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ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**THE EFFECT OF EXTRINSIC EMPLOYEE MOTIVATION ON
EMPLOYEE PRODUCTIVITY: THE CASE OF ORBIS TRADING AND
TECHNICAL CENTER HEAD OFFICE ADDIS ABEBA**

By
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December, 2022

Addis Ababa, Ethiopia

DECLARATION

I, AMELEWORK GEBEYEHU, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

Name

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Signature

December, 2022

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor.

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Advisor

Signature

St. Mary's University, Addis Ababa

Month, Year

**ST. MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
SCHOOL OF BUSINESS**

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APPROVED BY BOARD OF EXAMINERS

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Table of Contents

ACKNOWLEDGMENTS.....	I
LIST OF ACRONYMS/ABRIVATION.....	II
LIST OF TABLES	III
LIST OF FIGURES	IV
<i>Abstract</i>	V
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Definition of Key Terms.....	2
1.3 Statement of the problem	2
1.4 Research Questions.....	4
1.5 Objectives of the study	4
1.5.1 General Objective	4
1.5.2 Specific Objective	4
1.6 Significance of the study	4
1.7 Scope of the study	5
1.8 Limitation of the studies	5
1.9 Organization of the study	6
CHAPTER TWO	7
REVIEW OF RELATED LITERATURE	7
2.1 Theoretical Literature	7
2.1.1 Motivation Defined	7
2.1.2 Characteristics of extrinsic Employee motivation.....	8
2.1.3 Type of Motivation are intrinsic or extrinsic.....	9
2.1.5 Different theories of motivation.....	18
2.1.6 Employee productivity	20
2.1.7 Impacts of Employee Motivation on Company Productivity	21
2.1.8 Impact of Employee Motivation on Organizational Performance	32
2.2 Empirical Review	35
2.3 Conceptual framework	37

2.4 Hypotheses	39
CHAPTER THREE	40
RESEARCH DESIGN AND METHODOLOGY	40
3.1 Research Design	40
3.2 Research Approach	41
3.3 Data Sources	41
3.4 Study Population	41
3.5 Method of Data Collection	42
3.6 Validity and Reliability of Instrument	43
3.7 Method of Data Analysis	44
3.8 Ethical Considerations	45
CHAPTER FOUR	46
DATA PRESENTATION ANALYSIS AND INTERPRETATION	46
4.1 Response Rate	46
4.2 Demographic Profile of Respondents	47
4.3 Analysis of Collected Data	48
4.3.1 Leadership effect on extrinsic employee motivation.	48
4.3.2 Working environment effect extrinsic employee motivation	49
4.3.3 Job security effect on extrinsic employee motivation	50
4.3.4 Reward System affect extrinsic employee motivation	51
4.3.5. Salary effect on extrinsic employee's motivation	52
4.4 Inferential Statistics	54
4.4.1 Correlation Analysis	55
4.4.2 Regression Analysis	58
CHAPTER FIVE	60
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	61
5.1 Summary of Major Findings	61
5.2 Conclusion	62
5.3 Recommendations	62
5.4 Suggestions for Further Studies	63
Reference	64
Appendix	66

Appendix I 66

Appendix II 71

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Amelework Gebeyehu

LIST OF ACRONYMS/ABRIVATION

HR = Human Resource

SPSS = Statistical Package for Social Science

ANOVA = Analysis of Variance

LIST OF TABLES

Table 3.6.1: Reliability assurance test-----	37
Table 4.1: Response rate of questionnaires administered-----	39
Table 4.3: Respondents Profile -----	40
Table 4.3.1: Leadership effect on extrinsic employee motivation-----	42
Table 4.3.2: Working environment effect on extrinsic employee motivation-----	43
Table 4.3.3: Job security effect on extrinsic employee motivation-----	44
Table 4.3.4: Reward system effect on employee motivation -----	45
Table 4.3.5: Salary system effect on extrinsic employee motivation-----	46
Table 4.3.6: The effect of extrinsic employee motivation and company Productivity--	47
Table 4.4.1.1: Strength of correlation-----	50
Table 4.4.2.1: Model summary-----	51
Table 4.4.2.2: ANOVA Analysis-----	52
Table 4.4.2.3: Coefficient Analysis-----	53

LIST OF FIGURES

Figure 1: Locke's theory of goal-setting.....	18
Figure 2: Conceptual framework.....	34
Figure 3:Corelation between independent and dependent variable-----	49

Abstract

The purpose of this study was to examine the effect of extrinsic employee motivation on productivity of Orbis Trading & Technical Center S.C. The study was based on descriptive and explanatory research design. The extrinsic employee motivation questionnaire was adopted from different related research. A total of 105 employees participated in the study with response rate of 50%. The researcher used proportionate stratified simple random sampling techniques. The data was analyzed using descriptive and inferential statistics. The results show that the existing extrinsic employee motivations on company productivity which is highly affected the employee motivation by leadership, working environment, job security, reward system and salary. On top of that, leadership and job security significantly affect company productivity with beta value 0.364 and 0.361 respectively. According to the regression analysis result, leadership and job security have significant effect on employee's motivation ($p < 0.05$). On the other hand, the remaining three working environment, reward and salary no significant effect on employee motivation due to the fact that $p > 0.05$. Based on the research findings and conclusions the major recommendations were offered for possible consideration by Orbis Trading & Technical Center S.C which is mostly related with the type of extrinsic employee motivation shall be applied to boost company productivity.

Keywords: *Leadership, Working environment, Job security, Reward and Salary effect of company productivity*

CHAPTER ONE

INTRODUCTION

This chapter deals about background of the study, statement of the problem, research question, objectives of the study, significance of the study, scope of the study, limitation of the study and organization of the study.

1.1 Background of the study

Motivation in workplace is one of the critical driving factors to achieve company productivity. Different researches confirm that motivation has a direct relationship with company productivity impacting individual work behavior and organizational productivity. Employee's motivation basically divided in to two parts intrinsic and extrinsic motivation (Ryan & Deci, 2000). This study focusses on extrinsic employee motivation effect on company productivity. Organizations require highly performing individuals who can meet their interest, deliver products and services to customers and to achieve a competitive advantage and to attain the stated goals. In light of this, extrinsic motivation factor plays a crucial role in determining the actions and behavior models of a company's employees.

In case of Orbis Trading & Technical Center Sc. where the research aims to assess the effect of extrinsic employee motivation on the company productivity; extrinsic factors have been considered on to the employees' motivation to bridge the study gap.

For the past two consecutive years, from the fiscal year 2020 to 2021 G.C, the company has been struggling to improve its productivity mainly due to extrinsic employee motivation factors. This includes independent variable like leadership, working environment, job security, reward system and Salary with dependent variable being company productivity. The study aims to identify gaps that affect the company's productivity and recommend mechanisms which can address the identified problems.

This research is assumed to contribute for Orbis Trading & Technical Center S.C in its effort to enhance the company productivity. The researcher could not find similar studies specific to the

company under research topic unlike many other international and company level journals in motivation.

1.2 Definition of Key Terms

Employees: meaning of employee is someone who is employed in Orbis. (Collective agreement of orbis 12th edition. page, 1)

Company: Orbis Trading and Technical Center S.C

Motivation: is one of the keys a decision-making process of the company (Ivancevich, Matteson, 1987, p. 58).

Employee productivity: evaluation of the quality and quantity of work productive.(Collective agreement of orbis 12th edition. page ,30)

Extrinsic motivation: is a motivation that is driven by external rewards. such as salary, job security, reward, working environment and rewards system of the company. (Kendra Cherry, MS).

1.3 Statement of the problem

In the modern competitive world, business organizations are facing ever-growing challenges in connection to commitment, engagement, and retention, resulting from belief of their employees which in turn impact organizations productivity exposing them to a cash flow crisis, and finally halting the entire business operations. In addition to declining productivity levels, these challenges impact profitability. Multiple studies in different countries and across industries show that employees who are passionate about their jobs and the organizations in which they work are in the minority. Studies by Nurun (2017) results obtained indicate that if employees are positively motivated, it improves both their effectiveness and efficiency drastically for achieving organizational goals.

The employees' motivation of particularly that of extrinsic motivation is critical success factor for any company productivity and goal achievement. According to, Ryan and Deci (2000) extrinsic motivation require an instrumentality between the activity and some separable consequences such as tangible or verbal rewards and that satisfaction comes not from the activity itself but rather from the extrinsic consequences to which the activity leads. Rewards are useful instruments that encourage individuals to perform as is desirable and it can take the form of monetary. It can also be in form of incentives such as increased salary and leave bonus to non-monetary incentives like promotions and job security.

Orbis Trading and Technical Center Share Company established for purpose of rendering service and trading imported merchandise such as vehicles Mercedes Benz, Renaults SAS, Bosch parts from Germany & France, since 1950 G.C (www.orbistrading-ethiopia.com). The employee in this company served half of their life and they have a great sense of ownership and they were motivated. In recent years, however, employee motivation declines due to enterprise factors. The company face different problem resulting from employee lay off and termination increase due to lack of praise and quality of company leadership, absence of maintain good working environment, job in security of employee especially qualified and experienced employee, reward system and the salary of company employee compared to similar industry in same level. In addition, there is a gap in clear communication or work flow consistent to the job and absence of clear job description, empowerment and accountability which should have been designed according to their qualification and performance. (www.orbistrading-ethiopia.com)

The above-mentioned gap identified in the company was assessed by the use of preliminary interviews conducted with employees found both in the top management to the low-level supervisors. The research felt that the staff members were less motivated as such with management's ability in terms of compensation packages to encourage better performance out of their subordinates in which it caused high turnover among subordinates due to low performance.

Therefore, the purpose of the study was to investigate the effect of extrinsic employee motivation on company productivity. To achieve this purpose the study tried to answer the research question and given recommendation to the alternative solution.

1.4 Research Questions

The study will be guided by the under listed research questions

- What is the relation between of extrinsic employee's motivation and company productivity?
- How employees are extrinsically motivated for company productivity?
- Which motivational factors significantly influences employees for better company productivity?

1.5 Objectives of the study

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

1.5.1 General Objective

The general objective of the study was to examine the effect of extrinsic employee motivation on company productivity of Orbis trading and technical center Share Company.

1.5.2 Specific Objective

The specific objective of the study was stated as follows:

1. To examine the relationship between extrinsic employee motivation on company productivity?
2. To recognize how extrinsic employee motivation affect company productivity?
3. To identify which employee motivation factor significantly influenced company productivity?

1.6 Significance of the study

The purpose and importance of the study are to know why employees of Orbis Trading and Technical Center S.C affected by extrinsic employee motivation on productivity. The study will see three-year data (year 2020 to 2022G.C). this study expects to facilitate the owners of Orbis motivation of employee important to work effectively and efficiently. The study is also important because it will assist the management to give serious attention for extrinsic employee motivation.

The other expected benefit of this research thesis is to make possible suggestions, which will be believed to improve the present effects of employee's motivation on employee productivity at Orbis. Therefore, the research was expected to identify the dimensions of employee's motivation that have impacts on employee's productivity in Orbis; and also, to identify to what extent of these dimensions of employee's motivation can affect their contribution and then recommend mechanisms for improvement.

The study is expected to help the organization to examine its weakness and give some possible insights to the higher officials of the Orbis to tackle the problems identified.

The result of the study helps the organization to revise its past performance alongside how far it has been motivating employees fairly and equitably. The findings of the study are also expected to help the management of the ORBIS for planning and decision making by knowing the real effect of motivation on employee productivity. The study may initiate other interested researchers to carry out more extensive studies in the area, and on the other hand serve as a reference material for both academicians and practitioners.

1.7 Scope of the study

The main focus of this study is investigation of the effects of motivation on employee's performance in the case of Orbis Trading and Technical Center S.C located in Addis Ababa in which it considered motivation as extrinsic motivation.

The researcher uses company productivity as the dependent variable beside the independent variables was leadership, working environment, job security, reward system and salary motivational factors. And the research distributes for 50 respondents of the company employees. Finally, the data was collected between the months of November 2022 up to December 2022.

1.8 Limitation of the studies

As the case with any research paper, in meeting its research objective, it was confined to the following limitations;

The study was limited to a single organization with no branches and hence did not consider all other sectors of similar Ethiopian Automotive Industry.

The research sampling source is limited to respondent of professional employees who works only at the head office Administrative and technical service part of Orbis Trading and Technical Center S.C because of know-how, time and budget.

In terms of data source, the study is confined to information obtained from selected employees and written manuals in the organization labor union manual as reference in the organization and company's human resource manual.

At last, some of respondents' unwillingness to fill or respond the questionnaires due to lack of time, because of the nature of their technical job at ORBIS, and lack of understanding the usefulness of the study.

1.9 Organization of the study

This thesis is divided into five chapters.

Chapter One: discusses about background of the study, statement of the problem, research questions, and objectives of the study, significance of the study, scope of the study and limitations of the study.

Chapter Two: presents related literature review of extrinsic employee motivation and company productivity. In addition, it includes empirical review made on previous studies related with Company productivity.

Chapter Three: it deals with the research methodology being used, and it encompasses research design and approach, target population, data type and data sources, data collection instrument and data analysis.

Chapter Four: present the finding of the research

Chapter Five: The final chapter contains a summary of the study finding, conclusions drawn from the findings and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

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

2.1 Theoretical Literature

2.1.1 Motivation Defined

Many contemporary authors have also defined the concept of motivation. According to Hell Riegel, et al (2002) motivation is a psychological state that is said to exist whenever internal and /or external forces trigger, direct, or maintain goal- directed behaviors (Hell Riegel, et al 2002).

An Overview Along with perception, personality, attitude and learning, motivation is an important part of understanding behavior. Motivation defined as a psychological state that is said to exist whenever internal and /or external forces trigger, direct, or maintain goal- directed behaviors (Jackson and Slocum 2002).

Motivation refers to the resolution of achieving a goal, marked by a goal directed behavior. When we refer to someone being motivated, we imply that the individual is trying hard to perpetrate a certain task. However, motivation alone can't suffice what we require to consummate that task with highest efficiency. Ability having the skill and knowledge to perform that task is also significant in this regard.

Define Productivity:-is one of the most important elements of any work organization and any organization that is not optimally productive cannot withstand the test of time. It has been argued that productivity is one of the basic variables governing economic production activities and perhaps the most important one (Tangem, 2002)

The many different theories of motivation can be easily grouped in to three general approaches. Those are managerial approach, job and organization approach and individual difference approach

The purpose of motivational theories is to predict behavior motivation is not behavior itself and it is not performance.

Motivation concerns actions and internal and external forces, which influence a person's choice of action.

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

2.1.2 Characteristics of extrinsic Employee motivation

All people act for and for something. Nobody acts in vain; there is always a motivation behind the behavior that explains and justifies our actions. In addition, there are different types of motivation; one possible classification is the one that differentiates extrinsic from intrinsic motivation.

In this article we will focus on extrinsic motivation. What does this concept refer to? What are their characteristics? What examples do we know of it? How is it different from intrinsic motivation? Discover all the answers in relation to this very interesting concept of basic psychology.

Thus, through extrinsic motivation, the individual seeks to achieve something with his efforts or actions (for example, an award, an external reward system, leadership, working environment, salary, job security. In other words: the reinforcement or incentive that motivates the action (whether it is positive or negative) is external and also is outside the control of the person. However, it has more features that we will learn about below.

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

- Motivation is typified as an individual phenomenon: Every person is unique and all the major theories of motivation allow for this uniqueness to be demonstrated in one way or the other
- Motivation is usually intentional: Motivation is assumed to be under the control of the worker, and behaviors that are influenced by motivation such as effort expended, are seen as choices of action.
- Motivation is multifaceted

2.1.3 Type of Motivation

Intrinsic motivation

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

Intrinsic motivated employees like to have freedom to make decisions, to express creativity, opportunity for advancement, recognition for good work and so on. For this type of employee's

external reward is not the main factor or reason to do the activity or the work given to him because they can be satisfied by the work itself which means that the task its self is the motivator.

Extrinsic motivation

Extrinsic motivation is when someone feels motivated to do something to gain a reward or avoid a punishment.

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

Motivation and Company Productivity:

Various studies have established the correlates between staff motivation and productivity in company. According to Bob (1997), to accomplish organizational objectives, the management must not only create a favorable environment in which the employees must work but motivate workers to greater productivity. An unmotivated worker becomes a liability to the Organizational setting (Akintoye, 2000). Motivation is therefore very important to management, for it is a reflection of management efficiency and workers' effectiveness. Ubeku (2004) viewed motivation of workers through wages and salaries as directly consequential to the productive level of the employees. OgunSaju (2006) defined motivation as something that manager needs to do to get the worker respond to certain expected ways. Robbins (2000) defined motivation as the process that account for an individual's intensity, direction and persistence of effort toward attaining a goal. Management strategies we feel are very likely to motivate workers to work. There can be many more methods but these ten will bring no mean results in enhancing productivity leading to

the corporate survival and growth of the business environment. Remember, high level motivation employees are the greatest resource of any business. Therefore, investing in developing high level employees should also be a business's greatest investment of time, resources, and money

Many factors could reduce employee performance, such as practices restricted by their superiors the limits company policies and the physical working environment - lighting, temperature, noise or availability of materials (Hall, 1994; Baron, 1994 quoted in Pinder 1998)

How are motivation and productivity linked?

In order to be able to capitalize on your motivation and direct it towards achieving your goals, you first must understand how motivation and productivity are linked.

Motivation does not happen in a feed store, but rather, it directly influences the productivity output that you can achieve. Like with anything in life, the more you put into it, the more you get out of it. Motivation and productivity are linked absolutely true. The more you put into anything in life, the more you will get out of it

Motivation is the road map for how to get somewhere, while productivity is the vehicle that is required in order to reach the destination. One does not exist without the other. For you to be highly effective, you need both motivation and productivity on your side.

Motivation and productivity go hand in hand. The more motivated you are to achieve a goal or ambition, the more productive you will be with your time. The less likely you will become distracted. It will also result you in producing a better final product.

The effect of motivation is shown when you lack motivation; you will struggle to be productive. Instead, you will find excuses and distractions to prevent you from focusing on what you should be accomplishing.

According to Wayne (1998), company success is dependent upon members being motivated to use their full talents and abilities, and directed to perform well in the right areas

Some of factors affecting company productivity as follows

A. Good Leadership Relations

Leadership is not something that we can explain via a mathematical formula, but leadership skills certainly affect employees and the company productivity

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

B. Working Environment

Several studies in recent years have confirmed what most employees already know: Work environment has a significant impact on employees' productivity, motivation, and overall job satisfaction.

So, how does your work environment affect employee productivity? Creating a positive and healthy working environment can substantially increase employee productivity. There are three basic components which come together to create a productive work environment. The first is the physical workspace itself, office layout, lighting, and temperature. The second is workplace ambiance. It includes things like noise levels, privacy and space. The third is workplace culture, and it includes employee recognition and autonomy.(Ryan &Deci, 2000).

1. Physical Workspace

Of all the components that make up a work environment, the physical workplace has arguably the most dramatic effect upon employees. Fortunately, it's also the easiest component to control.

Lighting

The right lighting can make a vast difference in an office space. Many workers, especially in an office setting, are already staring at screens for most of their workday. Hours of screen time combined with poor lighting can lead to headaches, fatigue, low productivity and depressed mood. To improve motivation and productivity, ensure that lighting is bright, without being harsh or glaring. Aim to allow as much natural light as possible into the workspace. In the alternative, try light bulbs that mimic daylight. Task lighting at individual workspaces causes considerably less eye strain than overhead lighting. Finally, repair or replace any lights that flicker or hum.

Cleanliness

Being in a dirty, dingy environment dampens mood and decreases motivation, and can cause resentment among employees. Proper ventilation and adequate fresh air are also critical to employee well-being. Beyond job satisfaction, a dirty office also jeopardizes employees' physical health. Germs spread more quickly in a poorly ventilated space, leading to more employees taking sick days. Built-up allergens like dust and mold can also cause health problems for employees. Hire a cleaning crew for regular maintenance and occasional deep cleaning. Keep air ducts clean and replace air filters regularly. Eliminate any plumbing leaks or damp conditions; if you believe your workspace may have a mold problem, hire a professional mold remediation company. [Opens in a new tab.](#) as soon as possible. Clean out the office refrigerator, if applicable, and ensure that trash is emptied often.

Temperature

Workplace temperature is a commonly cited productivity killer. Encourage employees to use fans or heaters at their individual workspaces to customize their work temperature. Note: If every employee in your office is using a fan or a space heater, your office temperature may be too hot or too cold.

Adequate Resources

Employees need to be able to quickly access the tools and supplies they need to perform their work; hunting these things down is distracting, interrupts work, and leads to frustration. Ensure that there are enough tools or supplies on site so that every employee can access them quickly and easily. In addition, be sure that employees have sufficient access to necessary technology: if the phone lines are always busy or bandwidth is strained, it's time for an upgrade.

2. Workplace Ambiance

Workplace ambiance has strong ties to the physical workspace; however, it also depends to a degree upon the people working in that space.(Ryan &Deci, 2000).

Noise Level

Workplace noise levels make a huge difference in an employee's level of motivation and productivity Opens in a new tab. Too much noise is distracting to anyone. Even with headsets, if a lot of people are talking on the phone at once in an open space, each will have to speak loudly to be heard above the ruckus which just intensifies the problem. Phone conversations are the most common source of excessive noise in an office environment, but depending on the workspace, excess noise can come from tools, equipment, monitors, even televisions or radios.

Consider installing a few soundproofed "phone booth" areas from which employees can make calls. Don't overlook the benefits of acoustical tile: Upgrading your workspace's ceiling tiles, wall coverings or floor coverings can also make a tremendous difference in workplace acoustics and reduce overall noise levels by eliminating echoes and absorbing sound waves.

Different people have different noise tolerance levels while working: Some prefer total silence, while others find total silence unnerving; still others are more productive while listening to music. Encourage employees to use earplugs or headphones to adjust the noise level to their personal liking.(Ryan &Deci, 2000).

Personal Space

It's difficult to be productive in a cramped or cluttered workspace Opens in a new tab.. Too many people working nearby is a major source of distraction, not to mention a fire hazard and breeding

ground for germs. Cluttered workspaces cause employee stress and lead to wasted time and lost items.

To the extent possible, ensure that each employee has adequate space to be productive and to maintain some degree of privacy and autonomy. If you've outgrown your workspace, it may be time to move to a larger facility.(Ryan &Deci, 2000).

3. Workplace Culture

Workplace culture is the most difficult aspect of the work environment to control or change. Taking the suggestions from the previous sections should help by creating a more positive and productive workspace and therefore increasing employee motivation and mood. Every workplace is different, but studies have shown that workplaces with motivated employees have some things in common.

Team Atmosphere

Employees who feel that they have “work buddies Opens in a new tab” or positive relationships in the workplace tend to be more motivated and more satisfied with their jobs. Encourage positive interactions between employees. Engage in team building activities Opens in a new tab. and make time to celebrate things like birthdays or holidays.(Ryan &Deci, 2000).

Set up the office in a way that encourages employee interaction and mingling, such as a communal snack room or coffee break area. To increase the mood-boosting benefits, situate these areas near a window or other source of natural light, add paint or artwork featuring bright, bold colors, and add a live plant (just don't forget to water it).

Employees tend to feel the least motivated in workplaces where supervisors take an overly authoritarian or demanding approach. Encourage supervisors to adopt a teamwork-based attitude and consider replacing anyone who seems to consistently raise the office stress level.

Employee Recognition

Employees who are recognized for a job well done do a good job more consistently. Likewise, employees are least motivated in workplace cultures in which supervisors focus more on negative consequences of mistakes than on positive rewards for success. Make sure that employees have

some objective, transparent way of tracking progress, and be sure that any recognition or reward system is implemented in a consistent and transparent way.

Autonomy and Work-Life Balance

Studies consistently show that micro-managing is detrimental to morale and to productivity. Employees who don't feel trusted at work are unlikely to feel motivated to work harder. Employees who are given more flexibility with regard to scheduling and task management have a more positive work-life balance and report a higher job satisfaction.

Motivation, desire and satisfaction are highly personal emotions subject to influence from several sources in and outside of the workplace. However, creating a positive and healthy working environment has showed potential to substantially increase employee motivation.

C. Job security

Job security is the assurance an employee has that they can continue working their current job for the foreseeable future. It means you're confident that your employment status with a company can stay consistent, regardless of any external forces that might impact the business. Job security means feeling safe from factors like layoffs, sudden changes in business performance.

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

D. Reward

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

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

E. Salary

Salary and wage policies of different organization vary somewhat. Marginal units pay the minimum necessary to attract the required number of kinds of labor. Often, these units pay minimum salary or wage rates required by labor legislation, and recruit marginal labor. At the other extreme, some units pay well about going rates in the labor market. They do so to attract and retain the highest caliber of labor force. Some managers believe in the economy of higher wages. They feel that, by paying high wages, they would attract better workers who will produce more than average worker in the industry. This greater production per employee means greater output per man hour. Hence, labor costs may turn those existing in firms using marginal labor. Some units pay high wages because of a combination of a favorable product market demand, higher ability to pay and the bargaining power of trade union. But a large number of them seek to be competitive in their salary and wage, they aim at paying somewhere near the going rate in the labor they employee. (Ryan &Deci, 2000).

Factors that affect a sound salary or wage policy is to adopt a job evaluation program me in order to establish fair differentials in salary and wages based upon differences in job contents. Beside the basic factors provided by a job description and job evaluation, those that are usually taken into consideration for wage and salary administration are:

- The organizations' ability to pay
- Supply and demand of labor
- The prevailing market rates
- The cost of living
- Living wage
- Productivity
- Trade unions bargaining power

- Job requirements
- Managerial attitudes and
- Psychological and sociological factors
- Levels of skills available in the market

Extrinsic motivation: -

Extrinsic motivators are efficient but the influence doesn't last long. Intrinsic motivators tend to have a longer effect as they are inherent and not imposed from outside (**Armstrong 2007**). As the needs of individuals differ a lot, it is important to concentrate carefully on the attachment of goals and incentives given when goals are accomplished. Motivation theories help to understand different motivators. Motivation theories have been examined for decades.

These theories can be implemented to the company's human resource policies to get the best out of the employees to get the best from their people, managers should emphasize anticipated reward value, whether extrinsic or intrinsic. So, managers' job is to strengthen effort-performance-reward expectancies. For employees who have difficulty attributing outcomes to their performance, managers must make sure they realize performance-reward connections and provide performance feedback.

2.1.5 Different theories of motivation

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

2.1.5.1: Herzberg's motivation hygiene theory: Adopting an approach different from Maslow's, Frederick Herzberg focuses on two factors, the first is the outcome that can lead to high levels of motivation and Job satisfaction and the second is the outcome that can prevent people from being dissatisfied. According to Herzberg's motivation hygiene theory people have two set of needs or requirements.

- a) Motivators need which are related to the job itself and how challenging it is. Outcome such as interesting work, autonomy, Achievement, Recognition, Work itself, Responsibility, Advancement, Growth etc.

- b) Hygiene factors are related to the physical and psychological context in which the work is being performed. They are satisfied by outcomes such as pleasure with coworkers, effective supervision, working condition, Salary status, Security, Relation with peers, Subordinate etc. According to Herzberg when hygiene needs are not met, workers are not dissatisfied. Satisfying hygiene needs, however, does not result in high level of motivation or even high level of job satisfaction. For motivation and job satisfaction to be high motivator need must be high **(Jones & George 2009)**.

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

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

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

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

Figure 2.1: Reinforcement theory



Source: Bing.Com/Images of reinforcement theory

2.1.5.3: Equity theory: A theory of a job motivation emphasizes the role played by an individual's belief in the equity or fairness of rewards and punishments of rewards and punishments in determining his or her performance and satisfaction. (Jones & George 2009). Equity theory is a theory that centers on perceived fairness of an individual. An employee reflects on how much effort he has expended and compares this to what he has got from it. Based on the idea that, individuals are motivated by fairness and if they find/ identify inequity in the input or output ratio of themselves and their referent groups then they will seek to adjust their input or output to reach their perceived equity. External equity arises when employee use comparisons to others who have the same job but work in different organizations. Internal equity occurs when employees compare themselves to others who have different job but work in the same organization.

2.1.6 Employee productivity

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

There are several variables that determine performance. These variables could be classified as general determinants of performance. For instance, one's qualification can go a long way to

enhance his performance. When one goes through education, development and training to acquire a certain level of qualification, it will enhance his working ability all other things being equal. Also, experience is a great asset that can improve an employee's performance.

The longer the number of years' experience, the higher the level of performance all other things being equal. Again, quality and style of supervision is a key factor. The use of democratic and autocratic styles of supervision will have varying degree of results given different behaviors of employees; the working environment is another determinant that could pose serious threat to performance. For example, if the working environment is hazardous, it could endanger the lives of employees

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

2.1.7 Impacts of Employee Motivation on Company Productivity

A. Employee Motivation and leadership

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

B. Employee Motivation and working environment

The relationship between employee motivation and employee productivity is not well established According to **Lat-ham, (2007)**. However, the consensus is that motivation leads to

increase in productivity in the long run the strongest implication of much of the research is that the two variables, motivation and performance, are relatively independent of each other. There seems to be at least two possible reasons for this. The first is that in many jobs' variations motivation cannot lead to variations in productivity. Secondly, even when correlations do appear, the associations may be spurious, since both may be associated with another factor. There are some conditions under which high productivity more clearly leads to motivation. One condition is that the employees perceive that intrinsic and extrinsic rewards are contingent upon their productivity. The second condition is that the extrinsic rewards (pay for example) be distributed equitably. Inequitable distribution fails to convince the employees close correlations between hard works and rewards (**Vischer, 2007**)

C. Employee Motivation and Job security

Job security is the assurance an employee has that they can continue working their current job for the foreseeable future. It means you're confident that your employment status with a company can stay consistent, regardless of any external forces that might impact the business. (**GuestBlogger, February 10, 2021**). Job security means feeling safe from factors like layoffs, sudden changes in business performance or economic factors. Job security is important for both employees and companies.

Motivating factors can make a company successful or destroy it. According to a survey by Human Resource Services the top motivational factor for employees is job security. That also means the lack of job security is most likely to wreak destruction with a company's employee retention.

Job Security may be an important factor but we can always find another job (now that depends on how fast you find your next adventure) and we are usually looking for better jobs to make more money. Money will always come with the amount of job challenges you get on your new role, but when you have job security you will be able to get to the other side of the life where you can get almost everything you want or desire in life. Monetary factors are always a good motivator, but job security has more impact upon employee performance than money in current period of heavy competition.

Layoffs

Whether your company has never laid anyone off before or infrequently experiences employee layoffs, you can reduce the effects of uncertainty by establishing a layoff policy dependent on work performance rather than seniority. Employees are appropriate to work harder and smarter to secure one of the remaining positions during downsizing attempts, and you will be left with a staff capable of helping your company find success.

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

Ways of minimizing Job insecurity as follows:

Attract and retain talent

When you feel more secure in their jobs, they might be more likely stay with a company. Companies can show their employees that they can manage change effectively, handling economic changes in a way that keeps employees safe. If employees then tell others about the job security they feel, others might apply to the company for a secure position

Maintain productive work force

Increased job security can help employees be more productive in their roles. Less secure jobs can cause employees to feel more distracted or anxious, so this security might enable greater focus and determination. Feeling secure can also provide motivation as they want to grow in their roles or career with a companyWilkinson, (Waterman, J. & Simmons, B. (2007)

Encourage loyalty among employees

An employee who feels safe at work might be more loyal to their company. This means they trust the relationship and that they commit to performing well and staying with a company. Loyalty is important because it shows company leadership that their employees share their values and want to work toward achieving the same common goals.

Foster positive employee morale

Employees can feel more positive when they have a secure job. This means they might have more positive relationships with others at the company and customers throughout their work. Positive attitudes can also lead to higher productivity and teams motivating one another.

Increase productivity

One way you can prove your value is by boosting your productivity. Consider tracking the progress you're making and create an ongoing list of achievable goals

D. Employee Motivation and Reward system

An employee reward is a bonus, gift, or incentive that an employer gives to an employee in recognition of their contributions, good work, or loyalty. It can be monetary or non-monetary and is usually given on an ad hoc basis.(**Martin, 2010**).

The most common type of employee reward is performance-based. That means they are given based on either individual or team performance. Other types of employee rewards include spot bonuses and privileges.

Role of Employee Reward System

Employee rewards can motivate employees and help to improve their productivity and job satisfaction. They can also help to retain talented employees and encourage them to stay with the company for the long term. However, care should be taken not to overuse rewards as this may lead to employees becoming complacent and expecting rewards for every small task.

The most effective reward programs are well-designed and tailored to the company's goals, objectives, and workforce. When designing a reward program. It is essential to consider what motivates your employees. As different workers may respond better to different types of rewards. ([Inter Observers, October 2, 2022](#))

There are various types of rewards programs that you can put in place in your business. Some common types of rewards programs include:

1. Involve every employee

Involving all employees in the rewards process is essential to ensure everyone is on the same page. By having representatives from different positions, you can get a variety of perspectives and ensure that no one feels left out. Additionally, this will encourage communication between employees and management about the reward systems.

This way, employees and upper management will be aware of the process. This can provide feedback to improve it. Involving all employees in the rewards process is vital to ensure the system is effective. ([InterObservers](#) October, 2, 2022)

2. Make sure rewards are worth it

Selecting the right employee rewards is critical to ensuring that your employees are motivated to achieve goals. Employees who do not see the rewards as worth the effort will not be inclined to work hard.

Make sure to include employees choosing rewards. Their input will be invaluable in selecting something that they will want.

Additionally, managers should give employees recognition; this will serve to remind them that their efforts are appreciated and valued. When employees feel valued, they are more likely to be motivated to work hard and succeed. ([Inter Observers](#), October 2, 2022.)

Set standards for performance rewards

Employees need to see the rewards they are working towards as attainable to stay motivated and engaged. Set clear standards for performance rewards. Check with employees to ensure they believe the rewards are within reach.

Providing employees with a dashboard where they can view their performance in real-time. This will also allow them to assess their progress. Also, have realistic expectations for rewards.

Besides setting realistic goals. It's also important to provide employees with regular recognition for their efforts. This can help keep them motivated and engaged in the long term. ([Inter Observers](#), October, 2, 2022.)

3. Distribute rewards based on aim data performance

Employees must see the rewards as attainable for them. This can engage in the necessary effort to get them.

Distribute rewards based on aim data performance. This ensures that all employees have a realistic opportunity to earn rewards. Also, regular check-ins with employees. This will help ensure that they believe the rewards are within their reach. ([Inter Observers](#) October 2, 2022)

Finally, providing employees with a dashboard where they can view their performance. This will allow them to assess their performance. Also, have realistic expectations for rewards. By taking these steps, you can ensure that your employees are motivated to perform at their best.

4. Make a fair reward system

When employees view the reward system as fair, they will be more engaged in trying to get the reward. A fair reward system is designed to promote employee recognition and motivation.

To create a fair reward system, start by defining the criteria for eligibility and selection. Ensure all employees know the requirements and have an equal opportunity to meet them. Once you have established the criteria, select a method for distributing the rewards. ([Inter Observers](#), October 2, 2022.)

Common methods include awarding points or giving out vouchers. Finally, make sure to distribute the rewards according to pre-determined policies.

By following these guidelines, you can create a fair reward system that will encourage employees to stay engaged in their work.

5. Call out all the accomplishments

Employees should be rewarded for meeting both large and small goals.

This ensures that they receive recognition for their progress and that their behavior is consistent with company expectations. So call out all the accomplishments, big and small. This will help to keep employees motivated and encourage them to continue meeting company standards.

Employee recognition is integral to building a positive work environment and promoting a culture of success. By rewarding employees for their achievements, you can show them that their hard work is appreciated and that they are valued, team members. ([Inter Observers](#), October 2, 2022.)

6. Recognize teamwork

In today's competitive business climate, recognizing and rewarding teamwork is more important than ever. Studies have shown that team-based rewards are more effective at increasing performance than individual incentives.

This is because team-based rewards foster a sense of cooperation and cohesiveness among employees, which leads to higher productivity levels. If your company does not already have team-based rewards, it is time to implement them. ([Inter Observers](#), October 2, 2022.)

Also, the resources devoted to team-based rewards should be significant to recognize and encourage teamwork. This small change could significantly impact your company's bottom line.

7. Consider non-monetary rewards with cash rewards

A study on reward systems by the Harvard Business Review found that a combination of cash and non-monetary rewards, as well as social awards (e.g., recognition and praise), have the greatest impact on employee performance. ([Inter Observers](#), October 2, 2022.)

The study also found that paying cash bonuses in a lump sum to maximize their effect as money only motivates when it is a significant amount.

Thus, employers should consider non-monetary rewards, such as recognition and praise, alongside cash rewards to create a system that will significantly impact employee performance.

8. Don't disclose the value of non-monetary rewards

Employees who are unaware of the cash value of non-monetary rewards are more motivated. Rewards and recognition are a powerful way to show employees that their hard work is appreciated and that their employer is willing to invest in their continued success.

By not disclosing the cash value of non-monetary rewards, employers can ensure that employees are motivated by the intrinsic value of the reward itself. ([Inter Observers](#), October 2, 2022.)

This can lead to more engaged and productive employees and more positive workplace culture.

9. Use long-term incentive schemes

Utilizing long-term incentive schemes is often seen as a more effective way to motivate employees than relying on short-term rewards programs.

The main reason is that long-term programs tend to impact employee performance more. The resulting gains usually last longer. Furthermore, research has shown that employees who feel their efforts are being recognized and rewarded are more likely to be satisfied with their job and less likely to leave the company. ([Inter Observers](#), October 2, 2022.)

While short-term rewards programs can be helpful at the moment, businesses should focus on implementing long-term strategies to see sustained employee performance improvements.

10. Integrate non-competitive programs into competitive reward systems.

While it's true that competition can be a powerful motivator, too much of it can lead to negative consequences, like mistrust, interpersonal conflict, and decreased cooperation. That's why it's essential to strike the right balance when using competitive incentive programs to increase employee performance. ([Inter Observers](#), October 2, 2022.)

Integrating non-competitive programs into competitive reward programs can help create a more positive and productive work environment, for example, rather than pitting employees against each

other in a sales contest. Instead, you might pair them up and offer a bonus for every new account they bring together.

By offering both types of rewards, you'll be able to boost performance while promoting teamwork and collaboration.

11. Integrate rewards into the company's strategy.

Organizations use rewards to align employee behavior with the company's business strategy. Integrating rewards into the company's strategy helps employees be motivated to achieve desired results. ([Inter Observers](#), October 2, 2022.)

When designing a reward system, it is crucial to consider the organization's goals, values, and culture. The reward system should also be tied to performance measures that align with the company's strategy.

Organizations can motivate employees and improve performance by aligning rewards with the company's business strategy.

12. Alter the rewards

Altering employee rewards can make the process more exciting and ensure that employees work harder to achieve them. This is because employees will be surprised by the changes and feels more excited about the possibility of receiving a different reward. ([Inter Observers](#), October 2, 2022.)

This can motivate them to work harder to achieve the reward, leading to better performance. Thus, it is important to change the rewards to keep employees engaged and motivated.

There are three type of reward

1. Intrinsic versus Extrinsic rewards

Internal intrinsic rewards are the non-tangible rewards that come from a sense of satisfaction. This could be an impressive job title, career growth, personal achievements, or being praised by a

supervisor. Internal rewards make employees feel valued and appreciated in a company, which leads to higher job satisfaction.

External or extrinsic rewards are the tangible rewards that employees receive upon completing a task or meeting a goal. This could be a bonus, a raise, or a gift. The focus of extrinsic rewards is on improving performance through appreciation. While internal rewards are more concerned with motivation, extrinsic rewards focus on results.

Finding a balance between extrinsic and intrinsic rewards is necessary to create a healthy work environment.

2. Financial versus Non-financial Rewards

Financial rewards are often given as bonuses, salary raises, and other forms of compensation. This increases an employee's financial well-being. At the same time, these rewards can be significant motivators for employees. However, they may not always be companies' most practical or affordable options.

Non-financial rewards, such as employee benefits and appreciation gifts, can effectively motivate employees without putting a strain on company finances. Besides, non-financial rewards tend to have longer-lasting effects than financial rewards. Making them a more cost-effective option in the long run is crucial ([Inter Observers](#), October 2, 2022) . As a result, companies should consider all types of rewards when looking for ways to appreciate their employees.

3. Performance-based Rewards

Performance-based rewards are allocated based on an employee's performance in a company. Corporate Performance-based rewards are given in pay plans, incentive systems, group bonuses, or commissions.

Benefit of reward systems are an important tool for motivating employees. They can increase employee productivity and engagement. Additionally, they can help attract and retain top talent in a competitive

F. Employee motivation and salary

Salary is the most important factor in motivating employees. Motivation plays a significant part in a company in the modern society because only if employees are motivated can they be more productive. In a company, managers usually take measures such as pay increase and promotion to motivate workers.

In the past decade, there have been a large number of surveys on factors that motivate employees to perform their best (**Wiley 1997**). Some experts state that salary is the most important factor in motivating employees. However, others believe that factors such as responsibility and job security are of vital importance. The reason why salary is not the most important motivation is that companies usually link workers' salaries with their productive results, which gives employees less opportunities and limits their development (**The Times 100 2010**).

According to a surprising scientific experiment of motivation, people who gain bonuses and commissions spend more time in solving a problem, which suggests that people become inefficient (**Pink 2009**). In some companies, employees still choose to resign even though they have a high salary. This is because they have no job security in the company. Job security can be defined as the confidence that they can keep their jobs. People who have job security can perform seriously as a result of concern about finding a more secure employment (**Madura 2008**).

Moreover, workers with a low salary may also work efficiently because they can gain a sense of identity. When employees contribute to companies and gain recognition, they usually work harder than before as the result of a sense of achievement. In addition, people who have high salaries are faced with more pressure because they should work more and perform better than those who have low salaries. Pay increases are on behalf of the increase of responsibility. Thus, employees who have poor pressure coping would rather choose a satisfied job with low pay than work hard with high salaries.

Salary is important in the most basic sense -- the vast majority of people wouldn't do their jobs if they weren't paid for it. Fair salary for the particular work required is also important. Two standard human psychology theories from Abraham Maslow and Frank Herzberg explain why salary is critical in keeping employees satisfied at work.

Salary basics

A number of factors enter into a company's determination of how to establish salaries and what to pay for certain positions. Two common pay structures are scheduled pay and market-based pay. Many public organizations, and an increasing number of private companies use schedule pay, which outlines specific pay for jobs based on employee education and experience. Market pay is based on the talents of the individual employee and how much the company is willing to pay to acquire them. Generally, more competitive pay attracts better talent.

Salary and motivation

Links between salary and motivation are often debated. Most experts agree that a reasonable salary for a given job is needed to attract and retain employees. Debate centers on whether salary serves only as a retention tool, or if it's useful in motivating top performance. Some companies use pay plans like salary-plus-commission, or straight commission, as motivational tools in lieu of a traditional straight-salary format.

Herzberg's two-factor theory, based on a job attitude study of 200 accountants and engineers, generally validates Maslow, but consolidates five levels of needs into two more general categories of needs factors -- hygiene, or maintenance, and motivational. His hygiene factors virtually align with Maslow's lower order physiological and safety needs. The motivational factors align with Maslow's belonging, esteem and self-actualization. Herzberg said basic salary was important as a survival need because it protects against employee dissatisfaction. It could not, however, strongly motivate. He did note that recognition, promotional opportunities and self-worth are key motivators. Thus, if companies tie these factors to pay structure, they may have more ability to use salary to push for stronger performance.

2.1.8 Impact of Employee Motivation on Organizational Performance

An organization's progress is directly related to the motivated employees working in it. In this post, we'll discuss how employee motivation impacts organizational performance and the organization's overall progress.

Motivated employees direct their efforts towards achieving organizational goals and positive returns. They get satisfaction from reaching their goals and finding value in their job. Let's discuss these factors in detail.

Motivated Employees are More Productive

Motivated employees are loyal to their organization and find value and social status in their work. Thus, they are driven to discover their best selves for the organization.

Whenever employees are giving their best in the workplace, the whole workflow becomes more efficient. Thus, organizations' capacity to produce high-quality work increases. With time employees can take on more responsibilities without compromising the quality of their work.

As a result, the organization can increase both quality and productivity effectively with the help of their motivated workers. With this result, companies can give their employees appropriate recognition and incentives while acquiring fresh talents to increase overall productivity significantly.

Motivated Employees Bring More Profits

Each organization needs to make a sustainable profit margin to keep itself afloat. This profit depends on the quantity and quality of a company's work.

Organizations can take several initiatives to keep their employees motivated. With motivated employees, organizations can increase the quality and quantity of the work they produce. Therefore, the profit margin can be increased accordingly.

An increase in profit allows organization leaders to give better salaries, incentives, rewards, and benefits to make employees' lives easier. Thus, employees stay loyal and engaged with the organization and keep evolving with it.

Employee Motivation Reduces Employee Turnover

Employee turnover costs organizations a reasonable sum of budget. Each organization allocates substantial time and resources to train employees to develop skills and maintain wellbeing. So, when employee turnover occurs, all this time and resources become unavailable for the organization. This is why motivation is important in an organization.

Organizations that keep their employees motivated can reduce turnover significantly. By taking the right motivation approach, organizations can bring out the best in their employees and keep them engaged with their culture. Thus, employees tend to change their jobs less frequently.

Thus, organizations can effectively reduce the turnover cost along with the cost of training new employees. It allows organizations to keep a steady production with seamless growth.

Employee Motivation Increases the Work-Life Quality

Most employees nowadays are more interested in having a good work-lives balance. This tendency has been seen in millennial workers, who make a prominent number in recent workplaces.

Organizations that keep their employees motivated can offer their employees a good work-life balance. This gives the employees opportunities to separate their personal life from work life and treat each life with the necessary importance. With this opportunity, employees can have the ability to deal with any issues of their personal life in their own time and will be able to give the best input in their work. Therefore, workplace productivity increases and excellent office culture is established.

Product Quality is Directly Associated with Employee Motivation

Employee motivation drives the quality of work and boosts performance in an organization. When organizations keep their employees motivated, production can be done without interruption. Therefore, organizations achieve great harmony in the whole workflow, influencing productivity positively.

With the harmony in workflow, there comes a decreased error margin. Therefore, the product quality has increased significantly. Also, the job performance of motivated employees is significantly higher than unmotivated employees.

With better motivation, the aptitudes and skills of employees increase significantly. Thus, they become more involved in the production process and deliver top-notch product quality.

These products increase the market value of the organization and can make the organization a household name.

Motivated Employees Focus on Customer Satisfaction

For any organization, customer satisfaction is a must. It helps the organization build loyal audiences and transform the business into a well-known brand.

When an organization has enough motivated employees, they give their best to increase product quality. Also, they put their best efforts into solving any problem concerning the product or service their organization markets. Employees who directly interact with the customers can influence customer satisfaction significantly. When employees are properly motivated, they will utilize their best efforts to make the customer satisfied with the product or service.

When consumers are satisfied with a product or service, the organization gets recognition, and reputation increases. With quality products and customer service, the consumers stay satisfied as they get the best products for their money. Thus, customer satisfaction increases significantly.

2.2 Empirical Review

Despite the fact that extrinsic employee motivation is seen as a relatively new field, there are some studies that have been conducted to study the effect of company productivity

Even though there are lots of research on employee motivation and company productivity, I can't get enough in Ethiopian Automobile Industry context especially in Orbis Trading and Technical Center Share Company. By considering this fact, we will look some research done on the topic in countries other than Ethiopia.

2.2.1 Case of UNICEF Somalia support Centre

Linda Madora Kemah(2016) also investigated the impact of motivation on employee's performance in an organization: A case of UNICEF Somalia support Centre, Nairobi which it revealed that UNICEF Somalia did not use monetary rewards to motivate its employees. The study also showed that the company used non-monetary rewards like recognition, decision making roles,

promotion, and flexible working hours to motivate their employees. It showed that the employees indicated that they believed that money was a crucial incentive to work motivation and that most of them used the value of money to perform the function of a scorecard by which they assessed the value that the organization had placed on their services.

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

The study showed that, UNICEF Somalia employees acquire training aimed at improving their knowledge, skills and attitudes towards their work, as well as increase their morale and confidence in the job. It was revealed that, the employees in the organization have a sense of security built from their training and this facilitated their ability to manage changes and new situations that occurred within the organization.

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

The study recommends that management retain the non-monetary rewards as a cost-effective way of keeping the workforce highly motivated, but also include monetary rewards that should be linked directly to the compensation plan and for to provide and create a practical job rotation program and develop a comprehensive program for its electiveness. The study recommends managers to also provide optimal motivational systems that need to be determined for implementing job rotation policy.

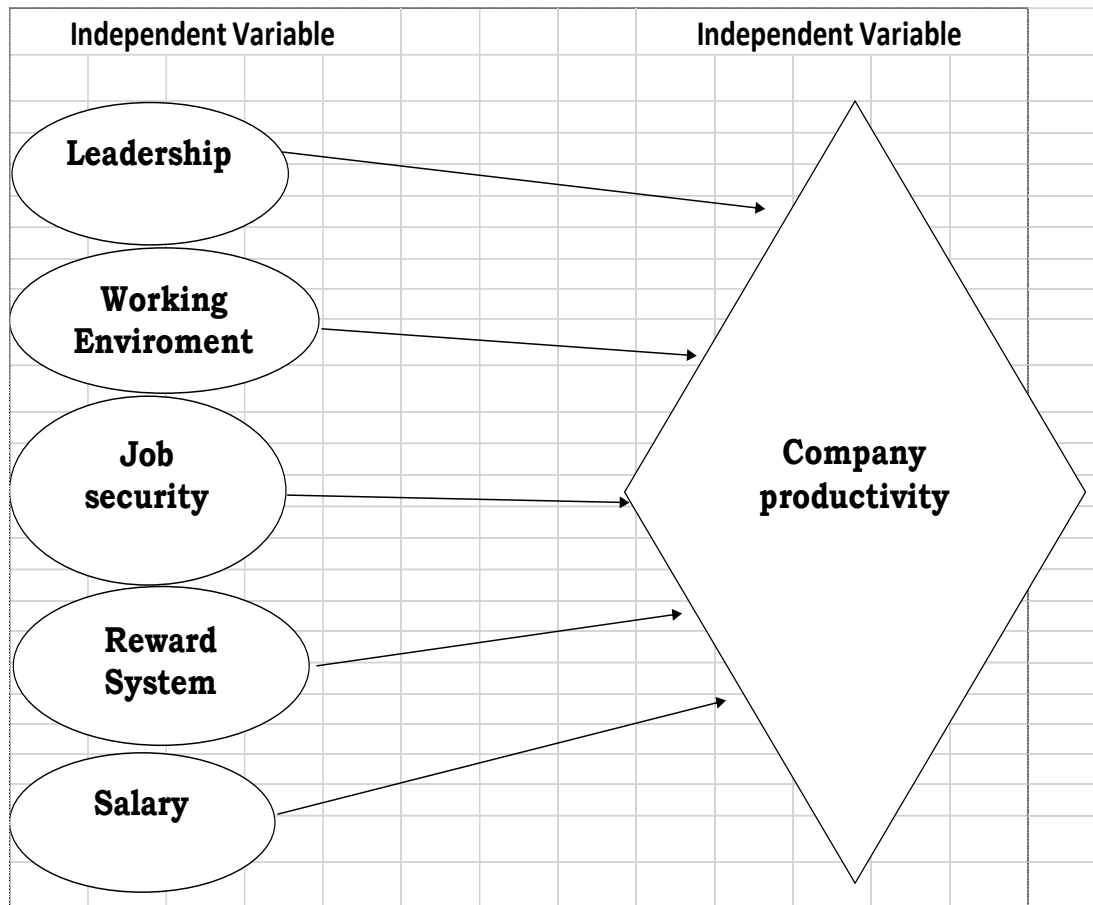
Boamah (2014) investigated the effect of motivation on employees' performance on the Brong Ahafo Education Directorate. In which it revealed that promotion and opportunity for advancement are the major motivation factors and the study has also revealed that motivation level is low in the area of wages and salaries. In which it showed that Ghana Education appears to be paying lowest

wages and salaries in the industry. The researcher recommended that Ghana Education Service (management) should consider as a matter of urgency, the need to make upward adjustment in wages and salaries which will go a long way to reduce the high incidence of labor turnover.

2.3 Conceptual framework

For the phenomenon of motivation and its effects on performance to be studied empirically, there is the need for a conceptual framework that pulls together the concepts of motivation and company productivity. Motivation either intrinsic or extrinsic leads to performance and is influence by factors such as salaries, leadership, work environment, reward, working conditions, job security and relationships with productivity. The conceptual framework provides a foundation for focusing specific variables for the study. These variables are based on the literature reviewed on motivation and its effect on company productivity. The conceptual framework of the study is presented below.

Figure 2.2 conceptual frame works



Source :-Self-structured framework, 2019

Extrinsic employee motivation

Company productivity

From the above discussion, company productivity drive behind effort to externally affect employee'smotivation. The need theorists" focuses on the question of what arouses, sustains and regulates goal directed behavior that is what particular things motivate people and the process theorists" also emphasize on the process of motivation and importance of rewards. Performance and determinants of performance were discussed. Factors such as salaries, fringe benefits, responsibility, promotion in the organization nature of work, recognition of work done; opportunity for advancement, working conditions, and relationships with superior and peers motivates employees, and concluded with a conceptual framework of the study.

2.4 Hypotheses

Hypotheses propose a relationship between two or more variables. An independent variable is something the researcher changes or controls. A dependent variable is something the researcher observes and measures.

H1: leadership has a significant effect on company productivity.

H2: Working environment have significant effect company productivity.

H3: Job security has significant effect company productivity.

H4: Reward system has significant effect on company productivity.

H5: Salary has significant effect on company productivity

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter deals with the research design and data collection methods of this thesis investigation used was the survey method. This study of staff in Orbis Trading and Technical Center S.C head quarter Addis Ababa. The company have their own structure administered by general manger next to him internal auditor, top level management, middle level manger, senior and junior staff. This was done in order to determine whether employees are adequately motivated and how it effects their job productivity

3.1 Research Design

Research design is the outline for fulfilling research objectives and answering research questions (John et al., 2007). The study was designed mainly to investigate the relationship that exists between extrinsic employee motivation and company productivity at the organization Orbis Trading and Technical Center S.C head office Addis Ababa. Questionnaires were issued to obtain data on extrinsic employee motivation and company productivity. The questionnaire contained 36 questions. The questionnaire was structured following by the form of Likert scale. Likert scale is a psychometric scale commonly involved in research used to represent people's opinions and attitudes to a topic or subject matter. It employs questionnaires, often used interchangeably with a rating scale, although there are other types of rating scales to measure opinions. The types of research used to thus a combination of descriptive and explanatory.

Descriptive type of research was used because it is used to “describe” a situation, subject, behavior, or phenomenon. It is used to answer questions of who, what, when, where, and how associated with a particular research question or problem. Descriptive studies are often described as studies that are concerned with finding out “what is”. It attempts to gather quantifiable information that can be used to statistically analyze a target audience or a particular subject. Description research is used to observe and describe a research subject or problem without influencing or manipulating the variables in any way.

One of the common problems is that descriptive designs do not provide direct cause and effectrelationships Shukla, (2008).in order to show the cause and effect of motivation on employee

performance the researcher also uses the explanatory research type because it explains the relationship between variables and how these variables affect employee performance. The emphasis here is on studying a situation or a problem in order to explain the relationship between variables. The objective with this kind of research is to analyze cause-effect relationship, explaining what cause produces what effect.

3.2 Research Approach

Depending on the type of data that are used to study mixed research, which includes quantitative and qualitative research methods. Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics. On the other hand, qualitative research involves studies that do not attempt to quantify their result.

3.3 Data Sources

The source of data used in this research work was the primary & secondary source of data. Primary data is that kind of data that has been gathered for the first time, it has never been reported anywhere and secondary data from Internet and different research related to my topic. The questionnaire was used because no time series data exist for extrinsic employee motivation and productivity at Orbis trading and technical center S.C. The questionnaire was grouped into three sections: section one personal information, section two contained information on extrinsic employee's motivation, and lastly section three contained information on the relationship between extrinsic employee motivation and Company productivity. The questionnaire issued contained questions of which were like some questions used in other works since the area of extrinsic employee motivation and company productivity.

3.4 Study Population

The targeted population was the workers of Orbis trading and technical center s.c made up of over 105 workers. Out of the total number of employee the study cover 50 employee due to the company employ more than 50% technical employee or technicians. They were informed of the importance of answering the questionnaires individually and were guaranteed that their responses would be

strictly and confidentially treated for academic purposes. Each respondent answered questions on 4 sections grouped under personal information, information on extrinsic employee motivation and information on relationship between extrinsic employee motivation and company productivity. This research effect of extrinsic employee motivation on productivity of Orbis trading and technical center total number of employee 105 data collection mechanism is mixed data collection system.

The number of the total population who are currently working in the organization is 105 which include administration and HRM 13, finance have two sections cost and budget and general account section 12, IT2, sales and marketing have 5, export section 4, after sales under this department three division is their sprats 14, service division direct labor mechanical and technical 43 and workshop support office 8 employees and also 4 employee vehicle inspection department employees. The total population size of the head office who are professional employees was reached 105 workers. From this the researcher uses a sample of 50 respondents. The sample respondent was selected without any limitation of gender and sex. Thus, the researcher uses simple random sampling methods. Simple random sampling is the simplest form of probability sampling since probability sample must provide a known non zero chance of the selection for each population element and considered a special case in which each population element has a known and equal chance of selection.

The sample size for this research is drawn using the following formula which was developed by Yamane (1967). the reason for this formula is that it is the most simplified and widely applied in determining sample size. Through statistical summary or analysis. Qualitative studies typically involve interviews and observations without formal measurement (Marczyk G, DeMatteo D. and Festinger D., 2005). This research chose a mixed approach because the combination of the two was thought to help provide more information.

3.5 Method of Data Collection

The study seeks to find out the relationship that exist between extrinsic employee motivation and company productivity and data on employee motivation and company productivity was obtained from answers of the questions extrinsic employee motivation, Company productivity and personal information from workers at the organization Orbis trading and technical center with the

independent variable being extrinsic employee motivation and the dependent variable being company productivity. A pilot test of 10 questionnaires returned within five days. The test reliability of the data was finally the other questionnaire distributed to 50 employees. Out of 50, 33 questionnaires returned within one month period.

3.6 Validity and Reliability of Instrument

The statistically evaluating data technique was used to analyze the relationship between extrinsic employee motivation and company productivity since the statistical looks not only at a single distribution but at the distribution. The technique was used because; the data analyzed was a quantitative one and quantitative data is data that can take exact numerical values, adequate sample size validity & reliability in this context refers to the degree to which consistency of the research instrument is maintained. Thus, to ensure the reliability of this study the research instrument was pre-tested, the questionnaire was re-structured and re-defined and some wording was corrected in a way to be understood by the respondent. Also, the paper enhances the reliability by using a pilot test of 10 before the last questionnaire was distributed through asking the company general manager and HRM managers to check the relevancy of the questions and test the reliability of the data by using a Cronbach alpha. A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha is ranges between 0 and 1. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. George and Mallery (2003) provide the following rules of thumb: " ≥ 0.9 – Excellent, ≥ 0.8 – Good, ≥ 0.7 – Acceptable, ≥ 0.6 – Questionable, ≥ 0.5 – Poor, and ≤ 0.5 – Unacceptable".

Table 3.6.1: Reliability Test		
Measurement scale	No. Item	Cronbach's Alpha
Leadership	5	0.817
Working motivation	5	0.837
Job security	5	0.783
Reward system	5	0.829
Salary	5	0.759
Relationship b/N extrinsic employee motivation & productivity	7	0.811
Total scale	32	0.805
Source: SPSS output survey from data, year 2022		

The above table indicated reliability check of independent and dependent variables as indicated in table 3.6.1, above Cronbach's alpha result of the six dimensions ranges starting from leadership 0.817, working environment 0.837, job security 0.783, reward system 0.823, salary 0.759 and relationship between extrinsic employee motivation and company productivity 0.811. Cronbach's alpha result of six variables scale was also found to be 0.805, which is equal to value 0.8 that means the consistency of variables (independent and dependent) good. The variable reliability or validity of the research questions checking mechanism. In other word independent and dependent variable are consistence or not we have to check by the above table.

Therefore, the values of the Cronbach's alpha have proved the reliability of the instrument.

3.7 Method of Data Analysis

The relevant data collected for the study through questionnaires are processed, analyzed and interpreted through SPSS Version 26 (Statistical Package for Social Science) software. The techniques for Descriptive analysis were frequency distribution, percentages; aggregate mean score were used to determine the gap scores. Also, the researcher uses inferential statistics to explain the relationship between the dependent and independent variable. From this Karl

Pearson's coefficient of correlation was used to determine the correlation between dependent variable (company productivity) and the independent variable (leadership, working environment, job security reward system and salary). This study was done for each group of items

relating to the research questions and objectives. The researcher also uses a multiple regression analysis to see the effect extrinsic employee motivation on productivity of Orbis Trading & Technical Center S.C head office AddisAbaba. Finally, the analysis part was presented in the form of tables and examined in narrative form to ensure understanding of the analysis.

3.8 Ethical Considerations

The data was collected from those of who were willing to fill the questionnaire without any unethical behavior or forceful action. The results of the study will be used for academic purpose only and responses of the participants are kept confidential and analyzed in aggregate without any change by the researcher. In addition, the researcher respects the work of previous investigations or study and cited appropriately those works that have been taken as a basis.

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND INTERPRETATION

This chapter presents the information on the data collected from the respondents on the effect of extrinsic employee motivation on productivity of Orbis Trading and Technical Centre S.C Head Office Addis Ababa. The data was analyzed based on the research objectives and using a statistical tool of descriptive analysis to generate frequency distribution of tables and also used an inferential analysis to analyses the correlation and regression of the result presented.

4.1 Response Rate

A total of 50 questionnaires were distributed to the sample respondents of employees that are working at the head quarter of the Orbis Trading & Technical Centre S.C Addis Ababa. Out of these 50 questionnaires, 33 are collected and of which 17 questionnaires were not returned because of workshop employee most of the time works in technical party not focus on the questioner due to their nature of their job. The company attainment of the required sample size. Therefore, a total 100 % of 33 questionnaires were considered for the study of the respondents working in the Orbis Trading and Technical Center S.C.

Table 4.1: Response Rate of Questionnaires Administered

Item	No. of Distributed Questionnaires	Returned Questionnaires	Returned Questionnaires	Required
Required Number	50	33	17	33
Percentage 100%				67%

Source: SPSS output from survey data, 2022

As shown in table 4.1 above, about response rate, 50 questionnaires were distributed and 33 were appropriately filled and returned, 17 not returned, which represented (67%) of the response rate.

4.2 Demographic Profile of Respondents

This section shows the demographic information of the respondents of gender, age group, educational level, work experience at the Orbis Trading and Technical Center S.C head office Addis Ababa.

Table 4.3: Respondents profile			
Variables	Category	Frequency	Percentage (%)
Gender	Male	19	57
	Female	14	43
	Total	33	100
Age group	20-30	6	18.2
	31-40	22	66.7
	41-50	3	9.1
	51	2	6.1
	Total	33	100
Education	Certificate	0	0
	Diploma	9	27.3
	First digree	16	48.5
	Masters	8	24.2
	Total	33	100
Work experience	<2	10	30.3
	3-5	4	12.1
	6-10	5	15.2
	11-15	7	21.2
	16-20	5	15.2
	>20	2	6.1
	Total	33	100

Source: SPSS output from survey data, 2022

As shown in Table 4.3above, concerning gender distribution of respondents 19(57%) were male whereas 14 (43%) were female.This implies that male respondents outweigh the female respondents.

According to the age of the respondents, as shown in the table 4.2 above, the sample population is largely dominated by the age group of 31-40 (66.7). This was followed by the age group between20-30(18.2%). This indicates that the company is mainly dominated by productive workforces. The remaining group respondents comprise 3 employees (9.1%) were between the age of 41-50 and 2 employees (6.1%) with the age of above 51years.

In terms of level of education, respondents were asked to indicate their highest level of education. The finding clearly shows that majority 16 (48.5%) of the respondents in this study had attained Bachelor Degree, Diploma 9(27.3%) and while the remaining 8(24.2%) got Master's Degree. This indicates that there is a higher level of expertise in terms of level of education.

When looking at the tenure of the respondents in the company, as shown in the table 4.2 above, 30.3% of the respondents worked in the organization for a period of >2 years followed by those who had worked for a period of between 11-15 years which represented 15.2%. Contrary, employees with greater than 20yearstook 6.1%. This implies that the higher number of the respondent who participated in this study worked for their organization for a new employment so that this might help them to increasecompany productivity which in turn might help to give right answer to the prepared questionnaire.

4.3 Analysis of Collected Data

4.3.1 Leadership effect on extrinsic employee motivation.

As everyone recognizes that one of the easiest forms of extrinsic motivational factor to increase employee's productivity is a provision of leadership of the company, Leadership directly affects the employees in the work place ethics implies that the activities they have accomplished.

The researcher tries to examine the effect of extrinsic employee motivation affected by leadership based on the questionnaires distributed to the sample respondents of the company organization.

Table 4.3.1: Leadership effect on extrinsic employees motivation

Statement of variables item	Strongly Disagree	Disagree	Nutral	Agree	Strongly Agree	Mean	St. divation
Company leadership style affect employee motivation.	2 (6.1%)	1 (3%)		19 (57.6%)	11 (35.3%)	4.09	1.011
Company leadeship is not effective.		3 (9.1%)	4 (12.1%)	11 (57.6%)	7 (21.2%)	3.91	0.843
Company leaders are recognize employee contribution		4 (12.1%)	10 (30.3%)	19 (57,6%)		3.45	0.711
I believe the company leader not effective to solve employee problem		5 (15.2%)	6 (18.2%)	18 (54.5%)	4 (12.1%)	3.64	0.895
Company leaders are better equipped to motivate employees.	1 (3%)	1 (3.0%)	7 (21.2 %)	20 (60.6%)	4 (12.1%)	3.76	0.83
Aggregate mean						3.77	

Source: SPSS output from survey data, 2022.

As represented in the above table 4.3.1, respondent was asked to indicate the level of agreement with various aspect in the leadership in the company work place. Terms were measured on a five-point Likert scale starting from strongly disagree to strongly agree and mean starting from 4.09 to 3.76 and aggregate mean 3.77 approximately and standard deviation 1.011 to .88 this implies that the majority of respondent were in agreement that total number of respondent agree leadership strongly affect the employee motivation. This implies that most of employees are leadership affect employee motivation due to leadership problem the company productivity decrease

4.3.2 Working environment effect on extrinsic employee motivation

Another factor that the researcher examines that affects the motivation of employee's and their Company working environment. Working in good working environment adds value either to the employee or company. In certain circumstances, performing in good working environment valuable to an employee than uncomfortable working environment.

It was an important factor for the employers to address the working on conducive working environment increase company employee motivation.

Table 4.3.2: Working environment effect on extrinsic employee motivation

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	St. Divation
Working environment of the company affect employee motivation	1 (3%)	4 (12.10%)		7 (21.20%)	21 (63.60)	4.3	1.159
Social and cultural rules of company affect working environment	2 (6.10%)	3 (18.20%)	6 (18.20%)	20 (60.60%)	2 (6.10%)	3.52	0.972
Company career development equity in the workplace		17 (51.9%)	4 (12.1%)	12 (36.4%)		2.85	0.939
Working environment impacts on employee moral		4 (12.1%)	3 (9.1%)	13 (39.4)	13 (39.4%)	4.06	0.998
Workplace safety regulation follow in your company		1 (3%)	6 (18.2%)	14 (42.4%)	12 (36.4%)	4.12	0.82
Aggregate mean						3.77	
Source: SPSS output from survey data, 2022.							

Regarding with the above table 4.3.2, employee's motivation is positively affected by work environment. Average or mean of this question starting from 4.3 to 4.12 and standard deviation 1.159 to 0.82 this refers to working environment effect significant effect on motivation of employee refers to the physical and non-physical environment the physical environment is the office space and surrounding areas. Employees work better in open spaces that stimulate the senses, look at show room, workshop, there are office spaces that focus on employee wellbeing with green space.

4.3.3 Job Security Effect on Extrinsic Employee Motivation

Job security is important role in the organization well being of employee, employee secure their job to full fill their own and company's goal respectively Job security can be described as job assurance in the sense that an employee is guaranteed continuity of gainful employment. It can also be captured in a protracted angle where it is seen as prevention from arbitrary termination, layoffs and lockouts

Table 4.3.3 Job security effect on extrinsic employee motivation							
Statement	Strongly disagree	Disagree	Nutral	Agree	Strongly Agree	Mean	St. Divation
You agree the company job security affect employee motivation		4 (12.1%)	1 (3%)	24 (72.7%)	4 (12.1%)	3.85	0.795
I am secure in my job	2 (6.1%)	4 (12.1%)	2 (6.1%)	25 (75.8%)		3.52	0.939
The company layoff employee highly affected employee motivation		1 (3%)	3 (9.1%)	21 (63.6%)	8 (24.2%)	4.09	0.678
The company utilization of employee's expertise full potential.		1 (3%)	3 (9.1%)	23 (69.7%)	2 (18.2%)	4.03	0.637
Company employee engaged in key aspect of job security		4 (12.1%)	1 (3%)	26 (78.8%)	2 (6.1%)	3.79	0.74
Aggregate mean						3.856	
Source: SPSS output from survey data, 2022							

According to the above table 4.3.3, aggregate mean starting from 3.85 to 3.79 and standard deviation .795 to .74 respectively the above table impels that the company employees highly affected by job security majority of respondent agree on it. employee needs to work or feel well secured team work their daily activities of the company otherwise there is a problem on companies' productivity and the industry level there is also problem

4.3.4 Reward System Effect Extrinsic Employee Motivation

The employee motivation affected by reward system of the company reward given to employee may be based on performance and other criteria set by the company.

Table 4.3.4 Reward System affect extrinsic employee motivation							
Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	St. Divation
Company reward system is not motivated employee	2 (6.1%)		2 (6.1%)	26 (78.8%)	3 (9.1%)	3.85	0.834
Company reward system is not liked to employee productivity or performance	3 (3%)	1 (3%)	5 (15.2%)	24 (72.7%)		3.52	0.939
Company implementation of reward system subjective to motivate employee	3 (9.1%)	5 (15.2%)	3 (9.1%)	20 (60.6%)	2 (6.15%)	3.39	1.116
Company difference in culture affect the reward system	1 (3%)		8 (24.2%)	7 (21.2)	17 (51.5%)	4.18	1.014
The company efficiency measure oe employee for productivity strongly affect psychological factors.	1 (3%)		2 (6.1%)	6 (18.2)	24 (72.7%)	4.7	1.159
Aggregate mean						3.928	
Source: SPSS output from survey data, 2022							

According to the above table 4.3.4; reward system of the company highly affect employees motivation the respondent on aggregate mean 3.928 and , between each equations mean starting from 3.85 to 4.7 and 0.834 to 1.159 Standard deviation shows majority of respondent agree on reward affect employees motivation this implies that reward makes employee motivated or not there different mechanism of reward is physical reward or nonphysical reward in addition to this financial or non-financial whichever is the best based on some criteria driven by the company try to improve wellbeing of employee.

4.3.5. Salary effect on Extrinsic Employee's Motivation

Herzberg said basic salary was important as a survival need because it protects against employee dissatisfaction. It could not, however, strongly motivate. He did note that recognition, promotional opportunities and self-worth are key motivators.

Table 4.3.5. Salary effect on extrinsic employee's motivation							
Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	St. Divation
Company salary scale not affected employee motivation	5 (15.2%)	24 (72.70%)	2 (6.10%)	2 (6.10%)		2.03	0.684
I am earing fair for the contribution I am making in the company	17 (51.5%)	9 (27.3%)	2 (6.1%)	2 (6.1%)	3 (3%)	1.94	1.298
I believe company unfair salary distribution between employee	3 (9.1%)	5 (15.2%)	8 (24.2%)	17 (51.50%)		3.18	1.014
The pay offered by the company is very comparative compared same position in the industry	8 (24.2%)	16 (48.5%)	6 (18.20%)	3 (9.10%)		2.12	0.893
The existing company salary increment policy helps retain of employee motivation	11 (33.3%)	15 (45.5%)	5 (15.2%)	1 (3.3%)	1 (3.3%)	1.97	0.951
Aggregate mean						2.248	
Source: SPSS output from survey data, 2022							

According to the above table 4.3.5, aggregate mean 2.248 of respondent salary moderately affect employee motivation this implies that most of the time employee concerned about their security and other related issue the mean this questions starting from 2.03 to 1.97 and .687 to .951 standard deviation result state that not only salary the employee most of the time gate attention to working environment, job security and recognition and experience it matters, sometimes salary affect availability of skilled and qualified work force .In this time the company try to improve the salary scale comparing to the industry level .

Table 4.3.6 The effect extrinsic employee motivation on company productivity

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	St. deviation
Company productivity is high when employees are motivated by salary	1 (3%)	1 (3%)	2 (6.1%)	6 (18.2%)	23 (69.7%)	4.48	0.972
Company working condition highly affect productivity	1 (3%)			13 (39.4%)	19 (57.6%)	3.94	0.795
Company reward system is fair to encourage employee increase productivity	2 (6.1%)	1 (3%)	4 (12.1%)	16 (48.5%)	10 (30.3%)	3.94	1.059
Company focus on employees job security to achieve expected productivity of company	2 (6.1%)	8 (24.2%)	6 (18.2%)	14 (42.4%)	3 (9.1%)	3.24	1.119
Company equitable treatment of employee severely affect the company productivity	1 (3%)	4 (12.1%)	9 (27.3%)	12 (36.4%)	7 (21.2%)	3.61	1.059
Company is working on leader career development and training must given to manage effectively	1 (3.0%)	4 (12.1%)	9 (27.3%)	12 (36.4%)	7 (21.2%)	4.03	1.132
Company try to compare industry level salary and benefit of employee to increase company productivity	1 (3.0%)	4 (12.1%)	2 (6.1%)	12 (36.4%)	14 (42.4%)	3.85	1.228
Aggregate mean						3.87	

Source: SPSS output from survey data, 2022

According to the above table 4.3.6, Aggregate mean of the respondent 4.515 almost 95% of the respondent are state the level of agreement on the relationship between employee motivation and company productivity are direct relationship .The mean of this equation are starting from 4.48 to 3.85 and standard deviation .972 to 1.228 are shown the majority of company employee due to employee motivational factors highly affected this implies that the company productivity increase when employees are extrinsically motivated .company try to maximize good relationship between employee and employer that is use full to secure company good well or compute industry level the business in addition to human resource the back bone of the company.

4.4 Inferential Statistics

In this section the researcher has examine the effect of employee motivation in relation to company productivity by using inferential statics method. Based on the objective of the study by computing Pearson correlation coefficient analysis and conducting multiple regression analysis and then

analyze through the collected data from the respondent of Orbis Trading and Technical Center S.C employee and management.

4.4.1 Correlation Analysis

In this study the researcher carried out a correlation analysis to measure the relationship between the dependent variable(Company productivity) and independent variable(Leadership, Working Environment, Job security, Reward system and Salary) that are extrinsic motivation factors of employee. The research used to person's correlation coefficient method. Person's correlation coefficient is a measure of linear relation between variables that means dependent and independent variables. The value of the correlation is always between -1 and +1, a correlation of +1 indicates that two variables are perfectly in a positive linear sense, a correlation coefficient of -1 indicates that they are perfectly related in a negative linear sense, and a correlation of 0 indicates there is no linear relationship between variables.

A correlation of 1 means that every positive increase in one variable, there is positive increase in the other variable, there is positive of a fixed proportionate in the other variables. A correlation coefficient of -1 means that every negative decrease in one variable, there is positive increase in the other variables. Zero means that every increase or decrease has no effect or no correlation between variables. According to the political science department of Quinnipiac University, please use full list the meaning of person's correlation. They noted that these are crude estimates for interpretation strength of correlation by using person's correlation

4.4.1.1 Correlation between leadership and company productivity

In this study the researcher carried out a correlation analysis to measure the relationship between the dependent variable(Company productivity) and independent variable(Leadership, Working Environment, Job security, Reward system and Salary) that are extrinsic motivation factors of employee. The research used to person's correlation coefficient method. Person's correlation coefficient is a measure of linear relation between variables that means dependent and independent variables. The value of the correlation is always between -1 and +1, a correlation of +1 indicates that two variables are perfectly in a positive linear sense, a correlation coefficient of -1 indicates that they are perfectly related in a negative linear sense, and a correlation of 0 indicates there is no linear relationship between variables.

Figure 3. Correlation between independent and Depended Variable

R-value	Strength of correlation coefficient
+0.7 or higher	Very strong positive relationship
+0.40 to 0.69	strong positive relationship
+0.30 to 0.39	Moderate positive relationship
+0.20 to 0.29	Weak positive relationship
+0.01 to 0.19	No or negligible relationship

Source: Quinnipiac University political science department, Year 2018

A correlation of 1 means that every positive increase in one variable, there is positive increase in one variable, there is positive of a fixed proportionate in the other variables. A correlation coefficient -1 means that every negative decreases the other variables. Zero means that every increase or decrease no effect or no correlation between variables.

According to the political science department of Quinnipiac University,post use full list the meaning of person's correlation.They noted that these are crude estimate for interpretation strength of correlation by using person's correlation.

Table 4.4.1.1: Pearson Correlation Result

Correlations							
		Leadership	Working Enviroment	Job security	Reward System	Salary	Relationship between motivation & productivity
Leadership	Pearson Correlation	1	0.165	0.039	0.044	-0.053	.362*
	Sig. (1-tailed)		0.179	0.415	0.404	0.384	0.019
	N	33	33	33	33	33	33
Working Enviroment	Pearson Correlation	0.165	1	-0.250	-0.039	0.100	0.031
	Sig. (1-tailed)	0.179		0.080	0.414	0.290	0.432
	N	33	33	33	33	33	33
Job security	Pearson Correlation	0.039	-0.250	1	0.026	-0.187	.293*
	Sig. (1-tailed)	0.415	0.080		0.442	0.148	0.049
	N	33	33	33	33	33	33
Reward System	Pearson Correlation	0.044	-0.039	0.026	1	0.004	0.239
	Sig. (1-tailed)	0.404	0.414	0.442		0.491	0.090
	N	33	33	33	33	33	33
Salary	Pearson Correlation	-0.053	0.100	-0.187	0.004	1	-0.122
	Sig. (1-tailed)	0.384	0.290	0.148	0.491		0.249
	N	33	33	33	33	33	33
Relationship between motivation & productivity	Pearson Correlation	.362*	0.031	.293*	0.239	-0.122	1
	Sig. (1-tailed)	0.019	0.432	0.049	0.090	0.249	
	N	33	33	33	33	33	33
*. Correlation is significant at the 0.05 level (1-tailed).							
Source: SPSS output from survey data, 2022.							

The correlation between leadership and company productivity was found ($R=0.369^*$), P -value = 0.00 and p -value < 0.05. Thus, there is strongly positive relationship between variables. This means every positive increase of leadership affect one unit change in company productivity

4.4.1.2 Correlation between job security and company productivity

The correlation between job security and company productivity was found ($R=0.293^*$), $P\text{-value}=0.00$ and $p\text{-value}<0.05$. This, there is moderate relationship between variables in other word job security moderately affect companies' productivity.

4.4.2 Regression Analysis

In this section the researcher also conducts multiple regression analysis to know how much the independent variable clarify dependent variable. It is widely understood by how much the independent variable extrinsic employee motivation and dependent variable of company productivity. Regression analysis is also used for clarify the relationship between variables

Thus, the purpose of determining independent variable and dependent in company productivity and independent extrinsic employee motivation means or is employee extrinsic motivation and productivity.

Therefore, the researcher analyzes model summary, ANOVA test result and the beta coefficient.

The result was presented as follow

Model Summary Analysis

Table 4.4.2.1 Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512 ^a	0.262	0.126	0.67844
a. Predictors: (Constant), Salary , Reward System, Leadership, Job security, Working Environment				

Source: SPSS output from survey data, 2022

As shown in the table 4.4.2.1 above, the value of R is 0.512 which a measure of the correlation between the practical value and predicted value of the dependent and which is or is productivity.

And it implies that there is strong relationship between company productivity and extrinsic employee motivation of orbis employee.

While R square (R²) is the square which measures a correlation and indicates the percentage of the variance of company productivity with extrinsic employee motivation factors. Therefore, R square=0.262 indicate that 26.2% of company productivity is described by the five factors predictor's (Leadership, Working Environment, Job Security, Reward System and Salary of the company) while the remaining 73.8% are explained by other variables out of this model.

4.4.2.2 ANOVA Analysis

ANOVA is the analysis of variance that used to test how much the regression model fits the data. ANOVA provides F value where equal to mean square of explained data divided by mean square of residual data (Sekaran, 2003).

Table 4.4.2.2 ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.422	5	0.884	1.922	.124 ^b
	Residual	12.428	27	0.460		
	Total	16.850	32			

a. Dependent Variable: Relationship between motivation & productivity

b. Predictors: (Constant), Salary, Reward System, Leadership, Job security, Working Environment

Source: SPSS output from survey data, 2022

Therefore, Table 4.4.2.2 revealed an F value of 1.922. Thus, one decides that regression model best fits data at a significance level of 0.00 and p-value is less than alpha 0.5. Therefore, there is statically significant relationship with dependent and independent variables or company productivity and extrinsic employee motivation are statically significant relationship

4.4.2.3 Coefficient Analysis

Coefficients ^a						
Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	0.308	1.502		0.205	0.839
	Leadership	0.364	0.187	0.329	1.949	0.062
	Working	0.058	0.165	0.061	0.349	0.729
	Job security	0.361	0.225	0.279	1.604	0.120
	Reward System	0.203	0.153	0.220	1.327	0.195
	Salary	-0.061	0.174	-0.060	-0.353	0.727
a. Dependent Variable: Reationship between motivation &productivity						

Source: SPSS output from survey data, 2022

According to the above table 4.4.2.3. Individual parameter significant test shows how strong an independent variable individually affecting dependent variable. Moreover, these study aims to identify which of the variables contributed the most to prediction of the dependent variable. The regression coefficient explains the average amount of change in dependent variable that caused by a unit of change in the independent variable. The larger value of Beta coefficient that an independent variable has brings more support to the independent variable as the more important determinant in predicting the dependent variable.

Among the five constructs, linear regression analysis revealed that except leadership and job security the remaining three constructs showed not significantly associated with company productivity. The nature of the relationship for, leadership, working environment, Job security, reward positive while the relationship for salary is negative with (Beta=.364), (Beta=.058), (Beta=.361), (Beta=.203) and (Beta=-.061) respectively. Therefore, the positive slope indicates that company productivity increases as each employee extrinsic motivation construct increases. There is a .364 and 0.361 increase in company productivity for one-unit increase in leadership and job security respectively. This means that the more ORBIS management applied positive leadership and job security measures the employees will feel more motivated and secured and hence tend to increase companies' productivity. For the remaining construct the case may not applied since the sig>.05. On the contrary, employee motivation extrinsic decreases when the company productivity highly and negatively affected by the leadership and job insecurity measures.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This final chapter contains the summary of major findings, conclusion and give possible recommendations based on the research conducted.

5.1 Summary of Major Findings

From the data analysis the researcher has found the following major findings: -

The researcher analyzed and interprets the data and come up with the following major findings: -

- According to the research finding, leadership is major extrinsic independent variable that affects employee motivation and productivity. The second one is working environment, the third one is job security, reward and salary are the fourth and fifth consecutively.
- From the analysis the main source of reason that extrinsic employee motivation strongly affects company productivity leadership and the second reason the researcher found is job security, the fourth finding reward and final salary.
- SPSS output revealed that, the company pay scheme the aggregate mean of independent variable scored 3.87 The majority respondent responds as they are not motivated by company leadership and job security the other three variables moderately affect the company productivity.
- To the other hand the finding of the study reveals that, Pearson correlation between extrinsic employee motivation and company productivity was found as ($R=0.369^*$), $P\text{-value}=0.000$ and $p\text{-value} < 0.05$ thus there is a strong positive relationship between leadership and company productivity.
- The correlation between was found job security extrinsic employee motivation and company productivity as ($R=.298^*$), $P\text{-value}=0.000$ and $p\text{-value} < 0.05$ thus there is a weak positive extrinsic employee motivation and company productivity.
- The leaner regression analysis finding depicts that $R\text{ Square} = 0.311$ indicates that 31.1% of company productivity is described by the three predictors' (independent variable). While the value of R is 0.558 which a measure of the correlation between the practical value and the predicted value of the dependent variable which is company productivity. And it

implies that, there is a strong positive relationship between company productivity and extrinsic employee motivational factors.

5.2 Conclusion

Based on the research question and the formulated hypothesis, the study paper concluded that extrinsic employee motivation factors affect company productivity. The major problems are spinning on **leadership, working environment, job security, reward system and salary**.

On the other side, **availability of employee insurance and medical coverage, provision of paid live and pension scheme** has relatively contributed better to productivity which is realized as one of the extrinsic employee motivation factors.

The researcher concludes that, there are other extrinsic factors which affects employee motivation. **Consensus building before making key decision that affect majority of the employee** is found as a motivational factor that relates with sense of belongingness. Furthermore, absence of clear-cut **relationship among departments and between superior** and subordinate has a negative influence on employees' performance and affects efficiency and effectiveness. Accordingly, the overall effect will be low performance and high turnover of employee.

Therefore, the researcher concluded that, Orbis trading and technical center s.c should work hard on the extrinsic employee motivational factors which are mentioned above.

5.3 Recommendations

In order to overcome the findings stated in this academic research paper, the company better appreciate and plan to solve the problem. Therefore, the researcher forward the following recommendation to concerned parties.

- The company should revisit the available policies and working procedures which enhance the overall leadership practice.
- Carry out action-oriented assessment about the working environment specifically the working relationship among employee, subordinates and supervisors, and functional departments.

- Create a sense of job security way of transparency in hiring and firing in line with the low and order of the company and the country.
- Exercise principles of management by way of merit-based reward system; such as salary increment, promotion, transfer etc.
- Create a reasonable smooth work relationship between employee and management by way of a systematic consensus building whenever major decision made which influence employee response and reaction.
- Develop a clearly designed functional relationship vertically and horizontally among departments, supervisors and employee to employee
- Measure employee performance objectively on regular basis and provide feedback to the employee using a well-developed assessment tool in order efficiency and effectiveness take place in the company.
- Revisit the organization HR Strategies, policies, and procedure that focus on aligning employee objectives and organizational goals.
- Revise Salary and benefit package of the company in line with current labor market with similar automotive industry. .
- Keep up the positive extrinsic factors such as insurance and medical coverage, paid leave and pension scheme.
- Improve vertical and horizontal communication and enhance open discussion.
- Last but not least the company better to consider none financial rewards such as appreciation and recognition of best achievers by way of annual award event for best achieved individuals and departments.

5.4 Suggestions for Further Studies

The study is academic research for the partial fulfilment of Masters of Business Administration which limits for its purpose and focused on the Orbis Trading & Technical Center S.Co. The questioner was distributed to limited number of professional employee (junior officer up to general manger). Thus, the company may require to undertake further studies by independent researcher. This may help the company to further examine the cause and effect of other motivational factors that the researcher does not cover in this research.

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Appendix

Appendix I - Questionnaire

ST. MARY'S UNIVERSITY

SCHOOL OF BUSINESS

DEPARTEMENT OF MBA PROGRAM

Dear Respondent,

I am a postgraduate Business Administration student at Saint Marry University. As part of My MBA research thesis, I am conducting a graduation thesis on the topic of 'the effect of extrinsic employee motivation on productivity on the case of Orbis Technical Centre S.C. The questionnaire is designed for my MBA thesis research which will be used purely for academic purpose as well as to improve organization's performance and get employees motivated. It consists of three parts and will only take short time to complete.

I, therefore, kindly request your valuable honest response on each question for it will be essential to meet the objective of the study. Please note that the information provided in this questionnaire will strictly be kept confidential and there is no need to include your name or signature.

Please respond by ticking the box appropriate to your response. Thank you in advance for your co-operation.

Part I: Personal Information of the Respondents

Instruction: Please put a tick (✓) mark in the box of each statement your personal information

1. Gender: Male ☐ Female ☐

2. Age: 20-30 ☐ 30-40 ☐ 40-50 ☐ + 50 ☐

3. Education: Certificate ☐ Diploma ☐ First Degree ☐ Masters ☐

4. How long have you worked for Orbis Trading & Technical Center S.C?

< 2 years ☐ 3-5 years ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years ☐
>20 years ☐

Part II Extrinsic employee motivation affects company productivity

Instruction: Please put a tick (✓) mark in the box of each statement that state level of agreement your opinion best Key

Rating Scale: 1=Strongly Disagree (**SD**); 2= Disagree (**D**); 3= Neutral (**N**);
4= Agree (**A**) and 5=Strongly Agree (**SA**).

Leadership

S/N	Statements	Rating Scale				
		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	Company Leadership styles affect Employee motivation					
2	Your company leadership is not effective					
3	The company, leadership recognizes employee contribution.					
4	I believe the company leader not effective to solve employee problem					
5	Company leaders are better equipped to motivate employees.					

Working Environment

S/N	Statements	Rating Scale				
		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	Working environment of the company affect motivation of employee					
2	Social and cultural rules of company affect working environment					
3	Company atmosphere use properly carry out their duties and responsibleness					
4	Working environment impact on employee moral					
5	Workplace safety regulation follow in the company					

Job Security

S/N	Statements	Rating Scale				
		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	You agree the company job security affect employee motivation.					
2	I am secure in my job					
3	The companyemployee layoff highly affects employee motivation					
4	The company employee utilizing their expertise to the full potential.					
5	The company employee engaged in key aspect of job security.					

Reward System

S/N	Statements	Rating Scale				
		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	Company reward system is not motivated employee					
2	Company reward system is not liked to employee productivity					
3	The company implementation of reward system subjective to motivate employee					
4	Company difference culture affect the reward system					
5	The company efficiency measure of employee for productivity strongly affects psychological factors					

Salary

S/N	Statements	Rating Scale				
		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	Company salary scale not affected employee motivation					
2	I am earning fair for the contributions I am making in the company					
3	I believe company unfair salary distribution between employee					
4	The pay offered by the company is very competitive compared same position in the industry					
5	The existing company salary increment & pay policy helps retain employee motivation					

Part III: Extrinsic Employee Motivation Vs Company Productivity

Please put a tick (✓) mark in the box of each statement that suits your opinion best Key:

S/N	Statements	Rating Scale				
		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	Company productivity is high when employees are motivated by salary					
2	Company working conditions highly affect productivity					
3	The company reward system is fair to encourage high productivity					
4	The company focus on employee's job security to achieve expected company productivity					
5	The company treatment of employee severely affects the company productivity					
6	Company is working on leader career development and training must give to manage effectively					
7	Company tray to compare industry level salary and benefit of employee to increase company productivity					

Appendix II - Interview Questions

ST. MARY'S UNIVERSITY

SCHOOL OF BUSINESS

DEPARTEMENT OF MBA PROGRAM

1. How do you describe extrinsic employee motivation affect productivity of your company?
2. How do you describe leadership that influences employee motivation?
3. How do you describe the working environment of your company affect employee motivation?
4. How do you describe job security is affect employee motivation?
5. How do you describe reward system affect employee motivation?
6. How do you disrobe salary affect employee motivation?