ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDY

ASSESSMENT OF EXTRINSIC EMPLOYEE MOTIVATION PRACTICES AT ETHIOPIAN ROADS AUTHORITY

BY:

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MAY, 2019

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ADDIS ABABA, ETHIOPIA

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A THESIS SUMITTED TO ST. MARY,S UNIVERSITY COLLEGE, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMIISTRATION

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APPROVED BY BOARD OF EXAMINERS

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CERTIFICATION

This is to certify that Meseret Tadesse has properly completed his research work entitled "Assessment of Extrinsic Employees' Motivation Practices: A case Study of Ethiopian Roads Authority" under my supervision. In my opinion, her project work is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Masters of Business Administration.

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Advisor

St. Mary's University School of

Business Studies, Addis Ababa

_____

Signature

May, 2019

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my advisor Shoa Jemal (Asst. Prof). All sources of materials used for the thesis have been properly acknowledged. I further confirm that the thesis has not been submitted to any other higher learning institution for the purpose of earning any degree.

_____   _____

      Name   Signature

St. Mary's University School of,   May, 2019

Business Studies, Addis Ababa

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ABSTRACT

The objective of this study is to assess extrinsic employees' motivation practice does the organization use structured extrinsic motivational techniques to satisfy its employees' and achieve organizational objectives. (The specific objectives were to assess employees' opinion on motivational techniques like job security, working condition, company policy, Job Status, pay/compensation practice, interpersonal relationships and relationships with supervisor in motivating them). The theoretical literature focused on hierarchy of needs theory, incentive theory and hygiene theory of motivation. The empirical literature concentrates on the above listed motivational techniques and how these contribute to motivation and employees' opinion on it. This study employed descriptive research design and used a structured questionnaire and semi structured interview to gather data. The target population of the study comprised of 966 employees of Ethiopian Roads Authority. A sample of 275 employees was selected from the population using stratified random sampling technique. (Validity and reliability of the instruments was assessed by determination of Cronbach's alpha). Quantitative data analyzed by aid of SPSS stastical software and presented by tables using frequency, percentages and mean. The findings of this study show that there is lack of structured and formal motivational practice in organization and this is one of the reasons for employees' turnover. The researcher based on the research findings concludes that absence of extrinsic motivation techniques decrease employees' satisfaction and their desire for job. The study recommends that the organization has to be concerned motivational techniques, to motivate employees for job, to enhance performance, to retain for longer time by giving a sense of responsibility, promote consistently hardworking employees and treating workers equally. The study also recommends further research on the impact of different motivational techniques on the organizational performance and the result of such study indicates to identify which motivational technique greatly contributes to the organizational performance.

Key Words: Extrinsic motivation

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CHAPTER ONE

INTRODUCTION

1.1.   Background of the Study

The success of any business or organization as a matter of fact depends largely on motivated employees. Human resources are essential to the prosperity, productivity and performance of any company. Motivation is the key to create an enabling environment where optimal performance is possible. This leads to the question how then do we ensure that the individual motivation is at its peak within the organization or workplace? (Chapman 2004)

Motivation is a topic that is extensively researched. In the middle of twentieth century the first important motivational theories arose, namely Maslow's hierarchy of needs (1943), Herzberg's two-factor theory (1959). Those researches focused on motivation in general and employee motivation more specifically.

Management of people at work is an essential part of the management process. To understand the critical importance of people in the organization is recognize that the human element and the organization are synonymous. A well-managed organization usually sees an average worker as the root source of quality and productivity gains. Such organizations do not look to capital investment, but to employees, as the fundamental source of improvement. An organization is effective to the degree to which it achieves its goals. An effective organization will make sure that there is a spirit of cooperation and sense of commitment and satisfaction within the sphere of its influence. In order to make employees satisfied and committed to their jobs in the organization, there is a need for strong and effective motivation at the various levels, departments, and sections of the organization.

Extrinsic motivation is not linked to the satisfaction that the employee gets from performing the task itself, but rather from the external rewards of the task such as financial and non-financial rewards. According to (George and Jones, 2012) extrinsically motivated employees are

motivated when they get positive appraisal or reinforces provided by other people, and they are often motivated by factors like their salary at the end of the month or bonus, and promotion.

Motivation does not only encourage productive performance but also show employees how much the company cares. It can be realized that, the success of any facet of business or company can be traced back to motivated employees. From productivity and profitability to recruiting and retention, hardworking and happy employees lead to harmony and organizational success. Unfortunately, motivating people is far from an exact science in most businesses or organizations. Lack of proper motivation factors may result in losses which may eventually lead to high staff turnover, poor attitude towards job, low output level and low profitability (Ryan, 2012).

All organizations are concerned with what should be done sustainably to achieve its objective through people. Consequently the subject of adequate motivation for employees, as derived from so many attempts made by management practitioners, is to look for the best way to manage so as to accomplish an objective or mission with the least inputs of materials and human resources available. Certain problems of inadequate motivation however do arise as it concerns certain individuals who come into the work situation with differences in expectation, behaviour and outlook.

This study assessed the extrinsic employee motivation practices, the financial and non-financial rewards like: job security, working condition, company policies, job status, pay practice/compensation, interpersonal relationship and relationship with supervisor employed to raise the morale of the employees for high performance.

1.2.   Statement of Problems

Human resource is one of the fundamental resources which are necessary for any organization to be established and/or to achieve its objective. Hence, motivating employees properly will help the organization to achieve its objective. It is clear that unmotivated employee is likely to put little effort into work tasks, produce work of lower quality, avoid workplace, and even exit his or her job at any time when they get an opportunity to do so. On the other hand, motivated

employees willingly take on tasks, produce work of high quality, are creative, persistent, and productive and retained for long.

Satisfy employees' need implementing motivational techniques is very important and it is challenging for managers. However, having motivated, well trained, committed workforce help the organization to create and maintain organizational value achieving its objectives. From the researcher's point of view, in Ethiopian Roads Authority lack of exercising formal and appropriate motivational techniques to get the heart and mind of its employees. As ERA's human resource report from (2003-2010 E.C) indicates that yearly employees' turnover in the organization is high and the turnover data is attached at the end of this thesis. The major area that the organization fails to plan and implement is an appropriate motivational practice for its employees. It is the researcher's interest to investigate the extrinsic motivational practices in the selected organization. The researcher frequently observed that employees complain on their day to day working life they have in the organization. Therefore the researcher considers that there is a lack of motivational techniques in the organization.

1.3.   Research Questions

This research raises the following fundamental research questions which are responded in this research paper.

The study is formulated to address the response to the following research questions on the extrinsic employees' motivation practice of ERA;

❖ To what extent the existing job security of the organization contribute to employees' motivation?

❖ How employees' perceive that the existing working conditions of the organization contribute to motivation?

❖ What is employees' opinion on existing organizational policies in motivating employees'?

❖ How existing pay/compensation practices of the organization contribute to employees' motivation?

❖ How employees' experience regarding organization's interpersonal relationship and relationships with their supervisor in motivating them?

1.4. Objectives of the Study

1.4.1. General Objective

The major objective of this study is assessing the extrinsic employees' motivation practices in Ethiopian Roads Authority (ERA), In addition to this, the research work also deal with the following specific objectives.

1.4.2. Specific Objectives

The specific objectives are to:

➢ Assess the contribution of job security of organization in motivating employees.

➢ Assess existing working conditions in motivating employees.

➢ Assess the existing organizational policies contribute towards employees' motivation?

➢ Assess pay/compensation practices of the organization in contributing to employees' motivation.

➢ Assess the interpersonal relationship among employees and relationships with their supervisor in contributing to employees' motivation.

1.5. Scope of the Study

The study concentrated on extrinsic employees' motivation practice in Ethiopian Roads Authority. Geographically limited in Addis Ababa, head office management and working staff and not include regional departments. Methodologically the researcher used quantitative and qualitative methods to collect and analyze the primary data. The quantitative data was analyzed using frequency, percentage, mean and presented by table and interpreted. Moreover the research data was collected from July to December 2018.

1.6. Significance of Study

As the researcher's observation, currently in Ethiopian Roads Authority there is lack of structured motivational techniques in practice to motivate employees. According to employees' opinion the absence of these practice decrease their desire for job and force them to leave the organization. ERA will benefit if it implements and practice appropriate motivational techniques to improve employees' desire for job and improve performance.

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In this regard the study will be useful for the organization in:

- ✓ Create good understanding of motivational practices in the organization.
- ✓ Indicating the use of appropriate motivational practices and decrease employees' dissatisfaction at work.
- ✓ Creating good image of the organization by designing effective motivational techniques in order to motivate employees and increase performance.
- ✓ Creating awareness on managers that helps to motivate their employees.
- ✓ Moreover the study is also a criterion for MBA partial fulfilment in the course.

1.7. Limitations of the Study

Finding employees' data to know exactly the number of employees in the head office level is a major challenge in this study. The researcher utilized two instruments of data collections namely interview and questionnaires, so few employees and managers were reluctant to give their responses on time. Moreover, getting secondary data that indicate employees' turnover was another challenge for the researcher.

1.8. Organization of the Study

The study is organized into five chapters. The First Chapter introduces background of the study, explains the research problem, research objectives, research questions to be answered, scope of the study, significance of study and limitation. The Second Chapter is dedicated to review of related Literature. The Third Chapter deals with the methodology of the study, explain the research design, population, sample technique, sample size, appropriate sampling method, source of data, methods of data collection, analysis and ethical consideration. Chapter Four shows analyses of collected data and discussion of the results. Finally, Chapter Five deals with summary of major findings, conclusions and recommendations.

1.9. Organization of the Study

Assessment:- In this study an assessment refers to the process of gathering and identifying information about practices of employees motivation practice in Ethiopian Roads Authority.

Employee Motivation:- that increases employees' desire for job through by using different techniques.

Employees:- refers to workers employed by Ethiopian Roads Authority

Manager:- refer to an individual whose work is to organize and control the work of the Organization.

Organization:- refers to Ethiopian Roads Authority.

Motivation Techniques:- refers to a way/system that use to motivate employees in a structured way in the organization.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature

2.1.1. Maslow Hierarchy of needs theory

Maslow (1908) introduced the Neo-Human Relation School which focused on the psychological needs of employees. Maslow put forward a theory that there are five levels of human needs which workers need to fulfill at work. These needs are classified in a hierarchy and therefore only when a lower level of need is satisfied would a worker be motivated by the opportunity of having the next need up the hierarchy satisfied. For example, a person who is hungry will be motivated to achieve a basic wage in order to buy food before worrying about a secured job contract. Maslow went further to explain that once a need has been satisfied it will come to an end from being a motivating factor.

Psychological needs, these include those needs that are necessary for life such as food, shelter, clothing, sleep, sex, warmth etc. Safety, these include the need for security, an environment that is free from danger and threats. Social needs, these refer to the need for affectionate relationships, status within a group. Esteem needs, it refers to the need for self-respect and respect for others and Self-actualization needs, it explains the need for self-fulfillment. Therefore organizations should offer different incentives to workers in order to help them fulfill each need and hence growths up the hierarchy. Management should therefore understand that workers are not all motivated the same way and do not all move up the hierarchy at the same pace. By implication, management should offer a slightly different incentive from worker to worker (Mullins .2007, 258-260.)

2.1.2. Incentive Theory of Motivation

As per Lawrence & Jordan (2009), the authors note that explicit motivation is as a result of strong influence from the demands of the society as well as normative pressures therewith. It is crucial that the management need to know and understand different motivations (Levoy, 2009) that motivate their employees (Lawrence & Jordan, 2009).

According to the incentive theory, two categorical approaches have been put forward. The first is one that is focused on people who have strong implicit motivation within themselves (Lawrence & Jordan, 2009). In the implicitly motivated employee, it is important that such things as being given new and challenging jobs, which will be an incentive for higher achievement, reward the employees. They can also be given some additional responsibility apart from what they are used to which is perceived as adding power to them hence the very fact that they perceive themselves as being more powerful that the rest of employees, is one high motivation factor that such people are willing to pursue (Lawrence & Jordan, 2009).

To those who are not intrinsically motivated, but rather depend on extrinsic motivations (Levoy, 2009), the theory suggests that such people can be inspired and rewarded by being given job promotions as a form of power motivation. The same people can be motivated in the event that they are given some bonuses at the end of the year as a motivation to their outstanding job (even if the job was not as satisfactory as it would have been expected). To a great extent, giving such people some celebratory lunches and throwing some dinner parties in recognition of their contribution is one great incentive as an affiliation motivation (Lawrence & Jordan, 2009).

According to Levoy (2009), external motivators which might include monetary rewards, recognition as well as being given praises in front of the other employees, were found to work miracles but only for a short time. According to the author, it is rather unfortunate that the intended effect of the motivation does not last forever, as one might want it to last. Practices which are normally done, like giving employees' salaries which are above average, offering benefits for excellence as well as increasing the vacation time do not translate into employee motivators. Rather, instead of them motivating the employees to work harder, they tend to make the employees remain in the organization a little while longer Levoy (2009). This fulfillment of basic needs makes the employee last a little while until their motivation fades away (Lawrence & Jordan, 2009).

2.1.3. Hygiene Theory of Motivation

His hygiene-motivation theory was first published in the motivation to work in 1959. Herzberg's work focused on the individual in the workplace, but it has been popular with managers as it also emphasized the importance of management knowledge and expertise.

The `hygiene-motivation' or `two factor' theory resulted from research with two hundred engineers and accountants. These people were asked what pleased and displeased them about their jobs. From their responses, Herzberg concluded that man has two sets of needs: lower level needs as an animal to avoid pain and deprivation higher level needs as a human being to grow psychologically.

Some factors in the workplace meet the first set of needs but not the second and vice versa. The first group of factors he called `hygiene factors' and the second, `motivators'. Herzberg also coined the term `job enrichment', a technique which grew out of the hygiene-motivation theory. Job enrichment involved including motivators in the design of jobs. In his famous Harvard Business Review article (One more time: how do you motivate employees? published in 1968) Herzberg also invented the short form KITA (Kick In The Ass) to explain personnel practices such as wage increases, fringe benefits and job participation which were developed as attempts to inspire motivation but are only short-term solutions.

KITA was used by Herzberg to explain why managers don't motivate employees. He demonstrated that employees are not motivated by being kicked (figuratively speaking), or by being given more money or benefits, a comfortable environment or reducing time spent at work. These elements were called `hygiene factors' by Herzberg because they concern the context or environment in which a person works. These are:

2.1.3.1 . Company Policy

Towards an employee chance of promotion and recognition, Securing employee adherence to work-place rules and company policies is one key antecedent of successful coordination and functioning within organizations. It is important for companies to be able to motivate effectively rule following behavior among employees.

If the treatment of employees is reasonably good but they express few positive attitudes toward their work and are unwilling to extend any extra effort for the company, then the organization has a motivation problem (Herzberg 1976, 94).

The effective manager must know what motivates someone to perform and how to satisfy the needs of the employee. Hammer stated this in another way by saying that in order to understand how to motivate their subordinates, managers need to know what energizes human behavior (Hammer and Organ 1978, 137).

2.1.3.2 . Supervision

Traditionally, when people talk about "supervision" they are usually referring to the managerial or leadership function of overseeing the productivity and progress of employees typically the employees who report directly to the supervisor. But, Bernard, (2005) defines supervision as the ability of superiors to influence the behavior of subordinates to take a particular course of action. It is the art of influencing people towards achieving organizational goals. He further clarifies that quality of supervision therefore refers to the effectiveness of the superiors in influencing the behavior of the subordinates in taking a particular course of action.

Other literatures also define supervision as a developmental process designed to support and enhance an individual's acquisition of motivation, autonomy, self-awareness, and skills necessary to effectively accomplish the job at hand.

In some situations, supervision can help to improve results, while in others it can be a distraction to the effectiveness of the staff. Appropriate supervisory intervention and a good supervisor/supervisee relationship in the workplace can consistently improve employees' productivity. But, as research clearly demonstrates, it is not only in the best interest of the employee, but also the business, to pay close attention to the supervisor/supervisee relationship. This relationship is critical to the success of the employee and ultimately the organization. We need to have well trained supervisors who are prepared to provide the necessary and appropriate guidance, structure, and encouragement to their staff.

2.1.3.3. Working Relations

Organization consist of a group of people with similar aims, objectives, goals and insights who cooperatively joined hands together to achieve what individuals cannot achieve in isolation under an effective coordinating mechanism. However, in any organization that is goal-oriented, workers cooperative efforts coupled with their level of interpersonal relationship tend to influence the entire work-group performance. The need for interpersonal relationship at workplace therefore cannot be over emphasized. Valued interpersonal relationship can influence organizational outcomes by increasing institutional participation, establish supportive and innovative climates, increasing organizational productivity and indirectly reducing the intent to turnover (Berman et al., 2002; Crabtree, 2004; Ellingwood, 2004; Song and Olshfski, 2008).

a) Individual spends around eight to nine hours in his organization and it is practically not possible for him to work all alone: Human beings are not machines who can work at a stretch. We need people to talk to and share our feelings. Imagine yourself working in an organization with no friends around. We are social animals and we need friends around. An individual working in isolation is more prone to stress and anxiety. Individuals working alone find their job boring. It is essential to have trustworthy fellow workers around with whom one can share all his secrets without the fear of them setting leaked. We must have friends at the workplace who can give us honest feedback (Berman et al., 2002; Crabtree, 2004; Ellingwood, 2004; Song and Olshfski, 2008).

b) A single brain can't take all decisions alone: We need people to discuss various issues, evaluate problems and reach to solutions benefiting not only the employees but also the organization as a whole. Employees can brainstorm together and reach to better ideas and strategies. Strategies must be discussed on an open platform where every individual has the freedom to express his/her views. Employees must be called for meetings at least once in a week to promote open communication. And interaction on a regular basis is important for healthy relationship (Berman et al., 2002; Crabtree, 2004; Ellingwood, 2004; Song and Olshfski, 2008).

c) Interpersonal relationship has a direct effect on the organization culture: Misunderstandings and confusions lead to negativity at the workplace. Conflicts leads nowhere and in turn spoil the work environment (Berman et al, 2002; Crabtree, 2004; Ellingwood, 2004; Song and Olshfski, 2008).

d) We need people around who can appreciate our hard work and motivate us from time to time: It is essential to have some trustworthy co-workers at the workplace who not only appreciate us when we do some good work but also tell us our mistakes. A pat on the back goes a long way in extracting the best out of individuals. One needs to have people at the workplace who are more like mentors than mere colleagues (Berman et al., 2002; Crabtree, 2004; Ellingwood, 2004; Song and Olshfski, 2008).

e) It always pays to have individuals around who really care for us: We need colleagues to fall back on at the times of crisis. If we do not talk to anyone at the workplace, no one would come to our help when we actually need them.

f) An individual needs to get along with fellow workers to complete assignments within the stipulated timeframe: An individual working all alone is overburdened and never finishes tasks within deadlines. Support of fellow workers is important. We just can't do everything on our own. Roles and responsibilities must be delegated as per specialization, educational qualification and interests of employees. An individual needs help of his fellow workers to complete assignments on time and for better results. The supervisor employee relationship and relationship among peer workers group being a factor of motivation (Berman et al., 2002; Crabtree, 2004; Ellingwood, 2004; Song and Olshfski, 2008).

2.1.3.4. Status and Security

Job security is the probability that an individual will keep his or her job. A job with a high level of job security is such that a person with the job would have a small chance of becoming unemployed (en.wikipedia.org.). Assurance (or lack of it) an employee has about the continuity of gainful employment for his or her work life. Job security usually arises from the terms of the contract of employment, collective bargaining agreement, or labor legislation that prevents arbitrary termination, layoffs, and lockouts.

Job security is the possession of a niche in work, allowing some control over the content of a job, what the worker actually does and the opportunity he or she has of building a career. Another way of presenting job security is to refer to property rights in a person's work (From different research on motivation).

Job security is very important to most employees. With length of employment at any one organization much shorter than it used to be, employees count on steady paychecks, medical insurance, and investment opportunities, and they also desire an enjoyable and stimulating work environment. Employees have a strong interest in the organization achieving an ideal balance between cost, quality, and delivery, because it secures their employment. Employees want to contribute to the organization's financial strength and continued growth, just as business owners do, but employees' primary motivation is reliable job security.

These factors do not promote job satisfaction by them, but serve primarily to prevent job dissatisfaction, just as good hygiene does not in itself produce good health, but lack of it will cause disease. Herzberg also speaks of them as dissatisfies or maintenance factors, since their absence or in adequacy which causes dissatisfaction at work. Some factors are not true motivators as they need constant reinforcement. Additionally, they increasingly come to be regarded as rights to be expected, rather than incentives to greater satisfaction and achievement. `Motivators' (also referred to as growth factors) relate to what a person does at work, rather than to the context in which it is done. (Herzberg 1976).

Herzberg explains that the two sets of factors are separate and distinct because they are concerned with two different sets of needs. They are not opposites. Herzberg's hygiene-motivation theory is derived from the outcomes of several investigations into job satisfaction and job dissatisfaction. The theory proposes that most factors which contribute to job satisfaction are motivators (achievement, recognition, the satisfaction of the work itself, responsibility and opportunities for advancement and growth) and most factors which contribute to job dissatisfaction are hygiene elements (company policy, general management, the individual relationship with their manager and working conditions).

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2.2.   Definition of Motivation

Motivation refers to the forces within or beyond a person that arouse and sustain their commitment to a course of action (Boddy, 2008).

According to (Robbins & Decenzo, 2008) motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the efforts and ability to satisfy. They further asserted that motivation is a function of three key elements; effort, organizational goals and needs. From the two definitions cited by the researcher, the study adapted this as the operational definition to be used throughout the research; thus, motivation is the combination of certain forces perhaps an employee's desire, his capacity and energy directed at achieving an organizational goal or cause of action.

2.3.   Sources of Motivation

Hewitt, (2009), contributing to motivation was of the opinion that, basically there are three categories of variable that determine motivation at the work setting thus;

(a) Characteristic of the individual - the first category, is the source of internal or pushes forces of motivation. This he claims what the employee brings to the work setting. Defending his point further he asserts that three variables also contribute to an individual's push forces: the persons (1) Need- such as security, self-esteem, achievement, or power. (2) Attitude- towards job, a supervisor, or organisation and (3) Goals- such as task completion, accomplishment of a certain level of performance, and carrier advancement.

(b) Characteristics of the job- the second category according to him, relates to the external or pull forces which concentrate in job characteristics of the person (what the person does at the workplace). The characteristics he outlined as how much direct feedback he receives, the work load, the variety and scope of tasks and degree of control the person in terms of how he or she works.

(c) Characteristics of the work situation – the third category he identified, and from his submission it clearly shows that it relates to the work situation of the person, talking about what actually happens to the person. Further this category has two sets of variables: the immediate

social environment including the person's supervisors, working group members and subordinates; and the various types of organizational actions like organization's rewards and compensation practices, the availability of training and development, and the amount of pressure applied to achieve high levels of output (Hewitt 2009).

2.4. Types of Motivation

2.4.1. Intrinsic Motivation

Motivation can be structured into intrinsic and extrinsic motivation whereby intrinsic motivation is referred to as the doing of an activity for its inherent satisfaction rather than for some separable consequences or reward. Intrinsic motivations in one point of view exist within individuals but in another sense, it exists in the relation between individuals and tasks. People are intrinsically motivated for some activities or tasks but are not for other activities. Equally, not everybody can be intrinsically motivated for a particular task or activity. Some authors have defined intrinsic motivation in terms of the task being interesting and others have defined it in terms of the satisfaction a person gains from intrinsically motivated task engagement.

This is related to psychological rewards such as the opportunity to use one's ability and a sense of challenge and achievement, receiving appreciation, positive recognition and being treated in a caring and considerate manner. Psychological rewards are those that can usually be determined by the actions and behavior of the individual managers (Mullins, 2005). Intrinsic motivators are concerned with the quality of work life, and are likely to have deeper and long term effect because they are inherent in individuals and are not imposed from outside (Armstrong, 2006).

2.4.2. Extrinsic Motivation

Extrinsic motivation on the other hand refers to the performance of an activity because of the eventual consequence or to attain a desired outcome. For example, an employee may decide to work effectively because he or she wants to avoid sanction from a boss or supervisor. In effect, the employee is doing the job not because it is interesting but rather because he or she is aware of the sanction that will come if the work is poorly done. Equally, an employee can decide to improve on his or her effectiveness in performing a particular task because he or she knows that increased performance will lead to an increase of pay or salary. Therefore this employee is

extrinsically motivated in both scenarios (London 2009). Motivation being the force that drives an individual towards the achievement of a particular need or desires, one must be able to understand the basic process and the concepts involves.

Extrinsic motivation is defined by London (2009) as "doing something because it leads to a separable outcome which means that outside encouragement or rewards is earned from performing a task rather than actual enjoyment of the task". Extrinsic rewards usually financial are the tangible rewards that managers provide to employees, such as salary, bonuses, promotions, and benefits. They are called "extrinsic" because they are external to the work itself. However, money is not the only motivator that is considered extrinsic. Factors such as organization characteristics, type of work, job security, and advancement opportunities are also considered extrinsic motivators (London, 2009). Extrinsic motivators take the focus of doing the task itself well and on to doing what is necessary to earn a prize. Some of these, such as promotions and other praise can lead to an increase in intrinsic motivation, but the initial motivators themselves are extrinsic (Cooper and Jayatilaka, 2006).

To extrinsic motivation relate incentives or rewards that come from external sides, such rewards like money, promotion, recognition, security, contract of service, the work environment and conditions of service, career opportunities and others. In other words, it is something usually tangible or a purpose that come needs to be pursued by an employee and these are what need to be done to or for people to motivate them. Extrinsic motivators can have an immediate and powerful effect but will not necessary last long (Mullins, 2005).

Bernard & Stoner, (2005) proposes the following are incentives for employees: Salary, Wages and Conditions of Service: To use salaries as an effective motivating tool, personnel managers must consider four major components of salary structures. These are the job rate, which relates to the importance the organization attaches to each job; payment, which encourages workers or groups by rewarding them according to their performance; personal or special allowances, associated with factors such as scarcity of particular skills or certain categories of information professionals, or with long service; and fringe benefits such as holidays with pay, pensions, and so on. It is also important to ensure that the payment in other organization is taken into consideration in determining the pay structure of their organization.

Akintoye, (2000) asserts that money remains the most significant motivational strategy. Taylor advocated the establishment of incentive wage systems as a means of stimulating workers to higher performance, commitment, and eventually satisfaction. Money possesses significant motivating power in as much as it symbolizes intangible goals like security, power, prestige, and a feeling of accomplishment and success.

Banjoka, S.A. (1996), demonstrates the motivational power of money through the process of job choice. He explains that money has the power to attract, retain, and motivate individuals towards higher performance. For instance, if an employee gets another job offer which has identical characteristics with his current job, but greater financial reward, there is the probability that, that worker would be motivated to accept the new job offer. Banjoko adding to it stated that managers use money to reward or punish workers. What he said is done through the process of rewarding employees for higher performance by instilling fear of loss of job. The desire to be promoted, and earn enhanced pay also motivate employees. No matter how automated an organisation may be increased performance depends largely on the level of motivation and the efficiency of the workforce Banjoka, S.A. (1996).

One way managers can also stimulate motivation is to give relevant information on the consequences of their actions on others (Olajide, 2000). To the researcher there is no organisation in which people do not usually feel there should be improvement in the way departments communicate, cooperate and collaborate with one another. Information availability brings to bear a powerful pressure where two or more people running together will run fast than when running alone without being aware of the pace of your competitors. This implies that by making information flow subordinates compete with one another.

2.4.3. Difference between Extrinsic and Intrinsic Motivations

These two groups are opposite to each other and narrate about different ways of how people are motivated to do something. "Extrinsic" means external factors that motivate a man or a group of men to do something. For instance, it can be money reward, career, prize for employee's competition and etc. At the same time intrinsic means, factors that incite humans for action are

internal or come from inside minds. While intrinsic motivation comes from within of humans and not as an effect of external impulse. If a person is motivated intrinsically, he or she will complete a task because the task by itself interesting for him or her. Intrinsic motivation relates interest, and involvement or positive challenge. When people are motivated because that action is important for their own and have self-interest for that action, then it can be said that they are intrinsically motivated. (Edwards & Johansen, 2015)

There is no right answer on question, which motivation is better. Some people are more motivated intrinsically and some prefer to be motivated extrinsically. In fact, the main difference factor between these two motivations is that extrinsic originates from outside and intrinsic comes from inside. Besides, researchers have found that these two types of motivation can influence in different ways on people's behavior and lead to different conclusions.

Extrinsic motivation has a big power and with right use can lead to high results. External rewards can stimulate interest and participation in which person has not had initial interest; praises help to encourage in obtaining new skills or knowledge's. At the moment when people have studied more they become more motivated intrinsically. External rewards can be a good sign that a worker does a good job and give a chance to understand that their performance is achieved reinforcement. (Cherry, 2016)

Proper using of external incentive can increase productivity and performance at work but at the same time implementing less amount of incentive such as rewards or recognition can lead to decreasing of employee's desire for job. (Reena & Shakil, 2009)

Mostly, extrinsic motivation is a good tool when a worker shows less interest or has no interest to what he or she is doing. In fact, these incentives should be given by small pieces and should be tied to achieve a specific behavior. As soon as intrinsic interest has become to grow and some essential skills are established, the external tools of motivation should be decreased slowly. (Ledford, Gerhart & Fang 2013)

Some researchers think that intrinsic is better and more effective than extrinsic. However, sometimes people do not have internal desire to participate in activity and they need to have external influence. The researchers have developed three main conclusions concerning influence of extrinsic motivation on intrinsic one.

1. Sudden extrinsic rewards do not drop intrinsic motivation

2. Praise can increase an intrinsic motivation

3. Intrinsic motivation will decrease if external rewards are given for a small work or individual task. For instance, if an employer always praises his employee for daily tasks, the employee will become less interested or motivated intrinsically to do that task in the future. (Cherry 2016)

2.5. Motivation Strategies

Different people have very different interpretation of the incentive theory of motivation and the kind of motivational strategies that they employ wanting. It is tinted behavior at the workplaces where employees were in reality spanked while at the workplaces in the name of motivational purposes. This mode of motivation that was adopted in the organization was referred to as Camaraderie building exercise (Houts et al., 2010).

To some managers and other people who are in leadership positions, having some eco-friendly policies and can be a great deal of motivation as they do not have to get stressed by some highly bureaucratic policies that would otherwise be a hindrance to their show-offs as high performers in the organization (Lawrence & Jordan, 2009).

2.5.1. Providing Effective Reward System

Reward a person has some short term effect on the motivation of the individual in the organization (Levoy, 2009). Adam Smith (1776) as quoted in Emery (2009) is recognized to have been on the forefront in popularizing the need to have division of labor so as to optimize production in the organizations. According to Emery (2009), there are two sources of motivation drive. One of the drives is brought out by the fact that there is an internal need to gain resources as supported by the need theory. The second source of motivation is the commitment by an individual to external problems or might be the opportunities that are available elsewhere.

A good reward system is one that has accountability as well as rewards being based on the performance as measured using the cross functional integrations. The effectiveness of a system is ordinarily judged as per the levels in which there is resolution of the individual in the event there is a conflict as well as the extent to which the individual is willing to go to have collaboration for equity. Reward system in the work places include having appraisals for employees as well as integration that is targeted at making improvements by making sure that there is clear flow of information to and from the employees in the organization (Emery, 2009).

A reward system is meant to bring positive reinforcement (Emery, 2009) to the individuals and this should be addressed, as it ought to, for it to be termed as successful. For positive reinforcement, there should be a number of factors that should be considered in the design process of a good and effective reward system. To start with, the reward system should be made in such a way as to replace the ordinarily used subjective performance measurement with the revolutionary objective performance measurement system. It has been a tradition that the supervisors and other operations managers have been the ones with the mandate of having all the powers of giving appraisals to employees. This has been majorly influenced by the perception that the supervisor has on an individual which include the likeability of an individual, how busy an individual is perceived to be, personal prejudice, how manageable an employee is as well as compliance with the set system with a great review of the past mistakes done in the organization. Instead of all these non-linear modes of evaluation, there should be a system that determines the employee performance by the average output and other measurable factors (Emery, 2009).

For the annual performance measure, there ought to be measures that are more frequent that would help to account for individual performances within short periods of time. The short period data collected and analyzed is more objective than the annualized subjective performance measurement system. These performance measures should be done monthly if possible as they help to tell which employee is deteriorating and why.

2.5.2. Creating Flexibility
Inherent flexibility that is demonstrated by the resources which are available in the organization has a great impact on the firms' performance. The issue is not much of the availability of the

resources in the firm as much of how applicable is the resources to the firm. The ability of a firm to put into use the different resources that are at the disposal of the organization is very important (Ketkar & Sett, 2009).

The human resources should be flexible enough especially in their relationship with the employees which can be translated into firm's performance if properly managed. This flexibility, especially in the human resources department does help to express the need for variety in information distribution and synthesis offers better situational analysis. This also does offer the modalities in which the information that is on offer can be reconfigured or redeveloped so as to be easily synthesized and assimilated in the organization without much complications going into it (Ketkar & Sett, 2009).

During employee selection, it is important that the organizations offer intense staff training so as to develop their skills and sharpen those that they already have. There should also be management of the individual employee performance that is aimed at ensuring that there is improvement of the employee's output as well as an in-depth understanding of the employee (Ketkar & Sett, 2009).

There should be application of compensation schemes, incentives and reward schemes put in place to encourage employees to add more effort to the organization's performance. The management should also put in place good communication channels that are meant to converse information both ways, from the employees to the management as well as from the management to the employees. The channels should remain open so that communication can be done at any moment when there is information that might be needed (Ketkar & Sett, 2009). Employees should be empowered by having more participatory forums and avenues opened up within the organization. This will encourage more employees to stay active in their duties and roles while within the organization as well as raise enthusiasm of the individual employees.

2.5.3. Personal Involvement

In the event where downsizing, an organization seems impossible, after all possible avenues have been considered, then it is prudent enough for the management to look for the more opportunities

that would enable for more flexibility within the organization. This approach, together with innovation and well established and improved internal communication set in place, improves the level of trust between the employees and the management as things are not done in the dark (Mishra et al, 2009).

Several factors are important that foster personal involvement. To start with, Innovation as well as creativity enhanced commitment by the organization's management does help in explaining the noticeable change in the organization. Secondly, improved communication channel, which incorporates all the stakeholders, is also important as well as having developments that are more flexible to the organization's needs (Mishra et al, 2009).

2.6.   Advantages of Successful Motivation

Implementing productive motivation system will bring positive effect in business. In fact, succeed motivation can be helpful not only for one side but for both, for employer and employee.

2.6.1. For Business
Right use of motivation will lead inevitably to success. Here are indicated what pluses will appear for both sides: for employer and for employee.

Declining employees' turnover; the success of organization is affected by employees' turnover. Financial department waste a lot of money and managers time to teach new employees for a new job. It creates big problems for the whole organization and can become a cause of loss but organization which possesses good team management and motivation strategy can be sure that employees will be loyal to organization where they work.

Reducing absenteeism at work; there are some companies where percentage of absent employees is very high. The causes for it can be very different from poor work conditions to bad relationships with colleagues. Manager's responsibility is to survey this fact as soon as he or she can and do actions to decrease absenteeism percentage at work.

Change negative relationship; sometimes employees can think negatively. For example, an employee might think that his efforts at work will not bring any money and he wastes time by

spending it working hard. Manager has to assure the employee that he is wrong. For example, a good argument for his words can be a premium to a salary.

Decreasing in resistance to change; normally people do not like to accustom to new responsibilities. They prefer continue to do routine job. However, it can be inevitably changes because of demand time. Employees can be prepared to these changes in the right way. So, that they will accept these changes and will be happy to perform it if they would know what kind of benefits will come with those changes and how working process will improve.

2.6.2. For Employees

Achieve personal goals; motivated employees who are willing to work hard and enjoy of what they do will get high personal goals.

Job satisfaction; if an employer builds so good work conditions that worker is able to stay at this organization for a long time this means when satisfied with his job. Job satisfaction means that employee is happy to be at the work place and thankful to the employer. This fact makes him valuable because if he is satisfied with the job he will do everything to make his employer happy.

Self-development; Self-development is an important self-actualization part of Maslow's hierarchy.

Work reinforcement with a dynamic team; a good team consists of qualified members who are very good at what they do is a very strong power. Employees enjoy going to work because they know that every day they build a strong team, enrich each other with new experience and become unit. A good atmosphere in the team is a good condition for them to work with pleasure.

2.7. Conceptual Framework

The conceptual framework of the study is theories assess the motivational practice of the organization make logical sense of the relationship among that had been identified in the study. According to the model job security, working condition, company policies, job status, compensation and interpersonal relations can be determined as extrinsic motivating factors which can increase employee's job satisfaction.

CONCEPTUAL FRAMEWORK

| Herzberg's Motivation Theory and Hygienic Factor Theory | → | Extrinsic Motivation

 ✓ Security
 ✓ Working Conditions
 ✓ Company Policies
 ✓ Status
 ✓ Compensation
 ✓ Interpersonal Relations
 ✓ Relationship with supervisor | → | Satisfied and Motivated Employee |

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design and Approach

Both qualitative and quantitative approaches were used in this research work. The study focused on assessing extrinsic employees' motivation practice, descriptive research design was applied that helps in the research describe the existing motivational practice.

Quantitatively; figures where used to analyze employees' opinion based on current motivational practiced of the organization in order to gain an insight of the underlying problem regarding the topic.

Qualitatively; approach was used to support quantitative data that collected through questionnaire in order to get additional information from managers on existing motivational practice through interview.

3.2. Population of the Study, Sample Size and Sampling Technique,

3.2.1. Population of the Study

Population According to Robson (2002), refers to an entire group of individuals, events and objects having a common observable characteristic. Based on the above definition the population of the study consists of 966 employees currently working in Ethiopian Roads Authority (ERA).

3.2.2. Sample Size

Sampling is concerned with the choice of a subgroup of individuals from the target population to enable the estimation of the characteristics of the entire population (Singh and Masuku, 2014). It is vital to use an adequate number of sample size as to ensure a higher probability that results of the study will be more generalized and interpretable (Mugenda, 2008). Therefore the sample size included 275 employees used, from total population of 966. The sample size for this study was shown in table 3.2.2.

The formula used to calculate random sampling calculation is:

$$n = \frac{X^2 * N * P * (1-P)}{(d^2 * (N-1)) + (X^2 * P * (1-P))}$$

Where: n=Required Sample Size

X^2= the table value of Chi-square for 1 degree of freedom at the desired confidence level
1.96*1.96 = (3.841)

N=Population size

P= the Population proportion (assumed to be 0.50 since this would provide the maximum sample size)

d= the degree of accuracy expressed as a proportion (.05)

In our case N=966 and using the formula n=275. This can also be found using the tables provided by the research advisors (2006).

Table 3.2.2 Stratified Sampling

No.	Strata	Population	%	Sample
1	Finance	68	28.5	19
2	Human Resource	33	28.5	9
3	Technical	182	28.5	52
4	Others	683	28.5	195
Total		966	28.5	275

3.2.3. Sampling Technique

The researcher used stratified sampling technique. This technique helps to divide the sample into appropriate strata and to ensure that every element in the sampling frame will have an equal opportunity of being selected as of different scholars' argument (Eshiteti, Okaka, Maragia,Odera & Akerele, 2013). In the case of this study select respondents from different sub group or department of selected organization.

3.3.   Sources of Data

Primary data source was used in the study. Primary data sources were employees and managers of the organization. Data was gathered through questionnaire and interview developed by the researcher.

Secondary data was collected from annual human resource report to show information about employees' turnover and the researcher didn't made analysis on it rather attached in the end of this thesis as it is.

3.4.   Instrument for Data Collection

The researcher used questionnaires and interview to collect data. Structured or close ended questionnaires are those that have definite, concrete and predetermined questions and are accompanied by a list of possible alternatives from which respondents select the answers that best describe the situation. And this reduces the amount of thinking that the respondent needs to undertake to complete the task which leads to higher response and more accurate.

The questionnaire has demographic part of the respondents and the respondents' opinion on motivational practices of the organization followed by evaluation of the extent to which they use different activities under the five dimensions using a five point scale ranging from strongly disagree (1) to strongly agree (5).

3.5.   Testing for Validity and Reliability

The research instruments in this study were carefully constructed to ensure their reliability and validity in the attainment of the objectives of the study. Thirty respondents were picked at random for pilot testing of the instruments to determine their viability before running the entire data collection exercise. Main objective of pilot testing is to ascertain the accuracy and validity of the instruments before they are used in the actual study.

3.5.1. Validity of Instruments

The accuracy of data collected largely depended on the data collection instruments in terms of validity. Validity as noted by Robinson (2002) is the degree to which result obtained from the

analysis of the data actually represents the phenomenon under study. Validity was ascertained by having all the objective questions included in the questionnaire.

3.5.2. Reliability of Instruments

Reliability is the level of internal consistency or stability of measuring device overtime. In order to test reliability of the instruments, internal consistence was applied using Cronbach's alpha which is popularized by Cronbach. The value ranges between 0-1 with reliability increasing with increase in value. Coefficient of values 0.7 and above will be considered as ideal (Mugenda, 2008) and the coefficient value of this study is 0.813 it is acceptable.

3.6.   Method of Data Analysis

Collected data was analyzed using SPSS Statistics software application. Findings were presented by tables through frequency, percentage and mean. Generally data was interpreted through descriptive design.

3.7.   Ethical Considerations

The willingness of the selected respondents in providing the necessary data was assured. Respondents were not forced to respond questions which they don't like to respond. They are informed that the study will only be used for academic purposes. Any respondents' response are respected and ethically included in the report. The participants are assured that the data sought from the respondents would be kept confidential and no information related to the participants would be used other than that of the academic and research objectives; thus no violation of confidentiality would be take place.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRITATIONS

This section of the study was deals with analysis, interpretation and discussion of gathered data through questionnaires as well as interview. The chapter consists of two parts these are respondents' characteristics and analysis of respondents' opinion interpretation of the findings.

Table 4.1 Summary of Response Rate

	No. of Questionnaires			
Department	Distributed	Returned by No.	Returned by %	Not Returned Paper
Finance	19	19	7	
Human Resource	9	8	3	1
Technical	52	44	16	8
Others	195	167	61	28
Total	275	238	87	

Source Questionnaire Data 2019

4.1 Characteristics of Respondents

The demographic part explains the respondents' gender, age, educational back ground, and service year in organization based on their response. Most respondents respond to the demographic part and opinion survey part of questionnaires, but some respondents don't mention their job title, so the researcher doesn't include employees' job title in demographic part. Even though two hundred thirty eight respondents returned the questionnaire out of two hundred seventy five target respondents, some of the respondents or thirty seven of them do not return it back due to unknown reasons. Then, collected data was organized and important information extracted from it. The data was not includes daily laborers in the organization.

Table 4.2 Demographic Characteristic Respondents

	Frequency	Percentage
Gender of Respondents		
Male	132	55
Female	106	45
Total	238	100
Age of Respondents		
18- 30 years	126	53
31 – 40 years	71	30
41 – 50 years	28	12
Above 50 years	13	5
Total	268	100
Educational Background of Respondents		
Certificate	6	3
Diploma	15	6
Degree	163	68
Postgraduate Degree	54	23
Total	268	100
Respondents' Service Year		
From 1-5 years	133	56
From 6-10 years	75	32
11 and above years	30	13
Total	271	100

Source Questionnaire Data 2019

Gender of Respondents

According to table 4.2 Gender of respondents, this study was conducted on 55% male and 45% of female respondents in the given sample. The male were greater than female respondents relatively in small number. This is shown that somehow ERA has balanced employed demography in gender which is a good experience and need to be exercised by others organization. And also it implies response rate and the fact that the distribution of questionnaire was done with all employees having equal chance of being included in the sample.

Age of Respondents

Based on table 4.2, the age of respondents, it is seen that majority of the respondents who work in ERA are within the age group of 18-30 years that is 53%, followed by those in the age group of 31-40 years which was 30%. Those in the age group of 41-50 years were 12% and lastly those above the age of 50 were only 5%. The data show that the majority of respondents were young i.e. between the ages of 18 and 30 years that may lead to greater productivity or performance. This is positive part or advantage for the organization as much as it handles properly and uses this workforce for longer period. On other side this age group is sensitive unless the organization properly motivates them, they simply leave the organization. Therefore the absence of this motivational practice may push this work force to leave the organization within short period of time as organization's turnover report shows.

Educational Background Respondents

Table 4.2, shown that all employees were qualified to move the organization to another level as far as performance is concerned and employees are motivated, since many respondents were bachelor degree holders. It was noted that degree holder respondents were 68%, postgraduates respondents are 23%, and also diploma holders were 6% and those who have a certificate only 3%, most importantly, the information reveals that the respondents were qualified to answer the study questions with reliability and the organization need to utilize these work force with full capacity by motivating them through different motivation system otherwise it may lose them.

Service Years of Respondents in the Organization

Many employees or the respondents of this study had stayed in the organization between 1 and 5 years were 56%, between 6–10 years were 32 % and respondents that stayed more than 11 years were 13%. This information shows that the level of staff turnover in the organization was high since many employees have not stayed for long working in the organization. The absence of motivational techniques might be a one reason for staff turnover. This tendency show that this more costly to the organization as time to time employees trained and leave the organization to work with other organization and when we relate this data with respondents' age majority of respondents fall within 18 to 30.

4.2. Analysis of Collected Data

The main idea produced from the assessment of extrinsic motivational practice in ERA, research survey was conducted to find out how motivation use as a tool to retain employees in the organization and enhance their performance. The findings obtained through the research questionnaires on motivational techniques like; Job Security, Working Conditions, Company Policy, Job Status, Pay system/Compensation, Interpersonal relationship and Relationships with Supervisor summarized and interpreted as follows.

4.2.1 Assessment on Organization's Job Security in motivating Employees
Table 4.3.1 Respondents Opinion on Organizational Job Security

Statements On Job Security		Level of Argument					Total No. of Respondents	Mean
		SD	DA	UD	A	SA		
I have valid contract with the organization.	Frequency	45	8	9	126	50	238	3.54
	Percentage	19	3	4	53	21	100	
I feel worried about my job security	Frequency	23	111	26	67	11	238	2.71
	Percentage	10	47	11	28	5	100	
I feel quite confident in doing my job	Frequency	6	48	17	131	36	238	3.60
	Percentage	3	20	7	55	15	100	
I have sufficient information about my job	Frequency	3	13	54	133	35	238	3.77
	Percentage	1	6	23	56	15	100	
I am satisfied with the overall job security.	Frequency	51	72	28	63	24	238	2.73
	Percentage	21	30	12	27	10	100	
							Mean	**3.27**

Source Questionnaire Data 2019

From table 4.3.1 respondents' summery on job security; 74% of respondents respond that their job is secured, while 4% of respondents were undecided and the remaining 22% of respondents were not agreed. This indicates majority of employees have valid contract with the organization. 56% of respondents were not feel worried, about their job security, 11% undecided and 33% of respondents were feeling worried about their job security.

Moreover, 70% of respondents feel confident in doing their job, 7% were undecided and 23% were not feel confident. 71% of respondents having sufficient information about their job, 23% were undecided and 7% have no sufficient information. But 51% of respondents were disagreed

with overall job security, 12% were undecided and 37% were agreed with overall job security. The mean value 3.27 is also shows moderate response. This indicates that most respondents were not fully agreed or disagreed to overall job security of the organization, so they are not satisfied or motivated by it.

4.2.2 Assessment on Existing Working Condition of the Organization

Table 4.3.2 Respondents' View on existing Working Condition of the Organization

Statement On Working Condition		Level of Argument					Total No. of Respondents	Mean
		SD	DA	UD	A	SA		
The organization working condition is physically suitable.	Frequency	13	146	19	49	11	238	**2.57**
	Percentage	5	61	8	21	5	100	
The organization working condition is safe.	Frequency	8	26	55	141	8	238	**3.48**
	Percentage	3	11	23	59	3	100	
The organization working condition satisfies social needs.	Frequency	6	148	40	39	5	238	**2.53**
	Percentage	3	62	17	16	2	100	
I feel happy in the organization's working condition.	Frequency	50	108	28	40	12	238	**2.39**
	Percentage	21	45	12	17	5	100	
The organization's working conditions are attractive and motivator.	Frequency	62	122	14	33	7	238	**2.16**
	Percentage	26	51	6	14	3	100	
							Mean	**2.63**

Source questioners Data, 2019

Based on the table 4.3.2, regarding the suitability of working conditions in the organization to its employees, 26% of respondents were satisfied with the existing work condition. While 66% were not comfortable with the current working conditions, and 8% of the respondents were in different or undecided for questions forwarded to the existing working condition of the organization this show that majority of the respondents were not satisfied.

On the safety of working condition 62% of respondents said that working condition is safe, 14% were disagreed and 23% were undecided, regarding working condition that satisfies social needs only 18% were agree, 65% were disagree and 17% of respondents were undecided. 66% of respondents were not happy with the existing working condition; only 22% of them comfortable and 12% were undecided. Finally on over all organizational working condition attractive and

motivator 77% were disagreed, while only 17% were agreed and the remaining 6% were undecided. So this implies that the organization's working condition is not suitable, nothing contribute to motivate employees and its average mean also show that the working condition of the organization is low in motivating employees with the value of 2.63.

4.2.2 Assessment on Existing Organizational Policies in motivating Employees

Table 4.3.3 Respondents' Attitude on Existing Organizational Policy

Statement On Company Policy		Level of Arguments					Total No. of Respon dents	Mean
		SD	DA	UD	A	SA		
The policies of the organization motivate its employees.	Frequency	127	37	34	33	7	238	**1.97**
	Percentage	53	16	14	14	3	100	
I have concerns regarding the policies set by the organization.	Frequency	3	36	33	112	54	238	**3.75**
	Percentage	1	15	14	47	23	100	
The organization has effective policies and procedures toward motivating its employees extrinsically - (e.g. Bonus, promotion, etc)	Frequency	147	44	21	21	5	238	**1.71**
	Percentage	62	18	9	9	2	100	
The organization policies need amendment in order to motivate employees extrinsically.	Frequency	12	19	23	80	104	238	**4.03**
	Percentage	5	8	10	33	44	100	
							Mean	2.86

Source questionnaires data, 2019

For the survey regarding the organizational policy as shown in table 4.3.3 that only 17% of respondents were agreed on the organizational policies that motivate its employees; while 14% were undecided and 69% of the respondents think that the policy of the organization doesn't motivate them and they are disagreed. The mean of 1.97 also support the respondents' opinion which is the contribution of the policy very low in motivating employees, 70% of employees have concern on the policy set by the organization; while 14% were indifferent and 16% of respondents were disagreed, i.e. they have no concern; the mean 3.75 also high and shows most respondents have concern on the policy, they agreed on its amendment to increase employees' motivation.

Regarding extrinsic rewards of the organization in motivating its employees, only 11% were agreed, while 9% were undecided and the remaining 80% were highly disagree to the current

reward policy doesn't motivate them, the mean value also 1.71 which is very low and implies extrinsic rewards nothing contribute to employees' motivation. On the questions related to the existing policy of the organization need amendments most respondents made consistent and similar respond that is 77% of them agreed that the policy need amendments to motivate employees, while 13% were disagreed and 10% were undecided with the mean value of 4.03 and it is high also implies that almost all respondents agreed that the policy need amendments. Generally the analysis shows that the policies of organization poor in order to motivate employees, and increase performance, its mean 2.86 also support that.

4.2.4 Assessment on Employees' Job Status in Contributing to Motivation

Table 4.3.4 Respondents' Perception on Job Status they have in the organization

Statement On Job Status		Level of Arguments					Total No. of Respondents	Mean
		SD	DA	UD	A	SA		
I feel personal respect for my job.	Frequency	0	8	14	170	46	238	**4.07**
	Percentage	0	4	6	71	19	100	
My job at the organization gives me a decent social respect.	Frequency	6	88	79	57	8	238	**2.89**
	Percentage	3	37	33	24	3	100	
Working in this organization gives me an opportunity for more training and learning.	Frequency	5	83	22	92	36	238	**3.30**
	Percentage	2	35	9	39	15	100	
There are possibilities for fair promotion at my work.	Frequency	12	153	24	39	10	238	**2.50**
	Percentage	5	64	10	17	4	100	
I have got the status that I want from the organization.	Frequency	5	112	73	42	6	238	**2.71**
	Percentage	2	47	31	18	2	100	
							Mean	**3.09**

Sources questionnaire data, 2019

From table 4.3.4, 90% of the respondents were agreed that they have personal respect for their job, 6% of the respondents were indifferent and the remaining 4% were disagreed, its mean value of 4.07 is high also implies that almost all respondents were agreed. Regarding their job that whether gives them social respect, 27% were agreed, 40% of the respondents were disagreed and 33% were undecided, its mean 2.89 is moderate and tends to employees disagreement.

On training and learning opportunities that the organization gives to its employees, 54% of respondents were agreed, 37% of total respondents were not satisfied or agreed on the question and 9% also undecided, but many respondents on the two group 46% were not agree, the mean

value also 3.30 is emphasize that. For the possibilities of fair promotion also, 21% of respondents were agreed, 10% were indifferent and 69% were disagreed, with the mean value of 2.5 which is low, and implies that most respondents don't believe that fair promotion in the organization. Finally for the status that respondents want to have from the organization 20% were agreed and 31% were indifferent and 49% were disagreed, with the mean value of 2.71 that means the respondents response in between. Aggregate mean 3.09 shows that employees are not satisfied with the status that they have.

4.2.5   Assessment on Pay/Compensation Practice of the Organization

Table 4.3.5 Respondents' Opinion on existing Pay/Compensation Practice

Statement On Compensation Practice		Level of Arguments					Total No. of Respondents	Mean
		SD	DA	UD	A	SA		
The organization treated employees equally who have similar experience and education.	Frequency	21	155	24	32	6	238	2.36
	Percentage	9	65	10	13	3	100	
I am satisfied with my salary for the work I do.	Frequency	76	120	22	13	7	238	1.97
	Percentage	32	50	9	6	3	100	
The organization's monetary compensation is satisfactory related to those similar organizations in similar job.	Frequency	24	156	29	24	5	238	2.28
	Percentage	10	66	12	10	2	100	
My current monthly payment is adequate to cover my basic living expense.	Frequency	80	125	14	14	5	238	1.90
	Percentage	33	53	6	6	2	100	
I enjoy fringe benefits at work.	Frequency	30	159	23	20	6	238	2.21
	Percentage	13	67	10	8	2	100	
The reward practices of the organization have significantly raised my motivation at work.	Frequency	26	162	18	25	7	238	2.26
	Percentage	11	68	8	10	3	100	
							Mean	**2.17**

Sources questionnaire data, 2019

As listed in table 4.3.5, that the organization gives equal treatment for its employees who have similar experience and education, only 16% were agreed, while 10% were undecided and 74% were disagreed, also the mean of 2.36 implies low agreement of respondents on the organization's equal treatment to its employees, so employees are not motivated for job.

Regarding satisfaction with salary that the organization was paid only 9% respondents were agreed, 9% were undecided and 82% of them disagreed, the mean also support this with the value of 1.97 shows very low agreement or the employees were not motivated by the salary they

paid. Almost 76% of respondents were also disagreed on monitory compensation related to similar organization in the sector and this supported with the mean value of 2.28, and 86% of them also disagreed to the salary that they paid from the organization cover their living expense with the mean value of 1.9 which is very low, that shows respondents' highly disagreement for because the salary doesn't motivate them. 80% of respondents were also not exercise fringe benefits at work or disagreed on it and also the mean value is 2.21 very low. For overall reward practice of the organization in motivating its employees only 13% of respondents were agreed, while 8% were indifferent and 79% were disagreed, and the mean value of 2.26 is also low or highly disagreed.

Generally the reward system of the organization is very poor in motivating employees and the average mean 2.17 which is low, and support that employees don't motivate by the reward practice of the organization. Therefore, this might be the one reason for employees' turnover due to lack of satisfaction with the current compensation system of the organization.

4.2.6 Assessment on Interpersonal Relationship of employees in the Organization

Table 4.3.6 Respondents' experience regarding Interpersonal Relationship

Statement On Interpersonal Relationships		**Level of Arguments**					Total No. of Respond ents	Mean
		SD	DA	UD	A	SA		
I enjoy good and healthy relationship with my team members.	Frequency	1	4	3	171	59	238	**4.19**
	Percentage	0	2	1	72	25	100	
My team members trust me and extend their full cooperation	Frequency	0	47	58	95	38	238	**3.52**
	Percentage	0	20	24	40	16	100	
Team members are share ideas and opinions friendly and responsive.	Frequency	0	9	18	175	36	238	**4.00**
	Percentage	0	4	8	73	15	99.5	
An interpersonal relationship in the organization is motivator.	Frequency	5	13	16	179	25	238	**3.86**
	Percentage	2	5	7	75	11	100	
							Mean	**3.89**

Sources questionnaire data, 2019

The interpersonal relationships among employees in the organization, almost all respondents or 97% of them were agreed on their good interpersonal relationships, but 20% of respondents disagreed on team members' full cooperation, while only 24% were indifferent and 56% were agreed and on the remaining two questions 88% and 86% of respondents were agreed. Generally,

as shown in the above table almost all respondents were agreed and the average mean of 3.89 shows high agreement of respondents that the interpersonal relationships among employees in the organization were good and contributed to motivation.

4.2.7 Assessment employees Relationships with their Supervisor

Table 4.3.7 Respondents' Attitude on their relationships with supervisor

Statement On Relationships with Supervisor		Level of Arguments					Total No. of Responde nts	Me an
		SD	DA	UD	A	SA		
Good working relation among employees & supervisors.	Frequency	8	56	55	97	21	237	**3.28**
	Percentage	4	23	23	41	9	100	
Managers facilitate work environment to their employees.	Frequency	14	159	16	44	5	238	**2.44**
	Percentage	6	67	7	18	2	100	
Managers treat employees equally without any discrimination.	Frequency	13	115	65	37	8	238	**2.63**
	Percentage	6	48	27	16	3	100	
Managers delegate tasks to their subordinate based on job description.	Frequency	18	147	23	44	6	238	**2.47**
	Percentage	8	62	10	19	3	100	
Managers take their supervisory role by giving close attention to employees' interest.	Frequency	16	159	29	28	6	238	**2.36**
	Percentage	7	67	12	12	2	100	
							Mean	**2.64**

Sources questionnaire data, 2019

Regarding employees good working relations with their supervisors or managers 50% of respondents were agreed, 23% were indifferent and 27% were disagreed, On the remaining questions that related to facilitating work environment, equal treatment to employees, task delegation based on job description and giving close attention to employees most respondents' over all response tends to disagreed, these are 73%, 54%, 70% and 74% consecutively with the average mean of 2.64. So majority of employees were not agreed in overall relationships with their supervisor and this implies that employees were not motivated or satisfied in their relationships with their supervisor, the mean also shows low agreement of respondents.

4.3. Managers' Response on Interview

To balance the information gathered from the employees through questionnaire, the researcher was conducted interview with the selected managers from different departments. Accordingly the managers' response is summarized as follows. The interview questionnaires are attached to the thesis final page for any review. In general the managers respond to whole interview questions except three of the ten respondents.

Based on the interview made with the managers, for the question whether ERA has motivational techniques in place or not: all of the managers interviewed replied similar answer. There is no formal and structured motivational practice and all managers agreed that the current motivational practice is not sufficient.

Managers believed that their employees have secured job as ERA is government organization, while most of them agree their employees have sufficient information regarding their job. They consider ERA's working condition are not attractive that satisfies employees' social needs. Moreover they all agree that their company has no good motivational practice.

Most managers believe that their employees get fair promotion and equal opportunity for any training and learning that depends on their status. Whereas most managers were disagree in ERA's compensation policy to its employees relative to other organization in the sector. Considering the interpersonal relationship that employees get among themselves all managers agree that the relationship is good.

Managers believe that they delegate tasks to their subordinates based on job description but most of the time there is a possibility to delegate a job without giving written job description to employees, while they are comfortable in treating them equally without discrimination. Also, they feel confident that they give proper attention to their employees' interest in discharging their supervisory roles. Most importantly they think that the current motivational practice has contributed to the existing employees' turnover.

The interview showed that the motivational practices that currently practiced in the organization are not well structured and formal that motivates employees' desire.

CHAPTER FIVE

SUMMARIES, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

This part of the study aims to summarize the findings that analyzed and discussed in previous chapter and this is summarized as follows.

The overall job security in motivating employees not satisfied. As mean value shows it is moderate and employees not fully satisfied or motivated with it.

Employees consider that ERA's working condition is not motivating them. So they are not satisfied on their job. Generally the existing working condition of the organization does not satisfy social needs and motivate employees.

Regarding the policy of the organization in motivating employees, the finding shows that majority of employees have no satisfaction. This implies the policy does not contribute to employees' motivation. The reward policy also poor, and employees have concern regarding the policy of the organization. So it needs amendment in order to motivate employees and improve performance.

Analysis on employees' job status; though almost all employees have personal respect for their job, some of them have positive and other have negative implication on their job status. Employees have not equal opportunities for training, learning and promotion.

Findings on compensation practice shows, many employees were not satisfied by existing compensation practice of the organization. The payment doesn't cover their living expense, they are not satisfied with their current salary, they do not enjoy fringe benefits and generally they are not satisfied by overall compensation practice.

Employees' team relationship is good and motivating, they believe that they have good relationship with their supervisors, but they feel that their managers do not facilitate working

environment and treat them equally. They feel a lack of task delegation based on job description and less attention is given to their interest.

Generally most respondents were agreed on interpersonal relationship, and partially agreed on overall job security and job status in motivating them. However, working condition, the policy of the company, payment and/or compensation system and relationship with the supervisor/managers are contributing less to their motivation. Most Employees agreed that no fair and equity promotion in the organization.

5.2 Conclusion

Based on the major findings obtained from the study the following conclusions drawn as follows;

The contribution of the job security of the organization to the employees' motivation is less because there are some employees who are not satisfied or happy with the organization's job security. So managers need to add little effort on the area to secure their employees fully.

The study found that most employees are not satisfied and motivated with the existing working condition.

The existing organizational policy does not motivate employees; it is not participatory and need amendment in order to increase employees' desire and performance.

The existing pay/compensation practice of the organization does not bring satisfaction to employees. Even it does not cover their basic needs and they have no satisfying fringe benefits from the organization. This is the most de-motivating and pushing factor for employees to leave out of the organization. As demographic data of employees shows young and non-experienced employees are more common in the organization than adult and experienced employees.

Interpersonal relationship among employees is good and motivator. However with supervisor there is some problems delegation is without sufficient job description and the promotion system is not fair.

In generally ERA has no formal and structured motivational techniques that increase employee' motivation and exercising these techniques is very important to the organization's goal achievement and as a consequence, the manager must continuously design to put into action a dynamic motivational structure that helps to meet the desire of the employees to deliver outstanding performance.

5.3   Recommendations

Based on the research findings and conclusions drawn recommendations pertaining made as follows,

Ethiopian Roads Authority needs to give proper attention to its policy to generate satisfied, motivated and productive employees.

Ethiopian Roads Authority is government organization but it should assess alternative by considering the market in the sector in order to motivate and retain its employees. Otherwise, the experienced employees easily leave the organization by looking better opportunities and the organization always train new comers. Generally this is additional cost to the organization and minimizes performance quality. Therefore the organization has to revise its policy to increase employees' motivation and performance.

To increase performance of its employees ERA should improve supervisors' capacity and they have to be indiscriminate in job allocation and promotion. The interpersonal relationship among employees is good, it has to be continuing and employees also need to contribute their effort to maintain it.

Leaders or managers have to be concerned on the motivational systems that increase their employees' motivation and know that lack of it force employees to leave the organization, which is a costly experience to organization. Due to the importance of employee motivation in achieving organizational success, many scholars have developed theories aiming to explain how best employees can be motivated to enhance organizational performance.

However, managers must be conscious of the fact that human behaviour is very complex and dynamic by its nature, so motivation could be used as a tool to improve workers performance.

Leaders or managers have to be concerned on the motivational systems that increase their employees' motivation and know that lack of it lead to turnover. Due to the importance of employee motivation in achieving organizational success, many scholars have developed theories aiming to explain how best employees can be motivated to enhance organizational performance. However, managers must be conscious of the fact that human behavior is very complex and dynamic by its nature, so dynamic motivation could be applied as a tool to improve workers performance.

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APPENDIX 1

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERSOF BUSINESS ADMINISTRATION
MBA PROGRAM

QUESTIONNAIRE TO EMPLOYEES

Dear respondents,

You are kindly requested to respond to the following questionnaires. The questionnaires are related to assessment of current extrinsic employees' motivation practices in Ethiopian Roads Authority (ERA). I would truly be very grateful if I can be assisted kindly in the completion of the research questions. The information provided in the questionnaire will be strictly used for academic purposes and will be treated with utmost confidentiality. Your responses are of great importance input for the study.

Thanks for your cooperation.

Yours Faithfully,

Meseret Tadesse

PART I: DEMOGRAPHIC INFORMATION OF RESPONDENTS

Instruction: Please put a tick mark in ☑ the boxes corresponding to your response.

1. **Gender**

   a) Male ☐

   b) Female ☐

2. **Age group in year**

   a) 18- 30 years ☐   c) 41 – 50 years ☐

   b) 31 – 40 years ☐   d) Above 50 years ☐

3. **Educational Background**

   a) Certificate ☐   c) Degree ☐

   b) Diploma ☐   d) Postgraduate Degree ☐

4. **Job Title**

   What is your current position in the organization? _____

5. **Work Experience**

   a) From 1-5 years ☐   c) 11 and above years ☐

   b) From 6-10 years ☐   d) 11 and above years ☐

SECTION B: Opinion Survey on Extrinsic Employees Motivation

5	4	3	2	1
SD-Strongly Agree	A- Agree	U- Undecided,	D-Disagree	SD-Strongly Disagree

A. Job Security

No.	Statements	SA	A	U	D	SD
1.	I have valid contract with the organization.					
2.	I feel worried about my job security					
3.	I feel quite confident in doing my job					
4.	I have sufficient information about my job					
5.	I am satisfied with the overall job security.					

Other

……………………………………………………………………………………………

……………………………………………………………………………………………

B. Working Conditions

No.	Statements	SA	A	U	D	SD
1.	The organization working condition is physically suitable.					
2.	The organization working condition is safe.					
3.	The organization working condition satisfies social needs.					
4.	I feel happy in the organization's working condition.					
5.	The organization's working conditions are attractive and motivators.					

Other

……………………………………………………………………………………………

………………………………………………………………………….....................................

C. Company Policies

No.	Statements	SA	A	U	D	SD
1.	The policies of the organization motivate its employees.					

No.	Statements	SA	A	U	D	SD
2.	I have concerns regarding the policies set by the organization.					
3.	The organization has effective policies and procedures toward motivating its employees extrinsically - (e.g. Bonus, promotion, etc)					
4.	The organization policies need amendment in order to motivate employees extrinsically.					

Other

…………………………………………………………………………………………………

………………………………………………………………………………………...............

D. Job Status

No.	Statements	SA	A	U	D	SD
1.	I feel personal respect for my job.					
2.	My job at the organization gives me a decent social Status.					
3.	Working in this organization gives me an opportunity for more training and learning.					
4.	There are possibilities for fair promotion at my work.					
5.	I have got the status that I want from the organization.					

Other

…………………………………………………………………………………………………

………………………………………………………………………………………...............

E. Pay/Compensation System

No.	Statements	SA	A	U	D	SD
1.	The organization treated employees equally who have similar experience and education.					
2.	I am satisfied with my salary for the work I do.					
3.	The organization's monetary compensation is satisfactory related to those similar organizations in similar job.					
4.	My current monthly payment is adequate to cover my basic living expense.					
5.	I enjoy fringe benefits at work.					

No.	Statements					
6.	The reward practices of the organization have significantly raised my motivation at work.					

Other

……………………………………………………………………………………………………

…………………………………………………………………………………….................

F. Interpersonal Relationships

No.	Statements	SA	A	U	D	SD
1.	I enjoy good and healthy relationship with my team members.					
2.	My team members trust me and extend their full cooperation					
3.	Team members are share ideas and opinions friendly and responsive.					
4.	An interpersonal relationship in the organization is motivator.					

Other

…………………………………………………………………………………………………

…………………………………………………………………………………….................

G. Relationships with Supervisor

No.	Statements	SA	A	U	D	SD
5.	Cordial relationship with my boss					
6.	Manager appreciates my services					
7.	My ideas are considered in decision making					
8.	Very important tasks are delegated to me					
9.	Effective conflict resolution methods are used always					

Other

…………………………………………………………………………………………………

…………………………………………………………………………………….................

Thanks for your cooperation and giving time for Response.

APPENDIX 2

Semi Structured Interview Questions to Managers.

1.   Do you have any laid down motivation structure?

2.   Do you think the current motivational practice is efficient?

3.   Do you think that the current motivational practices have something to do with the employees' turnover?

4.   Do you think the current pay/compensation is systematic and sufficient?

5.   Is there proper and sufficient bonus provision policy?

6.   Do you think that supervisors are attentive to their employees' interest?

7.   What reasons do you think about the employees' short stay or leave the organization in the short period?

8.   Do you think ERA needs policy amendment for its motivational practice?

9.   How do you perceive the overall motivational practice in ERA?

10.   Is there any motivational aspect specific to ERA?

APPENDIX 3

አባሪ 1.2 ፦ ከ 2004 እስከ 2010 ዓ.ምድረስየበጀትዓመትላይየተቋመየልቀትማሳያ (ተርንኦቨርኢኒዴክስ)

ተ/ቁ	ዓ.ም	አማካኝየሠውሃብትአቅርቦት	በየበጀትዓመቱየሠውሃብትልቀት	ተርንኦቨርሬትበ %	
1	2003	1424	88	6.2%	
2	2004	1572	106	6.7%	
3	2005	1643	113	6.9%	
4	2006	1678	104	6.2%	
5	2007	1704	118	6.9%	
6	2008	1837	145	7.9%	
7	2009	2068	140	6.8%	
8	2010	2312	98	4.3	
አማካኝድምር			**912**	6.5 %	

በሠንጠረዡ እንደተመለከው ከ 2003 በጀት ዓመት ጀምሮ በአጠቃላይ 912 ሠራተኞች በተለያዩ ምክንያቶች የለቀቁ ሲሆን ከነዚህ ምምክንያቶች ውስጥ በዋነኝነት በራስ ፈቃድ፣ በዕድሜ ጡረታ፣ በቅድመ ጡረታ፣ ከስራገበታ በመጥፋት፣ በሞት እና ሌሎች መሆናቸውን እየገለፅን በ2011 በጀት ዓመትም በዕድሜ ጡረታ ከሚወጡት 33 ሠራተኞች በተጨማሪ ከባለፉት ዓመታት ትሬንድ በመነሰት አስከ 170 የሥራ መደቦች ሊለቀቁ የሚችሉ በመሆኑእነዚህንምበተቀላጠፈ መንገድለመተካትድክመዝገጅትመደረግእንደሚገባውእንሳስባለን፡፡በአጠቃላይየተቋሙ ኑተርንኦፈርኢኒዴክስጤናማነትለ ማየትበምንምካርበትጊዜበአማካኝካለውጠቅላላሠራተኛ 7 በመቶ የሚለቁ ሲሆን በተወሰነ ደረጃ የልቀት መጠኑ መጨመሩን ያሳያል ሆኖም በአገር አቀፍ ደረጃ የኮንስትራክ ሽንኢንደስትሪውን አማካኝ ሬሾዎ(Ratio) መረጃ ባለማግኘታችን ማነፃፀር አልተቻለም፡፡