

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT OF MANAGEMENT

EMPLOYEE'S MOTIVATION AND PRODUCTIVITY IN CASE OF SELECTED FOAM MANUFACTURING COMPANIES IN ADDIS ABABA, ETHIOPIA.

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY DEPARTMENT OF MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF SCIENCE IN BUSINESS ADMINSTRATION (MBA)

BY: DANIEL MULAT

June, 2026

ADDIS ABABA, ETIHIOPIA

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ADVISOR

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June, 2026

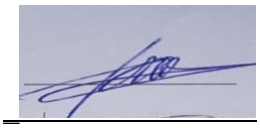
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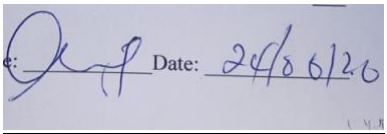
EXAMINERS' APPROVAL SHEET

We, the undersigned members of the Board of Examiners of the final open defense by Daniel Mulat have read and evaluated his thesis entitled Employees motivation and productivity in the case of selected foam manufacturing companies in Addis Ababa, and examined the candidate. therefore, to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree of Master of Business Administration.

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ACRONYMS/ABBREVIATIONS

ANOVA: Analysis of variance

SPSS: Statistical package for the social sciences

DW: Durbin Watson

VIF: Variance inflation factor

ABSTRACT

Organizations can reach their main goals through higher employee output. Employee motivation is a key practice in human resources that play an important role in enhancing employee productivity. This study assesses the relationship between employee motivation and productivity in a selected foam manufacturing companies in Addis Ababa, Ethiopia. The researcher used both explanatory and descriptive research designs with mixed approach. The total target population for the study consisted of 300 individuals from which a sample of 172 employees where selected using proportionate stratified sampling method from three companies: Kangaroo, Amaga and Malada. Data was collected from both primary and secondary sources using questionnaires and interviews. Before the main study, direct personal interviews were conducted with three managers. A reliability test was performed to check the consistency of variable measurements, using a pilot test on 26 employees who were not participants of the main research. Quantitative data were analyzed with descriptive statistics (percentage, frequency, mean and standard deviation), as well as inferential statistics (Pearson correlation, and multiple regression) analysis and qualitative data were analyzed with a narrative approach. The study found two types of motivational factors: extrinsic and intrinsic and the results showed that extrinsic motivations factors compensation, work environment and leadership strongly and positively correlate with employee productivity than intrinsic motivation factors. the finding also revealed that 58.3% of the variations in productivity can be explained by motivation in the companies used as a study in this research. From the hypotheses tested, the result indicated that employee motivation has a significant effect on employee productivity. therefore, this study recommended that organizations should figure out factors that motivate their employees and seek ways of ensuring their productivity level. The more employee motivated the better productivity will be.

Key words: Motivation, Extrinsic Motivation, Intrinsic Motivation, Employee Productivity

CHAPTER ONE

1. INTRODUCTION

1.1.Background of the Study

In today's world, the global business sector faces intense competition and constant change. For a company to succeed, it must manage its resources well including human resources which is very important and require careful management. Human resources help a company reach its long-term and short-term goals. Managing people is more complex than managing other resources due to the different personalities, attitudes, beliefs, and values of individuals. Given the psychological complexity of individuals, managers must use a variety of strategies and skills to inspire their employees. This is a key for the company's survival and strong performance. Therefore, leaders at all levels are understanding the importance of motivation and taking action to encourage it. Some leader even value individuals highly and take more personal approaches to motivate their employees (Bendar, E., and White, J. 1991). As many companies face low performance and declining productivity, the topic of motivation has become even more important as companies seek to understand the reasons behind it. According to Alan (1988), the executive vice president of General Motors Corporation, stated, "it is a revolution in which each side recognizes that people, not fixed assets or technology, are the deciding factor in the bottom line." This quote indicates that motivated workers greatly enhance a company's productivity. On the other hand, unmotivated workers are often less productive and may exhibit negative behaviors such as absenteeism and carelessness. This can lead to lower productivity. As Jovanich (1961) mentioned that, "the problems of motivation then become one of arriving at compensation to workers that will coax them to produce the output that is required.", as a result, companies look for individuals who are eager to succeed in the workplace. According to Homby and Sidney (1998), work motivation involves interaction between workers and their environment, therefore effective management and supervision are essential to achieve the company goals. Therefore, improving motivation establishes the conditions for a more effective and productive workforce.

1.2. Statement of the problem

Organizational management sometimes lacks awareness of certain factors that influence workers' performance, which can result in low employee motivation. Most of time, managers often concentrate heavily on non-human resources, such as generating revenue, improving products, expanding the market, planning for the future, and managing various operational functions like organizing, controlling, coordinating, and researching (Anno,Ekiru,2025). However, they overlook the key role of human elements in achieving these objectives and that without motivated staff, even the best laid plans may fail. For instance, many organizations face high employee turnover and workers in both the public and private sectors often engage in industrial actions to express dissatisfaction with their working conditions and this leads to a significant decline in productivity (Hosen, 2022)

Employee motivation is influenced by various factors through employee well-being, fair compensation, opportunities for promotion, and positive relationships with colleagues and supervisors. These factors will foster an employee's effectiveness and efficiency in the workplace (Schultz and Küsel, 2018).

Employees who develop solid social and professional relationships within and outside the organization perform better than those who do not. To achieve optimal results, organizations must develop and implement effective motivational strategies (Johny,2024; Hasyim & Bakri, 2023)

The discussion above highlights the necessity of this research, which seeks to identify how employee motivation affects productivity in selected foam factories. Therefore, this research will examine the relationship between employee motivation and productivity at a selected foam manufacturing company in Addis Ababa

1.3.OBJECTIFE OF THE STUDY

1.3.1. Study Objective

The general objective of the study is to investigate employee motivation and productivity in the case of a selected foam manufacturing companies in Addis Ababa.

1.3.2. Specific Objective

The study has the following specific objectives

1. To identify dominant factors that affect employee's motivation in selected foam manufacturing companies in Addis Ababa.
2. To see the impact of motivation (intrinsic and extrinsic) on employee's productivity in selected foam manufacturing companies.

1.4.Research Questions

This study will address the following question:

1. How can extrinsic motivation factor affect the productivity of selected foam manufacturing companies in Addis Ababa?
2. How can intrinsic motivation factor affect the productivity of selected foam manufacturing company in Addis Ababa?
3. Which motivation has more contribution to productivity in selected foam manufacturing company in Addis Ababa?

1.5.Significance of the study

This study investigates the motivation factors that motivate employees at a selected foam manufacturing company located in the Addis Ababa area. Through this study, the researcher has gained insight into the practical challenges related to the topic. This experience has allowed the researcher to link theoretical knowledge with real world application, thereby deepening the understanding of how motivation theories can be applied in managing human resource within a manufacturing company. Additionally, the study highlights various forms of motivation, which can inform the development of suitable strategies to enhance employee performance. It also identifies the causes that contribute to high productivity as well as those that lead to lower productivity,

providing valuable information to management for better decision-making. This research will assist administration in using motivation effectively, not just for its own sake, but with a clear understanding of when, how, and which type of motivation to apply to achieve the best possible performance.

This study gives important insight for managers, helping them make better decisions about employee performance. it encourages leaders to use motivation in a thoughtful way, showing them when and how to apply different motivational strategies to get the best results from their team.

generally, this research will provide managers and employers with a better understanding of different ways to motivate their workforce to achieve optimal results.

1.6. Scope And limitation of the study

The primary focus of the research is to investigate the effect of employee motivation and productivity in the case of a selected foam manufacturing companies in Addis Ababa. The study concentrates on the employee and management team of the selected foam manufacturing companies, from whom the necessary data were collected.

Limitations of the study

the demanding schedule of respondents at work made it very difficult getting the respondents to participate in the survey. As a result, retrieving copies of questionnaire in timely fashion was very challenging. Also, the researcher is a postgraduate (student) and therefore has limited time as well as resources in covering extensive literature available in conducting this research. Information provided by the researcher may hold for all businesses or organizations but is restricted to the selected companies used as a study in this research especially in Addis Ababa the locality where this study is being conducted.

1.7. DEFINITION OF TERMS

i. **Employee:** this refers to anyone working part-time or full-time for a company, either under a formal contract of employment, or informal agreement, whether it is written down or just spoken. These individuals have a certain right and responsibility in their job.

ii. **Extrinsic motivation:** this type of motivation stems from outside factors. It is about what you get externally, like rewards or recognition, rather than your own personal satisfaction or interest in the work.

iii. **Intrinsic motivation**: this comes from within a person. It is the internal desire to do something for the joy of it for personal growth, rather than just for external rewards. This motivation often develops from how someone engages with a task.

iv. **Motivation:** this encompasses both internal and external factors that drive a person's enthusiasm and commitment to their work and goals.

v. **Productivity:** measures how efficiently resource like time and labor are used to create valuable results.

vi. **Organization:** an organization is essentially a group of people working together in a structured way to meet shared goals or needs.

vii. **Performance:** looks at how well someone accomplishes their tasks, based on set criteria like quality, efficiency, and timeliness.

1.8.Organization of the paper

This paper is laid out in five chapters. The first chapter gives an overview of the study including background, objectives, research question and hypotheses. In the second chapter, will find reviews of related literature, empirical review and conceptual framework are included. chapter three deals research methodology, converting data source, the data collection instrument, the procedures of data collection, the method of data analysis, ethical consideration, and validity and reliability analysis. chapter four shares the result and discusses what we found. Lastly, chapter five wraps everything up with a summary, conclusion, recommendations, and thoughts on future research.

CHAPTER TWO

2. LITERATURE REVIEW

2.1.The Concept of Motivation

Motivation theory is concerned with what influences goal directed behavior. It is about how behavior is initiated by needs and expectations for the accomplishment of goals that will fulfill those needs, how successful conduct is reinforced by goal attainment and feedback on goal achievement and the confidence that shows the ability to perform. Armstrong et al. (2004), states this motivation behavior: a specific task will trigger the behavior expected to accomplish the task successfully.

According to Hoy and Miskel, motivation in the workplaces is influenced by various internal factors like desires and pressure, which help initiate and maintain our efforts toward personal goals. Mullines adds that motivation involves the internal forces guiding our actions in terms of direction and effort. He points out that motivated employees are willing to put in the necessary effort over time to reach specific goals.

Motivation can also be seen as a decision-making process where individuals determine what they want to achieve and take steps to get there. This shows how committed someone is to putting effort into a certain task or behavior.

2.2 Employee's Productivity Concept

Productivity can be defined as a measure in relating the quality and quantity of output against the input provided by individual to produce said output. The normal measure for productivity is to link a rank value against hours worked or tasks accomplished. The definition of productivity according to beson (2008) is the output of an employee that is measurable against the employee's effectiveness and efficiency in achievement of the set goals or job tasks.

Du Plessins and Ferreira (2008) stated that productivity is the time spent by an employee actively participating in his/her job that he or she was hired for, in order to produce the required outcomes according to the employers' job descriptions. As

suggested by Coetsee (2002) the core cause of the productivity problems in an organization is the statues of the people's motivation levels and their work ethics.

According to Benson (2008), having the technical knowledge and ability does not guarantee that employees will be efficient and effective in their job tasks. To get effectiveness and efficiency in the work environment one also needs to provide the necessary resources that are required task, have a supportive management structure and lead with vision, which is in alignment to the employee's goal and objectives. Employees are influenced by the management style employed by their managers and described by Benson (2008) the transformational leadership style can be closely tied to employee performance and productivity in an environment of change.

2.3 Ways of Motivation

In today's fast -paced work environment, knowing how to motivate employees is crucial skill for leaders. Nowadays, leaders are expected to go beyond routine tasks and make thoughtful decisions.

Research shows there are five key sources of motivation.

1. intrinsic motivation factor where people are driven by their interest or enjoyment in their work.
2. instrumental motivation employees were motivated by reward, such as bonuses or promotions.
3. self-concept is external motivation where recognition and reputation play a significant role.
4. self-concept internal motivation, which come from personal challenges and achievements.
5. goal internalization motivation occurs when people are moved by aligning their work with a greater cause of purpose.

Each of those motivational sources requires different approaches from organizations and leaders in order to Effectively leaders are those who can recognize and connect with all five sources of motivation. In contrast, leaders who rely on only one or two motivational sources are likely to motivate only a limited portion of their workforce and may therefore be less effective overall.

2.4 Rules for effective motivation

To motivate employees effectively, Sheila (2004), suggests the following rules are key rules for motivation

1. Recognize and respect individual differences among employees
2. Praise good performance publicly while addressing poor performance privately.
3. Offer guidance and suggestions rather than issuing commands.
4. Lead by example, as often model the behavior of their superiors
5. Trust in your employee abilities.
6. Involve employees in decision-making.
7. Communicate clearly and regularly.
8. Listen to your employee thoughts and concerns.
9. Be transparent to build trust.
10. Encourage collaboration rather than enforcing compliance.

2.5 Nature of Motivation

Motivation plays a crucial role in how managers guide employees toward the goals of an organization. Motivation is a continuous process; people have various needs and desires that drive them to work, but can't satisfy all these needs immediately. It is an ongoing journey where motivation keeps changing as different needs arise. In addition, motivation involves viewing the individual as a whole. It is deeply psychological and tied to a person's basic needs, which are all inter linked. Also, motivation is fundamentally about the psychological state of workers. Even skilled employees may not perform at their best if they lack motivation. To achieve top performance, managers need to understand what motivates their employees on a psychological level through financial and non-financial factors. Financial motivation refers to things like salaries, bonuses, and other monetary rewards and, non-financial motivation including things like recognition, praise, added responsibilities, and having a say in decision-making.

It is also important to note that when employees' basic needs are not met, a feeling of frustration can set in and this frustration can hurt their mental state and decrease their performance. Therefore, addressing their fundamental needs is the first step in motivating them effectively. People often work towards personal goals, and after achieving these, their motivation might dip unless they set new goals. Additionally,

motivation can be both positive and negative. Positive motivation uses rewards, while negative motivation may involve penalties like demotion or termination.

Motivation is highly linked to how individuals see themselves in relation to their work. It is a driving force, connecting self-perception to work behavior and key to recognize that motivation is different from job satisfaction- motivation involves striving toward goals and job satisfaction is more about how fulfilled someone feels about their performance.

2.6 Motivation Theories

Numerous theories regarding to motivation have been developed by behavioral and Psychologists scientists, some of which have been developed by researchers. These are a few distinct view points on theories of motivation. These are a few distinct viewpoints on theories of motivation. But in this conversation, well concentrate on Abraham Maslow's hierarchy of needs, ERG theory, Herzberg's two factor theory, and McClelland's Acquired-needs theory.

2.6.1 Hierarchy of Needs Abraham Maslow Theory of Needs

In the 19950, Abraham Maslow (1908-1970) and Fredrick Herzberg (1923) founded the Neo Human Relations School, which concentrated on the psychological needs of workers. Employees must have met their five level needs at work (Mary and Ann, 2011).

Employees must Satisfied there first needs before they Goes to the next higher level of hierarchy.

The five levels of needs according on Maslow

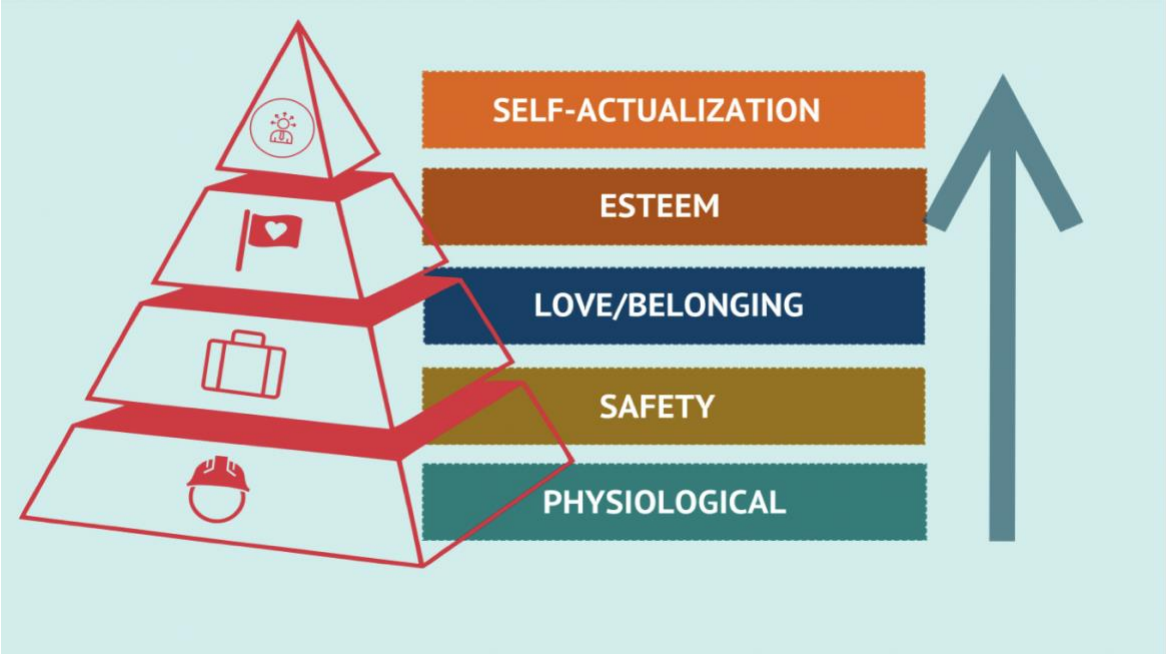


Figure 2.1Hierarchy of Abraham Maslow's **(Source: FourWeekMBA.com)**

1. Physiological Needs:

Are the fundamental requirements that all of us need to live. These includes basic things like food, air, shelter and water. If a person does not fulfill these necessities, is not tough for them to focus on anything else in their life or work, as pointed out by (Mary & Ann, 2011).

2. Safety Needs:

These are all about feeling secure and protected. For many employees, this means having things like job security and health insurance.

3. Social Needs – Love & Belonging:

This revolves around our connections with others. People need love and belonging, through friendships or simply or general feeling of being accepted by those around them.

4. Esteem Needs:

This refers to how we see ourselves and how others view us. According to Vance and Pravin (1976) esteem is categorized in to internal and external esteem. Internal esteems involve how we feel about ourselves, like our sense of respect and

accomplishments. External esteem, however comes from how others recognize us and the social status we achieve through our successes.

5.Actualization Needs.

Self-actualization refers to the desire to reach one's full potential at work. Researcher Vance and Pravin suggested back in 1976 that this need is never fully met due to the fact that self-actualization is tied to deep human values like truth, wisdom, and justice. Therefore, organizations can take several paths to motivate their employees and help them grow. Salary is the most straightforward motivator, meeting both basic and safety needs to address social needs, creating a workplace that encourages easy communication and teamwork is essential. Team gathering and social events can also increase strong relationships among employees that helps fulfill their need for belonging (Bradley, 2003).

Recognizing and rewarding employees through verbal praise or formal acknowledgment- increases their self-esteem. In addition, giving challenging and engaging work can also help employees feel they are progressing towards their full potential (Garderner and Lambert, 1972).

2.6.2 ERG Theory

Alderfer took Maslow's well-known hierarchy of needs and simplified it into three main groups.

The first group is called Existence needs, which covers the essentials for survival, like food and shelter.

The second group is Relatedness (Social &Belonging needs): this involves our desire for meaningful connection with others, whether that's family, friends, or colleagues, along with the pursuit of social recognition and frame.

This category includes what Maslow described as social needs and the external part of Esteem last group of ERG Theory is Growth (Self-esteem and Self-actualization) this category relates to Maslow 's self- actualization needs and relate to our motivation in various aspects of life, highlighting how we seek to fulfill them in different ways.



Figure-2.2: Alderfer ERG Theory

The manager should be aware that every employees have different needs and satisfaction factors, and each employee have several wants and satisfaction elements. ERG hypothesis states that a manager can't motivate employees by focusing only one need at a time (Deci and Ryan, 2000).

2.6.3 Two-Factor Theory of Fredrick Herzburg

Fredrick Herzburg (in 1959) came up with the two factors theory of motivation, which looks at two main elements that impact how motivated employees feel hygiene factors and motivators. this theory outlines what drives employees by pinpointing their specific needs and desires. The elements that lead to dissatisfaction are termed "hygine" while those that lead to satisfaction are called "motivators" (bradly, 2003).

1- Hygiene factors

Hygiene factors are associated with the organization, such as policies, procedures, salary, and job security. If these elements are absent in workplace, dissatisfaction arises. They address the basic physiological needs that employees expected and need to be satisfied (bradly, 2003).

2- Motivator

Motivator factors are responsible for determining satisfaction. These are intrinsic elements like a sense of achievement, recognition, responsibility, and personal growth, which inspire employees to perform better

(Bradley, 2003).

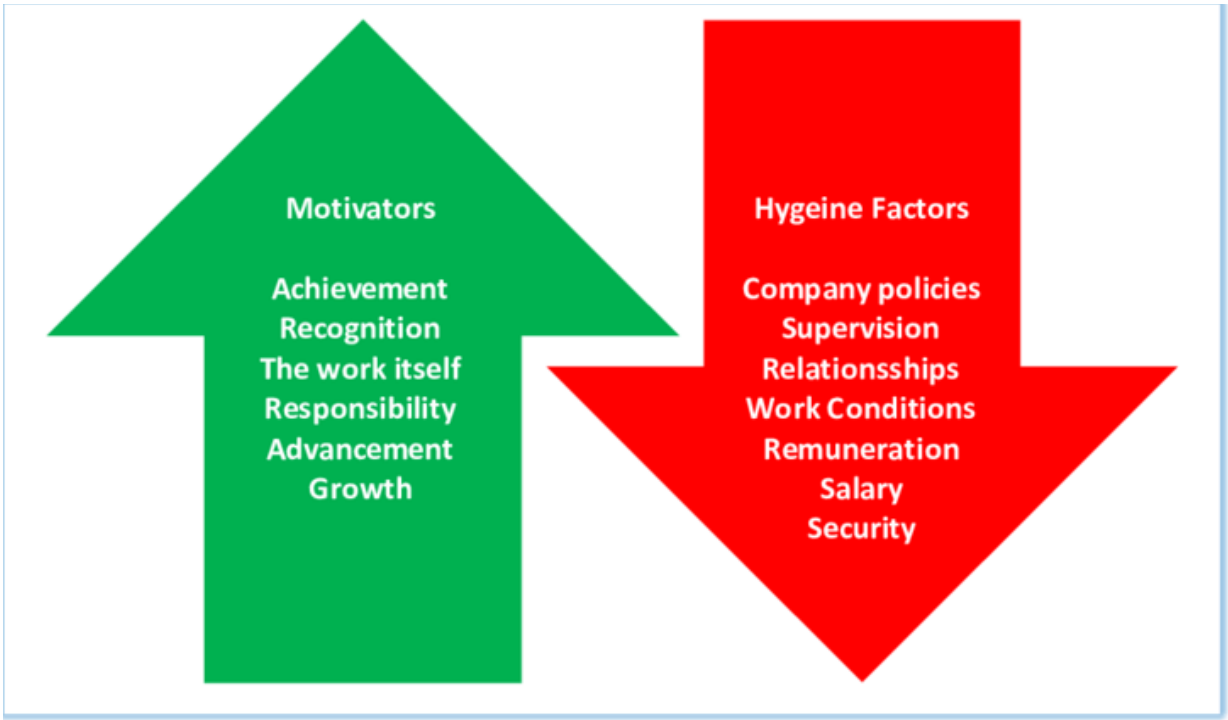


Figure-2.3: Two-Factor Theory of Fredrick Herzburg

2.6.4 Acquired-Needs Theory of David McClelland's

In 1961, David McClelland's recognized three critical needs that drive human motivation.

1- Need for Achievement (nAch)

Employees with a strong need for achievement strive to reach challenging goals and objectives and are characterized by willingness to take responsibilities.

2- Need for Affiliation (nAff)

Individuals with a high need for affiliation prioritize relationships with people over tasks and have strong desire to form connection with others.

3- Need for Power (nPow)

This is the need to influence, lead, and control others; people with a high need for power often seek managerial roles and enjoy guiding and directing others.



Figure-2.4: Acquired-Needs Theory of David McClelland's

2.6.5 Vroom's Theory of Expectancy

Victor Vroom introduced the Expectancy Theory of Motivation in 1964, identified a new perspective on what drives people to work. His theory is built on two simple ideas;

first, people have certain expectations about what will happen due to their actions, and second, different people have different preferences for the outcomes they want. This theory seeks to answer an important question “what makes someone willing to put in effort on tasks that matter to a company?”. According to Vroom, people tend to be motivated when they believe that their effort will lead to the results they want. He identified three main factors that influence motivation: Expectancy, Instrumentality, and Valence.

1. **Expectancy** is the belief that one’s effort will lead to a certain level of performance or having confidence that hard work pays off.
2. **Instrumentality** is the perception that achieving good performance will result in specific rewards; it is the belief that if you do well, good things will follow.
3. **Valence** refers to the value a person attaches to potential rewards; different people have different views on what is worthwhile.

The theory shows that these three factors are connected and mathematically it is expressed as:

Motivation = Expectancy × Instrumentality × Valence.

This means that if any of these components are lacking motivation will be affected. For example, if someone doubts that their effort will really lead to strong performance or if they do not believe good performance will earn them a reward their motivation will drop.

For managers, this theory is useful as it suggests helping employees understand how their efforts link to performance, tying that performance to meaningful rewards, and ensuring those rewards are valued, managers can better motivate their teams.

2.6.6 McGregor’s theory X and theory Y

Douglas McGregor theory has two branches of thoughts; Theory X and Theory Y depending on how managers can view their employees differently based on their assumptions about workers' attitudes and roles. Theory X focuses on a more negative outlook assuming that employees are naturally inactive, self-centered, and unmotivated. Because of this, managers who follow this approach tend to rely on strict supervision and a more controlling management style. Workers in this category often

need close watch and external pressure to get their tasks done. On the other hand, Theory Y takes a much more positive view suggesting that employees are inherently motivated, responsible, and capable of managing their own work. A supportive atmosphere, opportunities for growth, and recognition can encourage these employees to engage and perform well. Managers can trust Theory Y employees to be self-motivated this in turn leads to better productivity.

McGregor stated that managers should know which category each employee fits into helps managers decide on the best ways to lead and motivate their teams.

2.6.7 Equity Theory

John Stacey Adams in 1963, presented the Equity Theory. This theory centers on the idea of fairness as a key driver of employee motivation. He argued that workers constantly seek a balance between what they put into their jobs and what they get out of them.

When employees feel that their contributions are not matched by fair rewards and when they feel underpaid and see others earning more for similar, works they often become dissatisfied or even upset. especially if they. Inputs refer to everything an employee brings to their role, such as time, effort, skills, and commitment. on the other hand, outcomes include things like pay, benefits, recognition, and job security.

The Equity Theory deals with how fairness is important in the workplace. It states that people naturally compare their efforts and rewards with their peers. depending on their perceptions, these comparisons can either motivate demotivate them. Therefore, understanding this theory can greatly influence how jobs are designed and how rewards are distributed. This in turn will improve both motivation and job satisfaction among employees.

2.6.8 Reinforcement Theory

Reinforcement Theory is about motivation that was put together by behaviorist B.F. Skinner. It is also called behaviorism or operant conditioning it says that we are more likely to repeat actions that lead to good outcomes and less likely to repeat actions that lead to bad ones. For example, managers can encourage positive behavior at work by using rewards. However, it is important to give these rewards right after the desired behavior occurs, so that employees can make a clear connection between their actions

and the rewards they receive. The theory highlights how performance and rewards are linked, it is good to remember that money is not the only factor that motivates people; things like personal differences, management styles, and workplace conditions also play a significant role.

2.7 Motivation Approaches

Motivation methods are strategies managers use to inspire and encourage their teams to perform better.

one of the simplest yet most effective methods is giving praise. Just saying a heartfelt thank you or recognizing someone's hard work can really make a difference. When m anagers sincerely acknowledge an employee's contributions, especially in front of their coworkers it can lift, their motivate them even more (Salasiah & Zainab Rosmawati Ermy, 2010).

Regular praise can lead to higher productivity. Recognizing their hard work sends the message that what they do matters and is appreciated (David, Louis, & Michael, 2004). Pay and bonuses another important motivation factors. Though these financial rewards are often temporary fixes, research shows that they significantly impact motivation. When workers feel they are paid fairly and securely, they tend to put in more effort and perform better. Financial incentives, like salaries and bonuses, have been shown to directly enhance productivity. A study by Locke and colleagues in 1980 found that implementing individual pay systems increased productivity by 9% to 17%. Guzzo and Katzell (1985) also stated that motivation programs linked to financial rewards are particularly effective. Judiesh (1994) mentioned that salary increases can lead to better productivity as well. Studies suggest that many employees often value financial security even more than praise (Trank, Rynes, & Bretz, 2002). This shows that the balance managers need to strike between appreciation and financial incentives for maintaining high performance in their team positive feedback is really important for employees, especially when they connect their contributions to monetary rewards. This idea has been supported by studies like those from Harrison, Virick, and Williams in 1996, and Trevor, Gerhart, and Boudreau in 1997.

Research by Pinar in 2001 shows that when people feel their efforts are recognized, they tend to work harder. This kind of recognition inspires employees to show their skills and talents, as they want to know how their contributions positively impact the company. Leaders should create structured ways to recognize employees (Hsiu-Fen,2007. When people feel appreciated, they gain confidence, and this leads to a positive and innovative work atmosphere. Even a simple “thank you” can go a long way in motivating staff and driving the organization towards success (David, Louis, and Michael,2004).

Also, giving employees new roles or added responsibilities is another effective way to motivate them. When satisfied employees take on more, they can inspire their coworkers; it is important to provide clear expectations and the resources they need (Jurgensen 1978).

Management Style

Studies show that being a great leader is more important than just being a manager regarding motivating employees. Leaders inspire and guide their teams, and this distinction makes a big difference (Yongsun, Barbara, & Christy, 2002). Successful leaders understand that supporting their employees’ growth is essential and they help individuals develop their careers and making sure everyone feels valued and appreciated (Holly, Buttner, & Dorothy, 1997).

A key part of a leader's job is to recognize the unique needs of each employee. Understanding what drives them and what parts of their work enjoy most, leaders can create effective motivation strategies (Kuratko, Hornsby, & Naffziger, 1997). Leaders take the time to find out what inspires each person, knowing that different employees have different motivational needs (Chadwick, Hunter, & Walston, 2004). To motivate effectively, leaders need the right knowledge and skills, and great communication (Hislop, 2003).

2.8. Types of Motivation

Employee motivation refers to how much enthusiasm and commitment workers bring to their jobs each day. It shows how connected they feel to the company’s goals and how capable they believe themselves to be in reaching those goals.

2.8.1 Intrinsic Motivation

Intrinsic motivation come from inside a person or from the nature of the activity itself. It positively influences behavior, performance, and overall well-being and individuals who are intrinsically motivated engage in tasks because they find them inherently interesting, meaningful, or challenging, rather than for external rewards. According to Deci and Ryan (2000), intrinsic motivation is driven by the satisfaction of three fundamental psychological needs: autonomy, competence, and relatedness. Employees experience intrinsic motivation when their work allows them to make decisions, take responsibility, apply and develop their skills, and pursue personal growth and career development. It depends on the meaningfulness of the work and the personal fulfillment it provides, rather than external incentives.

Although intrinsic motivation is self-generated, management can enhance it by cultivating a positive work environment, empowering employees, and implementing supportive job design and professional development practices. A sense of responsibility, recognition, freedom to act, opportunities to learn and develop skills, engaging and challenging tasks, and clear pathways for career advancement are key factors of the intrinsic motivation.

2.8.2 Extrinsic Motivation

Extrinsic motivation is when people are inspired to work by outside factors rather than the satisfaction of doing the work itself, (Deci and Ryan, 2000). It includes tangible and intangible rewards such as salary increases, gift cards, work environment, leadership style, material goods, vacations company events, and movie tickets. These external rewards can act as positive reinforcement and are often effective for achieving short term goals however, may have negative long-term effects on employee behavior.

2.9. Empirical Review on Employee Motivation factors

2.9.1 Compensation on Employee Motivation factors

Compensation refers to the amount of money and benefits that an employee receives from his/ her organization in return for his or her contributions to the organization (Hamidi, Saberi & Safari, 2014). This practically satisfies material, social and

psychological needs of the individual (Altinoz, Cakiroglu & Cop, 2012). Compensation or pay is linked with general satisfaction and more closely linked with pay satisfaction (Lumley et.al, 2011).

Employees receive different kinds of benefits in the form of wages, salaries and pay. Mostly individuals with good education, relevant skills and experience are unsatisfied with their job and salary packages resulting in high rates of turnover and low productivity. As such organizations make compensation plans for them in a bid to minimize the turnover and to motivate them. In other word you can say that compensation motivates employee for better performance and higher productivity levels. Compensation may also come in the form of Fringe benefits which focuses on maintaining the quality in terms of lifestyle as workers, provide them with a certain level of safety and financial security taking into consideration their family relations. Some common examples are; retirement or pension plans, medical insurance, education reimbursement and time off. Fringe benefits are forms of indirect compensation provided for a worker or group of workers as a result of their status as members of the organization (Matthias and Jackson, 2003), Also overtime is the payment over and above the normal salary and wage rates where the workers are paid extra for working additional hours (Tyson, 1999). Furthermore, Company housing or house rent allowances is offered by organizations who feel obliged to help an individual meet one of the basic needs a roof over one's head in order to enable them have access to reasonable accommodation while on official duty. Senior employees are provided with accommodation which may be owned by the organization while other organizations reimburse rent payments (Andrews, 2009). In order to avoid a decline in employee productivity levels, workers also require health and safety packages, job security and adequate working conditions (Hamidi et.al, 2014).

2.9.2 Leadership Style on Employee Motivation factors

Leadership is one of the key determinants associated with the success and failure of any organization. Leadership style is the manner in which people are directed and motivated by a leader to achieve organizational goals. Leadership style is viewed as a combination of different characteristics, traits, and behaviors that are used by leaders for interacting with their subordinates. Mitonga-Monga, Coetzee, and Cilliers (2012)

consider leadership as the pattern associated with managerial behavior, which is designed to integrate the organizational or personal interest and effects for achieving particular objectives. Harris et al. (2007) also postulated that leadership style can be defined as the kind of relationship that is used by an individual so as to make people work together for a common goal or objective. According to modern leadership styles, leadership styles can be categorized as follows: (1) transformational leadership style, (2) transactional leadership style, (3) Culture based leadership, (4) charismatic leadership, and (5) visionary leadership (Harris et al. 2007). There is a considerable impact on the leadership styles on employee productivity. The leadership style influences the culture of the organization which, in turn, influences the productivity. Klien et al. (2013) proved this fact by using the four-factor theory of leadership along with the data collected from 2,662 employees working in 311 organizations. The organizational culture and performance are related to the type of leadership style (Klein et al. 2013). As per the previous studies were done by the renowned researchers and scholars, the employees are generally motivated by the democratic style of leadership, where their voices also are empowered in the decision-making policy for a company (Goleman, 2017).

2.9.3 Working Environment and employee productivity

Working environment plays an important role towards the employee's productivity. Working environment is argued to impact immensely on employee's productivity either towards negative or the positive outcomes. Aisha et al. (2013) conducted research on the effects of working ability, working condition, motivation and incentives on employee multi- dimensional productivity in Indonesia. The results showed that working conditions, incentives and motivation had a significant effect on employee productivity. The findings also revealed that workload, facilities, and expectancy had a negative effect on employee productivity. Meanwhile, working group, salary, job security, achievement, fairness, and goals had a positive effect on employee productivity, also the result showed that there is a significant effect between variables working conditions (workload and facilities) and productivity (quality and quantity of work and level of attendance).

Chandrasekar's (2011) study of the workplace environment and how it impacts on employee's morale, productivity and engagement in India. The researcher argued that it is not just a coincidence that new programs addressing lifestyle changes, work/life balance, health and fitness previously not considered as key benefits - are now primary considerations of potential employees, and common practices among the most admired companies. He observed that people working in environments with poorly designed workstations, unsuitable furniture, lack of ventilation, inappropriate lighting, moderate noise, insufficient safety measures in fire emergencies and lack of personal protective equipment are likely to be prone to occupational diseases and that impact on employee productivity, also the researcher found out that productivity decreases due to the workplace environment in a wide industrial area where the employees are facing serious problems in their work places such as environmental and physical factors, it is difficult to provide facilities to increase their productivity level.

2.9.4 Skill Variety and Productivity

Skill variety refers to the degree to which a job demands different activities in the execution of the tasks, where various skills and talents of the working person are used. A monotonous job with repetitive tasks doesn't help the employee to develop a variety of talents. A worker who does alternating work is probably more satisfied with his job than a person who routinely produces the same work each and every day. Having different tasks, more responsibility and more independence will be beneficial to a person's intrinsic motivation.

Most studies on job characteristics found that skills variety has an important effect on job performance by motivate employee to reinforce their competencies to achieve the increased demands of job (Pincus, 1986). Form other side skill variety introduce the task as a developed process that enriched the mental capabilities of employee by learning from the diversification of skills.

2.9.5 Employee Recognition and Productivity

Employee recognition is the acknowledgement of an individual or team's behavior, effort and accomplishments that support the organization's goals and values. Manzoor (2011) studied the impact of employee motivation on organizational effectiveness in Pakistan.

The study sought to analyze the factors that increase motivation of employees and the relationship of employee motivation and organizational effectiveness. The researcher found out that recognition and empowerment increased employee motivation and hence their productivity. Recognition plays an essential part in enhancing employee motivation towards organizational tasks. Appreciating the employees for their work done and giving them participation in decision making, they will be internally satisfied with their job and organizational environment.

Aourzag and Rajaa (2014) did a study on the contribution of recognition to the motivation of the Moroccan public service managers in Morocco. The researchers aimed at finding if there is a positive relationship between recognition and motivation of construction employees. The researchers used exploratory-oriented methodology in order to test the nature of the relationship between the practices of symbolic recognition and employees' motivation in the public service.

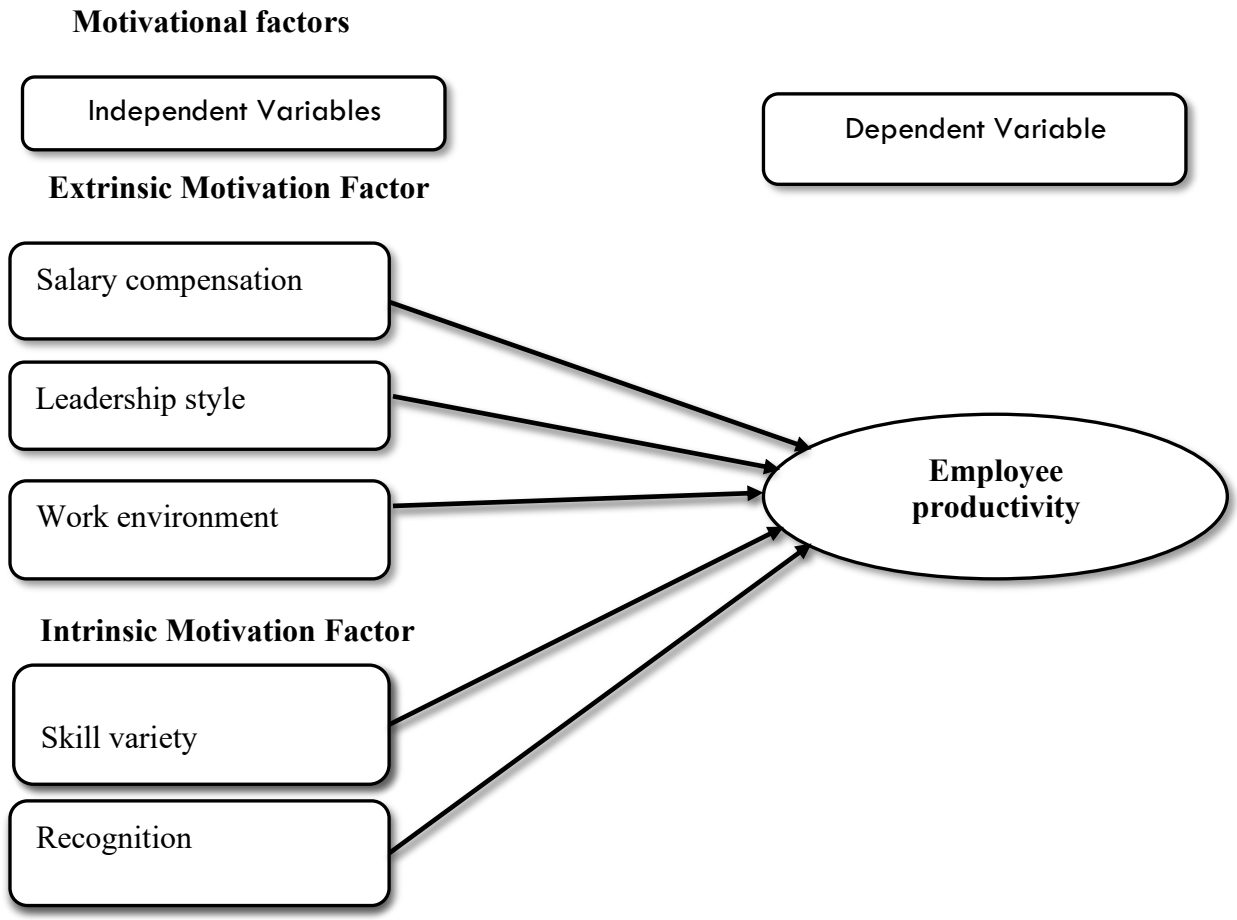
They conducted an empirical study by means of questionnaires. Their findings showed that correlation and regression analysis allowed them to confirm their main research hypothesis that recognition practices at work are positively associated with motivation. They concluded that the recognition is a determinant factor for motivating employees.

2.10 Conceptual framework

We need clear framework to understand how motivation affects productivity. This framework shows how both intrinsic and extrinsic motivation relate to employee productivity.

The conceptual framework is based on existing theories and practical research about motivation and how it affects employee's productivity. The framework will act as a guide for exploring how motivation factors influences productivity in real settings.

The conceptual framework provides a foundation for focusing specific variables for the study. These variables are based on the literature reviewed on motivation and its effect on employee's productivity. The conceptual framework of the study is



Source: Nassazi (2013) and modified by the researcher.

Figure 2.5 Conceptual framework

The above conceptual framework inferred that employee productivity is affected by the intrinsic and extrinsic motivation factors which are one of the ways to motivate employees.

The study consists of two basic variables employee's motivation and productivity, being independent variable and dependent variable respectively. The relationship between the two variables can be mathematically represented as follows:

$Y=f(X)$

Dependent variable = f (independent variable)

Where:

Y= Employee Productivity f=Function and X = Employee motivation (Extrinsic and Intrinsic)

Extrinsic (X1= Salary compensation; X2=Leadership style; X3= Work environment) and

Intrinsic (X4= Skill variety; X5= Recognition)

2.11 Development of Hypotheses

Based on the literature and conceptual framework, it is designed to test the following hypothesis:

1. **H1 Extrinsic employee motivation has a significant effect on employee productivity**

- H1a. Salary Compensation has a statically significant positive effect on employee productivity
- H1b. Leadership Style has a statically significant positive effect on employee productivity
- H1c. Work Environment has a statically significant positive effect on employee productivity

2. **H2. Intrinsic employee motivation has a significant effect on employee productivity**

- H2a. Skill variety has a statically significant positive effect on employee productivity
- H2b. Recognition has a statically significant positive effect on employee productivity

CHAPTER THREE

3. RESEARCHE DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter describes the methodology applied for this study. The purpose of this research is to investigate employee motivation and productivity in selected foam manufacturing companies. The researcher applied a quantitative and qualitative research approach since data were gathered via structured questionnaire. Moreover, the study applied a combination of descriptive (to assess the level of motivational schemes) and explanatory (to determine the effect of motivational factors on employee productivity) research designs.

3.2 Research Approach

To accomplish the objectives of this study, quantitative and qualitative research methods were employed. These approaches are effective in addressing research issues, as they allow for a comprehensive response and the triangulation of evidence.

3.3 Research Design

In this study, a descriptive approach with quantitative and qualitative methods through questionnaires and surveys was used to conduct the research within a predetermined time frame. The researcher applied a quantitative research approach since data were gathered via structured questionnaire. Moreover, the study applied a combination of descriptive (to assess the level of motivational schemes) and explanatory (to determine the effect of motivational factors on productivity).

Our goal was to assess employee motivation and productivity in Kangaroo, Amaga, and Malada foam manufacturing companies in Addis Ababa. as they existed during the study. The researcher choice this approach to obtain first-hand data respondents and to provide reliable conclusions and recommendations for the study.

3.4 Sources of Data

For this study, the researcher was used both primary and secondary data. Data was gathered primary data directly from employees working at Kangaroo, Amaga, and

Malada foam manufacturing companies. Secondary data came from various published and unpublished materials, along with some online sources.

3.5 Population and Sampling Technique

This research looked specifically at foam manufacturing companies in Addis Ababa.

To determine the sample size, first the target population must be identified. According to Hair et al. (2010), the target group is the specific set of companies or individuals whose data is collected to develop the necessary information structure.

There are five foam manufacturing factories in Addis Ababa, however, one was temporarily closed. Consequently, the study included only companies that were operational and willing to participate.

Furthermore, a proportionate stratified sampling technique is used to ensure that employees from different organization were fairly represented in the sample. After determining the proportional number of respondents from each Companies, convenience sampling was used to select employees who were readily available and willing to participate during the data collection period due to time and access limitations

3.6 Target Population

The total population of this research was the employees and management staff of the selected foam manufacturing companies in Addis Ababa. Because they were the basis of the study and provided the relevant answers to the study questions.

3.7 Sampling Technique

In this study, employees from foam manufacturing companies were asked to participate, and the researcher used the proportionate stratified sampling method for selecting the participant along with a formula created by Slovin in 1960. Here is how it works:

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

$=300/1+300(0.05)^2$

$=171.428 \sim 172$

n = 172

Where: n is sampling size

N is the total population size

e is the margin of error (5%)

1 is the constant value.

After the sample of the three firms have been determined, the researcher used the above sample size determination formula to determine the sample size of the population in the three foam manufacturing companies.

Therefore, out of the total population size of 300 based on the above formula the sample size is 172.

Since the number of people in each company is not the same, the number of samples for each company was calculated by the following formula;

Formula:

$$n_i = n*Ni/N$$

where: ni=sample size for each factory,

Ni= the total number of employees in each factory,

N= the total number of employees in selected foam factory (3 factory),

n= the total sample size for selected factory.

Accordingly, the table below shows the proportionate sampling for each Companies based on the above given formula.

Company name	Number of Population	Number of samples
KANGAROO FOAM FACTORY	75	43
AMAGA FOAM FACTORY	100	57.33~57
MALADA FOAM FACTORY	125	71.66~72
TOTAL	300	172

Table 3.1 proportionate sample distribution for each factory

Based on the proportional allocation shown in the table, Questionnaires were distributed using stratified sampling technique, which ensures that every member of the population have equal chance of being selected. In summary, the study collected, analyzed, and evaluated data derived from primary sources.

Instruments of Data Collection

Both close-ended and open-ended questioner were distributed for those selected foam factory managers staff and

close ended questionary has a five-point scale where they could respond from Strongly Agree (5) to Strongly Disagree (1) distributed to employees and open ended (interview) questionary was handled with Managing staff to collect essential data to the study.

Interview

The interview is a primary method of data collection. The interview was also done by the researcher himself. The major purpose of this interview is to corroborate certain facts that the investigator already thanks have been established (Yin, 1989; 89). The researcher was made with human resource expert to survey the performance of the

organization against employee motivation. It was developed based on a literature review.

3.8 Instrument of Data Collection

The data were gathered from primary sources and then reviewed the questionnaires to fix mistakes respondents were made. Next, the data corrected and coded then entered it into statical package for social science (SPSS) for analysis, using quantitative methods.

The data were analyzed using descriptive statistical methods such as mean and standard deviation, as well as inferential statistical techniques including Pearson correlation and regression analysis. Regression analysis was conducted to determine the extent to which the independent variable (extrinsic and intrinsic motivation) explains variations in the dependent variable (employee productivity). Pearson correlation analysis was used to test the proposed hypotheses and to examine whether a positive and significant relationship exists between employee motivation and productivity.

Model specification

To examine the effects of employee motivation on productivity in the case of selected foam manufacturing companies, the researcher employed the following economic model:

$$Y= \beta_0+\beta1X1+\beta2X2+\beta3X3+\beta4X4+\beta5X5+e$$

Where:

Y= productivity

β_0 =Constant (intercept) term

β1, β2, β3, β4 and β5 are regression coefficients representing the effect of the independent variables on the dependent variable

e = Error term

X1, X2, X3, X4 and X5. are motivation factors

Source; Gujarati, (1995) modified and contextualized by researcher 2025.

3.9 Reliability and Validity Test

The reliability of the data collection instrument involves the consistency of the result obtained with the instrument. Cronbach's alpha was used to assess the internal consistency of variables in the research instrument. It is a coefficient of reliability used to measure the internal consistency of the scale; it represented as a number between 0 and 1. Scale with coefficient alpha between 0.6 and 0.7 indicate fair reliability according to (Zikmud, 2010) thus, for this study, Cronbach's alpha score of 0.70 or higher is considered adequate to determine reliability.

Variables	N of items	Cronbach's alpha
Compensation	6	0.737
Leadership	5	0.816
Work Environment	5	0.974
Recognition	5	0.838
Skill variety	5	0.827
Employee productivity	5	0.898

Source: SPSS output, 2025

Table 3.2 reliability statics

The result on the above was found to be in the acceptance range as alpha is greater than 0.7. thus, showing as indication of acceptability of the scale for further analysis, all the three items of extrinsic motivation dimensions (compensation, leadership and work environment) and the two

intrinsic motivation factors (recognition and skill variety) and employee productivity were found above the above 0.7 Cronbach's alpha value and all values are reliable.

The Validity test refers to the extent to which a measuring instrument accurately measures the concept it is intended to measure. Norland (1990) emphasized that the exact measurement and importance of conclusions drawn from research largely depend on the validity of the tools employed.

In this study, the survey questionnaire was reviewed by subject-matter experts, including my supervisor, feedback and suggestions were incorporated to ensure validity in terms of content. Based on their comments, unnecessary items were eliminated, and relevant questions were retained or added to confirm the instrument's validity in terms of content relevance, clarity, readability, and overall consistency.

Both content validity and face validity were applied to assess the research instrument. Content validity refers to whether the measuring tools adequately covers the variable under study, whereas face validity concerns the apparent suitability and clarity of the instrument. In addition, the validity of the questionnaire was further supported through the administration of questions to respondents, as noted by Ojo (2003).

3.10 Ethical consideration

This paper has fully complied with all the ethical standards required for a master's research paper. The confidentiality of the sample population has been maintained. Everyone involved in the study have information about the purpose of the study. And how the information would be used. The information gathering process was conducted with strict confidentiality and the respondents were assured their responses would only serve academic purposes. The researcher has made every effort to ensure that no personal information beyond what was necessary was collected or disclosed

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

The chapter deals analysis and interpretation of the data. Data analyzing was used to indicates the finding that has been mentioned on the objective of the structure. Data interpretation was according to employee motivation and productivity.

4.1 Return Rate of Response

A total of 172 surveys were issued and returned 170 and 2 was not returned. A rate of return of 170 in hundred percent is 98.8 % it is utilized to look at employee motivation and productivity in the cause of selected foam manufacturing companies in Addis Ababa.

DETAILS	NUMBERS	PERCENTAGE
Total questionnaires distributed	172	100%
Returned questionnaires	170	98.8%
Non-Returned questionnaires	2	1.16%
Analyzed questionnaires	170	98.8%

Table 4.1 Return rate

Source: Field data 2025

4.2 Demographic Information

This part of the study discussed and analyzed the data collected from the employee response. Some of basic information was included to ground the study. Those are the result which is obtained from demographic information.

Respondents are classified by age, Gender, Educational level, year of service, marital status and salary

Table 4.2 Classification of Respondents by demography

No	Item	Gap	frequency	Percentage (%)
1	Age	18-25	68	40
		26-45	73	42.9
		>45	29	17.1
		Total	**170**	**100**
2	Gender	Female	52	30.56
		Male	118	69.44
		Total	**170**	**100**
3	Education level	<12	74	43.52
		Certificate	45	26.47
		Diploma	25	14.7
		Degree	19	11.17
		MA and above	7	4.11
		Total	**170**	**100**
4	Year of Service	1-5	103	60.58
		6-10	43	25.29
		11-15	16	9.41
		Above 16	8	4.7
		Total	**170**	**100**

Source field data 2025

The above table indicates respondents are classified by age and those data were collected and analyzed. The 68(40%) were shows the age difference between 18- 25 years, 42 respondents with 42.9 % were shows age between 26 - 45 years and 29 answers with 17.1 % were indicated that they were aged 46 and beyond 46. This show that 63.5 % of the respondents are young employees aged between 18 to 25years. The data indicates that those companies have many Yonge employee.

Regarding to gender 118 of the respondents with 69.44 % were males. The remain 52 of the respondents with 30.56 % shows they were female. This result shows the selected factory have more male than female. Concerning Respondents educational level, From the study it was found that 74 of the respondents with 43.52% were indicated that they were below grade 12 and grade 12completed. 45 of the respondents with 26.47 % were indicated that they held a certificate, 25 of the respondents with 14.7% were indicated that they held a diploma, 19 of the respondents with 11.17% were indicated that they held a degree and 7 of the respondents with 4.11 % were indicated that they held a masters and above. This implies that this organization has many of employees are below grade 12 and grade 12 completed.

From data these results were gathered that of 103 the respondents with 60.58 % were indicated that their service year were between1-5 year, 43 of the respondents with 25.29 % were indicated that their service year were between 6-10 year, 16 of the respondents with 9.41 % were indicated that their service year were between 11-15year and 8 of the respondents with 4.7% were indicated that their service year were between 16 and above year

4.3 Descriptive statistics for employee motivation and productivity

4.3.1 Descriptive statistics for compensation

Table 4.3 analysis of compensation

	Statement	Strongly agree	agree	neutral	disagree	Strongly disagree	mean	SD
s/n	**compensation**							
1	My company pays me well	21(12.3%)	32(18.7%)	22(12.9%)	55(32.2%)	40(23.4%)	2.64	1.352

2	There is good overtime payment	37(21.6%)	48(28.1%)	25(14.6%)	32(18.7%)	28(16.4%)	3.20	1.404
3	I am not satisfied with my current pay	52(30.4)	52(30.4%)	18(10.5%)	16(9.4%)	18(10.5%)	3.694	1.287
4	I prefer in kind rewards to cash rewards	25(14.6%)	28(16.4%)	20(11.7%)	50(29.2%)	47(27.5%)	2.612	1.42
5	Other benefits offer by the company are interesting	67(39.2)	52(30.4)	17(9.9%)	22(12.9%)	12(7%)	3.82	1.27
	Aggregate						3.19	1.346

Source: survey result, 2025

The table above shows that the aggregate mean value for the 'compensation' dimension of extrinsic motivation is 3.19. This implies that respondents have moderate level of perception towards the level of reward and compensation in the organization. The table also shows that in Q1 most of the respondents 55(32.2%) tend to disagree with the statement. 21(12.3%) are agree with the statement and as the same time 40(23.4%) strongly disagree with the statement. 22(12.9%) are neutral while 21(12.3%) strongly agree with the statement. The implication of the mean at 3.2 indicates that most of the respondents are leaning towards agree. In Q2, a great number of the respondents precisely 48(28.1%) agree with the statement. Another 37(21.6%) also strongly agree with the statement. 28(16.4%) are strongly disagree with the statement and of the remaining 57respondents 25(14.6%) are neutral while 32(18.7%) disagree with the statement, The implication of the mean at 3.2 indicates that most of the respondents are leaning strongly towards agree. In Q3, majority of the respondents specifically 52(41%) of the workforce agree and strongly agree with the statement respectively. 18(10.5%) are neutral with the statements, disagree while 16(9.4%) with the statement. Also 18(10.5%) of the respondents are strongly disagree. The implication of the mean at 3.69 indicates that most of the respondents are leaning towards agree.

The table also shows in Q4 that the highest number of respondents precisely 50(29.2%) of the respondents disagree with the statement. 47(27.5%) are strongly disagree while 28(16.4%) agree with the statement. it shows that 20(11.7%) of the workforce are neutral while 25(14.6%) strongly agree with the statement. The implication of the mean at 2.612 indicates that most of the respondents are leaning towards disagree.in Q5, most respondents 52(30.4%) are agree about the statement. 67(39.2%) strongly agree, 12(7%) strongly disagree while 22(12.9%) disagree with the statement finally 17(9.9%) of the respondents are neutral with the statement. The implication of the mean at 3.82 indicates that most of the respondents are leaning towards agree.

4.3.2 Descriptive statistics for work environment

Table 4.4 analysis of work environment

	Statement	Strongly agree	agree	neutral	disagree	Strongly disagree	mean	SD
s/n	Work environment							
1	I enjoy a conductive and friendly work environment	61(35.9%)	42(24.7%)	20(11.8%)	32(18.8%)	15(8.8%)	3.60	1.37
2	My company does a lot to improve the work environment	20(11.8%)	64(37.6%)	26(15.3%)	31(18.2%)	29(17.1%)	3.088	1.309
3	I enjoy a certain level of autonomy in discharging my duties	29(17.1%)	72(42.4%)	12(7.1%)	33(19.4%)	24(14.1%)	3.288	1.338
4	My company organizes routine safety	43(25.3%)	25(14.7%)	20(11.8%)	50(29.4%)	32(18.8%)	2.982	1.489

	environmental programs							
5	Relationship with company is good	33(19.4%)	42(24.7%)	30(17.6%)	35(20.6%)	30(17.6%)	3.07	1.39
	Aggregate						3.4	1.37

Source: survey result, 2025

The table above shows that the aggregate mean value for the 'work environment' dimension of extrinsic motivation is 3.403. This implies that respondents have moderate level of perception towards the work environment in employee productivity.

The table above also shows that most of the respondents that is 61(35.9%) are strongly agree with the statement in Q1. 42(24.7%) agree with this statement, 20(11.8%) are neutral with the statement while 15(8.8%) strongly disagree with the statement and 32(18.8%) of the respondent disagree with the statement. The implication of the mean at 3.60 indicates that most of the respondents are leaning towards strongly agree. In Q2, 64(37.6%) of the respondents are agree about the statement. 31(18.2%) of the respondents and 29(17.1%) of respondents disagree and strongly disagree with the statement. Of the remaining 46 respondents 20(11.8%) strongly agree with the statement while the other 26(15.3%) are neutral with the statement. The implication of the mean at 3.088 indicates that most of the respondents are leaning towards agree. Majority of the respondents in Q3 comprising 72(42.4%) tends to agree with the statement. 33(19.4%) of the respondents and 24(14.1%) of respondents disagree and strongly disagree with the statement. The rest 29(17.1%) and 12(7.1%) strongly agree and neutral with the statement respectively. The implication of the mean at 3.288 indicates that most of the respondents are leaning towards agree.

In Q4, a great number of the respondents precisely 50(29.4%) are disagree with the statement. 32(18.8%) tends to strongly disagree with the statement while 25(14.7%) agree. The rest 20(11.8%) and 43(25.3%) neutral and strongly agree with the statement respectively. The implication of the mean at 2.982 indicates that most of the respondents are leaning towards disagree. Finally, in Q5 the highest number of respondents 42(24.7%) appeared to agree with the statement. Another 30(17.6%) were strongly disagree while 35(20.6%) disagreed with the statement. The remaining 30(17.6) are neutral with the statement meanwhile 33(19.4%) of the respondents strongly agree

with the statement. The implication of the mean at 3.076 indicates that most of the respondents are leaning towards agree.

4.3.3 Descriptive statistics for leadership

Table 4.5 analysis of work leadership

	Statement	Strongly agree	agree	neutral	disagree	Strongly disagree	mean	SD
s/n	**Leadership**							
1	My boss is flexible about how I accomplish my job	46(27.1%)	52(30.6%)	13(7.6 %)	28(16.5 %)	31(18.2%)	3.317	1.481
2	My boss treats employee with respect	22(12.9%)	45(26.5%)	26(15.3 %)	35(20.6 %)	42(24.7%)	2.823	1.398
3	My boss involves me in decision making processes	32(18.8%)	26(15.3%)	11(6.5 %)	61(35.9 %)	40(23.5)	2.700	1.458
4	My leader rewards employees for achieving targets	42(24.7%)	54(31.7%)	13(7.6 %)	36(21.1 %)	25(14.7%)	2.823 5	1.398
5	My efforts at work are	43(25.3%)	65(38.2%)	11(6.5 %)	32(18.8 %)	19(11.2%)	3.476	1.346

	supported by my boss							
Aggregate							3.028	1.41

Source: survey result, 2025

The table above shows that the aggregate mean value for the 'leadership' dimension of extrinsic motivation is 3.028. This implies that respondents have moderate level of perception towards the leadership in their organization.

The table above also shows that most of the respondents that is 52(30.6%) are agree with the statement in Q1. 46(27.1%) strongly agree with this statement, 13(7.6%) are neutral with the statement while 31(18.2%) strongly disagree with the statement and 28(16.5%) of the respondent disagree with the statement. The implication of the mean at 3.317 indicates that most of the respondents are leaning towards agree. In Q2, 45(26.5%) of the respondents are agree about the statement. 42(24.7%) of the respondents and 35(20.6%) of respondents disagree and strongly disagree with the statement. Of the remaining 48 respondents 22(12.9%) strongly agree with the statement while the other 26(15.3%) are neutral with the statement. This indicates that most of the respondents are leaning towards agree. Majority of the respondents in Q3 comprising 61(35.9%) tends to disagree with the statement. 26(15.3%) of the respondents and 32(18.8%) of respondents agree and strongly agree with the statement. The rest 40(23.5%) and 11(6.5%) strongly disagree and neutral with the statement respectively. The implication of the mean at 2.8235 indicates that most of the respondents are leaning towards disagree.

In Q4, a great number of the respondents precisely 36(21.1%) are disagree with the statement. 25(14.7%) tends to strongly disagree with the statement while 54(31.7%) agree. The rest 13(7.6%) and 42(24.7%) neutral and strongly agree with the statement respectively. The implication of the mean at 2.82 indicates that most of the respondents are leaning towards agree. Finally, in Q5 the highest number of respondents 65(38.2%) appeared to agree with the statement. Another 19(11.2%) were strongly disagree while 32(18.8%) disagreed with the statement. The remaining 11(6.5%) are neutral with the statement meanwhile 43(25.3%) of the respondents strongly agree with the statement. The implication of the mean at 3.476 indicates that most of the respondents are leaning towards agree.

4.3.4 Descriptive statistics for recognition

Table 4.6 analysis of recognition

s/n	Statement **Recognition**	Strongly agree	agree	neutral	disagree	Strongly disagree	mean	SD
1	My company has culture to recognize and give certificate for hard works.	22(12.9%)	38(22.4%)	7(4.1%)	61(35.9%)	42(24.7%)	2.629	1.401
2	My immediate supervisor communicate me in a friendly manner.	21(12.4%)	27(15.9%)	20(11.8%)	52(30.6%)	50(29.4%)	2.511	1.381
3	My immediate supervisor shows me direction a head of time with respect to my opinion.	20(11.8%)	32(18.8%)	14(8.2%)	54(31.8%)	50(29.4%)	2.517	1.389
4	My supervisor recognize and appreciate what I have doing	21(12.4%)	28(16.5%)	9(5.3%)	63(37.1%)	49(28.8%)	2.464	1.380
5	I have equal chance of getting promotion with other colleagues with similar qualification.	28(16.5%)	36(21.2%)	11(6.5%)	58(34.1%)	37(21.8%)	2.764	1.42

	Aggregate						2.57	1.3

Source: survey result, 2025

The table above shows that the aggregate mean value for the 'recognition' dimension of extrinsic motivation is 2.577. This implies that respondents have low level of perception towards the recognition in their organization.

The table above also shows that most of the respondents that is 61(35.9%) are disagree with the statement in Q1. 38(22.4%) agree with this statement, 7(4.1%) are neutral with the statement while 42(24.7%) strongly disagree with the statement and 22(12.9%) of the respondent strongly agree with the statement. The implication of the mean at 2.577 indicates that most of the respondents are leaning towards agree. In Q2, 52(30.6%) of the respondents are disagree about the statement. 50(29.4%) of the respondents and 21(12.4%) of respondents disagree and strongly agree with the statement respectively. Of the remaining 47 respondents 27(15.9%) agree with the statement while the other 20 (11.8%) are neutral with the statement. The implication of the mean at 2.511 indicates that most of the respondents are leaning towards agree. Majority of the respondents in Q3 comprising 54(31.8%) tends to disagree with the statement. 32(18.8%) of the respondents and 20(11.8%) of respondents agree and strongly agree with the statement. The rest 50(29.4%) and 14(8.2%) strongly disagree and neutral with the statement respectively. The implication of the mean at 2.764 indicates that most of the respondents are leaning towards agree.

In Q4, a great number of the respondents precisely 63(37.1%) are disagree with the statement. 49(28.8%) tends to strongly disagree with the statement while 28(16.5%) agree.

The rest 21(12.4%) and 9(5.3%) strongly agree and neutral with the statement respectively. The implication of the mean at 2.464 indicates that most of the respondents are leaning towards agree. Finally, in Q5 the highest number of respondents 58(34.1%) appeared to disagree with the statement. Another 28(16.5%) were strongly agree while 36(21.2%) agreed with the statement. The remaining 11(6.5) are neutral with the statement meanwhile 37(21.8%) of the respondents strongly disagree with the statement. The implication of the mean at 2.764 indicates that most of the respondents are leaning towards agree.

4.3.5 Descriptive statistics for skill verity

Table 4.7 analysis skill verity

s/n	Statement Skill verity	Strongly agree	agree	neutral	disagree	Strongly disagree	mean	SD
1	I have a chance to do a number of different tasks, using a wide variety of different skills and talents	18(16.5%)	43(25.3%)	9(5.3%)	32(18.8%)	58(34.1%)	2.711	1.547
2	I get to use a number of complex skills on this job	8(4.7%)	141(82.9%)	13(7.6%)	3(1.8%)	5(2.9%)	3.847	0.661
3	My job involves doing a number of different tasks	30(17.6%)	63(37.1%)	18(10.6%)	28(16.5%)	31(18.2%)	3.194	1.394
4	The structure of my job has inbuilt flexibility for me to perform	34(20%)	52(30.6%)	10(5.9%)	32(18.8%)	42(24.7%)	3.023	1.515
5	My job description has several tasks for me to complete	20(11.8%)	44(25.9%)	10(5.9%)	52(30.6%)	44(25.9%)	2.670	1.404
Aggregate							3.089	1.30

Source: survey result, 2025

The table above shows that the aggregate mean value for the 'skill verity' dimension of Intrinsic Motivation is 3.089. This implies that respondents have moderate level of perception towards the skill verity in their organization.

The table above also shows that most of the respondents that is 28(16.5%) are strongly agree with the statement in Q1. 43(25.3%) agree with this statement, 9(5.3%) are neutral with the statement while 58(34.1%) strongly disagree with the statement and 32(18.8%) of the respondent disagree with the statement. The implication of the mean at 2.711 indicates that most of the respondents are leaning towards strongly agree. In Q2, 141(77.3%) of the respondents are agree about the statement. 5(2.9%) of the respondents and 3(1.8%) of respondents strongly disagree and disagree with the statement. Of the remaining 21 Respondents 8(4.7%) strongly agree with the statement while the other 13(7.6%) are neutral with the statement. The implication of the mean at 3.847 indicates that most of the respondents are leaning towards agree. Majority of the respondents in Q3 comprising 63(37.1%) tends to agree with the statement. 28(16.5%) of the respondents and 31(18.2%) of respondents disagree and strongly disagree with the statement. The rest 30(17.6%) and 18(10.6%) strongly agree and neutral with the statement respectively. The implication of the mean at 3.194 indicates that most of the respondents are leaning towards agree.

In Q4, a great number of the respondents precisely 52(30.6%) are agree with the statement. 42(24.7%) tends to strongly disagree with the statement while 32(18.8%) disagree. The rest 10(5.9%) and 34(20%) neutral and strongly agree with the statement respectively. The implication of the mean at 3.023 indicates that most of the respondents are leaning towards agree. Finally, in Q5 the highest number of respondents 52(30.6%) appeared to disagree with the statement. Another 44(25.9%) were strongly disagree while 44(25.9%) agreed with the statement. The remaining 10(5.9) are neutral with the statement meanwhile 20(11.8%) of the respondents strongly agree with the statement. The implication of the mean at 2.670 indicates that most of the respondents are leaning towards agree.

4.3.6 Descriptive statistics for productivity

Table 4.8 analysis of productivity

	Statement	Strongl	agree	neutral	disagree	Strongly	mean	SD
s/ n	Employee productivity	y agree				disagree		

1	The company working environment encouraged me to accomplish my duties on time	54(31.8%)	46(27.1%)	29(17.1%)	18(10.6%)	23(13.5%)	3.529	1.38
2	The company salary compensation helped me to boost my productivity	69(40.6%)	51(30%)	10(5.88%)	32(18.8%)	8(4.70%)	3.923	1.12
3	The company recognition system makes me committed to contribute my effort on the organization objective.	52(30.6%)	48(28.2%)	24(14.1%)	25(14.7%)	21(12.4%)	3.500	1.38
4	The company leadership style helped me to have loyal and energetic to do more.	51(30%)	52(30.6%)	17(10%)	32(18.8%)	18(10.6%)	3.505	1.36
5	The company provides me with a job schedule to ensure time is properly utilized.	53(31.2%)	53(31.2%)	33(19.4%)	18(10.6%)	25(14.7%)	3.464	1.40
Aggregate							3.584	1.3

Source: survey result, 2025

The table above shows that the aggregate mean value for the 'productivity' dimension of Intrinsic Motivation is 3.584. This implies that respondents have moderate level of perception towards the employee productivity in their organization.

The table above also shows that most of the respondents that is 54(31.8%) are strongly agree with the statement in Q1. 46(27.1%) agree with this statement, 29(17.1%) are neutral with the statement while 23(13.5%) strongly disagree with the statement and 18(30%) of the respondent disagree with the statement. The implication of the mean at 3.529 indicates that most of the respondents are leaning towards strongly agree. In Q2, 69(40.6%) of the respondents are strongly agree about the

statement. 8(4.7%) of the respondents and 32(18.8%) of respondents strongly disagree and disagree with the statement. Of the remaining 61 Respondents 51 (30%) agree with the statement while the other 10 (5.88%) are neutral with the statement. The implication of the mean at 3.92 indicates that most of the respondents are leaning towards agree. Majority of the respondents in Q3 comprising 48 (28.2%) tends to agree with the statement. 25 (14.7%) of the respondents and 21 (12.4%) of respondents disagree and strongly disagree with the statement. The rest 52 (30.6%) and 24 (14.1%) strongly agree and neutral with the statement respectively. The implication of the mean at 3.50 indicates that most of the respondents are leaning towards agree.

In Q4, a great number of the respondents precisely 52(30.6%) are strongly agree with the statement. 51(30.0%) tends to agree with the statement while 32(18.8%) disagree. The rest 17(10%) and 18(10.6%) neutral and strongly disagree with the statement respectively. The implication of the mean at 3.505 indicates that most of the respondents are leaning towards agree. Finally, in Q5 from the respondents 53(31.2%) appeared to strongly agree with the statement. Another 53(31.2%) were agree while 33(19.4%) are natural with the statement. The remaining 42 respondents 18(10.6%) and 25(14.7%) are disagree and strongly disagree with the statements. The implication of the mean at 3.464 indicates that most of the respondents are leaning towards agree.

4.4 Correlation Analysis

Correlation Coefficient

Correlations							
		Compensation	Leadership	Recognition	Skill Variety	Productivity	Work Environment
Compensation	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	170					
Leadership	Pearson Correlation	.937**	1				

	Sig. (2-tailed)	.000					
	N	170	170				
Recognition	Pearson Correlation	.67**	.966**	1			
	Sig. (2-tailed)	.001	.000				
	N	170	170	170			
Skill Variety	Pearson Correlation	.160**	.175**	.551**	1		
	Sig. (2-tailed)	.000	.000	.002			
	N	170	170	170	170		
Productivity	Pearson Correlation	.92**	.809**	.505**	.75**	1	
	Sig. (2-tailed)	.000	.001	.000	.000		
	N	170	170	170	170	170	
Work Environment	Pearson Correlation	.248**	.367**	.193**	.045**	.703**	1
	Sig. (2-tailed)	.000	.000	.001	.000	.000	
	N	170	170	170	170	170	170
** Correlation is significant at the 0.01 level (2-tailed).							

Table 4.9 Correlation analysis

Own Survey, SPSS v25, 2025

The Pearson correlation coefficient is used to quantify the strength and direction of the relationship between continuous variables. The primary objective of correlation

analysis is to measure the strength or degree of linear association between two variables. The correlation coefficient examines the strength and direction of the linear relationship between two variables. Since the correlation analysis shows the degree of association between variables and that indicates the direction in which the variables associate - positively or negatively. The strength of association can be categorized from very low with correlation coefficient (r) less than 0.2 to very high with coefficient greater than 0.9. The sign of the relationship indicates the direction of relationship. A correlation of 0 indicates there is no straight-line relationship at all (SPSS v.25 manual). The table above shows that there exists a correlation between employee motivation factors and employee productivity. Correlation between compensation and employee productivity was the highest ($r=0.92$; $p<0.05$) followed by leadership style ($r=0.809$; $p<0.05$), skill variety ($r=0.75$; $p<0.05$), work environment ($r=0.703$; $p<0.05$) and the least factor correlated with employee productivity was recognition ($r=0.505$; $p<0.05$). This result indicate that extrinsic motivation factor has strong relationship with employee productivity than intrinsic motivation in the selected foam manufacturing companies.

4.5 Diagnosis Test about Assumptions of Regression Analysis

Those 5 fundamental linear regression analyses were examined in this study and found to be largely satisfied. These presumptions include homoscedasticity, multicollinearity, linearity, normality, and the absence of autocorrelation.

4.5.1 Linearity

Darlington, 1968 were discussed the degree to which changes in the dependent variable are correlated with changes in the independent variables is called linearity. Linear equation Were observed to fit the relation between two variables.

Using SPSS V 25 software to plot regression residuals to ascertain whether the relation between the independent variables and dependent variables productivity. From the graph a scatter plot line can be used to assess the linearity of relationships and determine those scatters represent by a linear relationship.

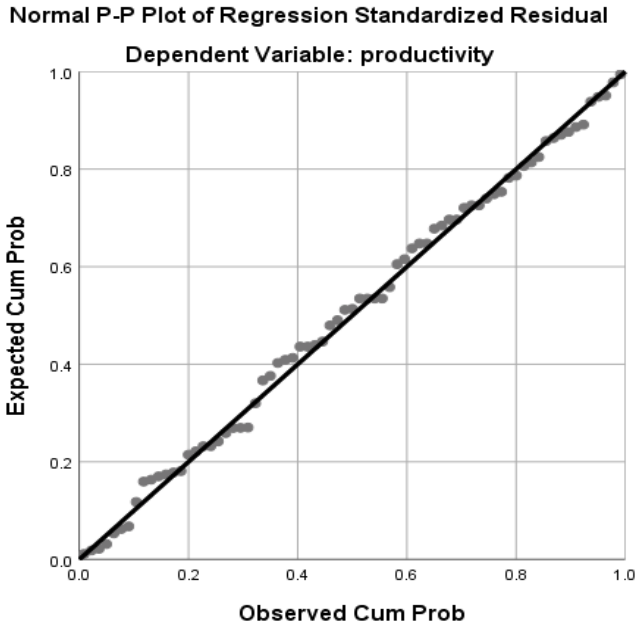


Figure 4.1 Linearity test

Source: Own Survey, SPSSv25, 2025

From the above plot, the scatter dots are shows approaches the straight line it shows that there is a small or no unconventionality from this test there is no extreme case observed. Simple Linear regression assumption have been met.

4.5.2 Normality

To perform individual or combined hypothesis test of the model parameters, normality testing is necessary. Finding out if all of the data independent and dependent variables have a normal distribution is the goal of normality testing. To test the normality of the distribution of the data the researcher used histogram and normal probability plot. According to (Cite Wikipedia)**.**Histogram is popular to give information about the assumption met that data. If the plot graph shows, looks like a bell curve it is probably normal. As can be seen the below figure histogram of standardized residual, it is perfectly smooth normal curve. From this data it is possible to say that the variables of interest are normally scattered.

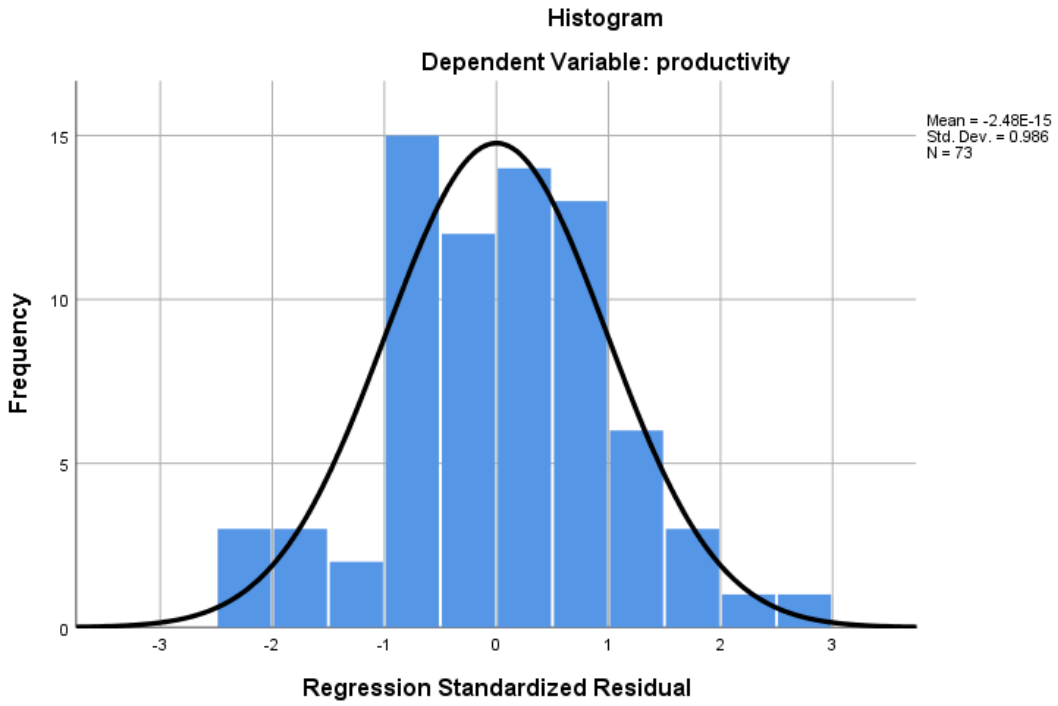


Figure 4.2 Histogram

Source: Own Survey, SPSSv25, 2025

From the above histogram figure shows bell shaped it indicates that the residuals (disturbance or errors) are normally distributed. Thus, there is no violation of the assumption normally distributed error term.

4.5.3 **Multicollinearity**

According to Andy field (2013) one way of identifying multicollinearity is by scanning a correlation matrix of the predictor variables. SPSS yields various collinearity diagnostics, one of which is the variance inflation factor (VIF). The VIF shows whether a predictor has a strong linear relationship with the other predictor and tolerance statistics which is the reciprocal of VIF. There is no one best rule that determines the value of VIF but there are some general guidelines: If the largest VIF is greater than 10 then there is cause for concern (Bowerman, O'Connell, & Myers, 1990). If the average VIF is substantially greater than 1 then the regression may be biased (Bowerman & O'Connell, 1990). Tolerance below 0.1 indicates a serious problem. Tolerance below 0.2 indicates a potential problem (Menard, 1995). As indicated in the table 4.5 below

tolerance value of all variables was above 0.1 and variance inflation factor (VIF) less than 10 hence, we conclude that there Was no multicollinearity issues exist.

Coefficients[a]			
		Collinearity statistics	
		Tolerance	VIF
Model	compensation	.554	1.050
	leadership	.677	1.052
	recognition	.610	1.041
	skill variety	.414	1.062
	work environment	.253	1.081
Dependent Variable: employee productivity			

Table 4.10 Multicollinearity

Source: Own Survey, SPSSv25, 2025

4.5.4 Homoscedasticity

Homoscedasticity means that the spreads of the errors or residuals over all levels of the independent variables (Osbone and waters, 2002). This indicates that the residual terms should be evenly distributed or have homogeneous error terms throughout the dataset. Homoscedasticity can be checked by examining a scatterplot that shows the standardized residuals against the regression standardized predicted values (Osborn and Waters, 2002). If the points in the plot are scattered randomly without any clear pattern, it means that the assumption is met. As shown in figure 4.3 the standardized residuals are evenly distributed, indicating that there is no violation of the homoscedasticity assumption. It gives confidence on reliability of our analysis.

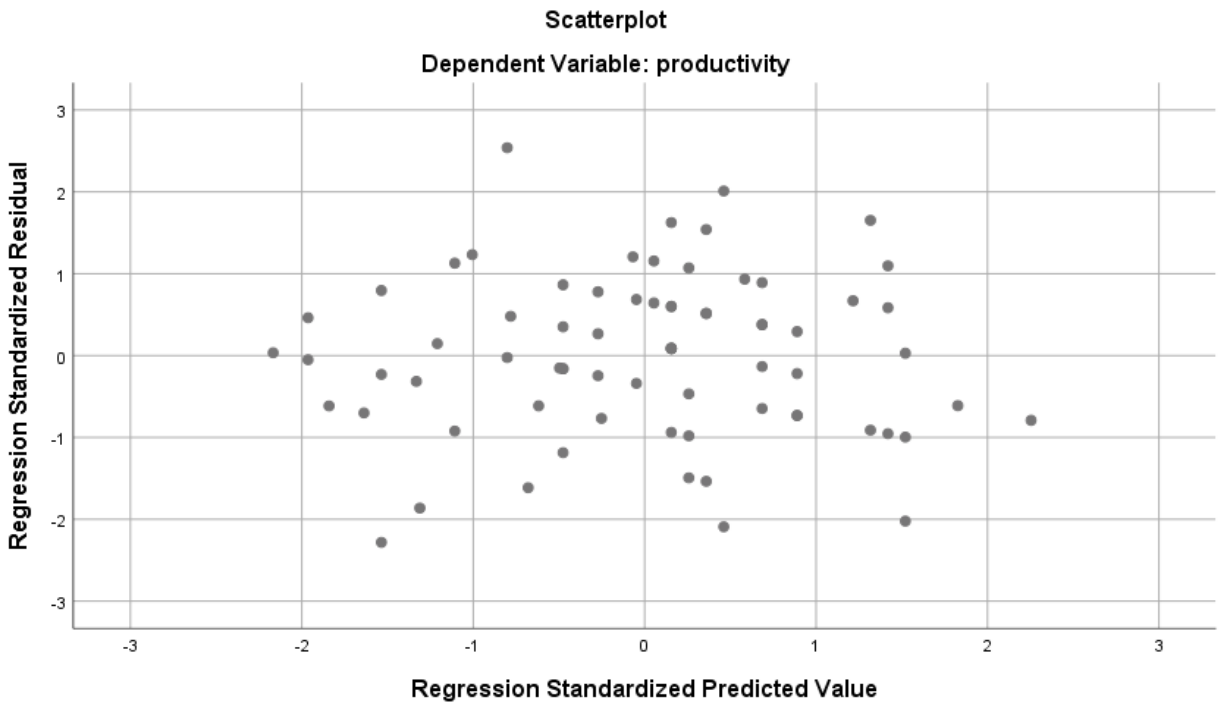


Figure 4.3 Scatterplot of Standardized Residuals

Source: Own Survey, SPSSv25, 2025

4.5.5 Auto correlation

Autocorrelation refers to the degree of correlation between the values of the same variable across different observations in the data. Thus, autocorrelation or the independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently (Stevens, 2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the DW value needs to be close to 2. Values below 1 and above 3 are problematic and causes for concern that implies greater positive or negative

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.764[a]	.583	.504	.46215	1.991
a. Predictors: (Constant), Compensation, Leadership, Work environment, Recognition, Skill					
b. Dependent Variable: employee productivity					

Table 4.11 auto correlation

Source: Own Survey, SPSSv25, 2025

Looking at table 4.11, the R value is 0.764 This tells that the various factors influencing employee motivation, like compensation, leadership, work environment, skill variety and recognition. Suggested that there is strong effect of independent variables on employee productivity. From the table 4.11 also observed that the coefficient of determination, the R-square (R^2) value is 0.583, the variation of the dependent variable is due to the independent variable, which in fact, is a strong explanatory power of regression and the other unexplored variables may explain the variation in employee productivity. The researcher concludes that 76.4% of the portion of dependent variable (employee productivity) is explained by the independent variable (employee motivation) it is included in this thesis.

ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	63.475	5	12.695	13.766	.000[b]
	Residual	151.245	164	.922		

	Total	214.72	169			
a. Predictors: (Constant), Compensation, Leadership, Work environment, Recognition, Skill Variety						
b. Dependent Variable: Employee Productivity						

Table 4.12 ANOVA Analysis.

Source: Own Survey, SPSSv25, 2025

The ANOVA table shows that the regression model is a meaningful predicator of productivity. With the p value of the model is below 0.05, F-statistic of F (5,169) = 13.766, this means statically significant, the extrinsic and intrinsic motivation together significantly predict productivity. It means the motivation variable do have matter on productivity the significance is mainly driven by extrinsic motivation.

4.5.6 Multiple Regressions

To decide the amount to which the explanatory variables explicate the variance in the explained variable, multiple regression analysis was performed.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.425	.161			
compensation	.512	.246	.479	6.949	.000
Work environment	.404	.238	.249	3.632	.000
leadership	.465	.179	.383	4.609	.000
recognition	.259	.038	.245	5.531	.000

skill	.214	.242	.239	2.724	.000

a. Dependent Variable: employee productivity

Table 4.13 Multiple Regression Analysis.

Source: Own Survey, SPSSv25, 2025

The coefficient table 4.13 indicates level of effect of each variable has on the independent variable (extrinsic motivation) have the highest beta value of time β=0.512 indicates that the variable "compensation" has a strong degree of importance for employee productivity followed by leadership with β=0.465 than any other variables in the study. Work environment also play its own importance on employee productivity with a beta value β=0.404 and the other independent variable (intrinsic motivation factor) has lowest beta value, recognition and skill varieties β=0.259 an β=0.214 respectively, it indicates that the extrinsic motivation factor has positive, significant and more importance than intrinsic employee motivation factor for the employee productivity but the intrinsic motivation factor also have positive and significant impact on employee productivity.

Fitted regression model

In order to forecast the values of a dependent variable, multiple linear regression analysis was performed. The link between the dependent variable and explanatory factors in multiple linear regression is represented by the following equation. We create the estimated regression model below is using the above table:

Regarding the equation to Y Predicated state

Y predicated = $\beta_0+\beta1X1+\beta2X2+\beta3x3+\beta4x4+\beta5x5+e$

Where:

Y represents employee productivity

f = function and X =Employee Motivation (Intrinsic and Extrinsic)

Extrinsic (X1 = compensation; X2 = leadership; X3 =work environment)

Intrinsic (X4= Recognition; X5 = Skill variety)

$Y = \beta_0+\beta1X1+\beta2X2+\beta3X3+\beta4X4+\beta5X5+e$

$Y=1.425+0.512X1+0.465X2+0.404X3+0.259X4+0.214X5+e$

4.6 Hypothesis Testing Results

A hypothesis is a provisional concept whose merit needs to be assessed and a tentative assumption regarding a population parameter. The first step is determining whether a statistical hypothesis is valid is hypothesis testing, often known as the significance level. It is the procedures by which we determine whether or not to reject the null hypothesis. The study explores the two hypotheses put regarding the relationship between the independent

variables (extrinsic and intrinsic motivation) and the dependent variable

(employee's productivity) in order to fulfil its intended purpose and provide an answer to the research problem mentioned above. This is done based on an extensive review and major findings.

H1. Extrinsic employee motivation has a significant effect on employee productivity.

H1a. Compensation has a statistically significant effect on employee productivity

Compensation has a statistically significant positive effect on employee productivity in the above table shows (Standardized β=0.512, $p< 0.01$), these statistics supported the proposed hypothesis one which hypothesizes compensation have positive and significant effect on the employee productivity. Thus, in that organization with better compensation can achieve higher employee productivity compared to those with lower compensation. It means that if there is better compensation in their work, then they become motivated and work well which will increase productivity. Therefore, the alternative hypothesis compensation has positive and significant effect on employee productivity is field to rejected.

H1b. leadership has a statistically significant effect on employee productivity

The result, as displayed in above table, shows that there was a positive and significant relationship ($r=0.465$; $p<0.005$) between employee productivity and leadership. This Suggest that we accepted (supported) the alternative hypothesis, which state that leadership style has a positive and significant effect on employee productivity. this

suggests that employee productivity increase by 0.465 units for every unit increase in leadership style.

H1c. Work Environment has a statistically significant positive effect on employee productivity

According to the regression analysis, Work Environment has been introduced in the above Table 4.13 to see the direct effect on employee's productivity. Inconsistent with the initial proposed hypothesis, Work Environment has a statistically significant positive effect on employee's productivity on table 4.8 (standardized $\beta = 0.404$, $p<0.01$). these statistics supported the proposed hypothesis one which hypothesizes Work Environment have positive and significant effect on the employee's productivity. Thus, in that organizations with better Work Environment can achieve higher employee's productivity compared to those with lower Work Environment. It means that if there is better Work Environment in their work, then they become motivated and which will increase the employee's productivity as well. So, there is direct relationship between Work Environment in their work and employee's productivity. Therefore, the alternative hypothesis Work Environment has positive and significant effect on employee's productivity is Accepted.

H2. Intrinsic employee motivation has a significant effect on employee's productivity

H2a. Skill variety has a statistically significant positive effect on employee's productivity

According to the regression analysis, Skill variety has been introduced in the above Table 4.13 to see the direct effect on employee's productivity. Inconsistent with the initial proposed hypothesis, Skill variety has a statistically significant positive effect on employee's productivity on table 4.8 (standardized $\beta = 0.214$, $p<0.005$) these statistics supported the proposed hypothesis one which hypothesizes, Skill variety have positive and significant effect on the employee productivity. Thus, in that organizations with better Skill variety can achieve higher employee productivity compared to those with lower Skill variety. It means that if there is better Skill variety in their work, then they become motivated and work well which will increase the employee's productivity

as well. So, there is direct relationship between Skill variety in their work and employee productivity. Therefore, the alternative hypothesis Skill variety has positive and significant effect on organization productivity is failed to reject.

H2b. Recognition has a statistically significant positive effect on organizational productivity

According to the regression analysis, recognition has been introduced in Table 4.8 to see the direct effect on employee's productivity. Inconsistent with the initial proposed hypothesis, recognition has a statistically significant positive effect on employee's productivity on table 4.13 (standardized $\beta = 0.259$, $p<0.005$) these statistics supported the proposed hypothesis one which hypothesizes recognition have positive and significant effect on the employee productivity. Thus, in that organizations with better recognition can achieve higher employee productivity compared to those with lower recognition. It means that if there is better recognition in their work, then they become motivated and work well which will increase the productivity as well. So, there is direct relationship between recognition in their work and productivity. Therefore, the alternative hypothesis recognition has positive and significant effect on employee's productivity is accepted.

4.5.1 Summary of the Proposed Hypothesis

The hypotheses of the study are tested through multiple regression analysis by taking direct main effect on dependent and independent variable the results are summarized below:

	Hypothesis	Result	Test result
H1a.	Compensation has a statically significant positive effect on employee's productivity	$\beta= 0.512$	Accepted
H1b.	Leadership has a statistically significant positive effect on employee's productivity	$\beta = 0.465$	Accepted

H1c.	Work environment has a statistically significant positive effect on employee's productivity	β = 0.404	Accepted
H2a	Skill variety has a statically significant positive effect on employee's productivity	β= 0.214	Accepted
H2b	Recognition has a statically significant positive effect on employee's productivity	β = 0.259	Accepted

Table 4.14 Summary of the Hypothesis test

4.6 Qualitative Data Analysis (Interview Finding)

In addition to quantitative analysis, qualitative data was gathered through interviews with key persons of middle and top managers of selected foam manufacturing companies to gain deeper insight into how motivational factors influence employee productivity. the interviews aimed to understand employee's experiences and perceptions regarding both extrinsic and intrinsic motivation factors. Those managers have good educational background and a lot of working experience in foam manufacturing companies. There responses are described in more concise way.

Those Companies managers are agreed and discussed those main points

Those companies are currently using employee motivation strategies such as good wages, bonus, transportation allowance, promotion, carrier development and recognition to motivate its employee's maximum productivity. the researcher understands from the interviews that motivational factors influence on employees were by early reporting to work, staying on job, be effective on performance, respect amongst colleague, inner satisfaction and loyal to enterprise. the management believes both financial and non-financial strategies contribute to high level of motivation.

From the interview conducted some problems were also identified those are

- ✓ Management did not see employee's motivation as crucial improving employee's performance.

- ✓ Organizations has formal motivational strategies but the strategies were not effective
- ✓ Delay of salary increment, bonus and poor working conditions contribute to low level of motivation.
- ✓ Employers concerning more on extrinsic motivation than intrinsic it needs to balance
- ✓ In general motivation factors were not adequate enough to motivate employees of those selected companies to give out their best effort at their work place.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter addresses the result and finding on the effect of employee motivation and productivity in selected foam manufacturing companies. The findings are outlined according to specific objectives of the study. The findings are based on the responses from the questionnaire filled and gathered, also the interview was conducted on research question. Conclusion and recommendation are further provided.

5.1 Summary of Findings

Major Findings

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

The finding showed that from the mean score of extrinsic and intrinsic motivational factors, mean of extrinsic factors (the mean of the compensation, leadership, work environment) shows high mean score. Moreover, from the intrinsic motivation (skill variety and recognition) can be interpreted as variable with moderate mean score. The interview Result also supported the quantitative findings. This revealed that extrinsic motivational was the dominant motivational factor in selected foam manufacturing companies.

Concerning the correlation between extrinsic motivation factor (compensation, leadership and work environment) and employee productivity, has positive and significant relationship between extrinsic motivation and employee productivity and its r value indicates that it had strong association with employee's productivity. Correlation between intrinsic motivation factor (skill variety and recognition) and employee productivity, intrinsic motivation factor has a positive and significant relationship but shows a moderate association with employee productivity. This implies that that extrinsic and intrinsic motivational factors were important for development and enhancement of employee productivity.

Based on the regression coefficients found in the analysis part, the following model has been found.

Y=1.425+0.512X1+0.465X2+0.404X3+0.259X4+0.214X5+e

The regression analysis result revealed that, 51.2 % of change in employee productivity was due to compensation, 40.4%, work environment and 46.5% leadership and 21.4% and 25.9 due to skill variety and recognition respectively change employee's productivity. this revealed extrinsic motivation factor (compensation, leadership and work environment) have more impact than intrinsic motivation factor (skill variety and recognition) in selected foam manufacturing companies.

5.2 Conclusions

To achieve a sustainable and competitive advantage employees are the fundamental resource for one company. Maintaining competitiveness is essential to keep skilled employees and achieve desired company objectives. It also serves as a standard to measure employee motivation on a global scale. Attracting and retaining a competent workforce remains a significant challenge for ever organization.

It is clear that company productivity can be enhanced when employees are motivated to achieve their goals.

To achieve this, goals and attract and retain their workforce, the selected foam manufacturing company must consider various type of motivational packages to improve performance.

Even though the study found that the affiliation between employee motivation and productivity is moderately met, it is still important for the selected foam manufacturing companies to provide different types of employee motivational packages.

According to the findings and the summary found out in this study, the researcher concludes that both extrinsic and intrinsic employee motivational factors have a positive and significant effect over the employee's productivity, therefore the organization must strongly work towards employee motivational factors so as to motivate them and brings change towards employee's productivity.

This study concludes that employee motivation be it extrinsic or intrinsic in nature has a significant effect and is a predictor of employee's productivity level. It also concludes

that both extrinsic and intrinsic 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 productivity.

5.3 Recommendations

Depending on the finding of the research, the following recommendations are forwarded to enable selected foam manufacturing companies to have motivated employee;

- The companies should review and improve its compensation system by providing fair and competitive salary, incentives, and fringe benefits to enhance employee motivation and performance.
- Management should strengthen leadership practices by promoting effective communication, employee involvement in decision- making and supportive supervision to improve employee commitment and productivity.
- The selected foam manufacturing companies should design comfortable working environments by providing neat working area, adequate safety materials, like safety shoes, wears and also the companies should create a conductive work environment by ensuring adequate resources.
- The companies should practice acknowledge the effort of hard workers. It is clearly that anyone who recognize and appreciate its job, the employee perception will increase and perform his/her job by motivated energy.
- The performance evaluation criteria are not able to evaluate the employee's working performance because of unrelated measurements are included.
  Therefore, the companies should have implemented the evaluation criteria the related to jobs.
- The companies should have attractive employees handling system by giving reward and promotion as per the ability of contributing effort to the organizational goal.

- human resource managers and leaders in the selected foam manufacturing companies closely monitor the development and application of this motivational elements.
- selected foam manufacturing companies are recommended to maintain and improve this positive relationship in establishing high amount of trust and confidence, by creating mutual discussion with employees to really understand what they want and need to achieve a higher level of productivity.
- finally, the companies should design policies and strategies to improve and maintain the employee's motivation.

5.4 Limitations of the Study

The finding of the study should not be generalized because of the scope of the study. Data collection was limited of those selected foam manufacturing companies and therefore finding of the study may not reflect or hold true in other organization as such may not be generalized to organizations not included in this study. Furthermore, the study utilized some variables of workplace motivation, and employee productivity, other variables for these concepts may not yield exactly the same results. Also the researcher is limited only to the information provided by the respondents in the research and therefore cannot determine the reliability and accuracy of the information provided. Finally the researcher can only cover limited works given the scope of the study.

5.5 Suggestion for Future Research

This study aimed to explore employee motivation and productivity within a selected foam manufacturing companies in Addis Ababa, Therefore, it would be beneficial for future researchers to investigate these aspects further. The current study had a limited scope as it focused solely on the foam manufacturing companies. Future research could examine the companies influencing employee motivation across various industries, using larger sample size. Additionally, future studies should focus on one specified, aspects from both motivational factors while controlling for the other, in order to better understand how each contributes to employee motivation. Future research should also consider not only the positive impact of motivation on an organization but also its potential negative effects

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APPENDIX 1

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MASTERS OF BUSINESS ADMINSTRATION(MBA)

Introduction

Dear Respondent,

I am a postgraduate student in the Department of MBA PROGRAM and presently conducting

A Research in the area of employee motivation and its impact on productivity. As a part of my thesis

I would like to gather some information from you which will help me in investigate the impact of employee motivation on productivity of your organizations.

You are kindly requested to complete the attached questionnaire as honestly as possible. The information being solicited from you is purely for academic purposes. All information provided by you will be treated confidentially; hence, your name and that of your signature are not required. Your honest completion of this questionnaire will assist in generating information that will help organization to improve their motivation and get employees motivated. This questionnaire is purely for academic purpose and you are assured that your response will be treated with utmost confidentiality. Also, you are kindly request to respond to each item as frankly as you can. Thank you in advance for your co-operation. Please express your views by ticking the box appropriate to your response. There is no right or wrong answers – your opinion based on your personal experience is what is needed.

If you have further question s or would like to know the results of this study please contact by the address below

Phone number: - 0916811864

Email address: - dnmulat@gmail.com

Part I – Personal Data

Please complete this section by ticking the applicable box

1. Gender: A. Male [ ] B. Female [ ]

2. Age: A. 18 – 30years [ ] B. 31 – 40years [ ] C. 41 - 50years [ ] D. 51 – 60years [ ]

3. Indicate your highest professional qualification:

A. Diploma [ ]

B. First degree [ ]

C. Master's degree [ ]

D. Other (Please specify) …….

4. Number of years served in the company

A. 0 – 3 years [ ]

B. 4 – 6 years [ ]

C. 7 – 9 years [ ]

D. 10 years and above [ ]

5.Salary Scale(birr)

A. 5,000-10,000 [ ]

B. 10,001-15,000 [ ]

C. 15,001-20,000[ ]

D. 20,001-25,000 [ ]

E. >25,000 [ ]

WITH RESPECT TO SECTION B, C AND D, PLEASE INDICATE THE LEVEL OF AGREEMENT WITH EACH STATEMENT AND PUT THE SYMBOL OF "✓" ON YOUR CHOICE BOX.

5	4	3	2	1
Strongly agree	Agree	Neutral	Disagree	Strongly Disagree

SECTION B: EXTRINSIC FACTORS THAT INFLUENCE EMPLOYEE MOTIVATION: Extrinsic factors that influence employee motivation are those that are determined by the external surroundings of the employee. The following best describe the major extrinsic factors that influence employee job motivation in the organization:

S/N	**COMPENSATION**	5 SA	4 A	3 N	2 D	1 SD
1	My company pays me well					
2	There is good Overtime payment.					
3	I am not satisfied with my current pay					
4	I prefer in kind rewards to cash rewards					
5	Other benefits offer by the company are interesting					

S/N	**WORK ENVIRONMENT**	5 SA	4 A	3 N	2 D	1 SD
1	I enjoy a conducive and friendly work environment					
2	My company does a lot to improve the work environment					
3	I enjoy a certain level of autonomy in discharging my duties					

4	My company organizes routine safety environmental programs					
5	Relationship with company is good					

S/N	LEADERSHIP STYLE	5 SA	4 A	3 N	2 D	1 SD
1	My boss is flexible about how I accomplish my job					
2	My boss treats employee with respect					
3	My boss involves me in decision making processes					
4	My boss treats employees with respect					
5	My efforts at work are supported by my boss					

SECTION C: INTRINSIC FACTORS THAT INFLUENCE EMPLOYEE MOTIVATION;

Intrinsic factors that influence employee motivation refer to those factors that arise from within the employee. This looks at the employees‟ inner factors that make them satisfied with their job and motivate them to perform. The following best describe the major intrinsic factors that influence employee job satisfaction in the organization:

S/N	RECOGNITION	5 SA	4 A	3 N	2 D	1 SD
1	My company has culture to recognize and give certificate for hard works.					
2	My immediate supervisor communicate me in a friendly manner.					
3	My immediate supervisor shows me direction a head of time with respect to my opinion.					
4	My supervisor recognize and appreciate what I have doing in my company					

5	I have equal chance of getting promotion with other colleagues with similar qualification.					

S/N	SKILL VARITY	5 SA	4 A	3 N	2 D	1 SD	
1	I have a chance to do a number of different tasks, using a wide variety of different skills and talents						
2	I get to use a number of complex skills on this job						
3	My job involves doing a number of different tasks						
4	The structure of my job has inbuilt flexibility for me to perform tasks						
5	My job description has several tasks for me to complete						

SECTION D: THE IMPACT OF EMPLOYEE MOTIVATION ON PRODUCTIVITY

The following best describe the impact of employee motivation on productivity in organization

S/N	PRODUCTIVITY	5 SA	4 A	3 N	2 D	1 SD
1	The company working environment encouraged me to accomplish my duties on time.					
2	The company salary compensation helped me to boost my productivity.					
3	The company recognition system makes me committed to contribute my effort on the organization objective.					
4	The company leadership style helped me to have loyal and energetic to do more.					
5	The company provides me with a job schedule to ensure time is properly utilized.					

Thank you very much for taking time to complete this survey

Appendix 2: Interview Questions

1. How do intrinsic factors such as recognition and skill verity influence employee productivity?

2. How do extrinsic factors such as compensation, leadership style and work environment affect employee performance and productivity?

3. what strategies does your organization use to balance intrinsic and extrinsic motivation to improve employee productivity?

አዲስ አበባ ዩኒቨርሲቲ የንግድ ና ኢኮኖሚክስ አስተዳደር መምሪያ ኮሌጅ የድህረ-ምረቃ ጥናቶች

ውድ መልስ ሰጪዎች

እኔ ዳንኤል ሙላት ነኝ በአዲስ አበባ ዩኒቨርሲቲ ማስተር ኦፍ ቢዝነስ አድሚኒስትሬሽን እየተማርኩነው። ይህ ቃለመጠይቅ የተደረገው በአዲስ አበባ ዩኒቨርሲቲ የማስተር ኦፍ ቢዝነስ አስተዳደር ሽልማቱን በከፊል ለማሟላት ምርምር ለማድረግ ነው። የጥናቱ አላማ የድርጅቱን አጠቃላይ አፈፃፀም በማሻሻል እና ሰራተኞችን ለማነሳሳት የድርጅቱ ውጤታማ የማበረታቻ ዘዴዎችን ለመርመር ነው። ይህንን መጠይቅ ለመሙላት ጥቂት ደቂቃዎችን በትህትና ወስደህ/ሽ ከጉዳዩ ጋር በተያያዘ የግል ልምድህን/ሽን ብታስቀምጡልኝ አመስጋኝ ነኝ። የምያቀረቡት መረጃ ለአካዳሚ ዓላማ ጥቅም ላይ ይውላል እና በጥብቅ በሚስጥር ይጠበቃል። ስለዚህ በጥንቃቄ ካነበቡ በኋላ ለእያንዳንዱ ጥያቄዎች ምላሽዎን እንዲሰጡ በአክብሮት ጠይቃለሁ፣ እባክዎን እያንዳንዱን መጠይቁ በከፍተኛ ትኩረት ፣እንክብካቤ እና ታማኝነት ይሙሉ። ተጨማሪ ጥያቄዎች ካሉዎት ወይም የዚህን ጥናት ውጤት ማወቅ ከፈለጉ እባክዎን ከዚህ በታች ባለው አድራሻ ያነጋግሩኝ

የግንኙነትአድራሻዬ፣

ስም፡-ዳንኤልሙላት

ስልክቁጥር፡-**251916811864**

ለሚሰጡኝውዴጊዜከወዲሁላመሰግንእወዳለሁ

ክፍሌ1፡-አጠቃላይመረጃዎች

1. ጾታ □ሴት □ወንድ
2. እድሜ □25 በታች □25-40 □41-55 □ከ55 በላይ
3. ትምህርት □2ኛደረጃ □ዲግሪ □ማስተርስ □□ፒኤችዲ

4. ገቢ(ብር) □ከ5,000 በታች □5,001-10,000 □10,001-15,000 □ከ15,001-20,000 □20,001-25,000 □□□
5. የጋብቻ ሁኔታ □ያለገባ. □□ያገባ. □□የሞት. □ፌቺ

ክፍሌ2፡-የሰራተኞተነሳሽነትላይተጽእኖየሚፈጥሩውጫዊምክንያቶች

እባክዎትን እያንዲንደን ዓረፍተ ነገር በጥንቃቄ ካነበቡ በኋላ ከዚህ በታች ባሉት ባለ5 ሊከርት ስኬልች ማለትም በጣም እስማማለሁ (በእ)=5 ፣ እስማማለሁ(እ)=4፣ ገለሌተኛ(ገ)=3፣ አልስማማም(አ)=2፣ እና በጣም አልስማማም(በአ)=1 በማለት የተስማሙበትን ደረጃ የX ምልክት በማስቀመጥ ያመልክቱ

1, የገንዘብማካካሻ / የደመወዝ መዋቅር					
	1	2	3	4	5
የ እኔ ኩባንያ ጥሩ ክፍያ ይከፍለኛል					
ጥሩ የትርፍ ሰዓት ክፍያ አለ					
አሁን ባለዉ ክፍያ አልረካሁም					
ከገንዘብ ሽልማት ይልቅ የቁስ ሽልማት እመርጣለሁ					
በድርጅቱ የሚሰጡ ጥቅማ ጥቅሞች አስደሳች ናቸዉ					
2, የአመራር ዘይቤ	1	2	3	4	5
አለቃዬ ስራዬን እንዴት እንዳሳካ ሀሳብ እንለዋወጣለን					
አለቃዬ ሰራተኛዉን በአክብሮት ይይዛቸዋል					
አለቃዬ በዉሳኔ አሰጣጥ ሂደቶች ዉስጥ እኔንም ያሳትፈኛል					
አለቃዬ ሰራተኞችን በአክብሮት ይይዛቸዋል					
በስራ ቦታ ታታሪነቴ በአለቃዬ የተደገፈ ነዉ					
3, የስራ አከባቢ	1	2	3	4	5

ምቹ እና ወዳጃዊ የስራ አከባቢ ነዉ እወዳወለሁ					
ኩባንያዬ የስራ አከባቢን ለማሻሻል ብዙ ይሰራል					
ሃላፊነቴን በመወጣት ረገድ የተወሰነ የራስ ገዝነት ደረጃ አለኝ					
ኩባንያዬ መደበኛ የደህንነት የአከባቢ ፕሮግራሞችን ያዘጋጃል					
ከኩባንያዉ ጋር ያለው ግንኙነት ጥሩ ነው					

ክፍል ሐ የሰራተኞችን ተነሳሽነት የሚነኩ ዉስጣዊ ምክንያቶች

1, እውቅና	1	2	3	4	5
ኩባንያዬ ለከባድ ስራወች እዉቅና የመስጠት እና የምስክር ወረቀት የመሰጠት ባህል አለዉ					
የቅርብ ተቆጣጣሪዬ ወዳጃዊ በሆነ መንገድ ያነጋግረኛል					
የቅርብ ተቆጣጣሪዬ ከአስተያየቴ ጋር በተያየዘ የጊዜን አቅጣጫ ያሳየኛል					
የስራ ሃላፊዬ በኩባንያዬ ውስጥ የሚደርገውን ነገር ያውቃል እና ያደንቃል					
ተመሳሳይ ብቃት ካላቸው ሌሎች ባልደረቦቼ ጋር እድገት የማግኘት እኩል አድል አለኝ					
2, የክህሎት ልዩነት	1	2	3	4	5
የተለየዩ ክህሎቶችን እና ተሰጥኦዎችን በመጠቀም የተለያዩ ተግባራትን የማከናወን እድል አለኝ					
በዚኅ ስራ ላይ በርካታ ውስብስብ ክህሎቶችን መጠቀም እችላለሁ					

ስራዬ የተለያዩ ስራዎችን መስራትን ያካትታል					
የስራዬ አወቃቀር ለእኔ ለመስራት የሚያስችል ውስጣዊ ተለዋዋጭነት አለው					
የስራ ገለጻዬ ሊያጠናቅቁኝ የሚገቡ በርካታ ተግባራት አሉት					

ክፍል መ የሰራተኞች ተነሳሽነጽ በ ምርጻማነት ላይ የሚያሳድረው ተጽዕኖ

ነ, ምርታማነት	1	2	3	4	5
የኩባንያው የስራ ሁኔታ ሃላፊነቶቼን በሰዓቱ እንድወጣ አበረታቶኛል					
የኩባንያው የደመወዝ ካሳ ምርታማነቴን ለማሳደግ ረድቶኛል					
የኩባንያ እውቅና ስርዓቱ ለ ድርጅቱ ዓላማ ጥረቴን ለማበርከት ቁርጠኛ አንድሆን ያደርገኛል					
የኩባንያው የአመራር ዘይቤ የበለጠ ለመስራት ታማኝ እና ጉልበት እንዲኖረኝ ረድቶኛል					
ኩባንያው ጊዜ በአግባቡ ጥቅም ላይ መዋሉን ለማረጋገጥ የስራ መርሃ ግብር ይሰጠኛል					

ስለ ውድ ጊዜዎት እጅግ በጣም አመሰግናለሁ