What is the impact of motivation (intrinsic and extrinsic) on employee's performance?

5.2 Major Findings

The summary of findings is organized around the questionnaire which was based on the research objectives of the study.

The finding showed that from the mean score of intrinsic and extrinsic motivational factors, mean of extrinsic factors (the mean of the leadership style, salary/monetary compensation and effective dissemination of information) show high mean score. Moreover, from the intrinsic motivation (employee empowerment and autonomy, fairness in treatment of employee, opportunity for personal development, employee recognition, trust exhibited at the workplace) can be interpreted as variable with low mean score. The interview result also supported the quantitative findings. This revealed that extrinsic motivational was the dominant motivational factor in Ayat Share Company, since extrinsic motivational compared intrinsic motivation factors it had the largest mean score. But still employee performance was still considered as low

with accordance to Zaidaton & Bagheri (2009) the mean score is below 3.39 which implies low performance among the employees of Ayat Share Company

Concerning the correlation between extrinsic motivation and employees' performance, extrinsic motivation has positive and significant relationship between extrinsic motivation and employee performance and its r value indicates that it had strong association with employee's performance. Correlation between intrinsic motivation and employees' performance, intrinsic motivation has a positive and significant relationship but shows a moderate association with employee performance. This implies that that intrinsic and extrinsic motivational were important for development and enhancement of employees' performance. Even though intrinsic motivation only showed moderate association.

The regression analysis result revealed that, 52.5 % of change in employee performance was due to extrinsic motivation, 28.2% of change in employee performance was due to intrinsic motivation. In addition, 50.7% of the variance of employee performance was jointly explained by both intrinsic and extrinsic motivation. This revealed extrinsic motivation predicted employee performance more than intrinsic motivation when applying separately. On the other hand, applying both jointly would predict employees' performance more than single use of motivational factor in Ayat Share Company.

5.3 Conclusions

The result of the study indicates that extrinsic motivational is the dominant factors that affect employee's motivation level in Ayat Share Company. Factors such as effective dissemination of information, salary/monetary compensation and the leadership style used by the company are the dominant extrinsic factors affecting employee's motivational level.

Employee motivation is a function of many factors. Some of these factors are environmental in nature. That is, they are extrinsic in nature. They are within the controls of the organization management and are external obligation on the employee. Therefore, organizations can leverage on these factors to boost their employee's levels of motivation. The manner in which the organization handles or manages these extrinsic factors are indeed crucial in determining the level of employee performance.

Human resource is considered to be the most important resource of an organization to remain competitive in today's competitive business world. Acquiring the right workforce and then retaining that force is one of the challenges faced by organizations and their management. The results from this study reveal that there is a significant and positive relationship between extrinsic motivation and employee performance.

Intrinsic motivation has also positive and significant relationship but the relationship is modern. From this one can conclude that Ayat share company employees' performance assumed to be enhanced when managers employed intrinsic and extrinsic motivation. Thus, there is a need to uphold the concurring extrinsic motivation accompanied by intrinsic motivation both of which accounted significant and positive change in the performance of employee.

The intrinsic factors important in that they constitute the internal driving force in individual which starts and sustains a chain of action and reaction. The intrinsic motivating factors go to the core of the employee's observation about their jobs and about how they feel that the tasks that they are assigned are meaningful and relevant. Intrinsic motivation influence employee to develop a certain mind set regarding their jobs. Such perceptions control the level of employee motivation. Thus, being inborn, such issues as employee's perception about their being appreciated by the organization and opinion about their jobs among other subjective factors are therefore crucial in determining the level of satisfaction that an employee may feel regarding their jobs.

The finding also showed that the change in employee performance was more due to extrinsic motivation than intrinsic motivation while applying separately. From this one can concluded that when applying motivation separately employees' performance influenced with better extent by extrinsic motivation Ayat Share Company Offices. To this effect, extrinsic motivation had a role to achieve organizational goals

Motivation is considered a predictor of job performance. Motivation in workplace help boost employee morale, the outcome from a motivated employee will produce high level of productivity, lower the level of absenteeism and reduced turnover rate since employees are enjoying their work. Therefore, understanding what factors motivates employees in a given organization becomes crucial matter in that it helps the management concentrate more on those

motivating factors and how to improve them. The multiplier effects of employee motivation on employee performance is that it impacts directly on employee performance, save costs arising from employee absenteeism and turnover rate and also help boost organization bottom-line due to increased output.

5. 4 Recommendations

Based on the findings and conclusions of the study, the following recommendations are suggested:

In Ayat Share Company it has been found that extrinsic motivations are the dominant factor influencing motivation in the company but the company should work to balance the extrinsic with intrinsic motivation. Both the organization management and the employees should appreciate the influence of the intrinsic factors on employee motivation levels. The organization should effectively exploit the extrinsic factors influencing employee motivation as a strategy for establishing a positive employee motivation. The organization should include such extrinsic factors as job security and increase monetary incentives among other practices that can positively influence the intrinsic factors and facilitate the establishment of high levels of employee motivation.

Both extrinsic and intrinsic factors have shown positive significant relationship with employees' performance while showing strong and moderate relationship with performance. Thus, Ayat Share Company Offices are suggested to maintain and improve this positive relationship through building high level of trust and confidence, by creating mutual discussion with employees to really understand what they want and need to achieve a higher level of performance.

The organizations should appreciate the impact of the employee motivation on the long and the short-term organizational goals and objectives. The organizations should acknowledge the impact of the employee motivation on such organizational aspects as productivity and performance, employee absenteeism levels, employee turnover rates as well as employee stress levels. Therefore, the organization and the general management should consider implementing policies and practices that positively affect employee motivation. Such a strategy should be taken

in tandem with the general organizational goals and objectives and should contribute to both the long-term and the short – term human resource strategy.

Finally it is recommended that further study can be extended to sector to assess the effects of motivation strategies on employee performance. The sample size can be enlarged in that sector and different statistical tool can be used in the research. This finding could bring relative different motivational packages that could be implemented in this sector by management.

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APPENDICES

Appendix 1: Questionnaire

ST. MARY'S UNIVERSITY

SCHOOL OF BUSINESS

DEPARTEMENT OF GENERAL MBA PROGRAM

Introduction

Dear Respondent,

I am a postgraduate student in the Department of GENERAL MBA PROGRAM and presently conducting a research in the area of employee motivation. As a part of my thesis I would like to gather some information from you which will help me in investigate the impact of employee motivation on employee performance of your organizations.

You are kindly requested to complete the attached questionnaire as honestly as possible. The information being solicited from you is purely for academic purposes. All information provided by you will be treated confidentially; hence, your name and that of your signature are not required. Your honest completion of this questionnaire will assist in generating information that will help organization to improve their motivation and get employees motivated.

This questionnaire is purely for academic purpose and you are assured that your response will be treated with utmost confidentiality. Also, you are kindly request to respond to each item as frankly as you can.

Thank you in advance for your co-operation. Please express your views by ticking the box appropriate to your response. There is no right or wrong answers – your opinion based on your personal experience is what is needed.

Part I – Personal Data

Please complete this section by ticking the applicable box

1. Gender:

- 1. Male []
- 2. Female []

2. Age:

- 1. 18 – 30years []
- 2. 31 – 40years []
- 3. 41 - 50years []
- 4. 51 – 60years []

3. Indicate your highest professional qualification:

- 1. Diploma []
- 2. First degree []
- 3. Master's degree []
- 4. Other (Please specify).....

4. Number of years served in the company

- 1. 0 – 3 years []
- 2. 4 – 6 years []
- 3. 7 – 9 years []
- 4. 10 years and above []

WITH RESPECT TO SECTION B, C AND D, PLEASE INDICATE THE LEVEL OF AGREEMENT WITH EACH STATEMENT

SECTION B:EXTRINSIC FACTORS THAT INFLUENCE EMPLOYEE MOTIVATION:

Extrinsic factors that influence employee motivation are those that are determined by the external surroundings of the employee. The following best describe the major extrinsic factors that influence employee job motivation in the organization:

| LEVELS OF AGREEMENT | | Strongly Agree | Agree | Neither Agree Nor Disagree | Disagree | Strongly Disagree |
|---------------------|---|----------------|-------|----------------------------|----------|-------------------|
| a. | The monetary incentives/salary structure has an impact on my level of motivation. | | | | | |
| b. | The style of leadership in the organization has an influence on my degree of work motivation. | | | | | |
| c. | The effectiveness in which information is made available in the organization has an influence on my motivation level. | | | | | |
| d. | Provision of job security by the organization has an impact on my motivation level. | | | | | |
| e. | The nature of my job influences my level of motivation at my job. | | | | | |

SECTION C: INTRINSIC FACTORS THAT INFLUENCE EMPLOYEE

Intrinsic factors that influence employee motivation refer to those factors that arise from within the employee. This relates to employee's inner factors that makes them satisfied with their job and motivate them to perform.

| LEVELS OF AGREEMENT | | Strongly Agree | Agree | Neither Agree Nor Disagree | Disagree | Strongly Disagree |
|---------------------|--|----------------|-------|----------------------------|----------|-------------------|
| a. | The degree of trust exhibited at my work place is a determinant of my level of motivation at work. | | | | | |
| b. | I am more motivated to perform my work tasks when I feel there is fairness of treatment at the workplace | | | | | |
| c. | The level of empowerment and employee autonomy at my organization has an impact on my motivation level at work. | | | | | |
| d. | Availability of spare time for personal development at my work place has an impact on my motivation level at work. | | | | | |
| e. | I am more motivated to do my job when I feel I am recognized and appreciated for my contribution to the organization | | | | | |

SECTION D; EMPLOYEE PERFORMANCE

The following items are meant to measure your perception (self-rating) about your own performance at job.

| S.N | Statement | Strongly Agree | Agree | Neither agree or disagree | Disagree | Strongly Disagree |
|-----|---|----------------|-------|---------------------------|----------|-------------------|
| a | Qualification of Employee | | | | | |
| b | Experience of Employee | | | | | |
| c | Working Environment | | | | | |
| d | Compensation Package (i.e. Financial and Non-Financial) | | | | | |
| e | Job Security | | | | | |
| f | Support from other colleagues | | | | | |
| g | Age and Health Condition of employee | | | | | |
| h | Retirement and Other Benefits | | | | | |

Thank you very much for taking time to complete this survey

Appendix 2: Interview Questions

ST. MARY'S UNIVERSITY

SCHOOL OF BUSINESS

DEPARTEMENT OF GENERAL MBA PROGRAM

1. How do you describe extrinsic factors that influence employee motivation in your company?
2. How do you describe Intrinsic factors that influence employee motivation in your company?
3. How do you describe the employee performance in your company?

ENDORSEMENT

This thesis has been submitted to ST.MARY'S University, School Of Graduate Studies for examination with my approval as a university advisor

DR. WORKU MEKONEN

Advisor

Signature & Date

DECLARATION

I, the undersigned declare that this thesis is my original work, prepared under the guidance of WorkuMekonen (PHD).All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree

TesfamichealMulugeta(SGS/ 0049/2009)

Student

Signature & Date