



**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**PERCEIVED EFFECT OF MOTIVATION AND ITS EFFECT ON  
EMPLOYEE PRODUCTIVITY: THE CASE OF LION  
INTERNATIONAL BANK S.C**

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**A Thesis Submitted to Addis Ababa University School of Commerce  
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**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
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SYSTEM  
MA IN HUMAN RESOURCE MANAGEMENT**

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## DECLARATION

I, Hirut Hailu, declare that this work entitled **Perceived Effect of Motivation and its Effect on Employee Productivity: The Case of Lion International Bank S.C.** is my own effort and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor. This study has not been submitted for any degree in this University or any other Universities. It is offered for the partial fulfillment of the degree of MA in Human Resource Management.

Hirut Hailu

Signature\_\_\_\_\_

Date\_\_\_\_\_

## STATEMENT OF DECLARATION

I, the undersigned student, declared that this study entitled "**Perceived Effect of Motivation and Its Effect on Employee Productivity: a case of Lion International Bank S.C**" is my original work done in partial fulfillment to the requirement of Master's of Art Degree in Human Resources Management under the guidance and support of my advisor Dr. Adane Atara. This thesis has not been presented or submitted in this university or other institution.

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Date: \_\_\_\_\_

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

LIB	Lion International Bank
HRM	Human Resource Management
ANOVA	Analysis of Variation
SPSS	Statistical Package for Social Science

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## ABSTRACT

*Motivating employees is a prominent managerial tool to enhance workforce productivity. Well-motivated staffs are the most vital asset in which enhancement of organizational productivity and competitive excellence make a difference. Accurate understanding of employees' motivation plays significant role on effective implementation of critical business policies and strategies. Failure in these regards may cause either no impact at all or damage the reputation of the organization irreversibly. The aim of this study is, thus, to assess the effect of motivation on employee productivity in Ethiopian banking industry taking Lion International Bank (LIB) as a case study. An explanatory research design was applied to determine the relation and impact intensity on employee productivity, Permanent employees in LIB were target population and conducted the survey on a total of 302 randomly selected respondents. The analysis was carried out using SPSS 20.0 application software.*

*The findings revealed that work environment; Staff Relations and Compensation are the most practiced motivational tools. All the five dimensions showed positive and significant relation with employee productivity. Work environment was found to be relatively the highest predictor ( $\beta = .353$ ) followed by Staff Relations ( $\beta = .307$ ) and Compensation ( $\beta = .284$ ) and Wellbeing ( $\beta = .198$ ). But Training & Development had the least effect on employee productivity ( $\beta = .112$ ). All the dimensions are good predictors of productivity on which the managements should exert more effort to improve its motivational schemes based on need assessment and focus on monitoring its implementation as well.*

***Keywords: Motivation, Employee Productivity, Banking Industry, Lion International Bank***

# CHAPTER ONE

## INTRODUCTION

This chapter introduces the effect of motivational practices on employee productivity in the banking industry in Addis Ababa. It identifies the research gap, set objectives underlines the importance and scope of the research.

### **1.1. Background to the Study**

In modern era of business management, efficient and effective utilization of scarce resources are the bedrock for sustainable survival of firms in a competitive market. Among other valuable treasures, well-motivated human resource is the most vital asset for enhancement of organizational productivity that brings about competitive excellence (Sunia, 2014). Understanding the relevant factors that affect employees' motivation plays significant role on effective planning and implementation of business policies and strategies. Failure in these regards aggravate employee's demotivation and what makes it worst is its adverse effect is often manifested in the long run on productivity. But provision of relevant and appropriate motivational scheme helps maintain a skilled and experienced labor which in turn enhances organizational productivity in collaboration with modern technology and well-designed work process (Sirota, 2005).

Despite the induction of modern technologies to facilitate smooth workflow, employees as an integral part of the organization, make up the most decisive workforce (Jennifer, 2013) for the reason that firm's performance or optimal productivity is completely the reflection of their enthusiastic efforts exerted forth in the course of achieving the intended business and corporate objectives. Aluko (2014) urges that in order to achieve or enhance high level of productivity, managers need to perpetuate seeking ways of ensuring their staff stay motivated. Lack of motivation hinders sustainable success results in low morale staffs performing way far from up to the standards.

Certain problems of inadequate motivation emanate from individual differences in personality, behavior or outlook. The situation is characterized by strong desire to avoid failure but the motive to produce positive results may be too weak. This could produce a general resistance to achievement-oriented activity that should naturally be overcome by other extrinsic modes of motivation. On the other hand, managements and working environments in a given firm also contribute substantial influences on staff's motivation. Lack of well-designed organizational structure, consistent salary

scale, recognition, relevant training and other attractive incentives are the Achilles' heel of poor human resource management in which employees often manifest themselves through lack of enthusiasm or premature surrender (Bryans, 2005).

Despite all these apparent cumulative problems of motivation considerably affect the overall productivity, concerned managements necessarily pursue means of ensuring and promoting continuous efficiency that would be geared towards the accomplishment of the desired organization goals and objectives. However, other than striving for adapting contemporary human resource management practices in terms of assuring the wellbeing of employees and creating conducive work environment, managers are negligent on identifying which intrinsic or extrinsic factors affect employee's motivation to enhance productivity. Such managerial dilemmas are often evident in most financial institutions characterized by inducting new workforce frequently due to substantial attrition of experienced and skilled employees. Ethiopian private banking industry is not far from these facts.

Ethiopian financial institutions, banks and insurances in particular, are characterized by high employee turnover (more 12% attrition) and switch over to other similar companies (Ermias, 2017). Private Banks is especially in stiff competition of snatching experienced employees by offering relatively more attractive compensations and benefit packages. Nonetheless, banks compete in a similar fashion rather than identifying which motivational factors influence their respective staff to be loyal and more productive. The human resource management system of Lion International Bank cannot be said to be different in any way.

The underlying issue in Lion International Bank (LIB) is that the active structure under implementation is failed to exceed the required employee productivity even though very attractive and persuasive incentives and compensations were incorporated on to different salary scales. It actually ends up with satisfying and motivating them for considerably short period (Temesgen, 2016) but the depth or intensity of its effect on their productivity is still foggy. Such human resource management limitations often emanate from inability to understand the factors that motivate employees and have significant effect on the overall productivity. Thus, the main purpose of this study is to assess the effect of employee motivation on employee productivity taking LIB as a case study. It may serve the management as an input for making informed decision for the second restructuring.

## **1.2.Statement of the Problem**

Motivation can be taken as any influence that retrieves, directs, or maintains individual's goal oriented behavior (Estes, 2016). It refers to the inner driving factors that cause an individual to behave in a certain manner and act in a specific way. Organizations are usually very enthusiastic to achieve their goals and objective through integrating their well-motivated employees with other relevant resources. Provision of attractive compensation, conducive work environment, or create room for proper training and career advancement escalates employees' moral and motivation to discharge their duties and responsibilities even sometimes beyond firm's expectation (Lin, 2017). Demotivated or not properly treated employees, to the contrary, are prone to fail to discharge their duties effectively and efficiently resulted in low productivity. Now a day, such managerial issues have become more prominent in private business firms and same holds true for banking institution in Ethiopia.

Private Banks in Ethiopia are known for their provision of attractive compensations and benefit packages to survive against the severe competition. Offering higher salaries, medical insurances, educational fees, low-interest long-term loans and continuous job promotion are some of the incentives provided by private banks. However, employees are usually complaining regarding the monotonous nature of transactional tasks and tending to switch over or divert to other industries. It has an apparent implication that is other motivational factors that influence their job satisfaction which in turn adversely affect employee dedication and productivity. According to Zerihun (2017), the overhead costs of private banks in Ethiopia are dramatically escalating due to high salary and employee benefit expenses. Spending for employees reaches around 40% of their gross profit on average but still suffering from achieving annual sales target due to lack of employee's self-motivation resulted in low productivity.

Effective human resource management practices have the ability to create firms that are more intelligent, flexible, and competent than their rivals (Rawashdeh, 2012). To do so, organizations in banking industry need to recognize the importance of motivation for their employees' productivity enhancement. Appropriate planning and implementation of organizational policies, strategies and practices concentrating on recruiting, hiring and motivating employees facilitates firms' productivity to attain their business objectives. The effectiveness of its strategies and practices substantially depend on the extent to which its employees' motivation and satisfaction are accurately understood

and taken as an input for strategic formulation and human resource development as well (Sirota, 2015).

Thus, an accurate understanding of motivational factors in the workplace is more than maximizing the profitability of a given company but sustainably acquiring the most valuable assets - the loyal employees (Armstrong, 2011). In these regards, present researches are conducted to evaluate the factors that affect the employee's performance in financial institutions in Ethiopia (Shimelis, 2014; Kassye, 2018; Melese, 2016). Their findings identified poor skilled labor, lack of knowledge and managerial incompetency as the major reasons accounted for poor performance. However, the role of employee motivation on productivity is the area overlooked. Thus the basic aim of this study is to fill the gap by determining the effects of employee motivation on productivity taking LIB as a case study. This can be achieved by addressing the following research questions:

- 1- What are the major motivation schemes practiced by managements of Lion International Bank?
- 2- How do relate motivation attributes and staff's productivity of Lion International Bank?
- 3- How do motivational attributes influence employee's productivity at Lion International Bank?

### **1.3. Objectives of the Study**

#### **1.3.1. General Objective**

The basic objective of this study is to determine the effect of motivation on employee productivity in Ethiopian financial sector taking Lion International Bank in Addis Ababa as a case study.

#### **1.3.2. Specific Objectives**

This research therefore intends to achieve its general objective through addressing the following objectives specifically to:

- i. Assess motivation practices of human resource management at Lion International Bank.
- ii. Find out the relation between motivation attributes and employee productivity of Lion International Bank
- iii. Evaluate whether motivation practices influence employee productivity of Lion International Bank

#### **1.4. Significance of the Study**

This study investigates the relationship between motivation and employee productivity. This would help a number of stakeholders of the subject such as LIB's management to formulate and implement viable solution that would enhance employee motivation in the workplace and the same time improve the company's productivity in general. And it also gives an insight to managers on the importance of knowing their employees so as to ensure adequacy of motivational scheme in its human resource development strategy; Financial institutions such as banks and insurance companies will be beneficial in acquiring information regarding the effects of employee motivational factors on their productivity; this research is also of paramount importance for government commercial banks because it would be an input for making and implementing policies concerning productivity by seeking ways through adequate employees' motivational practices; and in addition to the above benefit of the organization, this study will be serve as an input for other research in related topics.

#### **1.5. Scope of the Study**

The scope of this study is geographical limited to Addis Ababa the place where LIB headquarter is located. Despite employee's transfer to regional states and local provinces along with allocated relevant incentive, majority of human resource management policies are implemented in the company are homogeneous or similar in nature.

Conceptual scope of the study also merely focuses on the theories that state influence of employees' motivational practices on employees' productivity. In this regard, a number of organizational measures have been taken to rectify and promote employees' productivity but the overall motivational practices of the human resource department, in alignment with its strategic objectives, is the most important issues to be addressed. But other factors which potentially affect the firm's productivity such as work process, technology, political and economic factors are intentionally excluded as they are out of the scope.

Methodologically, only employees at private banks are being considered because researchers overlooked the effect of motivation on employee productivity in private banks rather than governmental ones. More specifically, only permanent and active employees who are entitled for different human resource development benefits at Lion International Bank in Addis Ababa were considered to gather survey data.

## **1.6. Limitations**

This case study assessed the effect of employee motivation on employee productivity in LIB. It has limitations in regards to restricting the determinants of employee productivity. That means there are other factors such as the nature of the job itself, rewards, recognition, etc., that could affect the staff productivity but the study considered only motivational practices. Besides, only permanent employees were considered as a targeted population while excluding contract employees who contributes the efficiency and effectiveness of the permanent employees. Had it been the study segregate level of permanent employees' productivity for their respective departments and their contribution to the overall organizational performance, it would have been more realistic.

## **1.7. Organization of the Study**

This study is classified into five main chapters. The first chapter refers introduction of the study which included the background, the problem statement, the research objectives, significance and scope of the study. The second chapter focused on literature review. It contains relevant theories, conceptual and empirical discussions leading to identification of research gaps and the conceptual framework. The third chapter presented the research design, target population, sampling methods, sample size, data collection instruments applied well as method of data analysis and presentation. The fourth chapter presented demographic characteristics, descriptive and inferential statistics analysis, findings and their interpretations. The last chapter consisted summary of major findings, conclusions and recommendations of the research study.

## **CHAPTER TWO**

### **REVIEW OF THE RELATED LITERATURE**

This chapter shall extensively examine literatures that are associated and significant to the subject of this study. The review covers the concepts, empirical, and theoretical explanations required to facilitate a complete examination and comprehension of the research. It provides an insight of other people's thoughts and opinions on the effects of motivation on employees and how it affects their productivity levels.

#### **2.1 Theoretical Framework**

The theoretical review frames the gap identified in the introduction part under the statement of the problem to address it in a scientific approach. It comprises the concepts, definitions, types and factors that affect motivation and organizational productivity.

##### **2.1.1 Concept of Motivation**

Motivation, as defined by (James, 2009) is the characteristics of human psychology with a contribution to the personal level of commitment to a specific objective. It consists of a number of elements which can cause, direct and sustain an individual's behavior. It also is considered as one of the factors which have a direct effect on the organizational productivity level. In addition to the definition given above, the following scholars also defined it in their own way. For instance, young (2000) stated that motivation can be defined in connection with the forces within employees that reflect the levels, directions and resolutions based on the efforts they exert in the workplace. George and Jones (2012), on the other hand, put it as self-induced forces which control the directions and behavioral patterns of the work place in an organization considering their level of commitment and enthusiasm towards achieving the already set goals. They also put it as an inner state inspiring action and directing and channeling a behavior towards a goal. Other scholars like Gauay (2010) on their part made the argument that motivation deals with the motive driven behaviors. Moreover, they put it as one of the factors that compel an individual to act or not to act. Beach (2005) also described motivation as the individual's readiness to exert his/her energy in accomplishing a set of goals. In his opinion, motivation is not only related to a person's enthusiasm for a specific pattern or behavior. The ambitions, needs and wants of individuals might also play a big role in influencing, directing and controlling their attitude.

The other point made was by Davis (2005) who suggested that the concept of motivation involves something that happens inside an individual which causes some definite behavioral change. Furthermore, he underlined that in any organization lack of motivation is one of the reasons for an individual to lose satisfaction.

The aforementioned definitions altogether indicate that motivation is essentially concerned with the factors that cause human behavior which can be applied to the basic needs and motives of a person. With this fact in mind, it is understood that incorporating consistent motivation in a working environment has a high and direct impact on an employee's performance. Motivation, being the basic element of an organization, inspires an employee to perform better and be more productive as the level of the employee's motivation increases, so does the productivity level.

### **2.1.2 Types of Motivation**

Motivation can either be intrinsic or extrinsic. In the workplace as well as other settings, it is often classified as being naturally extrinsic or intrinsic (Martocchio, 2006).

#### **2.1.2.1 Intrinsic Motivation**

The term Intrinsic Motivation, according to Lin (2007), refers to the motivation that stems from within the individual or from the activity itself. It is also assumed to have a positive effect on the behavior, performance and well-being of the individual. He, further, points out that it arises from the urges, which are the characteristics of the work itself and it is what workers develop from the success they attain in completing a task. Intrinsic motivation provides rewards as such it includes the chance to show the know-how and ability, to receive the satisfaction, credit, freewill, responsibility, common understanding and respect. George (2012) also suggests that a worker who is intrinsically motivated will have high devotion to his/her job as far as it fulfills his\her wants. Intrinsically motivated work conducts are done for personal advantage. In other words, the motivation for the work originates from within the individual. It is understood that Intrinsic Motivation has different forms. But the content of this study gives emphasis to employee's wellbeing, employee's relationship with colleagues and their superiors as factors which may have an impact on the employee's productivity level. And as discussed below, the intrinsic motivation originates from within an individual or from the work itself affects.

#### **2.1.2.1.1 Employee Well-being**

In most organizations, the concept of an employee's well-being has become a very significant issue. Nowadays, the growing dependability on the whole market forces puts substantial pressure on salary earners and the work force regarding the delivery of goods and services. And hence, it has overwhelmingly affected the health, safety and well-being of the workforce in general. From this point of view, the wellbeing of an employee can't be undervalued for the fact that employees have similar needs whether physical or emotional and their needs may vary in terms of welfare, security and health in a way that enables them to cope with life. Because employees invest a great deal of their time and lives at work, they rely much on their organizations for support in meeting the demands mentioned above. And thus, many international business firms realize the necessity for a healthy workforce because they are critical in improving an organization's productivity level and fiscal performance. In this regard, most organizations take a serious action to improve the welfare of their workforce by carrying out different health and productivity programs.

In general, for health and well-being programs to work effectively, an organization has to develop a smooth and good relationship with their workforce and has to also make sure that both the issues that may be considered as personal to the staff and their relations are properly accommodated. Some of the things considered as personal include welfare packages, health related behaviors, financial status and their work experience. Another point so demanding to realize here is the attitude of the work force as it presents some hint on how to get the maximum return on health and productivity investments. Baas (2009) states that several evidences are available which indicate that the health and wellbeing of the employees is highly interwoven with their levels of productivity and the health of the nation's economy where by employers have the understanding of the significance of wellbeing programs. And hence, they are more focused on finding the best ways to enhance their wellbeing by executing different health protection and benefit promotion programs.

#### **2.1.2.1.2 Relationship with Staffs**

The concept of 'relationship with the staff' describes the bond between employees of the same level in an organization's chain where one has no authority over the other. Employees who have direct support from their colleagues are more productive and have a friendly working environment as well. A point made to corroborate this fact was by Cummin (2010) who explained that employees who have a favorable and honest attachment with their colleagues are often better-off and productive in the work area. Even at times when employees feel their work is stressful, a co-worker's support

becomes so essential in lessening this stress.

Mayo (2012) added that the support that is obtained from a colleague is so fundamental in boosting the productivity level. It is true that the relationship among workers and their superiors in regards to support has rarely been given a due attention. But it is something which has to be regarded as a critical thing because the impact it puts on the productivity level is so big. Likewise, Altinoz (2012) suggested that good relationships among staff members are so helpful in minimizing work stress and encouraging harmony. Furthermore, he added that the availability of a reliable relationship among the workers and their colleagues ensures job satisfaction, and this can be implemented through organized social interactions.

In addition to the above definitions, Hoobler (2006) underlines the point that a relationship of this kind among the employees paves the way for flexibility in work scheduling and divisions of workload. The reaction among the staff members also has a significant influence on determining their behaviors regarding the productivity level. And as a result of this, employees who have a good relationship and feel good working with their colleagues, especially, in team work are highly productive because they are more devoted and motivated than those who work with no good relationship at all. That is they work more efficiently and effectively being responsible for their organization's success.

#### **2.1.2.2 Extrinsic Motivation**

Extrinsically motivated behaviors are behaviors that are external to the activity. These behaviors include such things as compensation, work conditions, welfares, safety, etc. These behaviors are determined by the organizations they work in. Eventually, motivated behaviors force employees to work hard for additional hours so that they get benefits associated with it. Even though the employees are interested in such work, it is the extra advantages which compel them to work, George (2012). As per Ryan's (2000) detailed description deals with the behavior which is displayed to get basic or social benefits and avoid criticism. As an example, if an employee who works in a guest house as a receptionist, he/she understands well that working hard and with commitment provides with him/her with more benefits or promotion even from extra working hours. But he/she doesn't get any satisfaction. So, the reason he/she is motivated to work harder is because of the incentives.

As Ryan (2000) once again pointed out, business firms use a good pay as a means to inspire their workforce to perform better by improving organizational achievement. Many employers have realized the concept that in order to stay viable, the performance of the employee is so significant and critical in creating a positive impact on the overall success of the business. From this point of view, it is assumed that the performance of the workforce is essential both to growth, strength and enlargement of the business and for the personal achievement of the employee as well. In conclusion, extrinsic motivation which comes out from outside the person or from the things external to the work or activity itself, influences the behavior, performance and productivity in a better way.

#### **2.1.2.2.1 Work Environment**

Most businesses restrict the pace at which they improve the productivity levels of their work force to skill acquisition. The environment where an employee works plays a significant role in affecting the growth level of an organization. Akinyele (2010) suggested that around 80% of the issues related to productivity in most organizations emanate from the employee's working environment. A conducive environment ensures the wellbeing of employees which will steadily inspire them to live up to their responsibilities with a high spirit and confidence which will later be transformed into a higher level of productivity. Because businesses are vulnerable to risks and uncertainties, the strength of an organization to successfully withstand the challenges by seasonal dynamic economic nature will depend on how effectively and efficiently it uses its human resource. Brenner (2004), on the other hand, suggested that the capacity of any workforce to share information within an organization is more or less productive in a well-organized work environment. In addition, the comfort level which has a variable nature in connection with the work environment projects the degree of satisfaction and productivity levels of the work force. The main reason for this is that the productivity levels will not be efficient if the conditions of the working environment are more preferable, as better working environment increases productivity. Another point by Rohun (1992) considers firm's working environment as an entirety, meaning that it incorporates all forces and activities along with the other present and potential determinant factors that challenge the worker's productivity and performance levels.

In short, entirety is the total interconnection between employees and the environment they work in. However, unhealthy environments, according to kyko (2005), may turn responsible and naturally talented employees into irrational and unreliable ones. He mentioned a number of factors which

create unhealthy or unfavorable work environments that result in the decrease in productivity level of the employees and the organization in general. These factors include: lack of transparency in management, managers with partiality, administrative policies, working conditions, interpersonal affiliations and compensation.

Effective management of environment and sustaining it requires that the environments are preferable, impressive, inspiring, resourceful which can possibly make the worker feel a sense of pride and purpose in their jobs\_ Brenner (2004). Businesses limit the rate at which they enhance the productivity levels of their workforce to skill acquisition. The kind of work place or environs where a worker operates also affects the level at which such an organization may flourish. Akinyele (2010) suggested that about 80% of productivity concerns are as a result of the nature of a worker's environment in most organizations. A favorable work setting guarantees the well-being of workers which invariably will encourage them to apply themselves to their responsibilities with a high level of morale which may transform into higher productivity (Akinyele, 2007). Businesses are prone to risks and uncertainties as such the capacity of an organization to react effectively to the challenges posed by present-day dynamic nature of economic conditions will to a large extent be determined by how well an organization can effectively and efficiently use the human capital at its disposal.

Brenner (2004) affirmed that the capability of an organization's workforce to share information throughout the system is subject to the state of their work environment. Workers are likely to be more productive in a well-structured work environment. Furthermore, the quality of comfort which varies in terms of the work environment also predicts the degree of contentment as well as productivity level of workforces. This is because the productivity levels of the workforce would not be optimal, if the states of their work environments are not conducive. Better work environments augment worker's productivity. Kohun (1992) described an organization's work environment as an entirety. That is, it encompasses all forces, activities including other significant elements that are presently or potentially challenging the worker's productivity and performance levels. It is the summation of the interrelationship existing between workers and the surroundings in which they operate.

However, in toxic environments, responsible and talented workers can be transformed into irrational and unreliable workers as a coping strategy (Kyko, 2005). He cited several elements that constitute a toxic work environment therefore causing a decrease in productivity of employees and the

organization as a whole. These elements are lack of transparency in management, biased managers, administrative policies, work conditions, interpersonal affiliations and compensation. Managing and sustaining a work environment effectively demands making sure the surroundings are conducive, attractive, acceptable, resourceful, and motivating to the workforce thereby giving workers a sense of pride and purpose in the jobs they perform (Brenner, 2004).

#### **2.1.2.2.2 Compensation**

The term ‘compensation’ talks about the amount of money and benefits that employees get from their organizations in exchange for their contributions they make (Hamidi, 2014). It basically fulfills material, social and psychological needs of the employees and is more related to financial satisfaction (Lumley, 2011). Employees receive several benefits in different forms like wages, salaries, pays, etc. but many employees who have a good education level, sufficient skills and experiences lose satisfaction from their jobs and salary programs causing a high rate of turnover and low productivity. And hence, organizations provide them with compensation programs aimed at minimizing the turnover and inspiring them. This means that compensation motivates employees to make better performances and high productivity levels.

The other form of compensation is ‘Fringe benefits’, which is mainly concerned with securing quantity life cycles, providing them with a certain level of safety and financial security taking their family relations into account. The most common ‘Fringe benefit’ forms are retirement or pension plans, medical insurance coverage, education reimbursement and time-off.

Fringe benefits are compensations that are given to employees in a different form because of the status they have in the organization as members (Mattias, 2003). Overtime is the payment made over and above the normal salary and wage rates where the employees are paid for their extra working hours (Tyson, 1999).

Moreover, organizations provide employees with company housing or house rent allowances to enable them to meet their basic needs as an accommodation when they are on duty. Some accommodations owned by the organization are provided to senior employees but other organizations reimburse rent payments. More importantly, in order to avoid the decline in employee productivity level, it is so demanding that employees are provided with health and safety packages, security and adequate working conditions (Hamidi, 2014). Ryan (2008) also states that the costs that come along with compensating employees in wages, payments and other forms of benefits are an

immense and increasing part of operational expenditures but it has to be understood that production level may drop if organizations are not able to make payments and benefits available to employees as required. In short, employees become more hard working and productive when their performance is based on a satisfactory pay. Even though the compensations for employees affects the productivity, there are other factors that may increase the outcome with negligible or no cost to organization at all.

Employees also give credit to validation if they are to be productive i.e. they have the desire to be appreciated for their performance as such their jobs are valuable and their contribution to the success of the organization is important. It is true that compensating employees adequately helps a lot but the compensation shouldn't necessarily be made financially, and the reason is that just thanking them is also like they are appreciated. Concerning validation, employees are most likely productive when they visualize they are fit in the big picture. Employees also want to be considered as a central part of the organization. They want to grasp every part of the operations which they think is suitable for their ambitions and dreams because this may provide them with the opportunity to exhibit their capability and skill in the fields other than the areas of their specialization. They don't only want to know that their managers are willing to listen to their voices but they also want them to let them take part in decision making processes (Lake, 2000).

### **2.1.2.2.3 Training and Career Development**

Bassani (2004) states that training and career development in the field of management is the area concerned with structural activities aimed at improving the performance and productivity levels of the work force. It is also considered as a way of obtaining the applicable skills and qualifications by the employees that are necessary for the growth and success of the organization. Similarly, Mathis (2003) suggested that it is so important to train and upgrade employees steadily so that they can effectively live up to their responsibilities. The logic behind this is that employees who are trained and upgraded enough with the relevant educational qualifications and skill are in a position to provide a huge pay off apparent in their loyalty to the organization, sound knowledge and understanding of operations, improved productivity levels and their contributions to the overall stability and future success of the firm.

The principal objective of involving employees in training is to bring about a result that endures and can be sustained even after the training activity or program it. The main emphasis of this concept is

on taking precise decisions and commitments which deal with incorporating new acquired skills and ideas in the work area. It denotes the organizational persistent effort and dedication in continuously improving the performance level and the satisfaction of its employees with different methods of skill acquisition and educational programs. Currently, most companies have applied extensive and diverse forms of these applications that range from trainings related specific skilled jobs to the long term career growth. Nowadays, training and career development are being used as an official corporate function key tool to implement policies that help in the achievement of an organization's vision, mission, goals and objectives.

In addition, a number of business firms, large or small, have acknowledged the significance of training and have included continuous learning and other practices related to training and career development as a means of supporting the progress of their employees and as means of securing highly skilled employees as well. The significance of continuously upgrading their skills and qualifications through training has been massively accepted and considered as a requirement of employment opportunities and ensuring the profitability and the future success of organizations while boosting the right kind of working culture in such a way that it keeps continuous learning.

As Batrom (2000) suggested training and career development enables businesses to attract a pool of competent potential replacements for employees who are interested in leaving or retiring from active duty or who are requested to take a position with more responsibilities.

It is also helpful in ensuring the human resource required to sustain commercial growth and expansion. Moreover, he suggested that training can speed up the use of advanced technologies even in small businesses in such a way that it makes it easily suitable for the fast dynamic and continuously emerging competitive global arena. Training is also helpful in uplifting the work spirit, effectiveness, efficiency and the level of the employee's productivity. What is more, most organizations or employers have come to realize that employees value educational and tuition assistance benefits. These programs are considered to be important in employee retention and recruitment. The program basically includes partly or the whole expenses in regards to formal educational courses (Mathis, 2003).

An organization is also able to reduce undesirable employee turnover costs related to staffing and training by effectively making use of the budget allocated for the advancement of new inexperienced workers in retaining skilled and experienced employees. Employees are likely to be inspired to raise

their level of productivity if opportunities are available for career development either through formal education or skill acquisition programs. This paves the way for the improvement of the employee's skills and talents by appreciating their ambitions and the quality they add to the firm. And hence, it is so crucial to take into account that at times a well-planned training program can be taken as an increase in pay.

Benefits of this kind are regarded as practical since it satisfies the workers and increases productivity and is not as such costly in comparison with the increase in pay (Harrison, 2001). Eventually, through sufficient training, employees can evaluate and get from those opportunities which are available for progress in the organizational order. This practice satisfies the employee's psychological needs as they are opportunities important for individual's advancement, greater roles, and responsibilities and social status. Promotion opportunities have the possibility to bring about job satisfaction when they are taken fairly.

### **2.1.3 Concept of Productivity**

According to Glen (2014), the manufacturing business is a dynamic faculty which faces new challenges every year. He further added that in principle all media houses continuously report the closure of industrial firms, the clashes between employers and employees, reduction of labor force because of recession and other economic variables. Consequently, the reputation of the manufacturing firms or industries has been destroyed by low pay, high turnover, inadequate working conditions, poor performance and productivity. The ILO, 2005 describes productivity as the amount of work accomplished in a unit of time because of the factors of the productivity. These factors comprise technology, capital, entrepreneurship, land and labor. Productivity is the connection between inputs and outputs and increases when there is more output with less input.

In Baht's (2007) view, productivity can be considered as the measure of performance that combines efficiency and effectiveness together the ratio of output or production capacity or workers. The most important point here is that the performance of a business firm highly relies on the level of the worker's productivity. Yesufu (2000) on the other hand suggested that effectiveness and efficiency are the main determinants of a country's prosperity and the social and economic well-being of its citizens. Similar with the aforementioned definitions, productivity is the overall increase of efficiency or capacity to convert in puts (raw materials) into end products or services.

In a nutshell, it is a measure that shows to what extent the essential resources are implemented to reach the specific objectives regarding the quantity and quality within a given time frame. It is appropriate in evaluating the actual output obtained in comparison with the input used taking the time into account. For efficiency, time and resources are the main factors to accomplish a certain task. In general, it is possible to conclude that efficiency and effectiveness are the determining factors for productivity.

### **2.1.3.1 Employee Productivity**

Jennifer (2006) made the argument that employee's performance adds directly to an organization's level of effectiveness and efficiency and the achievement of administrative goals. It was also suggested that when a company fails to ensure that its employees are inspired, it negatively affects its effectiveness and efficiency by creating an impact on the employee's productivity level with regards to expected goals and objectives. As Antoni (1999) confirms an employee's productivity is highly based on the degree of motivational desires fulfillment as such employees will be demoralized and become less productive when they feel that their needs and demands are not met or satisfied.

Mathis (2003) once again suggested that productivity is the measure of quantity and quality of work done in terms of the resource used, i.e. the higher the level of the organizational productivity, the better the competitive advantage. And the reason for this is that the costs related to the production of goods and services are very low. In other words, better ratios don't exactly imply more output produced. It might imply that a few numbers of workers or less financial resource and time is used for a similar output.

Mcnamara (2003) also suggested that productivity can be measured in regards to quality, quantity, time and cost. In his further statement, assessing productivity is concerned with measuring how much time an average employee spends on producing a specific output/result. It is clear that there is some difficulty in measuring productivity but it is as important as it directly affects the profit of an organization. Brady (2000) forwarded the point that none of the resources used for production are deeply analyzed as the human resource. Most of the activities performed by the human resource systems are thought to be influencing an employee or organizational productivity. Compensation, evaluation systems, training, and development, recruitment are the main responsibilities directly focused on productivity Bernardin (2007) also made it clear that the advantage of motivational

factors can't be downgraded by a firm in boosting the productivity level of an employee, esp. in getting a competitive advantage. He also hinted that it is difficult to evaluate productivity but it can be done taking effectiveness and efficiency into account.

**Effectiveness** - According to Yesufu (2000), is the level at which objectives are accomplished and policies achieved as per the way they were planned. Its main emphasis is on fulfilling the purpose i.e. achieving the desired goals. So, for a program or service to be considered effective, it has to accomplish the objectives or estimated results that were already set. Concerning employees, it is a measure of how well they achieve the goals and objectives in terms of the productivity level. In this regard, an employee is said to be effective when he\she achieves the desired results in accordance with the organizational goals and objectives.

**Efficiency** - Efficiency is productivity of estimated results, especially without any kind of wastages which is mainly concerned with the employee's ability to work productively with the minimum possible waste in energy, time and cost. It is almost the contrast that exists between the inputs that are used in a well- defined way and the outputs produced. For example, if a decision making body, whether an individual or corporate administrative institution or a state in general finds the output level to be the maximum achievable with a specific resource in accordance with the present conditions, then this body is thought to be efficient. But to the contrary, if it yields less than the required, then it is regarded as inefficient. And hence, efficiency emanates from the connection between inputs and outputs is considered as the level at which outputs are produced by lowering the manufacturing costs (Harris, 2001).

#### **2.1.4 Relationship between Motivation and Productivity**

The concept of motivation is may be complex and relative in such a way that what matters to one individual may not matter to the other (Reilly, 2003). As a whole, many organizations search for mechanisms to motivate their workers by using incentives. These incentives include such things as good working environment, or conditions and compensations. Incentives are considered as variable payments made to employees or a group of employees depending on the quantity of output or outcome produced. In other words, it can be taken as payments to be made with the intention of elevating the employee's performance and productivity levels towards the achievement of higher objectives (Banjoko, 2006).

In Martocchio's (2006) description, incentives are which exclude the basic wages or salaries that vary depending on the capacity of the workforce to meet certain standards like the preset procedures and defined organizational goals and objectives. From this point of view, it can be concluded that a strong bond exists between motivation and productivity. This is because the less motivation, the less productivity. Regarding productivity employees vary depending on the value they bring to the organization not only because of the activities they perform but also how well they perform these activities. By and large, the performance of an organization greatly depends on the employee's level of productivity and the other departments that constitute the organization. With this fact in mind, it is so demanding that organizations reward their employees fairly and reasonably depending on the relative productivity and performance levels. As a conclusion, an organization has to play a key role in making sure that its working force is highly inspired to bring, sustain and improve the productivity levels of the workers and the organization in general.

### **2.1.5 Theoretical Models**

With regards to the concept of motivation, a number of theories like content and process theories were formulated in the past times. Content or need theories focus on the need of the work force whereas process theories focus mainly on behaviors related to the workforce. Among the content theories are: Maslow's theory of hierarchy of needs, Herzberg's two-factor theory, McClelland's theory and Alderfer's ERGA theory. However, process theory consists of Reinforcement, Expectancy, Equity and Goal setting.

This study emphasizes on Maslow's need theory, Herzberg's theory and Vroom's theory theories on the concept of motivation has been conceptualized decades ago namely content and process theories. Content or need theories are centered on the needs of a workforce while process theories focus more on behaviors associated with the workforce. Content theories include Maslow's hierarchy of needs theory, Herzberg's two-factor theory, McClelland's theory and Alderfer's ERG theory whereas, process theories include Reinforcement, Expectancy, Equity, and Goal setting. However, only Maslow's need theory, Herzberg's two-factor theory and Vroom's expectancy theory are considered.

#### **2.1.5.1 Abraham Maslow's Hierarchy of Needs Theory**

Maslow (1954), a renowned psychologist, stated in the book entitled 'motivation and personality' that human needs can be classified into five groups and these groups can be arranged in different structural orders that range from the most important to the least ones. The needs in this theory

include such things as basic and physiological needs, safety, belongingness, esteem and self-actualization needs. In his opinion, an individual is principally motivated to fulfill physiological needs before taking other things into account. And the reason is that physiological needs or basic needs are indispensable to an individual's survival. In this regard, once these basic needs are fulfilled, these are not considered as necessary motivational elements by the individual who ascends to the hierarchy in search of fulfilling safety needs. The process goes on until self-actualizations are fulfilled. The fact here is that employees will not have any impact on the productivity when they are not provided with the basic needs for survival such as food, air and water. This theory concentrates on principle that individuals are impelled by the unfulfilled needs and the fulfillment of needs at the lowest layer of the pyramid leads to the search for the fulfillment of those at the higher end. This theory accentuated that for an individual to act unselfishly, his/her need deficiency and growth has to be fulfilled first. So, as long as individuals are too concerned with satisfying their ambitions, they are moving forward to growth and that is self-actualization. In business concept, this means that when employees are not in a position to satisfy their needs, it is likely that they will lose their work spirit and they will not perform with utmost excellence in discharging their duties.

Maslow had a belief that needs can't be fully fulfilled indicating that needs which are almost fulfilled tend to stop being a motivator. Therefore, according to Robbins (2001), in order for managers to increase productivity, they need to consider the workforce's status with regards to the hierarchy to be able to inspire accordingly with the fact that motivational methods have to be adjusted to satisfy their needs. To businesses, especially in the field of management, this theory suggests that they have a full apprehension of factors which enkindle or influence an employee's behavior and performance levels in an organization. This theory postulated that individuals have distinct needs which are active at different times and that it is only the unfulfilled need which can influence behaviors (Obikeze, 2005). In short, to effectively inspire employees, managers have the obligation to make sure and understand the existing needs of their employees. Maslow's model made a specific point that it is the physiological and security requirements found at the lower level which should be prioritized more than the motivators such as esteem and self-fulfillment found at the top level.

#### **2.1.5.2 Frederick Herzberg Two-Factor Theory**

Frederick Herzberg held the view that two extremely different factors shape an employee's behavior in an organization like hygiene factors and motivators. He established that factors which seemed to

ascertain job satisfaction were associated with the content of the job and the characteristics of the job itself, and thus called them as motivators but factors which caused job dissatisfaction were related to the job context and described them as hygiene factors. Hygiene factors are those which avoid job dissatisfaction. These include company policy, basic needs, status, working environment, salary, supervision etc. However, motivations are the factors which cause demotivation and loss of interest in the job when they are not fulfilled and these forces employees to seek employment options outside the organization.

Hygiene factors are regarded as supporting factors in avoiding dissatisfaction. To the contrary these factors alone don't guarantee employment and higher level of motivation. They don't have a direct link to the job context. And the reason that they are called hygiene factors is because their existence makes sure that there is a sensible level of satisfaction where as their absence may result in dissatisfaction. Therefore, it is so mandatory that managers make sure all hygiene elements are available so that the basic employee dissatisfactions are minimized but it is highly necessary to ascertain that these are motivators which motivate employees and finally bring about satisfaction. Motivators include job related features like thought-provoking tasks, work achievements and responsibility and growth achievement (Lumeley, 2011)

Motivated and contented employees are more likely to be committed and productive than those who are dissatisfied. Motivators stem from an internal mood within employees. Herzberg (1974) elaborated that hygiene and motivation means should be implemented at the same time. He also said that even though the absence of hygiene elements doesn't affect the work spirit, it creates dissatisfaction among employees. In a similar way, the existence of those elements doesn't essentially create any impact on motivation but can be a cause for dissatisfaction among employees. This is because a higher degree of motivation will definitely increase the employee's morale but the lower one will decrease it totally. Nevertheless, this won't trigger any complete discontentment but rather a kind of non-fulfillment.

### **2.1.5.3 Vroom's Expectancy Theory**

The expectancy theory, unlike the need theory, is a process theory. It is associated with the variety present in the working area in connection with opinions, thoughts, and view of the employees including their attitudes and behaviors towards the job. This theory gives emphasis to the personal assessment of the employee and the work area. It also examines the employees in regards to their

hopes and ambitions. It also clarifies two main concerns. The first concern is that regardless of different results, employees have the motivation to devote their efforts to their organization if only they are definitely sure that the final outcome will take a specific level of performance into account.

In other words, if employees lose faith or confidence in their ability to accomplish at a certain level, then the motivation to effectively accomplish the job will be minimum or zero at all. The second concern is that employees will be incited to accomplish at a specific level if their performance at this level will result in desirable outcomes. Edwards, 2014 associated path-goal theory with the premises of the expectancy theory indicating that employees have the inclination to carry out a task effectively only when they feel confident that they are in a position to accomplish the assigned and the desired results and that this desired or expected result brings them with the greatest value.

The theory denotes that employees are interested to exert their energy on the job if the result of the two concern is satisfactory i.e. the positivity of an outcome is likely to related to a specific task in such a way that the willingness of an employee to act depends to a large degree on how they positively view the result \_Vroom, 1964; Lin, 2007. The theory suggests three main factors which determine a staff's level of motivation such as valence, instrumentality and expectancy.

### **2.1.6 Summary of the Theoretical Review**

Despite the increasing effects of motivation on employee productivity, there is still limited literature on its effect in developing countries (Ofori, 2011). It is understood that very little information was provided on intrinsic motivational factors such as relationship with other colleagues (co-workers and managers) as it relates to productivity while excess information was provided with regards to extrinsic motivational factors. Besides, it was observed that very few examinations have been conducted in the aspect of workforce motivation with respect to construction industries. This study while validating some empirical works may bridge the gap between existing literatures by providing evidence on the effect of workplace motivation on employee productivity in construction industries.

Although the concept of motivation is extensively recognized as an important tool in attaining high employee and organizational productivity levels, it is however very complex, relative and unique to members of a workforce. This is to say that what motivates or appeals to one individual may in no way appeal to another because people differ in terms of wants and needs. Therefore, it is imperative for organizations, employers and their managers to display positive disposition in applying the

concept of motivation in order to elicit reciprocal positive gestures, behaviors and high levels of performance and productivity from the members of its workforce.

Organizational productivity can be enhanced through motivational factors be it intrinsic or extrinsic in nature but the right mix of both factors is essential as no one factor should be underestimated or should one gain preference over the other. Intrinsic motivational factors are in every way as important as extrinsic motivational factors as such managers must strive to continually deliver a unique mix of value to ensure that the members of its workforce are and stay highly motivated. This is because as motivation increases chances are that productivity will also increase. Therefore, an employee's welfare in terms of well-being, compensation, relationships with other staffs, training and development and also work environment should not be taken for granted as far as productivity is concerned. Managers should seek to ensure that employees are extrinsically well motivated with a view to ensuring they remain intrinsically attached to their jobs. It is therefore necessary for organizations and businesses alike to understand that employees are also as important as its customer base and are an asset to the survival of any given business enterprise.

Also, it is imperative to understand that the theories being discussed in this research that is Maslow's hierarchy of needs theory, Herzberg's two-factor theory and Vroom's expectancy theory may have been validated in some literatures and also have been extensively criticized in others for various reasons. However, they are still applicable in the present more complicated and diverse work environment. Although a most empirical works has for one reason or the other invalidated these theories, they should not be dismissed but rather should be viewed as a simple model that has successfully made a substantial addition to the field of motivation and has broadened our knowledge of a worker's approach towards the job. Also it has provided or laid the groundwork for potential researchers who may wish to continually form new and better principles of job satisfaction and workforce motivation.

Finally, this review of empirical studies will be concluded with the position of (Davies, 2000), which suggests that motivation both intrinsic and extrinsic have a significant effect on workers' productivity as such vital to the growth, stability, development and success of any organization.

## **2.2 Empirical Framework**

Much research has been done in examining the effects of extrinsic and intrinsic motivation on employee's performance and productivity. And various results have been obtained following the

research. One example is that rewards that an employee gets whether intrinsic or extrinsic are necessary in comprehending the concept of motivation. In the previous studies, it was suggested that 'rewards' paves the way for satisfaction and can directly influence staff's performance and productivity level. According to Lawler (1968), some factors have an impact on an employee's productivity level in regards to their jobs. For one thing, productivity relies on the amount of financial or non-financial benefits they get unlike the amount they think is satisfactory. In addition, calculating the amount of money other employees receive in comparison with their own amount affects their performance individually though the employee's contentment both with intrinsic and extrinsic rewards obtained creates an impact on the whole productivity levels. Besides, employees differ greatly in the rewards they seek and the extent of value they associate with each reward. As a conclusion, it is understood that extrinsic rewards are likely to satisfy workers more than the intrinsic ones because they direct to the attainment of other rewards. And hence, this understanding suggests a necessity for a different reward system.

As a research conducted by Lin (2007) in regards to the evaluation of intrinsic and extrinsic motivation on employee's productivity shows that there was a strong bond between extrinsic motivation and productivity level of the employees but intrinsic motivation had less significance than the extrinsic one even if there was a connection between intrinsic factors and employees' productivity level. Jibowo (2007) on his part also had a similar method in his study like Herzberg. The study showed the impact of motivation on productivity but extrinsic factors were valued more than the intrinsic ones and finally came to the conclusion that organizations that satisfy the intrinsic and extrinsic are in a position to get the best out of them.

According to Taylor and Vest (1992) investigation, the effect of financial incentives and its absence on employee's performance and productivity indicated that those individuals who took part in an experimental group with some stimuli had a better performance than those in the control group. In a similar way, Assam (2002) also studied the role of intrinsic and extrinsic motivation on employees of high and low professional levels. And accordingly, the supposition that low income employees will be essentially motivated and more productive had no acceptance and the supposition that high income employees will give more value to intrinsic motivational factors than low income employees was not acceptable as well.

This clearly demonstrates how much value employees give to extrinsic motivational elements even

when there is no basic change in motivational levels with the employees at different levels. Another important point made by (Baas, 2009) was that poor compensation was associated with profitability of an organization. The difference in wage between employees was related to loss of morale, back of commitment and low productivity. Nwachkuwu (2004) also ascribed the drop in productivity level of employees to some factors like failure to: accommodate the wellbeing of their staff, provide satisfactory compensation, training and career development, conducive working environments, promote friendly relationships among workers, managers and their organizations which is very discouraging to the employees and causes them to be less productive. In connection with the empirical analysis and conclusion, it is possible to construe that intrinsic and extrinsic motivational factors are crucial in boosting employee’s productivity levels. And hence, it is likely that an employee’s productivity will be higher if the motivational mechanisms are utilized properly. But the critical point here is to what degree can motivation whether intrinsic or extrinsic accelerate productivity levels considering the arguments for/against the fact that motivation as a concept is complex and relative to individuals.

### 2.3 Conceptual Framework

This assessment intended to evaluate the employee motivation practices of LIB on organizational productivity. It focuses on the permanent employees of the company in Addis Ababa. In essence, the study profiles employee motivation influence that determine their productivity and which attribute has the highest effect. For employees to perform at higher levels, the organization has a crucial part to play in ensuring that it highly motivates the members of its workforce in order to attract, retain, and improve productivity levels of both workers and the organization as a whole. This can be addressed either motivating them intrinsically or extrinsically (Lin, 2007). The former comprises employee wellbeing and their relationship with other staffs. Whereas the latter includes compensation, and work environment training & development attributes.

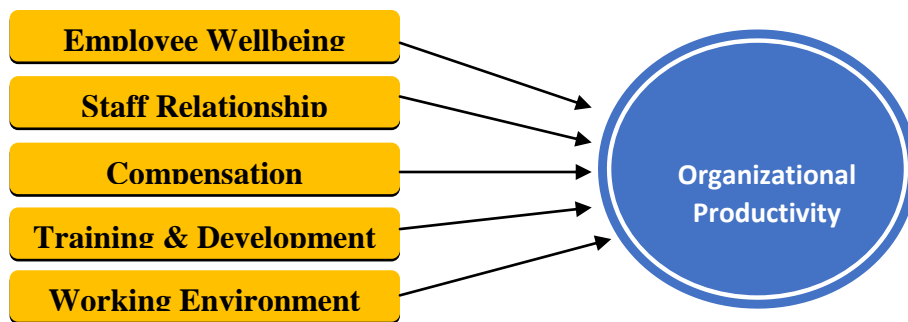


Figure 2.1 - Conceptual Framework of the Study (Source: Lin, 2007)

## **CHAPTER THREE**

### **METHODOLOGY**

The research methodology comprises of topics related to how the research is carried out with respect to research design and methodological grounds. It commences laying out the research design and approach following sampling technique, tools and procedures to be used to collect the data, along with methods of analysis. The reliability and validity of the research and ethical considerations are also addressed in this chapter.

#### **3.1 Research Design**

Based on purpose, research design is classified into three main categories such as descriptive, exploratory and explanatory researches. Explanatory research design is applied as it is appropriate to realize the objectives of this study for the fact that explanatory research is used to establish cause-and-effect relationships between variables. It is a causal analysis concerned with the study of how two or more variables affect changes in another variable (Creswell, 2009). Both descriptive and inferential statistics are used to describe the demographic profiles of the respondents and study variables based on their responses; and infer meaningful prediction from causal relationship of dependent and independent variables.

#### **3.2 Research Approach**

There are two basic research approaches, quantitative and qualitative approach. This study used quantitative approach for the reasons that quantitative data were used to examine the relationship between motivation variables and employee productivity. It involves the generation of data in quantitative form which can be subjected to rigorous quantitative/ inferential analysis in a formal and rigid fashion (Creswell, 2009).

#### **3.3 Population**

Referring Lion International Bank's human resource management database, the organization has currently a total of 2,279 permanent employees of which 1,019 are located in Head office and branch offices in Addis Ababa. In addition to management staffs count for 175 and the rest belongs to non-management or operational level employees. Since the human resource guideline of the bank mainly

entitles only permanent employees with a minimum of one-year work service in the company to be a beneficiary, the motivational practices is supposed to affect their performances directly. Thus, only active permanent staffs are considered but those who are on field assignment or under suspension are excluded for their inaccessibility and the possibility of biased responses.

### **3.4 Sampling Technique**

Probability sampling technique is used to select the targeted respondents from the sampling frame. Stratified random sampling is one of the probability sampling technique that helps select the targets or strata based on lottery method or through random number tables. This study applied it for the fact that targeted population is categorized in to management and non-management staffs. Besides, managements' benefit packages and other incentives are substantially different from non-managements, then respondents were selected proportionately from each stratum by lottery method. Employing stratified random sampling method is; thus, appropriate to generalize the results of the findings to the entire population.

### **3.5 Sample Size**

Sampling is the process of selecting a number of study units from a defined study population (Zikmand, 2010). It is economical to take representative sample for the intended investigation when conducting census is unrealistic. Since the number of the population is known, simplified formula for proportion sample size is determined by the following formula as it stated by Yamane (1967). Therefore, the formula to determine the sample size is:

$$n = \frac{N}{1 + N(e^2)} = \frac{1,019}{1 + (1,019 * 0.05^2)} = 287$$

Where: N -Designates total number of customers; E - Designates maximum variability or margin of error 5% (0.05); and n- Designates computed sample size.

Taking Covid-19 disasters, relatively high non-response rate is expected. To achieve the desired number of respondents, 20% of the calculated sample size is added to the total sample size. Then sample respondents become 345 in number. Since Lion Bank categorize its employees under four strata namely management, professional, clerical and non-clerical staffs. Their distributions based on the stratum are depicted on Table 3.1 below.

**Table 3.1 Sample proportion per Stratum**

Stratum	Population	Proportion	Sample Proportion	Total
Management	175	17.2%	0.172*345	59
Professional	560	55.0%	0.550*345	189
Clerical	236	23.2%	0.232*345	80
Non-clerical	48	5%	0.05*345	17
<b>Total</b>	<b>1,019</b>	<b>100%</b>	<b>1.0*330</b>	<b>345</b>

(Source: LIB, 2020)

### **3.6 Sources of Data**

There are two sources of data namely primary and secondary data which can be used for research analysis. In this study, primary data are preferred to use for having advantages of getting fresh and detailed first hand data along with their relevancy for specific study. Thus, it was collected from employees of LIB accordingly. But secondary sources such as different scholarly articles reviewed to comply and articulate the related literature review.

### **3.7 Data Collection Instrument**

A survey questionnaire was used to collect the primary data. As suggested by (Creswell, 2009), administering questionnaires allows the researcher to collect data with low cost even when the universe is large and is widely spread geographically. Respondents who are not easily approachable can also be reached conveniently and large samples can be taken. Thus, the results could be made more dependable and reliable.

The questionnaire has two sections. The first section covered the demographic profile of the participants; the second section is structured on a 5-point Likert scale (1- Strongly disagreed, 2- Disagreed, 3- Neutral, 4- Agreed and 5- Strongly agreed) to show their degree of agreement to the sentences about the constructs under study (motivation and employee productivity). It is adopted from a previous study about the same construct under study and modified to the bank industry without modifying the basic concepts.

### **3.8 Data Collection Procedure**

The research was conducted in person for the fulfillment of academic requirement. A total of 30 questionnaires were distributed to other private bank (Abay Bank in this case) in Addis Ababa to pretest the validity and reliability of the scaling instrument. Then once confirmed their validity, the questionnaires were distributed to the targeted respondents in LIB head office and randomly selected

branches as per their randomly selected name list. Due to the COVID-19 disaster, it was really hard to disseminate questionnaires physically but the student researcher tried to send it via their respective emails and social media accounts that can easily accessible from the database. Respondents filled the questionnaires accordingly after having their full consent and briefed the purpose of the study clearly. A sum of 287 responses were expected from the permanent employees in the targeted offices.

### **3.9 Validity and Reliability Test**

#### **3.9.1 Validity**

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Creswell, 2009). Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it. Based on this definition the content validity was verified by the advisor of this research, who looked into the appropriateness of the questions and the scales of measurement. In addition, discussions with fellow researchers as well as the feedback from the pilot survey were another way of checking the appropriateness of the questions.

#### **3.9.2 Reliability**

To evaluate the research instruments, reliability is one of the major criteria. Reliability estimates the consistency of the measurement or simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects (John, 2013). Reliability is essentially about consistency. For this study, Cronbach's alpha is used to assess the internal consistency of variables in the research instrument. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale; it represented as a number between 0 and 1. According to Zikmund (2010) scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability. Thus, the Cronbach's alpha score of .70 or higher is considered adequate to determine reliability. But if the result of the Cronbach's alpha for this study's instrument is found to be below 0.7, the questions with alpha values below the threshold would be removed.

### 3.10 Data Analysis and Presentations

Both descriptive and inferential statistics were used to analyze the quantitative data gained through structured questionnaire. All the variables are coded and entered into the SPSS to analyze data obtained through questionnaires. Descriptive statistics is used to describe the usefulness of the data set and examine relationships between variables. In order to describe the data, preliminary descriptive statistics such as frequency, percentages, mean scores and standard deviation were computed. To view the internal consistency of the scale items, Cronbach coefficients (alpha) was also computed. Multiple regression analysis is performed using the five selected employee motivation dimensions as independent variable and the productivity as dependent variable. The basic aim was to see the extent to which the organizational productivity is affected by the motivation dimensions in terms of coefficient of determination ( $R^2$  value), the regression coefficient (Beta coefficient) and the P-values for the significance of each relationship. Correlation coefficients were used to quantitatively describe the strength of the association between the variables. According to Hair (2016) the Spearsman correlation coefficient measures the degree of linear association between two variables. It varies between -1.00 to +1.00, with 0 representing absolutely no associate on between the two variables.

#### Empirical Model

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the value of dependent variable, given the value of the independent (Kothari, 2004). The study applied multi-regression analysis model for testing the hypotheses drawn from the conceptual framework. Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. Multiple linear regressions are conducted to identify the relationship between employee motivation and organizational productivity. To evaluate the relation, the multi-regression analysis for testing the formulated hypotheses is formulated as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where: Y = Overall Employee Productivity;  $X_1$  = Employee Wellbeing;  $X_2$  = Staff Relations;  $X_3$  = Compensation;  $X_4$  = Training & Development;  $X_5$  = Work Environment; e = error term;  $\beta_0$  = constant, term;  $\beta_{1, 2, 3, 4, 5}$  = coefficient terms of the corresponding listed variables

### **3.11 Ethical Considerations**

After taking these ethical principles into considerations and fully living up to the requirements this study can be classified as ethical for the fact that there are descriptive questions about the respondent's' demographic profile but this information is not enough to identify the person.; ethical principle to consider is the lack of informed consent; and targeted participant should receive as much information needed to make a decision whether to participate or not. The survey will contain information about the research and contact details for further questions. The third ethical principle concerns the invasion of privacy. The respondent might find some questions too private and do not wish to make the answer public. In this study the respondent has the opportunity to skip a question if it is judged sensitive.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

This chapter presents the results of the data analyses and their interpretations. The analyses were summarized under descriptive and inferential analysis. The former describes the demographic profile of respondents, analysis of responses in each attributes. Whereas the latter, inferential statistics, includes scale reliability test, correlation and multiple regression analysis.

The results provide detailed analysis of the data collected through self-administered questionnaire which has two parts. The first part is the personal information of the respondents such as sex, age, education, service year, position and department. The second section contains the attributes of the study variables such as employee motivation dimensions and employee productivity.

After distributing 345 questionnaires for permanent employees of LIB, a total of 319 questionnaires were filled and returned, which accounted for 92.5% of the total distributed questionnaires. However, after having screened the collected questionnaires for missing data and other discrepancy, it was found 302 valid and usable questionnaires for statistical analysis. Then, collected responses were encoded in to SPSS 20.0 and went through coding as well as error correction to make them suitable for proposed technique of data analysis. Once the preparation was completed, carried out the required analysis and the results are presented as below.

Missing data frequently occurs in a situation in which a respondent cannot respond to one or more questions of a survey (Hair, 1998). According to him, mean substitution is a widely used method for replacing missing data, whereby missing values for a variable are replaced with the mean value based on all valid responses. In this case, above a percent missing value on a single item, was considered as incomplete and the response was rejected from further analysis. Because of low percentages of missing values considered, the primary procedure used in this study was to replace missing values with mean substitution.

#### **4.1 Descriptive Statistics**

The descriptive analysis comprises two parts. The first part is description of some basic demographic details of the respondents involved in the study, while the second part captured items on employee motivation attributes such as employee wellbeing, compensation, staff relations, training & development and working environment.

#### **4.1.1 Demographic Profiles**

The descriptive statistics provides information about the sample respondents under study. Table 4.1 shows that out of 302 respondents participated, male respondents comprised 167 (55.3%) and the rest 135 (44.7%) were their female counterparts. The proportion of female participants is almost similar with male respondents. The company promotes gender equality by providing equal job opportunity for both genders.

In terms of the age range of the respondents, majority 113 (37.4%) was found to be within the age range of 26 – 34 years followed by 107(35.4%) within 35 – 43 years. On the other hand, 51(16.9%) was found within the age range between 18 – 25 years but the rests 15(5.0%) and 16(5.3%) of the respondents were elders within 44 – 52 years and 53 – 60 years respectively. The permanent employees were adults below 45 years-old which implies that the company had more productive workforce. Senior staff was relatively lower in number which could be either employee's turnover is high but it needs further investigation to determine the reason. Their educational background reflects majority 251 (83.1%) of the respondents were first degree holders followed by 27(8.9%) diploma from Technical and vocational Education Training – (TVET). The rest were master's degree 15(5.0%) while 9(3.0%) high school certified. The company preferred educated recruits during selection and hiring process. Regarding their service years in the organization, it revealed that majority 111(36.8%) have served the company from 6 – 10 years while 103(34.1%) for 1 – 5 years but 88(29.1%) only served for more than 10 years. It shows that LIB has more of low service year staff which reconciles with the findings of age groups that was dominated by young population.

Their divisional enrollment revealed that 149(49.3%) were under branches customer service followed by 36(11.9%) Finance and 63(20.9%) from other supportive departments. The rest departments constituted 23(7.6%) IBD, 15(5.0%) Credit, 9(3.0%) Human resource, and 7(2.3%) IT. Majority of the staff were engaged in customer service holds true for the fact that many of the tasks performed in LIB are financial transaction on counters. Similarly, professional staff took the highest share with 158(52.3%) followed by 81(26.8%) clerical, 45(14.9%) managements and 18(6.0%) non-clerical. In general, it can be concluded that the overall demography of the respondents was characterized by fair gender distribution, educated young adults working at customer service with relatively lower service year in the organization. LIB's human resource managers need to work on retention of more senior employees through implementing different motivational activities based on its employees' perception.

**Table 4.1 Summary of Demographic Profile**

<b>Characteristics</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent (%)</b>
<b>Sex</b>	Male	167	55.3%
	Female	135	44.7%
	<b>Total</b>	<b>302</b>	<b>100.0%</b>
<b>Age</b>	18 – 25 years	51	16.9%
	26 – 34 years	113	37.4%
	35 – 43 years	107	35.4%
	44 – 52 years	15	5.0%
	53 – 60 years	16	5.3%
	<b>Total</b>	<b>302</b>	<b>100.0%</b>
<b>Education</b>	High School	9	3.0%
	Diploma	27	8.9%
	Degree	251	83.1%
	Masters	15	5.0%
	<b>Total</b>	<b>302</b>	<b>100.0%</b>
<b>Department</b>	Finance	36	11.9%
	Credit	15	5.0%
	Human Resource	9	2.9%
	Branch	149	49.3%
	IBD	23	7.6%
	Information Technology	7	2.3%
	Others	63	20.9%
	<b>Total</b>	<b>302</b>	<b>100.0%</b>
<b>Position</b>	Clerical	81	26.8%
	Non-clerical	18	6.0%
	Professional	158	52.3%
	Management	45	14.9%
	<b>Total</b>	<b>302</b>	<b>100.0%</b>
<b>Service Year</b>	1 – 5 years	103	34.1%
	6 - 10 Years	111	36.8%
	Above 10 Years	88	29.1%
	<b>Total</b>	<b>302</b>	<b>100.0%</b>

[Source: Own Survey, 2020]

**4.1.2 Description of Motivation and Employee Productivity**

The study variables constitute employee motivational factors (independent) and employee productivity (dependent). To attain the objectives, a total of 25 questions were grouped into the five

dimensions of employee motivational factors such as employee wellbeing, compensation, training & development and work environment. For employee productivity variable, 5 questions were designed based on the respondents' perception. Thus, a total of 30 questions were entertained to carry out the analysis.

To compare the respondents' perception towards the variables, descriptive statistics of mean and standard deviation are used. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements. The scale is set in such a way that respondents strongly disagreed if the mean scored value is in the range of 1.00 – 1.80; disagreed within 1.81 – 2.60; neither agreed nor disagreed within 2.61 - 3.40; agreed if it is in the range of 3.41 – 4.20; while strongly agreed when it falls within 4.21 – 5.00. In addition, standard deviation shows the variability of an observed response. Below, the results are discussed one by one.

#### 4.1.2.1 Employee Wellbeing

Employee well-being encompasses physical, psychological and mental states of employees along with socialization and sense of belongingness at their work place (Lu, 2013). Healthy workforce is believed to be crucial in enhancing firm's productivity levels and fiscal performance. In these regards, Table 4.2 shows that majority of the respondents were believed that they felt secured as the working condition is stable (mean 3.99) and believed they felt socially connected with colleagues (mean 3.79) even if stressed with work pressure due to inadequate leave period (mean, 2.66).

**Table 4.2: Employee Wellbeing Attribute**

Employee Wellbeing	N	Mean	Std.
My present working condition in LIB is stable	302	3.99	.710
I do feel socially connected with colleagues	302	3.79	.801
The required personal safety equipment are sufficiently provided to employee	302	3.49	.681
I am not stressed with work pressure as it provides me with adequate leave	302	2.66	.681
Overall LIB is considerably concerned for its employees' wellbeing	302	3.32	.761
<b>Average</b>	<b>302</b>	<b>3.45</b>	<b>.360</b>
Valid N	302		

(Source: Own Survey, 2020)

Whereas, neither they agreed nor disagreed on the idea that the company provides sufficient safety equipment (mean, 3.49) and concerned for its employees' wellbeing (mean, 3.32). The overall perception of employees towards LIB's concern regarding its employees wellbeing was found to be

unsatisfactory (grand mean 3.45) which implies that employees had substantial doubts on managements have given due consideration to their employees in terms of safety equipment and adequate leave.

#### 4.1.2.2 Compensation

Employees receive different kinds of financial benefits in the form of wages, salaries and pay. However, employees with good education achievement, relevant skills and experience are mostly unhappy with their job and salary packages which results in high rates of low productivity and turnover. So, firms make set compensation plans a bid to motivate them and mitigate the turnover (Matthias and Jackson, 2003). Based on these facts, the respondents reacted on the compensation practices of LIB as follow.

**Table 4.3: Compensation Attribute**

Compensation	N	Mean	Std. Dev
The compensation is relatively attractive than similar private banks	302	4.17	.495
Benefit packages are not fairly distributed to different position level	302	4.04	.380
Incentives are discriminated even at same job/ salary scale	302	3.68	.714
Salary scales are compatible with position/ work load	302	3.64	.687
Overall the compensation in LIB helps me improve my performance	302	3.31	.766
<b>Average Compensation</b>	<b>302</b>	<b>3.77</b>	<b>.307</b>
Valid N	302		

(Source: Own Survey, 2020)

Majority of the respondents strongly believed that compensation/salary scales are relatively attractive than similar private banks (mean, 4.17) and the benefit packages are not fairly distributed to different professional positions/ scale levels (mean, 4.04) due to poor organizational salary structure. Meanwhile, they also agreed that incentives are even discriminated at same job/ salary scale (mean, 3.68) and slightly agreed the salary is compatible with their position or work load (3.64). The overall benefit packages offered by the concerned managements help them improve their performances (grand mean, 3.77) which justifies that the employees perceived the overall compensation practice of the organization was fair enough but more managerial efforts are required to amend the organizational salary scale structure so as to mitigate discrimination among staff. Compensating workers in form of fair and reasonable payments, wages, and other benefits based on their performance motivate employees to be more industrious and productive.

### 4.1.2.3 Training and Career Development

Training and development is vital for employees' productivity of a given organization because employees who have been adequately trained and developed with the right educational qualifications and skills are capable of providing huge payoffs for their companies (Mathis, 2003). Their loyalty to the organization, sound knowledge and understanding of operation, improved productivity level and contribution to overall success of the firm are also evident.

Based on these facts, the findings on Table 4.4 revealed that majority of the respondents agreed that concerned managements linked training & development practices with organization business strategy (mean 3.84) and the overall training & development policy of LIB promoted productivity if implemented properly or as planned (mean 3.74). On the other hand, they expressed their indifferences (neither agreed nor disagreed) on the idea that supervisors supported their immediate subordinates to demonstrate practically what they learnt (mean 3.38). Whereas, they disagreed against the idea which stated the company sponsored skill acquisition programs based on need assessment (mean, 2.48) and employees who use their skills are given preference for new assignments or delegations for higher positions (mean, 2.45).

**Table 4.4 Training and Career Development Attribute**

Training and Development	N	Mean	Std.
Supervisors support employees to demonstrate what they learnt to their jobs	302	3.38	0.789
LIB sponsors skill acquisition programs based on need assessment	302	2.48	0.884
Managements link training & development with its business strategy	302	3.84	0.554
Employees who use their skills are given preference for new assignments	302	2.45	0.813
Overall Training & development policy of LIB promotes productivity if implemented properly	302	3.74	0.628
<b>Average Training and Development</b>	<b>302</b>	<b>3.18</b>	<b>0.442</b>
Valid N	302		

(Source: Own Survey, 2020)

The grand mean (3.18) implied that the overall training and development practices of the organization was believed to be below expectation of the employees for the fact that majority of the respondent preferred to take neutral stand in these regards. Thus, it can be concluded that staffs have certain doubts on the proper implementation of human resource policies in line with the organizational objectives regarding training and development. Even if the company formulated and

implemented workable policies, there is still a gap between the strategic managements and the operational level managers to communicate the strategic plan clearly and match the available human resource through provision of the required training and career development to achieve the desired organizational goals accordingly.

#### 4.1.2.4 Staff Relations

Staffs engaged in team work are believed to be more productive when they relate well and enjoy working with their colleagues. To the contrary, who lack such relationships with their colleagues tends to be more devoted, motivated and operates more effectively (Brass, 2006). In this regard, the results on Table 4.5 shows that majority of the respondents believed that they enjoyed working with their colleagues (mean 3.94), their relationship is strictly professional (mean 3.79) and also enjoyed a friendly relationship with co-workers outside the company (mean 3.63). On the other hand, they expressed their doubts on the company organizes social functions and get together parties to for all staffs (mean 3.26) and overall LIB’s effort to improve the relationship amongst staffs (mean 3.48). It has an implication that the overall staff relationship in LIB needs a lot effort for further improvement regarding managements’ intervention in creating social functions.

**Table 4.5 Staff Relations Attribute**

Staff Relations	N	Mean	Std.
My relationship with my colleagues is strictly professional	302	3.79	.440
I enjoy working with my colleagues	302	3.94	.527
I enjoy a friendly relationship with my colleagues outside of work	302	3.63	.491
LIB organizes social functions or get together parties for all staff	302	3.26	.608
overall LIB does a lot to improve the relationship amongst all staff	302	3.48	.611
<b>Average Staff Relations</b>	<b>302</b>	<b>3.62</b>	<b>.535</b>
Valid N (list wise)	302		

(Source: Own Survey, 2020)

#### 4.1.2.5 Work Environment

A favorable work setting guarantees the well-being of workers which invariably will encourage them to apply themselves to their responsibilities with a high level of morale which may transform into higher productivity (Akinyele, 2007). In this regard, Table 4.6 shows that majority of the respondents agreed that LIB exerts effort to create conducive working environment to its employees (mean 3.99) and exercised their decision making power in full to discharge duties (mean 3.70), the

workplace is spacious to work comfortably (3.63) which is believed to promote productivity (mean 3.78). To the contrary, neither they agreed nor disagreed against provision of all the required working places' safety equipment (mean 3.35). The overall perception towards the work environment attributes was found to be nearly neutral (or slightly positive) which implies that the organization gave less due attention for workplace safety and conduciveness of the working environment which requires more efforts to be exerted to enhance productivity.

**Table 4.6: Work Environment Attribute**

Work Environment	N	Mean	Std.
LIB exerts effort to create conducive work environment to its staff	302	3.99	.710
I do exercise my decision making power in full to discharge my duties	302	3.70	.827
LIB provides all the required working place's safety equipment	302	3.35	.776
Working places/ offices in LIB are spacious to work comfortably	302	3.63	.844
The work environment is comfortable to promote productivity	302	3.78	.575
<b>Average Work Environment</b>	<b>302</b>	<b>3.69</b>	<b>.480</b>
Valid N (list wise)	302		

(Source: Own Survey, 2020)

#### **4.1.2.6 Summary of Employee Motivation**

The descriptive analysis is summarized to address the first specific objective which was intended for assessing the existing employee motivation scheme practiced by the human resource managements in LIB. The five major practices were found to be employee Wellbeing, Compensation, Training & Development, Staff Relationship and Working Environment. Based on the analysis, Compensation, Staff Relationship and Work Environment were perceived positively whereas neither agreed nor disagreed on Wellbeing and Training & Development. It can be concluded that the permanent employees in LIB had slightly positive perception towards the overall motivational practices carried out in the organization. It has an implication that the concerned human resource managements have a lot to do on both financial and non-financial incentives to motivate their staffs' results in enhancing the overall productivity of the company.

**Table 4.7 Summary of Descriptive Analysis**

	N	Mean	Std. Deviation
Wellbeing	302	3.45	.360
Compensation	302	3.77	.307
Training & Development	302	3.18	.442
Staff Relationship	302	3.62	.535
Environment	302	3.69	.445
<b>Overall Motivation</b>	<b>302</b>	<b>3.54</b>	<b>.216</b>
Valid N	302		

(Source: Own Survey, 2020)

#### **4.1.2.7 Employee Productivity**

The performance of workers contributes directly to an organization's level of effectiveness, efficiency and the achievement of administrative goals at large (Jennifer, 2006). Employees' level of productivity is reliant on the extent at which workers believe certain motivational desires should be fulfilled. Based on this assumption, the findings on Table 4.8 revealed that majority of the respondents strongly believed (mean 4.17) that the benefit packages motivated them to do more work than previous years. They also agreed that safe working environment of the company (mean 3.99) improved their performance quality and also the managements' concern to employees' wellbeing made them energetic (mean, 3.78). However, they had still doubts on training and development scheme improves their performances (mean 3.38) and their performance enhanced since they have joined the company (mean 3.32). The findings revealed that the overall employee productivity was perceived positively (mean 3.73) which implies that the company's motivational practices are perceived good but needs more effort to be exerted to enhance employee's productivity. On the other hands, inconsistency of respondent's perceptions on company's concern regarding employee wellbeing and capability of training and development practices improving their productivity are observed.

**Table 4.8: Employee Productivity Attribute**

Employee Productivity	N	Mean	Std.
Since LIB is concerned for wellbeing, I am energetic to do my job more	302	3.78	.845
The benefit package in LIB motivates me to do more every year	302	4.17	.495
I believe that training & development scheme in LIB improves my performance	302	3.38	.789
My performance is increased due to safe work environment in LIB	302	3.99	.710
My overall productivity improved since I joined LIB	302	3.32	.768
<b>Average Employee Productivity</b>	<b>302</b>	<b>3.73</b>	<b>.357</b>
Valid N	302		

(Source: Own Survey, 2020)

## 4.2 Inferential Statistics

The inferential statistics comprises reliability test of data collection instrument, correlation among variables and different pretest of the data itself for their suitability or fitness to the intended regression analysis model. It includes normality, collinearity, linearity and homoscedasticity.

### 4.2.1 Reliability Test

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. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale; it represented as a number between 0 and 1. Scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability according to (Zikmund, 2010). Thus, for this study, a Cronbach's alpha score of .70 or higher is considered adequate to determine reliability.

The result was found to be in the acceptance range, alpha greater than 0.7. Thus showing as indication of acceptability of the scale for further analysis since all the five items of motivation dimensions (employee wellbeing, compensation, training & development, staff relationship, work environment) and employee productivity attributes were above 0.7. The reliability score of the construct yielded a Cronbach's alpha of  $r = 0.828$  as shown in Table 4.9 below.

**Table 4.9 Reliability Test**

	N	Cronbach's Alpha
Wellbeing	5	.782
Compensation	5	.788
Training and Development	5	.750
Staff Relationship	5	.811
Work Environment	5	.882
Employee Productivity	5	.755
Total	30	.828

(Source: Own Survey, 2020)

**4.2.2 Linear Regression Assumption**

Linear regression is an analysis that assesses whether one or more predictive variables explain the dependent (criterion) variable. The regression assumptions are correlation (linear relationship), Multicollinearity, Multivariate Normality and Homoscedasticity.

**4.2.2.1 Correlation Analysis**

To determine the relationship between employee motivation practices and employee productivity, Pearson correlation was first investigated. The five dimensions of employee motivation were taken as independent variables and overall employee productivity was used as a dependent variable in this study. As per the guide line suggested by Field (2005), the strength of relationship 0.1 to 0.29 shows weak relationship; 0.3 to 0.49 is moderate; > 0.5 shows strong relationship between two variables.

**Table 4.10 Correlation Analysis**

Correlations		WEL	COM	TAD	STR	ENV	PRO
Wellbeing	Pearson Correlation	1	.167**	.056	.331**	.223**	.265**
	Sig. (2-tailed)		.004	.334	.000	.000	.000
	N	302	302	302	302	302	302
Compensation	Pearson Correlation	.167**	1	.107	.107	-.010	.191**
	Sig. (2-tailed)	.004		.062	.094	.860	.001
	N	302	302	302	302	302	302
Training & Development	Pearson Correlation	.056	.107	1	.209	.279**	.246**
	Sig. (2-tailed)	.334	.062		.792	.000	.000
	N	302	302	302	302	302	302
Staff Relations	Pearson Correlation	.056	.107	.209	1	.516**	.611**
	Sig. (2-tailed)	.334	.062	.792		.000	.000
	N	302	302	302	302	302	302

Work Environment	Pearson Correlation	.223**	-.010	.279**	.516**	1	.520**
	Sig. (2-tailed)	.000	.860	.000	.000		.000
	N	302	302	302	302	302	302
Employee Productivity	Pearson Correlation	.265**	.191**	.246**	.611**	.520**	1
	Sig. (2-tailed)	.000	.001	.000	0.00	.000	
	N	302	302	302	302	302	302

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

(Source, Own Survey, 2020)

The result on Table 4.10 shows that overall dimensions of employee motivation had strong positive and significant relations with overall employee productivity ( $r = .572, p < 0.01$ ). Meanwhile, the relation of each predictor variables with employee productivity revealed that Staff relation ( $r = .611, p < 0.01$ ) and Work environment had positive and strong relations ( $r = .520, p < 0.05$ ) while wellbeing ( $r = .265, p < 0.05$ ) and Training & Development ( $r = .246, p < 0.05$ ) had moderate relations with productivity. However, compensation had significant but weak relation with productivity ( $r = .191, p < 0.05$ ). This implies that all dimensions of motivation practices showed positive and significant relation with employee productivity.

#### 4.2.2.2 Multicollinearity

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are Multicollinearity, there is “overlap” or sharing of predictive power. Thus, the impact of Multicollinearity is to reduce any individual independent variable’s predictive power by the extent to which it is associated with the other independent variables. “Tolerance” and “variance inflation factors” (VIF) values for each predictor is a means of checking for Multicollinearity. Tolerance value below 0.1 and VIF value above 10 percent indicate a Multicollinearity problem, (Robert, 2006).

In this study, (Appendix II), it shows that the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.043 to 1.141 and Tolerance value ranging with 0.876 to 0.959 indicated that there was no collinearity problem. This could be taken as a confirmation that there were no multi-collinearity problems to proceed for regression analysis. That means when the independent variables in this model were highly related with one another, they would have been basically measuring the same thing or they both convey essentially the same information.

### 4.2.2.3 Homoscedasticity

Testing for Homoscedasticity lies with an assumption in regression analysis that the residuals at each level of the predictor variable(s) have similar variances. Using the plots of ZRESID against ZPRED, the distribution is checked whether the graph looks like a random array of dots evenly dispersed around zero. This is to mean that at each point along any predictor variable, the spread of residuals should be fairly constant. In Figure 4.1, it shows that each of the overall employee productivity against the predictor variable of employee motivation. The plot shows that how the points are randomly and evenly dispersed throughout the plot. And, these patterns are indicative of a situation in which the assumption of linearity and homoscedasticity have been met.

The normal Q-Q chart plots the values you would expect to get if the distribution were normal (expected values) against the values actually seen in the data set (observed values). The expected values are a straight diagonal line, whereas the observed values are plotted as individual points. If the data are normally distributed, then the observed values (the dots on the chart) should fall exactly along the straight line (meaning that the observed values are the same as you would expect to get from a normally distributed data set). Any deviation of the dots from the line represents a deviation from normality. So the Q-Q plot of the all variable considered in this study looks like a straight line with a wiggly snake wrapped around it then it showed little deviation from normality as clearly presented below.



Figure 4.1 Scatter Plot of Linearity Test

### 4.2.2.4 Multivariate Normality

To check that a distribution of scores is normal, it needs to look at the values of Kurtosis and Skewness. The values of skewness and kurtosis should be zero in a normal distribution. Positive values of skewness indicate a pile-up of scores on the left of the distribution, whereas negative value

indicates a flat distribution. The further the value is from zero, the more likely it is that the data are not normally distributed. Both of which, have an associated standard error. However, the actual value of skewness and kurtosis are not, in themselves, informative. Instead, it needs to take the value and convert it to a z-score. The z-score is simply a standardized score from a distribution that has Mean of 0 and standard deviation of 1.0. As presented in Table 4.11, except Training and development, all motivation dimensions' z-scores skewed to the right side but were found to be within acceptable range (skewness within -2.0 to 2.0; and Kurtosis within -3.0 to 3.0). Therefore, it is pretty clear then that the numeracy scores are negatively skewed, indicating a pile-up of scores on the right of the distribution.

**Table 4.11 Normality Test**

	N	Min.	Max.	Mean	Std. Dev.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Wellbeing	302	2	4	3.45	.360	-.944	.140	1.133	.280
Compensation	302	3	4	3.77	.307	-1.582	.140	2.843	.280
Training & Dev.	302	2	4	3.18	.442	.028	.140	1.094	.280
Staff Relations	302	3	4	3.62	.535	.711	.140	.907	.280
Environment	302	2	4	3.69	.445	-1.113	.140	.803	.280
Productivity	302	3	4	3.73	.357	-1.108	.140	1.137	.280
Valid N	302								

(Source, Own Survey, 2020)

### 4.2.3 Regression Analysis

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the values of dependent variables, and given the values of the independent (Kothari, 2004). Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predicts the value of the dependent variable. Multiple linear regressions were conducted to identify the relationship and to determine the most dominant variables that influenced the overall employee productivity in Lion International Bank. Moreover, multiple regression analysis in this research was conducted to test the effect of the independent variables (Employee Wellbeing, Compensation, Training & Development, Staff Relations and Work Environment) on Employee Productivity. In order to indicate the impact that each factor has on the dependent variables, the standardized coefficients are checked.

### 4.2.3.1 Model Summary

As indicated in the model summary of the analysis in the above Table 4.11a, the value of R (.802) indicated relations of the four independent variables with the dependent one affecting approximately 64.3 % ( $R^2$ ) of the variance of employee productivity. However, the remaining percent (35.7%) was explained by other factors. This result also viewed that there may be other variables such as recognition, reward, employee-management relationship, etc. that could have been discussed by this study in predicting employee productivity.

**Table 4.11a Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	Df 1	Df 2	Sig. F Change
1	.802 <sup>a</sup>	.643	.641	.287	.633	42.214	5	296	.000

<sup>a</sup>. Predictors: (constant), Wellbeing, Compensation, Training & Development, Staff Relations, Environment.

(Source, Own Survey, 2020)

### 4.2.3.2 Analysis of Variance (ANOVA)

As indicated in Table 4.11b of ANOVA test, F value of 42.214 is significant at  $p < 0.001$ . Therefore, it can be inferred that with 64.3% of variance (R Square), employee motivation is significant and the model appropriately measured the dependent variables. In short, the regression model predicts overall employee productivity and has been significantly explained by the five independent employee motivation dimensions.

**Table 4.11b ANOVA Analysis**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.943	5	4.789	57.694	.000 <sup>b</sup>
	Residual	24.524	296	.083		
	Total	38.466	301			

<sup>a</sup>. Dependent Variable: Productivity

<sup>b</sup>. Predictors: (Constant), Wellbeing, Compensation, Training & Development, Staff Relations, Environment

(Source, Own Survey, 2020)

### 4.2.3.3 Coefficients

The last output in the analysis of the multiple regression models represents the output for the beta coefficients of each employee motivation dimensions. The regression equation for this research is presented below.

$$PROD = \beta_0 + \beta_1 WEL + \beta_2 COM + \beta_3 TAD + \beta_4 STR + \beta_5 ENV + e$$

Where, PROD = Employee Productivity, WEL = Employee Wellbeing, COM = Compensation, TAD = Training and Development, STR = Staff Relations and ENV = Work Environment.  $\beta_0$  = Constant,  $\beta_1$  to  $\beta_5$  = beta coefficients, and e = error terms. Based on multiple linear regression analysis on Table 4.11c, substituting the results in the model yields:

$$PROD = .314 + .198WEL + .284COM + .112TAD + .307STR + .353ENV + e$$

The regression analysis revealed that each employee motivation dimensions have positive and significant effect on overall employee productivity. Work Environment (.353) has the highest effects followed by Staff Relations (.307) and Compensation (.284) but Employee Wellbeing (.198) and Training & Development (.112) have relatively lower contribution to the prediction model. This predicted change in the dependent variable for every unit changes in that specific predictor. This signifies that for every additional point or value in the work environment, one could predict a gain of 0.353 points on the employee productivity provided that other variables being held constant; and the same are for Staff Relations, Compensation, Wellbeing and Training & Development. The results, Table 4.11c, implies that all dimensions of motivation have significant influences on overall employee productivity at 95% confidence level, indicating that for employees of LIB, these factors are important in assessing their overall productivity.

**Table 4.11c Estimated Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.314	.319		.982	.327	-.314	.942
Wellbeing	.198	.048	.200	4.138	.000	.104	.293
Compensation	.284	.055	.244	5.157	.000	.176	.392
Staff Relations	.307	.047	.301	4.614	.000	.229	.341
Training & Development	.112	.039	.139	2.859	.005	.035	.190
Work Environment	.353	.040	.440	8.883	.000	.275	.431

a. Dependent Variable: Productivity

(Source, Own Survey, 2020)

### 4.3 Discussion

The discussion focuses on the major findings of the analyses for further elaboration. It includes the demography of respondents, motivation practices and their effect on employee productivity. Referring the demographic characteristics of the respondents in LIB, gender distribution in the company is fair and almost similar in proportion. Such inspiring dedication can be achieved through provision of equal job opportunity during recruitment (Lin, 2013). The workforce is assorted with educated young adults working under “professional” category with relatively lower service years in the company. It would be more effective if retained more senior staff through implementing different motivational activities based on need assessment.

The overall employee motivational activities in LIB were perceived slightly positive (Grand Mean, 3.54) for the fact that employees believed that the company pays good compensation and created better working environment even if uneven distribution of salary scale and discrimination of benefit packages between managements and non-management staffs. Failure of implementing well-designed organizational structure with appropriate job specification and related compensation/ benefits packages may cause unnecessary friction among colleagues which results in relinquish appetite for teamwork (Assam, 2015). On the other hand, lack of due consideration for employee wellbeing and failure of providing training based on need assessment are the areas that the respondents complained. In this regards, they admitted that concerned managements tried to link or align the corporate strategy with human resource strategies accordingly. However, it’s customary to observe a huge gap when it comes to implementation within the fiscal year.

The findings revealed that work environment ( $\beta = .353$ ) has relatively the highest significant and positive effect on employee productivity. The workforces in LIB believed that the concerned managements exerted efforts to create spacious and conducive working environment to employees in which they exercise their autonomy in full to discharge duties. According to Akinyele (2007), a conducive work setting encourages employees to apply themselves to their responsibilities with a high level of morale which may transform into higher productivity. Brenner (2014) also affirmed that workers are likely to be more productive in a well-structured work environment. Therefore, it can be taken as a significant positive predictor for productivity.

Next to Work Environment dimension, Staff relations have also relatively higher positive and significant effect on productivity ( $\beta = .307$ ). Relationships with colleagues create room for

flexibility in fair labor division and scheduling among others. Interactions in teamwork play a huge part in determining the conduct of workers regarding productivity levels on the job. Workers who derive pleasure in working with fellow workers are motivated beyond personal factors and are often engaged with their jobs (Robbins 2004).

Compensation ( $\beta = .284$ ) has also positive and significant effect on employee productivity. It reconciles with Assam's (2015) findings which states that study that extrinsic factors like adequate compensation tend to positively influence the level of a worker's effectiveness much more than intrinsic factors. It also corresponds with the findings of Taylor (2017) who investigated the influence of monetary incentives on workers' productivity. Thus, the finding supported the significant and positive impact of compensation on the level of employee's productivity. This could be due to the fact that extrinsic factors especially monetary rewards tend to appeal more to workers especially in developing nations where the standard of living is poor.

On the other hand, the findings also revealed the existence of relatively lower effect of Wellbeing ( $\beta = .198$ ) on employee productivity. Negligence of providing the required personal and work place safety equipment or failure of proper follow-up on compliance of workplace safety procedure based on the company's policy accounts for low impact of wellbeing dimensions on employee productivity. As validated by Lin (2013) establishing employee wellbeing motivation is a significant predictor of employee productivity and plays a major role in improving worker performance levels. In this regard, managers should ensure that employee's well-being is taken seriously so as to be certain that employees remain intrinsically committed to their jobs.

Finally, it was found that Training & Development showed relatively lower significant and positive effect on employee productivity ( $\beta = .112$ ) implying that it is a significant predictor of productivity. This could be due to the fact it provides them with opportunity for growth through skill acquisition. But, the extent of its impact, which was found to be relatively lower than compensation and work environment dimensions, could be due to managerial limitations in aligning the corporate strategy with human resource development strategy along with poor implementation and follow-up those diminish the role of training & career development dimension. According to Lake (2017), in support of the finding, claims that mismatch of strategy and the available workforce quality is the major bottleneck to achieve the desired goals and objectives due to the lack of knowledge, skill and attitude to carry out the intended work/ tasks effectively.

It can be, thus, concluded that motivational practices such as Wellbeing, Compensation, Training & Development, Staff Relations and Work Environment are good predictors of overall employee productivity within LIB.

## CHAPTER FIVE

### MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter constitutes the summary of major findings, conclusions based on findings and relevant recommendations based on findings and conclusions.

#### 5.1 Summary of Major Findings

Based on the analyses, the results of the findings present the outcomes of both descriptive and inferential statistics. The descriptive statistics refers to the demographic characteristics of the respondents and the summary of their perception towards the study variables. It is intended to address the first specific objective that states the identification of employee motivational practices in Lion International Bank. Meanwhile, the inferential statistics accounted for the relationship amongst predictors (employee motivation) along with their significant effect on the overall construct variable (employee productivity). This helps achieve the second and third specific objectives of the study.

#### *Demography*

The overall demography of the respondents was characterized by fair gender distribution (Male 55.3%; Female 44.7%), educated (83.1% first degree holder), adults (37.4% in the age of 26 – 34 years), working at operational level (70.2% under branches) with relatively lower service year (36.8% served for 6 – 10 years) in LIB.

#### *Objective – 1 Description of Identified Study Variables*

##### *Employee Wellbeing*

- Majority of the respondents believed that their working conditions are stable (Mean 3.99) and felt socially connected (Mean 3.79) in LIB.
- But they had doubts on the sufficiency and provisions of personal safety equipment (Mean 3.49) as well as considerable concerns for employee wellbeing (3.32) by managements.
- Bitterly complained regarding work pressure (Mean 2.66) due to inadequate annual leave

##### *Compensation*

- Majority of the respondents strongly believed that compensation/salary scales are relatively attractive than similar private banks (mean, 4.17). The benefit packages are not fairly distributed to different positions level/scale levels (mean, 4.04) due to poor organizational payroll structure.

- Incentives are even discriminated at same job/ salary scale (mean, 3.68) and slightly agreed the salary is compatible with their position or work load (3.64). But they had doubts on overall benefit packages offered by the company help them improve their performances (grand mean, 3.31)

### ***Training & Development***

- Majority agreed that concerned managements linked training & development practices with organization business strategy (mean 3.84)
- They also believed that overall training & development policy of LIB promotes productivity if implemented as planned (mean 3.74).
- On the other hand, they expressed their indifferences on the idea that supervisors supported their immediate subordinates to demonstrate practically what they learnt (mean 3.38).
- They also disagreed against the idea that the company sponsored skill acquisition programs based on need assessment (mean, 2.48) and employees who use their skills are given preference for new assignments or delegations for higher positions (mean, 2.45).

### ***Work Environment***

- Majority of the respondents agreed that LIB exerts effort to create conducive working environment to its employees (mean 3.99) and exercise their decision making power in full to discharge duties (mean 3.70),
- Workplace is comfortably spacious to work which is believed to promote productivity (mean 3.78). To the contrary, neither they agreed nor disagreed against provision of all the required working places' safety equipment (mean 3.35).

### ***Objective – 2 Relationship amongst study variables***

- Overall dimensions of employee motivation had strong positive and significant relations with overall employee productivity ( $r = .572, p < 0.01$ ).
- Work environment had positive strong relations ( $r = .520$ ) while wellbeing ( $r = .265$ ) and Training & Development ( $r = .246$ ) had moderate relations with employee productivity.
- But, compensation had significant but weak relation with productivity ( $r = .191, p < 0.05$ ).

### ***Objective – 3 Effect of Employee Motivation on Employee Productivity***

The regression analysis revealed that each employee motivation dimensions have positive and significant effect on overall employee productivity.

- Work Environment (.353) has the highest effect followed by Staff Relations (.307) and Compensation (.284) but Employee Wellbeing (.198) and Training & Development (.112) have relatively lower contribution to the prediction model.
- All dimensions of employee motivation have significant influences on overall employee productivity at 95% confidence level ( $p < 0.05$ )

### **5.2 Conclusion**

The main objective of this study is to assess the effect of employee motivation practices on employee productivity in Ethiopian Banking industry taking Lion International Bank as a case study. Hence, the study sought to identify the most important attributes of employee motivation schemes to enhance workforce productivity in LIB, which may be used to review or amend the current organizational structure regarding salary scale and job description.

For this, the first specific objective of the study was to assess or identify the major employee motivation practiced by the human resource managements. Accordingly, the study found out that employee wellbeing, compensation, training & development, staff relations and work environment were the main practices to motivate permanent employees served at least a year in the organization. Other relevant motivational factors such as rewards and recognition used to be practiced once in a blue moon when necessary but not considered in the human resource policy to implement them as a motivator regularly to promote productivity. Employee's perception towards the motivational scheme practiced by the company is concluded based on the findings as below.

The overall employee's perception towards LIB's concern regarding its employees wellbeing was found to be unsatisfactory. Permanent employees had substantial doubts on whether the managements gave due consideration to their employees' wellbeing as they complained on lack of personal safety equipment as well as provision of adequate leave to get relieved from work stress. The employees also perceived the overall compensation practice of the organization was fair enough. They believed that the benefit packages offered help them improve their performances but more managerial efforts are required to amend the salary scale structure so as to mitigate discrimination among staff. On the other hand, staffs have certain doubts on the proper implementation of human

resource policies in line with the organizational objectives regarding training & development. Even if the company formulated and implemented workable policies, there is still a gap between the strategic managements and the operational level managers to communicate the strategic plan amongst staffs clearly. The work environment attributes were found to be nearly neutral or slightly positive in some cases. It indicates that the company gave less due attention for personal/ workplace safety equipment as well as conduciveness of the working environment rather than making it spacious.

The second specific objective of the study was to determine the relationship between motivation and employee productivity. Overall dimensions of employee motivation had strong significant and positive relations with overall employee productivity. Specifically, work environment and staff relations showed strong relation. Wellbeing and Training & Development had moderate relations whereas Compensation had weak relation with employee productivity. This implies that all dimensions of motivation practices showed varied but significant relational strength with employee productivity.

To ascertain the significant importance of employee motivation dimensions, the last objective was set to evaluate the level of their impacts on the overall employee productivity. It was found out that all predictors have significant effect on productivity with varying intensity. Work Environment has highest effect followed by Staff Relations and Compensation but Employee Wellbeing and Training & Development have relatively lower contribution to the prediction model. Permanent employees in LIB gave more emphasis on the conduciveness of work environment and sufficient compensation for their knowledge and skilled labor scarification.

The organization should perpetually or periodically assess its staff's perception towards the motivational practices practiced by human resource managements to identify and recognize which factors affect their productivity. Training need assessment should be carried out to align and back up the organizational overall strategy with the existing workforce through enhancing the required skills in the course of developing their career in the long run. Most importantly, employee's wellbeing is the critical area to be considered for further improvement in LIB as the nature of banking services are subjected to redundancy that could develop work related stress which demand more precautions. These could be mitigated through provision of sufficient annual and holiday leaves as necessary as well as set up socially entertain get together programs.

### **5.3 Recommendations**

This study has shown the relationship between the motivation dimensions and employee productivity in LIB. Meanwhile, it confirms that all the five employee motivation dimensions namely Wellbeing, Compensation, Training & Development, Staff Relations and Work Environment are suitable motivational predictors to measure overall employee productivity keeping other variables constant. It was also confirmed that the aforementioned motivation variables have positive and significant relation with productivity with variety of impact intensity. Based on the results of this study, the following recommendations are forwarded to LIB's management so as to improve productivity of the organization with the existing workforce.

- Based on Ethiopian Labor Law, the human resource managements should comply with proper allocation and provision of annual and other relevant leaves as require so as getting relieved employees from unnecessary stress due to work pressure.
- The bank should provide all the required personal and workplace safety equipment such as counting machines, along with proper follow-up for their utilization and maintenance periodically.
- Managers should show-up their heartily concerns for the wellbeing of their colleagues through different mechanisms. This can be achieved by nicely treating them verbally, and disseminating printed fliers regarding how to develop and keep healthy workplace habit.
- The existing organizational structure should be amended to mitigate the salary and related benefits discrimination amongst different departments with similar or equal qualification.
- Relevant training should be provided based on need assessment to support the overall organization goals. Periodically employee's capacity and capability for the intended tasks need to be evaluated and sufficiently budgeted.
- Managers and immediate supervisors should monitor and control the transformation knowledge and skill acquired trainings and workshops in to practice.
- Strategic managers should control the proper implementation of human resource strategies in-line with the corporate strategy and evaluate their outcomes periodically.

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## Appendix I

# ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE HUMAN RESOURCE MANAGEMENT GRADUATES PROGRAM

## Survey Questionnaire

Dear Respondents,

My name is Hirut Hailu, a postgraduate student of Addis Ababa University School of Commerce. I am conducting a study to assess the effect of employee motivation on employee productivity in the case of Lion International Bank. The purpose of this questioner is to gather information about how employees perceive the motivation scheme practiced by the organization and its effect on their productivity. Your honest and sincere responses for this questionnaire will play a great role in making the research successful. I assure you that all the responses will be treated confidentially and only be used for academic purpose. Participation is purely voluntary and no need to write your name.

I thank you in advance for offering your golden time and if you have any question, please feel free to contact me by the below contact:

Hirut Hailu  
Phone: +251 911121361  
Email: [hirutha2018@gmail.com](mailto:hirutha2018@gmail.com)

### PART 1: General Information

1. Sex  Male  Female
2. Age (Years)  18 – 25  26 – 34  35 – 43  44 – 52  53 – 60
3. Education  High School  Degree  Masters  
 Others, please specify \_\_\_\_\_
4. Service year in LIB  1- 5  6 - 10  above 10
5. Position  Non-Clerical  Clerical  
 Management  Professional
6. Department  Branch  Finance  Credit  IT  
 Human Resource  IBD  Other, Please Specify\_\_\_\_\_

## PART II: Effect of Employee Motivation on Employee Productivity

Kindly rate the following statements below as to the extent to which various motivational activities affect your productivity. Using a scale one up to 5, ✓ tick mark in the appropriate box as to the extent of your agreement or disagreement with the statements given. Where: Scale: 1= strongly disagreed; 2= disagreed; 3= neither agreed nor disagreed; 4= agreed; 5= strongly agreed.

Description	1	2	3	4	5
<b>Employee Wellbeing</b>					
My present working condition in LIB is stable					
I do feel socially connected with colleagues					
The required personal safety equipment are sufficiently provided to employee					
I am not stressed with work pressure as LIB provides me with adequate leave period					
Overall LIB is considerably concerned for its employees' wellbeing					
<b>Compensation</b>					
Salary scales are compatible with position/ work load/					
The compensation is relatively attractive than similar private banks					
Incentives provided by the organization are fair enough					
Benefit packages are fairly distributed at different position level					
Overall the benefit package in LIB motivates me to do more					
<b>Training &amp; Development</b>					
LIB sponsored skill acquisition programs based on need assessment					
Supervisors support employees to demonstrate what they learnt to their jobs					
Managements link training & development with its business strategy					
Employees who use their skills are given preference for new assignments					
Overall Training & development policy of LIB promotes productivity					
<b>Work Environment</b>					
LIB exerts effort to create conducive work environment to its employees					
I do exercise my decision making power in full to discharge my duties					
LIB provides all the required working place's safety equipment					
Working places in LIB are spacious					
Overall work environment in LIB is comfortable to promote productivity					
<b>Staff Relationship</b>					
My relationship with my colleagues is strictly professional					
I enjoy working with my colleagues					
I enjoy a friendly relationship with my colleagues outside of work					

LIB organizes social functions and get together parties for all staff					
overall LIB does a lot to improve the relationship amongst all staff					
<b>Employee Productivity</b>					
Since LIB is concerned for wellbeing, I am energetic to do my job more					
The benefit package in LIB motivates me to do more every year					
I believe that training & development scheme in LIB improves my performance					
My performance is increased due to safe work environment in LIB					
My overall productivity improved since I joined LIB					

**Thank you valued time, response and cooperation!!!**

## Appendix II

Table: Multicollinearity Test

Collinearity Statistics	
Tolerance	VIF
.922	1.084
.959	1.043
.730	1.081
.911	1.098
.876	1.141

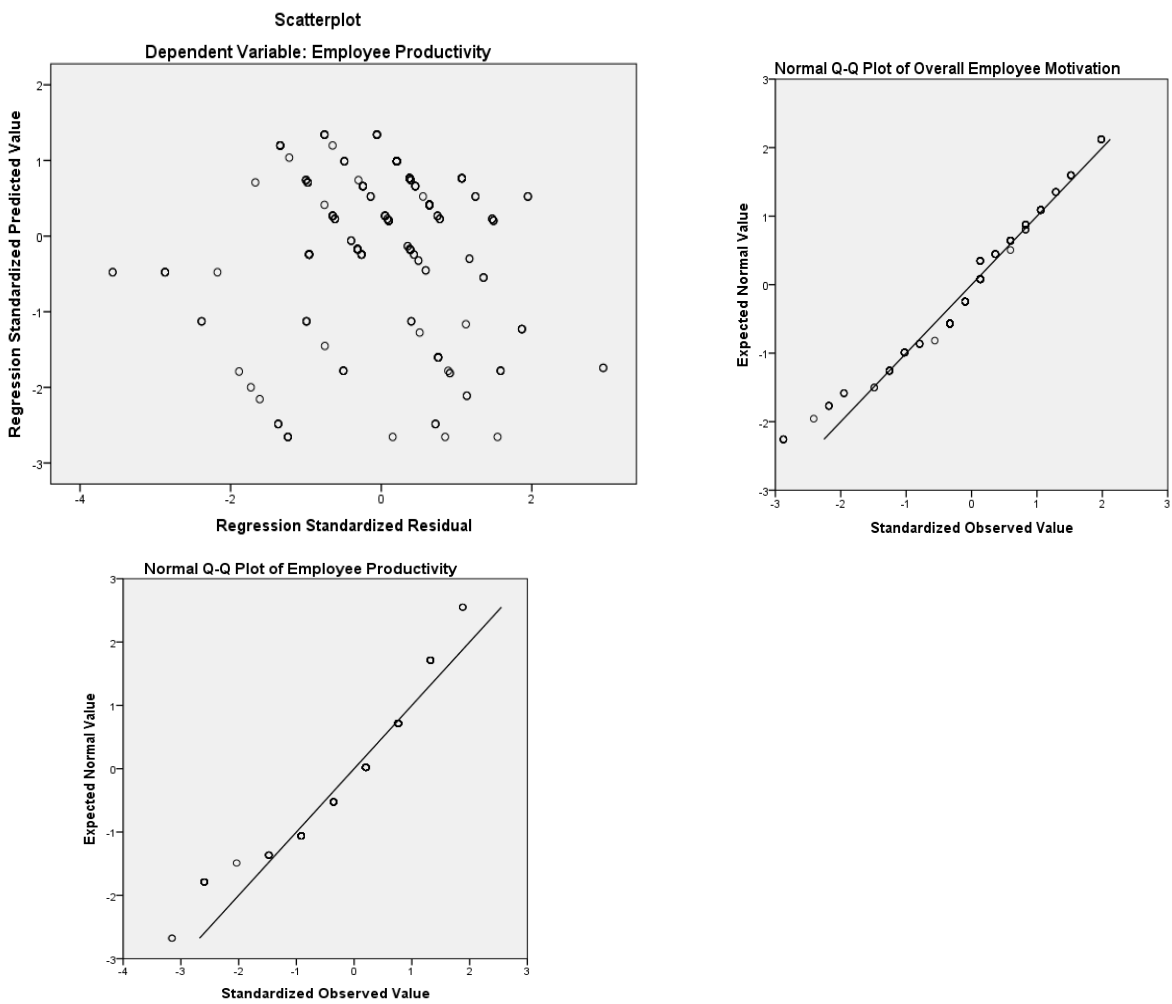


Figure 4.1: Scatter Plot of Linearity Test