

# The Effect of Employee Motivation on the Organization Performance in the Case of Commercial Bank of Ethiopia Shashemene Branch.

Behailu Chufa<sup>1</sup>, Tarik Kechemu<sup>2\*</sup>

Department of Accounting and Finance, School of Business and Economics, Rift Valley University, Ethiopia. 2025

\*Corresponding Author

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## ABSTRACT

Motivation, nowadays, is getting crucial for organizations to function. The situation is even more serious in developing countries where working conditions are unattractive. Employee motivation is the key factor to boost up the function of an organization. Without motivation, employees will not put up their best efforts, and the organization's performance would be less efficient and effective. Highly motivated employees are considered as a core element in running a successful organization. The primary purpose of this study is to identify employee motivation factors and their effect on organization performance. This study adopted both descriptive and casual research methods. A well-structured self-administered questionnaire was used as the main tool for data collection and was administered to 201 respondents, out of which 185 were retrieved and appropriately filled. Reliability of the research instrument was calculated and the Cronbach's alpha coefficient was 0.94. The data were analyzed using both descriptive and inferential statistical tools. Moreover, the result was described using mean, frequency and standard deviation, and the researcher was also applied parametric statistical test (correlations, and multiple regression analysis to interpret and analyze the data, using Statistical Package for Social Science version 25. The results also revealed that extrinsic factors were considered to have more significant effects on organizational performance than intrinsic factors. From the hypotheses tested, the result indicated that employee motivation has a significant effect on organizational performance. Furthermore, this study also recommended that organizations should figure out factors that motivate their employees and seek ways of ensuring their performance level. The more employees are motivated the better the organizational performance will be. Finally, the study also suggested that future studies should focus on Commercial banks institution' employee motivation and improving organizational performance.

**Keywords:** Motivation, Employee motivation, Organization, Organizational performance, Intrinsic Motivation, Extrinsic Motivation.

## INTRODUCTION

In any organization, whether it is a public sector or any other business sector, its core is its employees; their presence and contribution are very important in such a way that they determine if the organization is going to be successful or not. An organization may have a good manager, a good vision and a good goal. However, if it neglects its employees, that company is practically in turmoil. Employee motivation is a key to the overall effectiveness of organizational performance. Motivation acts as a predictor of individuals' behaviours and performance, all of which in turn contribute to organizational performance (Ritz et al., 2016).

The issue of employees' motivation, especially in the public sector, has continually posed a big challenge where high levels of a performance play a major role in determining growth, development, stability and future success of an organization. Few studies (Shega, 2018; Brewer et al., 2014; Brewer et al., 2016; Anderfuhren-Biget, 2012; Andersen et al., 2013; Bellé and Cantarelli, 2012; Muogbo, 2013) have been conducted and published on the contribution of employee's motivation on organizational performance in the public sector.

Employee Performance fundamentally depends on many factors like high salary and fringe benefits, provision

of allowances, leadership style, empowerment, recognition and award, autonomy and freedom of performing a job, training and career development, good working condition, and so on. However, there are two types of motivated behavior in the organization which is intrinsically and extrinsically motivated behaviour (Kat, 2009). A lack of employee motivation leads to lower productivity, an inability to overcome challenges, apathy and poor customer service (Leonard, 2024). It also leads to absenteeism, late-coming, uncommitted employees' lower levels of engagement and higher employee turnover (Rutachururwa, 2013; Andritotis, 2017).

Motivating employees is a valuable asset which delivers huge value to the organization in maintaining and strengthening its performance growth. The more employees are motivated to tasks accomplishment, higher will be the organization performance and success (Suresh, 2013). Organizations, in desiring to improve their performance, need a system in place that consistently motivates employees. This study intends to shade more light on the effect of employee motivation on organizational performance, the case of the Commercial Bank of Ethiopia Shashemene Branch.

### **Statement of the problem**

The challenge at work is to create an environment in which people are motivated about work priorities. The lack of a general theory of motivation also seems to create a handicap for managers, not only in gaining an understanding of employee motivation but in finding an avenue to approach the problem of motivating employees. Too often organizations fail to pay attention to the employee relations, communication, recognition and involvement issues that are most important to people (Frank, 2013). According to Etefa (2006:4), the major challenges that face the civil service: inefficiency of the workforce, long and time-consuming organizational structures, shortage of resources, lack of capacity to give sufficient attention to service delivery improvement, the inconsistency of regulations and guidelines governing public institutions. Civilservants were demoralized by their income which was very low in comparison to those in the private sector. Diversity at the workplace has also provided managers with a substantial magnitude of problems, the big difference between employees in every organization means that there is no best way to deal with such a problem.

Limited studies have been carried out to establish the effect of employee motivation on organizational performance with interest to the country (Mesfin, 2013; Shewangizaw, 2017). Besides, the researcher has a rich experience in working in public service organizations/Institution/ for eight years with different responsibilities that assisted him to understand the challenges of organizational performance due to lack of employee' motivation occurred in public services. The researcher also believes that the notion of employee motivation is subjective, that is to say, that what motivates some employee to perform very well may be discouraging to another employee. Human needs are insatiable for this reason they always struggle for new things in life so that they can live a comfortable livelihood. If someone receives huge salaries, allowances in terms of rent and, transportation fee, these may not guarantee one's motivation. Each person has his or her own likes, dislikes, passions, interests, and desires. Therefore, it poses a big challenge to present day managers (Nduka, 2016).

According to the World Bank's Bank Institutions Reform Review (2017), bank institutions have given less attention to employee motivation system and have less understanding of its impact on organizational performance.

The above-stated facts call for the researcher to conduct the study and contribute some solutions to indicate how employee's motivation affects organization performance in the case of the Commercial Bank of Ethiopia. In order to reach the highest organizational performance employees must be highly motivated. With this understanding, the researcher investigates the effect of employee motivation on organizational performance.

### **Research Questions**

In the context of the problems described above, this study would be answering the following research questions:

1. What is an employee's performance status at the Commercial Bank of Ethiopia?
2. How motivated are employees in their jobs?
3. How intrinsic and extrinsic motivation factors affect organizational performance?

## LITERATURE OF REVIEW

### Theoretical Review

The theoretical framework aims at reviewing various topics of employee motivation so as to end up with the best idea which will carry the study.

### Employee

An employee is a person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business (Paul, 2013). An employee is an individual who works part time or full time under a contract of employment whether oral or written and has recognized rights and duties (Geary, 2010). Employees have different competing needs that are driven by various motivators. Therefore, to maximize organizational performance, organization and its managers should understand what really motivates the employees (Lee and Raschke, 2016).

### Motivation

According to Robert L. (2012), 'a motive is something a need or desire that causes a person to act'. 'Motivate, in turn, means to provide with a motive,' and 'motivation is defined as 'the act or process of motivating'. Motivation refers to the forces within or beyond a person that arouse and sustain their commitment to a course of action (Boddy, 2008: 486). The performance that employers look for in individuals rests on ability, motivation and the support individuals receive. However, motivation is often the missing variable. Motivation is the desire within a person causing that person to act. People usually act for one reason to reach a goal. Thus motivation is a goal-directed drive and it seldom occurs in a void. The words need, want, desire and drive are similar to motive from which the word motivation is important because performance reaction to compensation and other human resource concerns are related to motivation. Motivation is important in almost every aspect of human behavior. Despite its obvious importance, empirical research on motivation has been segregated in different areas of long years, making it difficult to establish an integrative view on motivation. Its definition has evolved from the days of Taylor et al. (1911) to Maslow (1943) to Nevid (2013); however, what is common in all the definitions is that all the authors believe that there are stimuli, push, and drive among others that propel human beings to act in a particular way.

Motivations are internal and external factors that stimulate desire and energy in people to be continually interested in and committed to a job role or subject and to exert persistent effort in attaining a goal (Robert, 2012). Motivation is the process of boosting the morale of employees to encourage them to willingly give their best in accomplishing assigned tasks and achieving extraordinary results (Valencia, 2011).

Motivation is an important phenomenon because it helps to throw more light into why human beings behave and act in a certain way. Thus, it explains what drove Thomas Edison to invent the first light bulb, Maya Angelou to write poetry and Nelson Mandela to become the president of South Africa (Grant & Shin, 2011). To Guay (2010) motivation is the reason underlying behaviour. Also, motivation can be defined as the purpose or psychological cause of action (Schater, 2011). Slocum et al. (2011), motivation represents the forces acting on or within a person that cause the person to behave in a specific goal-directed manner.

From the above many definitions cited by the researcher, the study adapted this as the operational definition to be used throughout the report; thus, motivation is the combination of certain forces perhaps an employee's desire, capacity, and energy directed at achieving an organizational goal or cause of action.

### Employee Motivation

Employee motivation has always been a central problem (a mystery) for many leaders and managers. It is a reflection of the level of energy, commitment, and creativity that a company's workers bring to their jobs (Wilks, 2012). It is concerned with the factors that cause workers to engage in behaviour that cumulatively promote the productive good of the organizations in which they work (Puplampu, 2013). Employee motivation increases effectual job management amongst employees in organizations (Shadare et al., 2009).

One of the ways to get people to like working hard is to motivate them. Today, people must understand why they are working hard. Every individual in an organization is motivated by something different (Pitino, 2013). Employers need to get to know their employees' very well and use different tactics to motivate each of them based on their personal wants and needs (Valencia, 2011). Every employee has different ways to become motivated. The idea of employee motivation worked well since it allowed for creative input from a number of employees without restricting the thought of any single person or alienating any one employee in particular (Swanson, 2011).

Unmotivated employees are likely to spend little or no time effort in their jobs. They avoid the workplace as much as possible and they exit from the organization if given the less opportunity and produce low quality work. See how that works when people are not motivated they become less productive, less creative, less of an asset to your company. On the other hand, employees who feel motivated to work are likely to be persistent, creative, productive and turning out high quality work that they willingly undertake. Making sure each employee, workplace goals and value are aligned with the organization's mission and vision is important for creating and maintaining a high level of motivation that can lead to higher productivity, improved work quality and financial gain across all departments. Because a motivated employee is a productive employee and a productive employee is a more profitable one. The more employees are motivated the more they are stimulated and interested in accepting the goal. Now more than ever we need motivated employees (Jones, 2011).

### **Factors Affecting Employee Motivation**

Human beings are motivated by satisfying their different kind of needs. Needs depend on many factors and vary by the person, situation, organization, nature of works, risk, educational background of employees, experiences and skills, the position of work, etc. All employees, therefore, have their own motivational factors to motivate them to perform their bests (Lin P.Y., 2007).

According to Manzoor (2012), factors that enhance employee motivation are fair pay, incentives, special allowances, fringe benefits, leadership, encouragement, trust, respect, joint decision making, quality of supervision, adequate working relationships, appreciation, chances for growth, loyalty of organization, identification and fulfillment of their needs, recognition, empowerment, inspiration, importance attached to their job, safe working conditions, training and information availability and communication to perform actions. Chung (2013) revealed that a good incentive system, good environmental condition, good welfare schemes, and job enlargement are the factors influencing employee motivation.

In seeking to understand the motivational factors at large, it is perhaps necessary to distinguish the two types of motivation namely: intrinsic and extrinsic motivations (Armstrong, 2007 and Armstrong and Murlis, 2004).

### **Organizational Performance**

An organization is a group of individuals, large or small, that is cooperating under the direction of executive leadership in accomplishment of a certain common object (Davis, 2010). McFarland (2012) added that an organization is an identifiable group of people contributing their efforts towards their attainment of goals. The performance was based on work, people and organizational structure. The organization is a part of an economic system.

Organization performance has been defined as the ability of an organization to fulfill its mission through sound management, strong governance and persistent rededication to achieving results (Mahapatro, 2011). Effective non-profits are mission-driven, adaptable, customer-focused entrepreneurial, outcomes-oriented and sustainable (Bhusan, 2011). It is defined as the extent to which an organization, by the use of certain resources, fulfills its objectives without depleting its resources and without placing undue strain on its members and/or society (Mary et al., 1996). It is the maximum combined utility of the primary constituents (Matthew et al., 2005).

Organizational performance is a notion of how effectual an organization is in accomplishing the results the organization aims to generate (Muhammad, et al., 2011). It plays an important role in accelerating organizational development (Bulent et al., 2009). It is the net satisfaction of all constituents in the process of gathering and transforming inputs into output in an efficient manner (Matthew *et al.*, 2005). It involves the recurring activities

to establish organizational goals, monitor progress towards the goals and make adjustments to achieve those goals more effectively and efficiently (Namara, 2010).

## Employee Motivation and Organizational Performance

The relationship between public service motivation and performance is a matter of great interest to scholars and practitioners alike” (Brewer, 2008: 136). Previous researchers showed a positive relationship between human resource management and firm performance (e.g. Kaman et al., (2001), Savrou and Brewster (2005) and Khan et al. (2011) revealed that training design has a positive effect on organizational performance. Employee satisfaction and motivation towards work refers to prospects of the employee about the organization and his approaches towards his service (Ali *et al.*, 2011).

Wiley (1997) suggests that ensuring the success of a company, employers must understand what motivates their employees, and such understanding is essential to improving productivity.

Similarly, a motivated employee is more likely to output more to the benefit of the organization (Shadare and Hamed, 2000). When the employees are motivated, it leads to an increase in the quantity and quality of output produced. This is because the motivation results in greater personal effort and devotion on the part of the employees (Onukwufor and Ugwu, 2013). The reverse is true, as seen in Crawford et al. (2010) who stated that the absence of employee motivation is frustrating as it will slow the schedule down and even terminate the project, which would have a big burden of cost for the company.

Organizational effectiveness refers to locating targets and attaining them proficiently in spirited and energetic surroundings (Constant, 2001). Employee motivation cannot be examined in isolation from its organizational context since it is the activities undertaken within an organization that is being considered; and in particular, it is the human motivation that encourages the individual to remain with the organization (Schepers et. al., 2005). Lawler (2003) argued that the prosperity and survival of the organizations are determined through and how they treat their human resource. A study was done to examine the relationship of organizational effectiveness and employee performance and motivation in the telecommunication and banking sector of Pakistan. A sample of 103 respondents was taken and Pearson correlation was applied. The results show that there exists a significant positive correlation (0.287) between employee motivation and organizational performance (Muhammad *et al.*, 2011).

## Empirical Review

This paper provides the effect of employee motivation on organizational performance and the relationship between employee motivation and organizational performance.

Gregory (2008) conducted a study on how does an employee motivation impact organizational performance. The study found that a motivated workforce has more productive employees and this translates into bottom line cost savings. Happy motivated employees are indeed better workers and will help to generate a positive work environment that both customers and employees will better appreciate. The motivated worker is more committed to the job and to the customer. The end result is effective organization performance and organization revenue increased.

Another study on an analysis of the employee motivation factors focuses on age and gender- specific factors. This study results provide more similarities than differences. The employees from both genders and all age subgroups are mostly motivated by challenging job positions, advancement opportunities, good compensation packages for example money and well managed or good work environment. At the same time, benefits, job security, and location of the workplace are less of a motivator for all demographic subgroups. Still, this research study suggests that some statistically significant differences do exist. The two genders give significantly different importance to benefits as a motivator while the age of subgroups gives significantly different importance to security, work environment, and challenge. Based on the findings, recommendations were given to managers in terms of improvement of motivation policies and practices (Karaskakovavska, 2012).

Waheed (2013) conducted a study, which explains the effect of commitment and motivation on individual and how that contributes towards organizational performance. Found that if employees perceive that their efforts are

recognized by the organization they feel motivated and level of commitment will rise. This study intends to explore how motivation contributes to the level of employee commitment.

In a study of the impact of employees' motivation on organizational effectiveness in European, it was identifying the factors that affected employee motivation and examining the relationship between organizational effectiveness and employee motivation. Findings of the literature and various studies concluded that Empowerment and recognition have a positive effect on employee motivation. More the empowerment and recognition of employees in an organization is increased, more will their motivation to work will enhance. Also, there exists a positive relationship between employee motivation and organizational effectiveness. The more the employees are motive to tasks accomplishment higher will the organizational performance and success (Ruge, 2012).

Another study sought to describe the ranked importance of the ten motivating factors, jobsecurity, and sympathetic help with personal problems, and personal loyalty to employees interesting work, good working condition, tactful discipline, good wages, promotions and growthin the organization, feeling of being in on things, and full appreciation of work done (Linder, 2010). This study shows the employee motivating factors was a help to guide this study.

Farhanabanana (2013) conducted a study on the impact of employee motivation on work performance. Found that motivational factors play an important role in increasing employee job satisfaction. This will result in improving organizational performance. A motivated employee is a valuable asset who creates value for an organization in strengthening business and revenue growth. Motivation is going to work if the right person with suitable skills is made responsible for the job.

In a study on the similarities and differences in employee motivation management between Korean and Japanese executives of Japanese affiliated companies in Korea. Based on questionnaire surveys the respondent's views of employee motivation factors were analyzed by contrast with motivational factors and hygiene factors (maintenance factors) developed by Herzberg. The survey results reveal that both Korean and Japanese executives realize the importance of employee motivation management and that Japanese executives have a strong awareness of it than Korean executives. Both recognize it for the sake of high corporate performance, employee job satisfaction and customer satisfaction seeing motivation factors. The majority of Korean and Japanese executives regard wages and bonus increases as a strong motivational factor. Employment stability is recognized as a motivational factor by Korean executives and clarifying company policy and job objectives are the most important motivational factor to Japanese executives (Usungami, 2006).

Raghava (2009) conducted a study on the motivating hospitality industry employees. The findings of this study show that job security and opportunity are not relevant because of the seasonality of employment. The study confirmed good wages as an important motivating factor followed by interesting work and appreciation. Differences were observed in the subgroups of the age and occupation. Respondents also considered trust, responsibility, feedback appraisal, theflexibility of working hours to be motivating factors.

Another study was conducted by Manzoor (2012) on the impact of employee motivation on organization effectiveness. The study found that two central factors empowerment and employee recognition for enhancing employee motivation which leads to organizational effectiveness. The organization should design their rules, policies and organizations structures that give space to the employee to work well and appreciate them on the fulfillment and achievements of their tasks. This will surely lead to organizational growth.

Additionally, in 2014, the employee engagement firm TINYpulse carried out a survey "The seven key Trends Impacting Today's Workplace" which involved over 200,000 employees in more than 500 organizations (Lipman 2014). The aim of the survey was to discover the factors that motivate employees to excel and go for an extra mile in the organization.

The results came out were surprising. Money, which often seems to be the major contributor to motivation, was the seventh on the list. On the contrary, peer motivation/camaraderie was ranked first (20%), followed by the intrinsic desire to a good job (17%) and feeling encouraged and recognized (13%). This result had pointed out the paramount importance and huge influence of intrinsic motivation towards a person's viewpoint and accordingly made concrete the perspective of intrinsic motivator has surpassed extrinsic motivator. Remi et al (2011)

In the developed industrialized countries where majority of these researches are conducted, satisfaction of the basic needs of life such as food, shelter, etc, are taken for granted by a large majority, hence emphasis has shifted from the extrinsic factors such as pay, incentives, promotion and so on, to intrinsic factors such as interesting work, achievement, recognition, challenge, and self-actualization. The same, however, cannot be said for the less developed and developing the world, such as Nigeria. As Croxton (2009) has studied *An Analysis of Employee Motivation within the Public Sector*, for some, increased salary or incentives may be the highest motivator. Others may find that simply being part of an organization that promotes social good is their greatest motivator. Motivation, as it relates to employees working in the public sector, is analyzed below. Further, the implications of this motivational research as it relates to the library setting will be considered. In attempting to understand motivational factors influencing public sector employees, one must first review research regarding those who are currently working in the public arena. Overall, research findings suggest that public service employees are more greatly influenced by intrinsic rewards than extrinsic rewards such as salary. They found that public sector workers were more strongly motivated by the desire to work in a supportive working environment than their private sector counterparts. Further, they concluded that public sector employees make fundamental choices and prefer to lead a more balanced life.

### Gaps in Literature

The existing studies in this relation (Akerele 2001; Assam 2002; Baase 2009; Centres & Bugental 2007; Jibowo 2007; Lin 2007, Nwachukwu 2004) among others have taken a general focus on motivation creating a gap on issues related to performance. This is because while a lot has been documented about the concept of motivation in advanced nations, most works related to motivation in areas concerning productivity in less industrialized nations are hardly found. In addition, it was observed that very little information was provided on intrinsic motivational factors such as the relationship with co-workers and managers as it relates to performance while excess information was provided with regards to extrinsic motivational factors. There is still limited literature on the effect of employee motivation on organizational performance, in developing countries like Ethiopia.

### METHODOLOGY

Research design constitutes the blueprint for the collection, measurement, and analysis of data. This study used both descriptive and causal research designs. Both quantitative and qualitative approaches were used. The purpose of using a descriptive survey was to identify present conditions and point to present needs, to study the immediate status of a phenomenon, to examine the relationships of traits and characteristics (Yogesh, 2006). It also helps to collect detailed and information that describe an existing phenomenon. Secondly, an explanatory method was selected since it seeks to determine the relationship between motivational factors with organizational performance, and how employee motivation affects organizational performance. A quantitative approach was used because it is relatively economical, easier to render and quicker for respondents to answer. The other reason is that the data gathered can be numerically measured using statistical tools, resulting in sharp, clear findings. The study has also used an unstructured interview to get data from human resource expert.

Sample size refers to a number of items to be selected from the population. Using Taro Yamane (1967), a sample size of 201 respondents was selected. This is the minimum recommended size of the researcher’s survey. It is the most ideal method to use when the only thing you know about the underlying population you are sampling from is its size. The sample size was calculated using the formula

$$n = \frac{N}{1 + N(e)^2}$$

Where N = Population of study = 407

e = degree of error expected = 0.05 n = sample size

$$n = \frac{N}{1 + N(e)^2} = \frac{407}{1 + 407(0.05)^2} = 201$$

## RESULT OF FINDING

### Survey Results

To address research questions the study used on survey self-administered questionnaire

### The Effect of Motivational Factors on Organizational Performance

Table 4.1: Effect on Organizational Performance

No.	Organizational Performance	Respondents				
		No Effect	Very little Effect	Little Effect	Large Effect	Very large Effect
Q28	Does leadership style have effect on organizational performance?	4.86% (9)	0.54% (1)	2.70% (5)	37.84% (70)	54.05% (100)
Q29	Does employee engagement have effect on organizational performance?	0.54% (1)	9.73% (18)	28.11% (52)	29.73% (55)	31.89% (59)
Q30	Does career development have effect on organizational performance?	11.89% (22)	22.16% (41)	43.78% (81)	15.14% (28)	7.03% (13)
Q31	Does compensation have effect on organizational performance?	2.70% (5)	18.38% (34)	12.43% (23)	43.24% (80)	23.24% (43)
Q32	Does work environment have effect on organizational performance?	1.62% (3)	2.70% (5)	7.57% (14)	41.08% (76)	47.03% (87)

Source: Researcher’s Field Survey Result (2024)

As table 4.7 shows, 54.05% respondents believed that leadership style has a very large effect on organizational performance; meanwhile, others opt for very little effect (2.7%), little effect (2.7%), large effect (37.84%) and no effect (4.86%) on organizational performance. In case of employee engagement, 29.73% respondents believed that engagement has a large effect on organizational performance; meanwhile, others opt for no effect (0.54%), very little effect (9.73%), little effect (28.11%) and very large effect (31.89%) on organizational performance. In case of career development, 15.14% respondents believed that career development has a large effect on organizational performance; meanwhile, others opt for no effect (11.89%), very little effect (22.16%), little effect (43.78%) and very large effect (7.03%) on organizational performance. In case of compensation, 23.24% respondents believed that compensation has a very large effect on organizational performance; meanwhile, others opt for no effect (2.7%), very little effect (18.38%), little effect (12.43%) and large effect (43.24%) on organizational performance. In case of the work environment, 47.03% respondents believed that work environment has a very large effect on organizational performance; meanwhile, others opt for no effect (1.62%), very little effect (2.7%), little effect (7.57%) and large effect (41.08%) on organizational performance.

### The Relationship between Independent and Dependent Variables

It was used in this subsection to identify the predictor and its contribution towards the criterion. It aims to determine the prediction of a single dependent variable from a group of independent variables. The nature of the underlying relationship between the variables was tested by checking the Normal Probability Plot (P-P) of the Regression Standard Residual, Scatter Plot, correlation, stepwise regression analysis and other analyses that supplement the regression analysis. Furthermore, as shown in Figure 4.1, the sample of normality is further demonstrated in a Normal P-P of the Regression Standard Residual, below:

**Normal P-P Plot of Regression Standardized Residual**

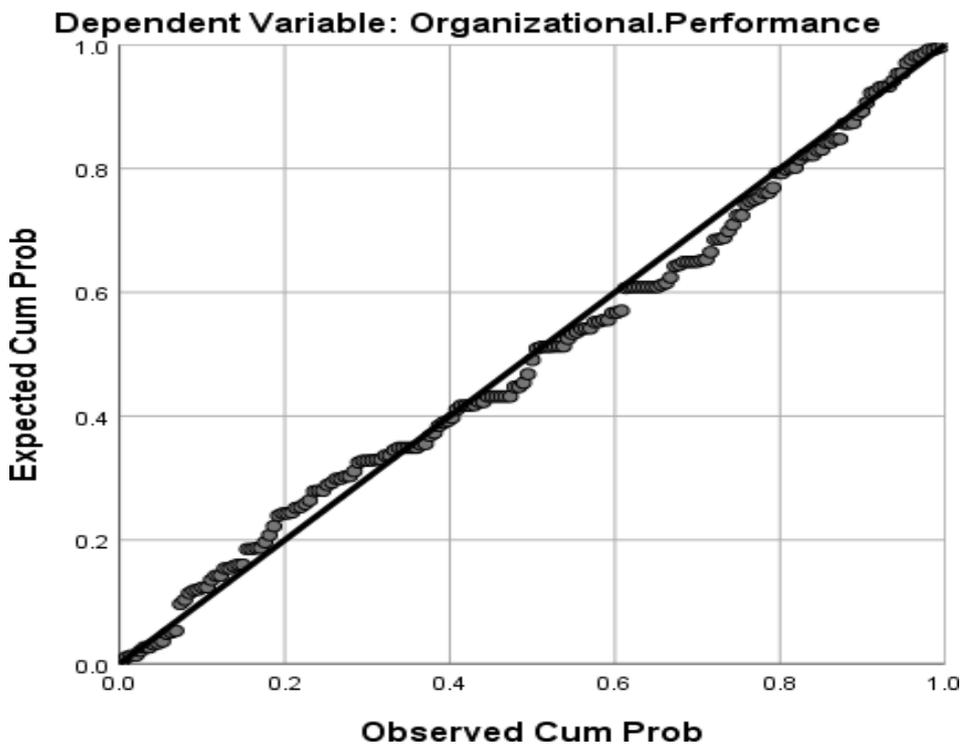


Figure 4.1: Normal P-P of regression standardized residual for dependent variables

As it is shown in figure 4.1, all the points at Normal P-P plot are placed in a rationally straight diagonal line from bottom left to top right. Although, there are some points that skew right off from the straight diagonal line, overall, there is no indication of a major deviation from normality. Therefore, the normality result is appropriate and acceptable.

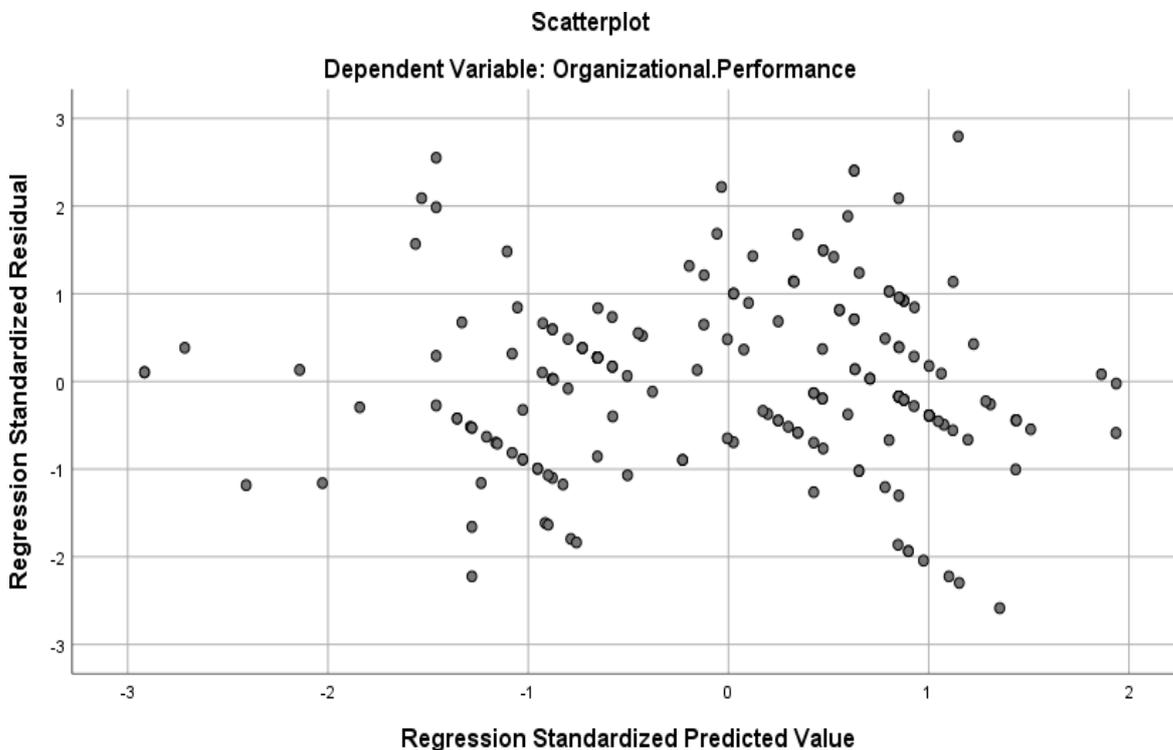


Figure 4.2: The scatter plot of residuals for observed value and predicted value

As shown in Figure 4.2, the scatter plot of the residuals shows that the residuals are slightly distributed. The findings demonstrate that the predictors (independent variables) are linearly related to the residual of the criterion (dependent variables). In addition, there is no sign of obvious outliers as no score a standardized residual of more than 3.3 or less than -3.3. And it is acceptable.

Table 4.8: Correlations

		OP	EE	LS	WE	C	CD
Pearson Correlation	Organizational Performance	1.000	.780	.682	.528	.708	.757
	Engagement	.780	1.000	.796	.566	.718	.801
	Leadership	.682	.796	1.000	.670	.626	.769
	Work Environment	.528	.566	.670	1.000	.516	.618
	Compensation	.708	.718	.626	.516	1.000	.758
	Career Development	.757	.801	.769	.618	.758	1.000

Where: OP means Organizational Performance; EE means Employee Engagement; LS mean Leadership Style; C means compensation; D means Career Development; WE mean Work Environment

The above table 4.2 shows the correlation matrix indicates that the independent variables (engagement, leadership style, work environment, compensation, and career development) were positively correlated with organizational performance. Furthermore, the table shows that (engagement) achieved the highest positive correlation with organizational performance. However, (work environment) has the lowest correlation with organizational performance. Moreover, it also shows that engagement, leadership style, work environment, compensation, and career development have a significant relationship with an organizational performance at the value of (0.000), which is less than 0.01. In addition, the result explains that an increase in engagement, leadership style, work environment, compensation, and career development will lead to an increase in the performance of the organization. As a consequence, the hypothesis was accepted. And there is no removed variable with stepwise analysis method.

The stepwise regression analysis was performed with assumptions complied with. The results are presented in Table 4.3 to Table 4.5.

Table 4.3: Multiple Correlation of independent variables with dependent variables Model Summary<sup>d</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
3	.821 <sup>c</sup>	.673	.668	.35393	.782

Predictors: (Constant), Engagement

Predictors: (Constant), Engagement, Career Development

Predictors: (Constant), Engagement, Career Development, Compensation

Dependent Variable: Organizational Performance

As demonstrated in Table 4.3, the Durbin-Watson value in this analysis is 0.782, which falls within the range up to 2.5, showing that there is no auto-correction in the residual. There are multiple correlations (R = 0.86) of three significant predictors with the criterion (dependent variable). From the model, the factors that influence organizational performance are engagement, career development, and compensation. The three factors have a significant effect size, which explains the adjusted R<sup>2</sup> (66.8%) of the variability towards engagement, career development, and compensation that influence organizational performance. The adjusted R<sup>2</sup> with 66.8% of the variance in respondents agree that these are one of the factors that contribute to organizational performance.

Table 4.4: Significance of Independent variables ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	46.733	3	15.578	124.358	.000 <sup>d</sup>
	Residual	22.673	181	.125		
	Total	69.405	184			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Engagement

c. Predictors: (Constant), Engagement, Career Development

d. predictors: (Constant), Engagement, Career Development, Compensation

Table 4.4 shows that the F-value is the Mean Square Regression (15.578) divided by the Mean Square Residual (0.125), yielding  $F=124$ . From the results, 3 models in this table are statistically significant ( $Sig=.000$ ). Therefore, an organizational performance that is both intrinsic and extrinsic factors combined are significant predictors of organizational performance at  $F(3/181)=124.35$ .

Table 4.5: Regression Coefficients and Significance of the Independent Variables Coefficients<sup>a</sup>

Model	UC		SC	t	Sig.	Correlations			Collinearity Statistics		
	Beta	Std. Error				Beta	Z-order	Partial	Part	Tolerance	VIF
3	(Constant)	.667	.121		5.531	.000					
	Engagement	.320	.056	.421	5.686	.000	.780	.389	.242	.329	3.038
	Career Development	.187	.056	.264	3.341	.001	.757	.241	.142	.290	3.453
	Compensation	.190	.063	.205	3.025	.003	.708	.219	.129	.391	2.556

a. Dependent Variable: Organizational Performance

Where UC = Unstandardized Coefficients; SC = Standardized Coefficients; B = Beta; Z-Order = Zero-order

Table 4.5 revealed the degree of influence of both motivational factors on the level of organizational performance and its levels of significance. Three significance predictors out of five independent variables are positively related to the criterion in the stepwise regression. The engagement has the highest regression coefficient at 0.32, followed by career development 0.187, and compensation 0.190.

The multiple regression equation is as follows:

$$OP = 0.667 + 0.32(EE) + 0.187CD + 0.190C$$

Where, OP = Organizational Performance; EE = Employee Engagement CD= Career Development; C = Compensation

Table 4.6. Collinearity Diagnostics<sup>a</sup>

Model	Dimension	Eigen value	Condition Index	Variance Proportions			
				(Constant)	Engagement	Career Development	Compensation
3	1	3.932	1.000	.00	.00	.00	.00
	2	.041	9.849	.80	.03	.12	.01
	3	.015	15.983	.06	.34	.03	.89
	4	.012	17.948	.14	.63	.85	.10

a. Dependent Variable: Organizational Performance

b. Table 4.6 gives details of how the variables vary with each other. When two or more of the supposedly independent variables are correlated, the condition index for each will be above one. Values of one are independent; values of greater than 15 suggest there may be a problem, while values of above 30 are highly dubious. If the variables are correlated, one of the variables should be dropped and the analysis repeated.

These findings on the hypothesis correspond with the findings of Lake (2004) and Akerele (2001) that motivational factors regardless of nature (i.e. intrinsic or extrinsic) cannot be underestimated when performance is concerned.

## CONCLUSION

Employees are and should be considered the most vital above other factors of production, the most valuable resource available to an organization. They are an integral part of the organization, in pursuit of a modest edge, to ensure that the employees' motivation is made a top priority. This is to ensure that employees display a positive attitude to work through improved performance and productivity levels. Also, it is important to note that a lack

of adequate motivation results in low performance and vice versa. The overall result showed that employee motivation has a significant effect on organizational performance.

This study concludes that employee motivation be it intrinsic or extrinsic in nature has a significant effect ( $p < 0.05$ ) and is a predictor of organizational performance level. It also concludes that both intrinsic and extrinsic factors of motivation appeal to employees and the right mix of both are essential in bringing out the best performances from a workforce. These findings validate the Herzberg two-factor theory, Maslow's hierarchy of needs theory and Vroom's Expectancy Theory. From the findings of the study, one can assume that the influence of extrinsic factors more than intrinsic factors on performance

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