



**SAINT MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**EMPLOYEES MOTIVATION AND  
IT'S IMPACT ON ORGANIZTIONAL PERFORMANCE OF NILE PETROLEUM  
COMPANY LIMITED ETHIOPIA**

**BY  
Habtamu Asfaw - SGS/0467/2007A**

**DECEMBER, 2016  
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO SAINT MARY'S UNIVERSITY SCHOOL OF  
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## **List of Abbreviations/Acronyms**

nAch = need for achievement

LPG = Liquefied Petroleum Gas

NIPCOLE = Nile Petroleum Company Limited Ethiopia

SD = Standard Deviation

SPSS = Statistical Package for Social Sciences



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## ABSTRACT

*The study scrutinizes the Impact of Employee Motivation on Organizational Performance of Nile Petroleum Company Limited, Ethiopia. The study also tries to see the relationship and causal relationship between Employees' Motivation and Organizational performance. The population used for the study was 25 employees of the Company from the target population. Questionnaire was distributed to 20 employees and unstructured interview questions were made for the rest of 5 top management staffs. The study used descriptive statistics to answer three research questions posed for the study. SPSS (Statistical Package for Social Sciences) was used to test the hypotheses and analyze the questionnaires collected from respondents. The study reveals that intrinsic and extrinsic motivation given to workers in an organization has a significant influence on the workers performance. On the bases of these findings, employers are continually challenged to develop motivation schemes, pay policies and equitably distribute those benefits that will enable them to attract, motivate, retain and satisfy their employees. This is in line with equity theory which emphasizes that fairness in the remuneration package tends to produce higher performance from workers which in turn brings about improved productivity for the organization. The researcher recommends that all firms should adopt attractive motivation packages in the organization to improve performance. The result obtained from the analysis showed that there existed relationship between employee motivation and the organizational performance. The researcher, therefore, suggests that more research should be conducted and implemented based on merit on the relationship and influence of employee motivation and company's performance which will be a useful instrument that could be used to provide solutions of the poor performance of the company that resulted from provision of unfair motivation schemes.*

**Key Words:** *Employee Motivation, Organizational Performance, Compensation and Benefit, Recognition, Reward.*

# CHAPTER ONE

## INTRODUCTION

### 1.1. BACKGROUND OF THE STUDY

The success or failure of any organization depends on their employee that is how well they were motivated towards their work and with how dedication they are performing. Motivation plays a fundamental role in enhancing the employee productivity and performance. Employee motivation is directly linked with employee commitment, productivity and business profits. An organization should know about their employees, who are its key workers, who need training and development program, whom to be recognized and empowered. Every employee has her/his own motivational factors that motivate her/him to perform her/his work effectively and efficiently.

In most Asia and Europe research findings have shown that some employees are motivated by compensation, some by recognition and rewards. Organizations should know the needs of their employees. Motivated employees are productive, happy, committed and satisfied to their jobs. Ouchi (2004) reveals that an organization would be more profitable, effective and efficient when its workers have trust over them and this will lead to productivity, high level of involvement. Oman (2007) on the other hand said that, *“human beings are reciprocal, if you treat your workers well they will treat you well, if you treat them badly they will treat you bad”*. This study is designed at looking into the importance of motivation in the management of people at work, no system moves smoothly without it, and no organization achieves its objective without motivating its human resources. Jishi (2009) motivated employees means staff retention and loyalty which in the long run will give growth of business.

Most of the researches in Ethiopia, organizations and businesses focus on the impact of motivation on employees' performance not on organizational performance. In addition, most of profitable and non profitable organizations focus on financial rewards than non financial rewards.

On the other hand, there were no studies conducted on this or related topics made on Nile Petroleum Company Limited, Ethiopia.

Therefore, this study focused on analyzing how employees' motivation can be a predictor of organizational effectiveness, particularly the role of compensation and benefit, recognition and reward systems in Nile Petroleum Company Limited Ethiopia. Recognition and rewards are mostly non financial rewards which motivate people to bring change to an organization.

## **1.2. STATEMENT OF THE PROBLEM**

The performance of organization and employee motivation has been the focus of intensive research effort in recent times. It should be identified how well an organization considers its motivational variables and other related policies through accomplishing its strategy in terms of its mission and vision of paramount concern. Employees in the company specially the skilled man power are becoming increasingly aware that motivation increases company productivity.

From the foregoing, and looking at today's economic trend, it is evident that the pace of change in business environment presents new challenges daily. Despite the fact that Nile Petroleum Company Limited Ethiopia (NIPCOLE) has its motivation system, the researcher identified that the company sometimes gives those packages not based on the company policy. The company doesn't consider individual performance evaluation, job grade, and nature of job mostly on middle and top level of management rather it is considering more on personal relationship and subjective decision of top management. This results in dissatisfaction and low moral mostly in middle and top level management working in the company.

Compensation and benefits, recognition and rewarding systems are given generally based on the relevant local laws and company policy on lower level employees is non discriminatory. Thus this demands the company to review its motivational practices in the company for the growth of the company. Therefore; this study is carried out to determine and measure the impact of employee motivation on organizational performance of NIPCOLE.

### **1.3. RESEARCH QUESTIONS**

**This study tries to answer the following research questions.**

- How motivated are the employees of the company?
- How does employee motivation affect the organization's performance?
- What is there relationship between motivation and organizational performance?

### **1.4. OBJECTIVES OF THE STUDY**

The general objective of the study is to determine the impact of employee motivation on performance of Nile Petroleum Company Limited Ethiopia.

Specifically the objectives of the study include the following:

- To examine the effect of employee's motivation on organizational performance.
- To determine the factors that most influence motivation of employees in the organization.
- To analyze the relationship between employees' motivation and organizational performance.

### **1.5. HYPOTHESES**

H1. There is no impact of compensation and benefits on organizational performance.

H2. There is no impact of recognition on organizational performance.

H3. There is no impact of reward on organizational performance.

### **1.6. SIGNIFICANCE OF THE STUDY**

The finding of this research is assumed to be beneficial to Nile Petroleum Company Limited Ethiopia to look in to its weaknesses and implement motivational schemes based on merit. This study can help the company to revise its past performance alongside how far it has been motivating its employees fairly and equitably. The research is also beneficial to other organizations having clear understanding of the importance of employee motivation and its outcome for their organizations.

## **1.7. SCOPE OF THE STUDY**

Scope of this study is limited to the top and middle level management staff of Nile Petroleum Company Limited Ethiopia working in the Head Office (Addis Ababa) and Sululta Depot (21 k.m. away from Addis Ababa). The nature of the study excludes the staffs that are not expected to be involved in management decision making process of the study group. Issues for investigation are ones related to the use of the resource-based theory in taking competitive advantage, improving performance and structural development of the organization. The researcher's focus on top and middle level management is with the belief that the most key resource is skilled man power that could bring change or improve the performance of the company. Key staffs in sales and marketing, Finance, Human Resources, and Operation departments are involved in responding relevant topics of the research questionnaire where more of the benefits packages are provided not satisfactorily.

## **1.8. ORGANIZATION OF THE RESEARCH**

The study is organized into five chapters. Chapter one includes introduction; identify the research problem, research questions and objectives of the study, hypothesis, the significance and scope of the study and finally the organization of the research. Chapter two is review of related literature. It comprises Theoretical and Empirical Literatures. Chapter three is research design and methodology. Chapter four is data analysis and interpretation which present the empirical findings. And finally chapter five includes summary, conclusions and recommendations. Relevant Appendices are also attached with the paper.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. THEORETICAL LITERATURE**

##### **2.1.1. Meaning of Motivation**

Motivation represents the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior (Campbell and Pritchard, 1976, Pinder, 1998). Direction refers to the path along which people engage their effort. This sense of direction of effort reflects the fact that people have choices about where they put their effort. In other words, motivation is goal-directed, not random. People are motivated to arrive at time, finish a project a few hours early, or aim for many other targets. The second element of motivation; called intensity, is the amount of effort allocated to the goal. For example, two employees might be motivated to finish their project a few hour early (direction), but only one of them put forth enough effort (intensity) to achieve this goal. In other words, intensity is how much you push yourself to complete the task. Persistence, which is the third element, refers to the continuity of effort for a certain amount of time. In addition, this explains that employees are naturally tenacious in nature; they stick to a goal until it has been achieved no matter the difficulty they face in the work place once they are being motivated.

Motivation drives the human beings to reach their goals and organization goals through every challenge and constraint they face in their workplace; considering it as an advantage to go ahead in the direction they have put for themselves. The need of achievement always results in a desire to do extra effort to have something done better, and have the desire for success. The manager should motivate the employees to get things done through them without asking them what to do. Extrinsic motivation on the other hand, results from the attainment of externally administered rewards including pay, materials, possessions, prestige, and positive evaluations among others.

Motivation has been viewed as a powerful tool that reinforces behaviors and triggers the tendency to continue (Luthan, 1998, Madauburn, 1998, Minner, Ebrahimi, & Watchel,

1995, Bartmol and Martin, 1998, Kallimullah, Yagho ubi, & Mo loudi, 2010). In other words, motivation is an internal drive to satisfy an unsatisfied need and to achieve a certain goal. This view of motivation reveals that in order to attain assured targets, individual must be satisfactorily energetic and be clear about their destination. In addition, it serves as a procedure that begins through a physiological or psychological need and that stimulates a performance set by an objective. It also shows that motivation is an innate in an individual. It only arises when there is something to achieve and it has a connection with human energy to perform.

Lack of motivation, in turn, affects productivity (Atkinson, 1964). In addition, a number of symptoms may point to low morale: declining productivity, higher incidence of absenteeism and tardiness, increasing number of defective products, higher number of accidents or a higher level of waste materials and scrapes. A motivated employee is a loyal employee and to be loyal implies that the employee supports the actions and objectives of the firm. The appearance of the job as a whole has, in fact, a bearing on the willingness and quality of an employee's performance. Also, motivation is viewed as a process of stimulating people to achieve organizational tasks as well as process of stimulating oneself to action to gratify a felt need (Ajibola, 1976). In addition to this, Ajibola point out that employees are being encouraged to achieve not only the organizational goals but also their own goals through motivation. This shows that organizations cannot do without the employees as their bedrock (employees) in achieving success. It is noteworthy to know that money is not the only motivator. There are other incentives, which can also serve as motivators (Luthan, 1998, Dickson, 1973, Herzberg, 1987). In view of this, looking at it from Nigerian perspective, money cannot serve as the only motivator in a work place. There are many factors that the above authorities mentioned which include, good working relation, praises, security, encouragement, opportunity for growth and development etc. Once Nigerian organizations apply these factors, employees will feel motivated and that will trigger them to do more in the work place in order to achieve the organizational goals. A Nigerian employee, like any other human resources is a common person with unlimited needs. Money alone cannot cater for all its needs. The



absences of all these factors were the genesis of employee redundant attitude to work in Nigeria. If money was the only incentive of motivation, it could have solved the past and present strikes that are happening mostly in Nigerian tertiary institutions. However, (Sara, 2004, and Taylor, 1914) do not buttress the idea above. They stood firm on the fact that money is the fundamental factor of motivation; no other incentive or motivational technique can come even close to it with respect to its influential value. They believe that it has the supremacy to magnetize, maintain and motivate individuals towards higher performance; they also view money as the fundamental factor in motivating the industrial workers to attain greater productivity. This view leaves more to be desired, because in Nigerian organizations money cannot work as the only motivating factor. How much money will you give to a Nigerian employee to satisfy him? Moreover, people's needs differ; some can be motivated by money while others cannot. But where they are being provided with incentives such as security, good working conditions, opportunity for growth and development, will drastically reduce the ingenuity and redundancy of Nigerian workers in the workplace.

### **2.1.2. Employees Motivation**

Among financial, economic and human resources, the latest are more essential and have the capability to endow a company with a competitive edge as compared to others (Rizwan and Ali 2010). Employee performance fundamentally depends on many factors like performance appraisals, employee motivation, employee satisfaction, compensation, training and development, job security, organizational structure and others, but the area of study is focused only on employee motivation as this factor highly influences the performance of employees. Employee motivation is one of the policies of managers to increase effective job management amongst employees in organizations (Shadare, *et al*, 2009). A motivated employee is responsive of the definite goals and objectives he/she must achieve, therefore he/she directs his effort in that direction. Employee motivation is affected by both personal characteristics as well as the workplace environment. Organizations benefit from "engaged workers" in a number of ways. Two-way communication helps to shape employees' perceptions and aid the

company in understanding employee better. Employee satisfaction has positive influence on customer satisfactions in the service industry (Harter, Schmidt, & Hayes, 2002). In addition, for organizations to achieve effective organizational management there must be a free flow of communication between the employers and the employees in the organization. The employee should be carried along in the decision making of the company, it helps to reduce grapevine in work place. It is obvious to know that a satisfied employee works with enthusiasm in other word to satisfy customers and achieve the organizational goals, while the reverse is the case to employees who are not motivated.

### **2.1.3. Theories of Motivation**

Motivation theories are classified into two groups; content theories and process theories (Iguisi, 2009).

Content theories explore what motivate a person that is what arouses and energizes the behavior. The most famous content theories are Maslow's need hierarchy, Herzberg's two-factor theory and McClelland's three-factor theory. Process theories researched the specifics of the motivation process. Vroom's expectancy theory, Four-drive theory, Skinner's reinforcement theory and Adam's equity theory are well-known process theories. Among motivational theories to be reviewed are those of Maslow, McClelland, Vroom, and Lawrence and Nohria.

#### **Maslow's Needs Hierarchy Theory.**

Psychologist Abraham Maslow developed Maslow's need hierarchy theory in the 1940s. The model has been applied in almost every human pursuit. However; its incredible popularity is rather odd considering that the theory has little research support. Maslow's need hierarchy organizes dozen of different needs into five basic categories arranged in the hierarchy. Physiological needs (for food, air, water, shelter, and the like) are at the bottom of the hierarchy. Next are safety needs—the need for a secure and stable environment and the absence of pain, threat, or illness. Belongingness includes the need for love, affection, and interaction with other people.

Esteem includes self-esteem through personal achievement as well as social esteem through recognition and respect from others. At the top of the hierarchy is self-actualization, which represents the need for self-fulfillment – a sense that one’s potential has been realized. As the person satisfies a lower-level need, the next higher need in the hierarchy becomes the primary motivator and remains so even if never satisfied (Maslow, 1943).

However, the most serious limitation of Maslow’s needs hierarchy is its assumption that everyone has the same needs hierarchy. Research has revealed that this is a false assumption. People actually have different needs hierarchies tied to their personal values. Needs are conscious deficiencies produced from innate drives but strengthened or weakened through learning and social forces such as culture and childhood upbringing. Furthermore, studies have reported that the general needs hierarchy in some cultures is different from the needs hierarchy in other cultures (Oishi, 1999).

### **McClelland Learned Needs Theory**

David McClelland, a psychologist some decades ago postulated this theory in 1961. Specifically, McClelland suggested that need strength is reinforced through childhood learning, parental style, and social norms. He paid attention to three learned needs: achievement, affiliation and power. Need for achievement (nAch): people with a strong need for achievement (nAch) want to accomplish reasonably challenging goals through their own efforts. They prefer working alone rather than in a team, and they choose tasks with a moderate degree of risk (neither too easy nor impossible to complete). High (nAch) people also desire explicit feedback and recognition for their success. Successful entrepreneurs tend to have a high (nAch) (McClelland, 1961).

### **Vroom Expectancy Theory**

Vroom theory was postulated in 1964. Vroom approaches the issue of human motivation quite differently from the ways Maslow and Herzberg did. He holds that people will be motivated to pursue the achievement of a desired goal if:

- I. They believe in the worth of the goal; and
- II. They believe that their actions will ensure the attainment of the goal. In a more detailed form, Vroom believe that a person's motivation to perform will depend on the value the person places on the outcome of his efforts multiplied by his confidence that the efforts will actually help to desired goal. As such, managers should communicate how employees goals, such as promotion, more pay, recognition, and so on, can be earned in terms of what behavioral patterns are known to employees, such patterns should form the basis for administering rewards. Otherwise, problems will occur in terms of workers lack of confidence in organizational policy, and the result may be detrimental to good working environment (Vroom, 1964).

### **Four-Drive Theory**

Four-drive theory, which was recently introduced by Harvard Business School professors Paul Lawrence and Nitin Nohria, captures many of these recent discoveries (Lawrence & Nohria, 2002). Based on their review of existing research, they identified four drives that seems to apply to everyone:

**Drive to acquire:** this is the drive to seek, take, control and retain objects and personal experiences. The drive to acquire extends beyond basic food and water; it includes the need for relative status and recognition in society. Thus, it is the foundation of competition and the basis of our need for esteem.

**Drive for bond:** this is the drive to form social relationships and develop mutual caring commitments with others. Research indicates that people invest considerable time and effort in forming and maintaining relationships without any special circumstances or ulterior motives (Baumeister and Leary, 1995). The drive to bond motivates people to cooperate and consequently is a fundamental ingredient in the success of organizations and the development of societies.

**Drive to defend:** this drive creates a "fight-or-flight" response in the face of personal danger. The drive to defend goes beyond protecting our physical self. It includes defending our relationships, our acquisitions, and our belief systems. The drive to

defend is always reactive-it is triggered by threat. In contrast, the other three drives are always proactive-we actively seek to improve our acquisitions, relationships, and knowledge. Basically, our brain uses these four drives to quickly evaluate and assign emotions to information received through our senses. Suppose you learn that your boss has been promoted and an outsider has been hired to fill the vacant position. This sort of event likely triggers both the emotions of worry and curiosity. The drive to defend generates your worry about how the new manager will affect your comfortable work routine, whereas the drive to learn generates curiosity about what the new boss looks and acts like. The key point here is that the four innate drives determine which emotions triggered in each situation (Hill & McShane, 2008).

#### **2.1.4. Employee motivation and its impact on organizational performance.**

The purpose of this study is to check the impact of employee motivation on organizational performance. This research was conducted on different level of management in oil and gas sector of Pakistan. It is concluded that by examining the work performance and recognizing employees' performance and motivating them by giving proper rewards, the employees get satisfied and thus their level of output increases and enhances the performance of the organization. The study recommends that organizations should make motivation as a habit to achieve improved performance. The paper presented that organization without motivating its human resources cannot achieve its objectives and cannot run efficiently. The problem stated in the research is to learn the ways and effects of motivating the workers in an organization. The research was carried out from 400 staff of the manufacturing firms in Nnewi. The methodology used is being survey method. The findings of the research shows that salaries paid to junior staff were very low hence poorly motivated which leads to poor performance. Junior staff prefers financial incentives than non financial. Management of the manufacturing firms in Nnewi does not focus for their employees benefits, thus the study recommends that an increase in salary via promotion and other benefits should be used as motivational factors.

### **2.1.5. Motivation, Employee loyalty and Commitment in Organizational Development.**

Regardless of one's likes and dislikes, every employer has to stay on top of the needs of their employees in order to limit high rates of employee turnover. Although it is at the discretion of the employee to choose how long they will remain with one employer, it is the employer who has the ability to impact such decisions. This study will provide insight into what the average employee feels is important and how the presence or absence of intrinsic and or extrinsic factors can impact their motivation to remain loyal and committed to their current company, organization, association, job or position. Most employees remain loyal and committed to their employers because of diverse intrinsic and extrinsic motivational factors which include belief in the mission and vision; due to job security; because of job satisfaction, because of the work environment; promotion potential; pay and benefits; and recognition. Through qualitative interviews, I examined employee perceptions of job satisfaction and whether the presence or absence of intrinsic and or extrinsic incentives or factors might impact their motivation to remain loyal and committed to an employer. It also encompasses their employer's ability to provide a positive work environment that has advancement opportunities, and learning and enrichment programs.

### **2.1.6. Factors of Employee Performance.**

This study examines the determinant factors of motivation, ability and some bio data variables in Ethio telecom six Zonal offices. Many organizations like Ethio telecom are striving for the system of performance-based pay. This research has policy implications in relation to designing an effective performance-based pay system. On the other hand, the study contributes to the empirical literature, providing a clearer picture of the determinants of Ethio telecom employees' performance. However; Ethio telecom cannot use motivators until all the hygiene factors have been fulfilled. This implies that non-monetary incentives (like recognition of their work and career development) are better to keep employees motivated and satisfied in their work. Presented the impact of motivation level amongst the workers' performance with the mediating of the training

needed in Pakistan universities. The problem targeted at the research is the relationship between rewards, promotion on the employee motivation with special effects from the workers performance specifically on education sector. The research was carried out from 118 respondents. In this research Correlation and regression methods were used to consider the data. The findings of the study explained that the universities of Pakistan should improve the salary and reward system in order to get the desired performance from the university employees. Motivation and Performance appraisal relationship presented the problem targeted is to study the relationship of motivation and performance appraisal on organizational performance in banking sector of Pakistan. The sample size consists of 200 employees of Sahiwal. Regression and correlation techniques were used in the analysis. Results show that there is an optimistic connection of work performance with the performance appraisal and motivation of the banking sector of Sahiwal, Pakistan; hence this will help the organization to work on performance appraisal system and motivate their employees to get desired output and enhance the performance within the organization. The paper studied that motivation has attracted academic and corporate entities over the last two decades. In the present study, authors have reviewed the intense literature to extract all possible dimensions of motivation, having direct and indirect impact on motivation techniques. This has examined the multidimensionality of motivation from the existing literature and present a conceptual framework based on it, and it is experienced that various motivation techniques such Monetary incentives Park (2010), monetary incentive acts as a stimulus for greater action and inculcates keenness and enthusiasm toward work, it helps an employee in recognition of achievement. Likewise, Beretti et al. (2013) discussed that monetary incentives used to build a positive environment and maintain a job interest, which is consistent among the employee and offer timely to employees for better performance. For reason, monetary incentives motivates employees and enhance commitment in work performance, and psychologically satisfy a person and leads to job satisfaction, and shape the behavior or outlook of subordinate toward work in the organization.

### **2.1.7. JOB SATISFACTION**

(2011, Parvin and Kabir) studied the tested factors affecting job satisfaction for pharmaceutical companies and described job satisfaction as how content an individual is with his or her job, and viewed job satisfaction is not the same as motivation, although clearly linked. Similarly, Pantouvakis and Bouranta (2013) indicated job satisfaction as a consequence of physical features and as an antecedent of interactive features. Wickramasinghe (2009) investigated that gender and tenure are significant in job satisfaction measurement. So here it can be said that job satisfaction is often determined by how well outcome meet or exceed expectations.

### **2.1.8. PROMOTION**

A study by Garci ´a *et al.* (2012) identified the perceptions of promotion systems affect organizational justice and job satisfaction. Likewise, Koch and Nafziger (2012) specified that promotions are desirable for most employees, only because they work harder to compensate for their “incompetence.” As a result, promotion at regular interval of time has an optimistic approach behind and they are generally given to satisfy the psychological requirements of employees in the organization.

### **2.1.9. ACHIEVEMENT**

Hunter *et al.* (2012) defines that achievement is a unique and specialized form of organizational performance. As per Satyawadi and Ghosh (2012), employees are motivated to a greater extent by achievement and self-control. Now this can be understood: an employee who is achievement motivated seeks achievement, bringing realistic but challenging goals, and betterment in the job. There is a strong need for feedback from the higher officials in the organization as to achievement and progress, and a need for a sense of attainment.

### **2.1.10. WORKING CONDITION**

Jung and Kim (2012) stated that good work environment and good work conditions can increase employee job satisfaction and an employee organizational commitment. So the employees will try to give their best which can increase the employee work



performance. Similarly, Cheng et al. (2013) concluded that there were evidences of moderating effects of age on the associations between psychosocial work conditions and health. Now the importance and the need of working condition is so describing or defining the physical environment by identifying those elements or dimensions of the physical environment. Employees having poor working conditions will only provoke negative performance, since their jobs are mentally and physically demanding, they need good working conditions.

#### **2.1.11. JOB SECURITY**

Yamamoto (2013) if an employee perceives they will be getting rewards for good work and their job is a secured one, the performance will automatically be better. Similarly, with Job security, an employee gets confident with the future career and they put their most efforts to achieve the objectives of the organization. So we can say job satisfaction is the most in essential tool of motivation and put the employee very far out from mental tension and gives her/his best to the organization, ultimately it leads to profit maximization.

#### **2.1.12. RECOGNITION**

Candi *et al.* (2013), a growing recognition of the opportunities of innovation is through experience staging. Mahazril *et al.* (2012) concluded that rewards and recognition and communication may motivate them to work. Recognition enhances the level of productivity and performance at job whether it is a first time performance or a repeated action at the job in a progressive way and ultimately reinforces the behavior of employee.

#### **2.1.13. SOCIAL OPPORTUNITY**

Harvey (2013) indicated that an employee is accepted as part of the social group or team. Most staff has a wholehearted need that their contribution is worthwhile, appreciated, and acknowledged. Organizations need to look beyond the traditional economic incentives of career opportunities and salaries to other social and lifestyle factors outside the workplace. Similarly, Kingira and Mescib (2010) concluded that,

different opinions between the employees in terms of behavioral statements which can be “Social opportunities providing at the highest level with working period leads the employee to achieve their goals of the organization.” Therefore, a social opportunity for the employee is used to boost their motivation level and ultimately helps in achieving the goals and objectives of the organization.

However; the model needs to be validated using quantitative measures. The imagination of this study lies in its theoretical framework where authors have made an attempt to come up with a construct having dimensions that directly or indirectly influences employee motivation.

**2.1.14.** Presented the problem that what affects the employee motivation and to study the relationship between employee motivation organizational effectiveness. This research is done in Bhawalpur. The findings of the research are factors like empowerment and recognition have an effect on employee motivation. An organization that uses empowerment and recognition tends to increase the work motivation. Also, there is a positive relationship between employee motivation and organizational effectiveness. Organizations should treat their employees well and appreciate them in order to get growth. The future Implications of the study also suggested regarding the outcome of employee motivation; two factors, empowerment and employee recognition for enhancing employee motivation which leads to organizational effectiveness. The organizations should design their rules, policies and organizational structures that give space to the employee to work well and appreciate them on their tasks fulfillment and achievements. This will surely lead to organizational growth.

**2.1.15.** The subject matter of this research; employee motivation and performance seeks to look at how best employees can be motivated in order to achieve high performance within a company or organization. Managers and entrepreneurs must ensure that companies or organizations have competent personnel that are capable to handle this task. This takes us to the problem question of this research “why is not a sufficient motivation for high performance?” This therefore establishes the fact

that money is for high performance but there is need to look at other aspects of motivation which is not necessarily money. Furthermore, the performance management process as a tool to measure employee performance and company performance. This research equally looked at the various reward systems which could be used by a company. In addition to the above, culture and organizational culture and its influence on employee behavior within a company was also examined.

## **2.2. EMPIRICAL REVIEW**

A study was conducted in Pakistan to measure the impact of reward and recognition on job satisfaction and motivation. 220 questionnaires were distributed and filled by employees of different sectors. The results showed that there exists a significant ( $r=0.13$ ,  $p < 0.05$ ) relationship between recognition and employee work motivation (Rizwan et al, 2010).

An empirical study was conducted by Reena Ali to examine the impact of reward and recognition programs on employee motivation and satisfaction. A questionnaire was distributed to 80 employees' of Unilever and data was analyzed through SPSS version 16. The results showed that there is a statistically significant ( $r=0.92$ ,  $p < 0.01$ ) direct and positive relation between recognition and employee work motivation (Reena *et al*, 2009).

A study was conducted in Pakistan to examine the job satisfaction among bank employees in Punjab. A structured questionnaire survey was used and data was gathered from 4 bank's employees. The value of correlation coefficient for recognition was 0.251 which shows that its relationship with job satisfaction is positive. Job satisfaction is directly associated with internal work motivation of employees that enhances as the satisfaction of employees increases (Salman et al, 2010). That is why a study says that deficiency of appropriate recognition and rewarding reduces employees work motivation and job satisfaction. (Reena et al, 2009).

The above literature, studies and discussion fully supports first hypothesis that recognizing employees work increases their motivation to accomplish tasks and execute responsibilities towards them by the organization.

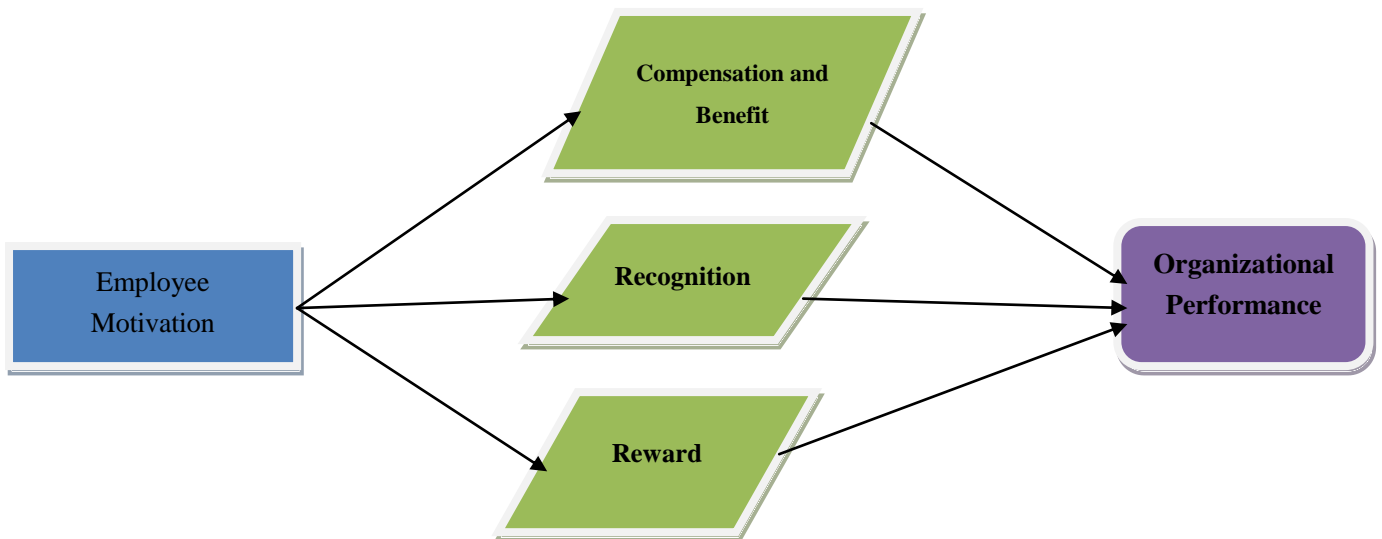
This article explores the indispensability of employee motivation in effective organizational management. In the style of a qualitative research, the paper examined, exhaustively, the merits, efficacy and relevance of motivation in the success of organizational management. It also identifies and explains the factors that affect employee motivation, the benefits of employee motivation in Nigerian organizations, some theories of motivation and the significant link between effective organizational management and employee motivation in Nigerian organizations, both the public and the private. For the fact that employee motivation is a complex and sophisticated subject, once applied in the right way an organization is bound to achieve a long-lasting success. However; ignoring motivation will cause for an organization to fizzle out in the game. For Nigerian managers to have an understanding of employee motivation, they must know the concept of motivation, organizational management, differences in individual needs and the variety of motivational factors and the changes in priorities of these factors overtime. The necessity of this work is situated in its provision of solutions to Nigerian employees' redundant attitude to work and its consequences.

This study sought to assess the effect that motivation had on the job of workers of the Kenya Commercial Bank in Migori County. The study also focused on the demotivating factors like delay of promotion, no clear career progression, unreasonable load, long working hours and lack of appreciation from the managers. This study adopted a descriptive design because it involved interviewing or administering questionnaire to a sample of individuals. Simple random sampling was used as no complexities were be involved. All that was needed was a relatively small, clearly defined population. The study employed the use of self administered questionnaire to collect the required primary data. Descriptive statistical analysis technique was employed to obtain useful summary of responses. Statistical Programme for Social Sciences (SPSS) version 17 tool was used to generate data that was presented in tables and pie charts as was necessary. Simple random sampling was used and total sample population was forty five employees. In conclusion, managers should know that employees are motivated

by monetary rewards. It is recommended that there is need for managers to have a comprehensive motivation scheme in all aspects of an organization as this is directly proportional to the output of the employees. Motivation is the key of a successful organization to maintain the continuity of the work in a powerful manner and help organizations to survive. Motivation is finding a need inside the employees and help to achieve it in a smooth process. Motivating the staff leads to broaden their skill to meet the organizational demands. Each branch manager should have the responsibility to work with the staff to find out their individual needs and put them side by side to the organization needs. Dissatisfaction also, might work as guidance for the managers to explore the need of the staff and start with it to motivate them and attract them to do better performance.

The quantitative research approach used through primary data collected from 140 respondents, individual performance, an ordered categorical variable, was regressed on motivation, ability, and certain bio data variables. The respondents were selected using stratified sampling technique. Statistical analyses were performed with the data in order to test the four main research hypotheses. An ordered logistic regression model was employed in the research. The main findings from results of the STATA routine indicate that, in Ethio telecom, ability has no significant effect on employees' performance. On the other hand, motivation positively determines performance until some stage of experience, beyond which performance declines with experience. Performance increases with age until some point and beyond that point performance declines with an increasing age. Training also significantly determines the performance of employees. Further research is required into the dynamic nature of employees' performance. Panel data econometric models might be used to explain the determinants of performance across time. Similarly, future empirical researches in the area in question will be helpful to consider space-time differences in explaining determinants of employees' performance.

### 2.3. CONCEPTUAL FRAMEWORK



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. RESEARCH DESIGN**

Research design is a comprehensive plan for data collection in an empirical research project. It is an outline for empirical research aimed at answering specific research questions or testing specific hypotheses. In this study descriptive survey was used. The purpose of using descriptive survey was to collect detailed and factual information that describes an existing phenomenon. This study was a descriptive survey; both quantitative and qualitative approaches were used because it adopts the use of questionnaire and interview aimed at finding the impact of employee motivation on organizational performance. The researcher distributed both closed and open-ended questionnaires to the sample respondents. The study has also used unstructured interview to get data from the general manager and department managers of NIPCOLE.

#### **3.2. POPULATION AND SAMPLING TECHNIQUES**

Census was used to collect from a number of middle level management from target population in the study. The reason for census sampling technique was, the target population used was small and all target groups within the population were relevant to the study. The researcher used a population of 25 from the top and middle level management of the company.

#### **3.3. DATA COLLECTION TOOLS**

The study used questionnaire and interviews to collect the data from middle and top level management staff of Nile Petroleum Company Limited Ethiopia. The total number of middle level and management staffs working in the Company is 25 and those are the target population of the study. From those target population, all the twenty employees were involved to answer questionnaires from middle level management staffs which are expected to get the right respondents based on the problem intended to be addressed and the expected outcome of the research work. Interview was made with the rest of five top level

management of the company to explore the performance of the company against employees' motivation.

### **3.4. SOURCES OF DATA COLLECTION**

Primary data was used from Employees of Nile Petroleum Company Limited Ethiopia who are working in middle and top level management. Secondary data was also used to review related literatures and conduct the study that is relevant to the research work. The data collection instrument used was a structured questionnaire because structured questionnaires are extremely flexible and could be used to gather information concerning almost any topic, from a larger or small number of people. The questionnaire was divided into four sections. Section A collected basic demographic information regarding the respondents such as gender, age, academic qualification, and work experience; section B ought to determine the extent to which compensation and benefit impacts on performance; section C captured recognition has an impact on organization's performance; section D captured information on the impact of company's performance from reward system. Section A consists of closed-ended questions. Section B to D used a structured 5 points modified Likert-type scale of Strongly Agree (5) Agree (4) Neutral (3) Disagree (2) and Strongly Disagree (1) and (qualitative interview) in line with Atiku, Genty and Akinlabi (2011). The respondents were asked to indicate the extent to which they agree/disagree with various statements.

### **3.5. PROCEDURES OF DATA COLLECTION**

The researcher used primary data of employees of Nile Petroleum Company Limited Ethiopia by starting distributing of questionnaires, then interviewed department managers. The researcher distributed the questionnaire personally as the respondents were small in number. Collection of the questionnaire was done with the help of the HR department of the company. The interview was also done by the researcher himself. The study used combination of correlation and regression for statistical analytical technique aimed to describe or ascertain if there are significant associations between the independent variables (compensation and benefit, recognitions and reward) and the dependent variable (organizational performance).



Interpret the findings of the study using table and explanation.

### 3.6. METHODS OF DATA ANALYSIS

After collecting the relevant data, SPSS (Statistical Package for Social Sciences) software was used for data analysis and presentation. Quantitative and qualitative tools of data analysis are used to analyze the collected data. Descriptive analyses are used to compute the demographic profile of respondents, determine respondents' Potential impact of employee motivation motivational variables on organizational productivity. Hence, frequency, percentage, means and standard deviation are used to present data with the help of tables. From inferential statistics, correlation analysis more specifically Pearson correlation coefficient is used to measure the degree of relationship between variables of motivation and organizational performance. Regression analysis is used to test the hypothesis and measure the causal relationship between the variables of employee's motivation and company's performance. Qualitative data analysis tools include open ended questions and interview of top management of the company.

### 3.7. RELIABILITY AND VALIDITY OF MEASUREMENTS

The reliability of questionnaire item was tested to check the relevance and consistence of research instruments. The researcher used Cronbach's alpha to measure internal consistency of items in this study. Accordingly, the reliability statistics result of employees questionnaire were excellent based on different literatures. His thesis, Sisay E. (2012) addressed the issue of reliability by referring Frankle Sraekel and Wallen (1996). Usually, reliability coefficients could be at least 0.70 and the higher the better.

Reliability Statistics result of Employees Questionnaire

Cronbach's Alpha	No. of Items
0.952	20

Regarding validity, validation of questionnaire item is carried out through initial consultation with the research advisor to judge the research instrument.

### **3.8. ETHICAL CONSIDERATIONS**

This study was guided by the ethical guidelines set out by Saint Mary's University. The researcher applied first to the HR Department of Nile Petroleum Company Limited Ethiopia to get permission to collect the required data that can help for the study. After getting an approval, the researcher explained about the propose of the study, the participants in the study, the data collection methods, confidentiality of respondents' information and the expected outcome of the study. The researcher has paid attention to all aspects of research ethics regarding the rights and obligations of both the researcher and respondents.

**CHAPTER FOUR**  
**DATA ANALYSIS AND INTERPRETATION**

**4.1. Descriptive Statistics**

**4.1.1. Demographic Analysis of Respondents**

The demographic information of respondents is presented by using the following tables. The main purpose of analyzing demographic profile of respondents is with the intention that personal attributes like gender, age of respondents, educational attainment and length of service have a significant effect on motivation of employees and their contribution for the organization that were involved in the study.

**TABLE 4.1** Characteristics of the Respondents

S.No.	Items	Frequency	Percent	
1	Gender of Respondents	Male	12	57.9
		Female	8	42.1
		Total	20	100.00
	Age of Respondents	18-25	1	5.0
		26-34	8	40.0
		35-45	8	40.0
		46-55	2	10.0
		>56	1	5.0
		Total	20	100.00
	Education of Respondents	Diploma	6	30.0
		BA Degree	12	60.0
		Masters and above	2	10.0
		Total	20	100.00

Work experience of Respondents	1-5 years	5	25.0
	6-10 years	5	25.0
	11-15 years	4	20.0
	16-20 years	3	15.0
	21 and above	3	15.0
	Total	20	100.00

As it is seen from the table 4.1 above, 12(57.1%) of respondents are males where as the remaining 8(42.9%) of respondents are females. This shows that male respondents participated in the study were more in number than female respondents. This implies that the company is hiring more male professional staffs than female.

From the age of respondents, 1(25%) which represents age group between 18-25 years. of the total respondents, 8(38.1%) are between 26-34 years while 8(38.1%) are between 35-45 years. Age between 46-55 are 2(10%) while >56 years of age are 1(5%). This implies that most of the employees are young and energetic.

Regarding educational qualification of respondents, 6(30%) of respondents are certified in Diploma. Majority of respondents 12(60%) are BA/B.Sc Degree holders, the rest 2(10%) of respondents are MA holders. This shows that most of the employees in the company are skilled and professional. This implies that the questionnaire meets the right kind of respondents that were intended to carry out the study.

The last item in demographic information of respondents is lengths of service. Concerning to the experience of respondents, 3(15%) of them have more than 20 years experience, 3(15%) have an experience of above 16-20 years. The remaining are; 4(20%) have 11-15 service year, 5(25%) have 6-10 years experience, 5(25%) have 1-5 years service years. This shows that most of the employees have an experience of 1 to 10 years service in the company. The implication of this is most respondents have the same history with the age of the company.

## 4.2. Descriptive Statistics

### 4.2.1. Analysis on the Three Variables of Motivation

Table 4.2 Employees' Response on Compensation and Benefit Packages

S.No.	Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Compensation is based on qualification	2(10%)	7(35%)	3(15%)	7(35%)	1(5%)
2	Incentives motivate employees	8(40%)	9(45%)	3(15%)	–	–
3	Fringe benefits satisfy employees	7(35%)	8(40%)	1(5%)	2(10%)	2(10%)
4	Transfer, promotion, Job Rotation are implemented as per the policy	2(10%)	2(10%)	4(20%)	6(30%)	6(30%)
5	Salary is competitive with other similar organizations	5(25%)	10(50%)	5(25%)	–	–
6	The company provides fair promotion opportunities	2(10%)	1(5%)	5(25%)	6(30%)	6(30%)
7	Training and development contribute for the achievement of the organization's goal	6(30%)	8(40%)	6(30%)	–	–
8	Salary and benefit improve productivity	6(30%)	11(55%)	3(15%)	–	–

As indicated in the above table, item no. 1 indicated that (10%), (35%), (15%), (5%) represent strongly agree, agree, neutral, disagree and strongly disagree responses respectively. It shows that the company provides compensation based on qualification. It is understood that majority of respondents inclined to agree which can be concluded compensation is done based on employees qualification. Item no. 2 showed that majority of respondents, 40% and 45% are strongly agreed and agree that incentives motivate employees. This indicates that employees of the company are motivated with incentive packages. Item no. 3 indicated that that majority of the respondents, 35%, and 40%, responded strongly agree and agree respectively. Which can be said majority of the employees are satisfied with fringe benefits satisfy employees, 5% are neutral and the rest 20 % are disagree and strongly disagree. This implies that there is some discrimination on fringe benefit provision in the company. Regarding promotion, job rotation and transfer of employees, the majority of respondents

disagree and strongly disagree. This shows that the company is not implementing promotion and job transfers fairly. Majority of the respondents agreed that salary and benefit improves productivity.

Table 4.3 Employees' Response on Recognition

S.No.	Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Your supervisor doesn't involve when important issues arise	3(15%)	7(35%)	4(20%)	2(10%)	4(20%)
2	Working environment motivates to exert more effort	6(30%)	3(15%)	3(15%)	8(40%)	–
3	The recognition you got contributes for accomplishment of the job	8(40%)	9(45%)	–	3(15%)	–
4	Empowerment is implemented in the company	–	5(25%)	4(20%)	7(35%)	4(20%)
5	Recognition is implemented in the company	2(10%)	6(30%)	5(25%)	6(30%)	1(5%)
6	Success is evaluated and the evaluation made motivates for further effort	3(15%)	6(30%)	4(20%)	7(35%)	–
7	Your manager allows to fully utilize your effort	4(20%)	9(45%)	1(5%)	5(25%)	1(5%)
8	Your boss recognizes the extra effort you put at work	7(35%)	6(30%)	3(15%)	3(15%)	1(5%)
9	Hard working employees are recognized	2(10%)	4(20%)	3(15%)	9(45%)	2(10%)
10	You are Doing job by self interest	7(35%)	11(55%)	2(10%)	–	–
11	Empowerment and recognition contributes for company performance improvement	8(40%)	9(45%)	3(15%)	–	–
12	Delegation of authority ensure successful decision making power	9(45%)	9(45%)	1(5%)	1(5%)	–
13	Team work motivates organizational performance	7(35%)	5(25%)	1(5%)	5(25%)	2(10%)

As indicated in the above table, Item no. 1 showed that 15%, 35%, 20%, 10%, 20% represent strongly agree, agree, neutral, disagree and strongly disagree responses respectively. This

shows that supervisors or department heads have more involvement when important issues arise. This can be interpreted there is less delegation of authority in the company. The second items indicated that 30% strongly agree, 15% agree, 15 neutral, 40% disagree. This means less than average of the respondents agreed working environment motivates to exert more effort. 40% of the respondents don not agree with working environment motivating them exert more effort. This partially employees of the organization are not happy with the working environment. The third items showed that 40% and 45% of the respondents strongly agree and agree and the rest 15% disagree with ‘The recognition you got contributes for accomplishment of the job’. This can be understood that majority of the employees expect recondition for the accomplishments of their job. Majority of the respondents agree with the implementation of empowerment and recognition in the company. On the other hand majority of the respondents (85%) agreed that ‘Empowerment and recognition contributes for company performance improvement’. This implies more empowerment and recognition should be utilized in the company.

Table 4.4 Employees’ Response on Reward

S.No.	Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The company has significant growth in sales that will help rewarding employees	2(10%)	10(50%)	7(35%)	1(5%)	–
2	The company’s operation has shown significant improvement in the past years.	2(10%)	10(50%)	7(35%)	1(5%)	–
3	Employees who receive positive feedback are more motivated	4(20%)	12(60%)	4(20%)	–	–
4	You expect reward for the assignments you accomplished	3(15%)	7(35%)	3(15%)	5(25%)	2(10%)
5	The level of effort you exert is influenced by reward	7(35%)	9(45%)	3(15%)	1(5%)	–

Table 4.4 above shows employees’ response on reward. Item no 1 indicated 10% strongly agree, 50% agree, 35% neutral and 5% disagree on ‘The Company has significant growth in

sales that will help rewarding employees’ implying majority of respondents confirmed the growth of sales. Item no. 2 indicates 10% strongly agree, 50% agree, 35% neutral and 5% disagree with ‘The Company’s operation has shown significant improvement in the past years’. This shows majority of the respondents agreed with the improvement of the company’s operation in the past years. Some employees are new or don not give attention for the improvement of the company’s operation. Item no. 3 ‘Employees who receive positive feedback are more motivated’, 20% strongly disagree, 60% agree and 20% indifferent. We can understand from this positive feedback has significant impact for employees’ motivation. On item no. 4, respondents 15%, 35%, 15%, 25%, 10% respectively responded strongly agree, agree, neutral, disagree and strongly disagree responses. This implies that partially employees expect reward for their accomplished assignments. Item no. 5 on ‘The level of effort you exert is influenced by reward’, 35% strongly agree, 45% agree, 15% neutral, 5% disagree. This shows that most of the respondents in the company expect reward for their efforts.

#### 4.2.2. Mean and Standard Deviation Analysis

Table 4.5 Mean and Standard Deviation of the three study variables

Variables	Mean	S.D	N
Compensation & Benefit	3.5085	.93205	20
Recognition	3.5385	1.06532	20
Reward	3.5385	1.06532	20

Table 4.5, presents the mean and standard deviation of the examined variables. The mean scores for all three variables are more than 3.5, indicating that respondents are satisfied with the study variables. The standard deviations for the three variables ranged from 0.93205 to 1.065329 indicating that the data were reasonably homogenous.



### 4.3. INFERENCE STATISTICS

#### 4.3.1. CORRELATION ANALYSIS

Correlation is a measure of relationship between two variables. The correlation coefficient gives a mathematical value (-1 to 1) for measuring direction and the strength of the linear relationship between two variables. Pearson's correlation coefficients were computed through bivariate correlation for this study. Bivariate correlations which test the strength of the relationship between two variables without giving any consideration to the interference some other variable might cause to the relationship between the two variables being tested. In this study, Correlation analysis is used to measure the relationship between independent and dependent variables. Compensation and Benefit, Recognition and Reward are independent variables of the study while organizational performance is dependent variable of the study.

Table 4.6 Correlation Analysis of the Study Variables

Variables of Employee Motivation	Organizational Performance	
	Pearson Correlation	Sig. (2-tailed)
Compensation & Benefit	.987**	.000
Recognition	.987**	.000
Reward	.987**	.000

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

N=20

Table 4.6, illustrates the relationship between employee's motivational variables and performance of the organization. As shown in the above table, all independent variables are strongly and positively correlated with dependent variable organizational performance. The value ( $r=0.987$ ) suggests that the strength of all variables (compensation and benefit, recognition and reward) are strongly and positively related organizational performance. Correlation analysis however, only shows the direction and strengths of relationship between dependent and independent variables. It does not indicate the effect of each independent variable on dependent variable. This will be shown with the regression analysis.

### 4.3.2. REGRESSION ANALYSIS

Regression analysis is about predicting the future (the unknown) based on data collected from the past (the known). It analyzes one variable, the dependent variable, taking into consideration the effect on it by one or more factors, the independent variables. The analysis determines that some independent variables have more effect than others, so their weights must be taken into account when they are the basis of a prediction. Regression analysis, therefore, is the process of looking for predictors and determining how well they predict. Hence, regression analysis has been done for testing hypotheses with 'Enter' method in this study. Dependant variable of the study is organizational performance. The specified various dimensions of motivational factors or tools are the independent variables for this study (Compensation and Benefit, Recognition, and Reward).

In order to prove the impact of each independent variable on dependent variable and to check the hypothesis developed linear regression analysis was applied. Results of linear regression analysis are presented below:

Table 4.7 Regression Results for Compensation & Benefit and Organizational Performance

Variable	R	R square	Adjusted R square	Std. Error	F	Sig. F	Beta	t	Sig. t
Compensation & Benefit	.999 <sup>a</sup>	.999	.999	.010	13051.922	.000 <sup>b</sup>	.999	114.245	.000

- a. Predictor (Constant) Compensation and Benefit
- b. Dependent Variable: Organizational Performance

H1. There is no impact of compensation and benefits on organizational performance.

As it is shown in the above table 4.7, 99.9 % variance on organizational performance is explained by compensation and benefit, which is evident by the value of R=0.999 F=13051.922 at p<0.01 illustrates the model's goodness of fit. The regression result also confirms that compensation and benefit are significant predictors of organizational performance (Beta= 0.999, t= 114.245, p<0.01).

With a Beta-value of .999 and t-test result of 114.245, compensation and benefit showed a

statistical significance at the 0.01 level, and is the best predictor of organizational performance of respondents.

**Table 4.8** Regression Results for Recognition

Variable	R	R square	Adjusted R square	Std. Error	F	Sig. F	Beta	t	Sig. t
Recognition	.991 <sup>a</sup>	.983	.982	.032	1029.742	.000 <sup>b</sup>	.991	32.090	.000

- a. Predictor (Constant): Recognition
- b. Dependent Variable: organizational performance

H2: There is no impact of recognition on organizational performance

As it is shown in the above table 4.8, 99.1 % variance on organizational performance is explained by recognition, which is evident by the value of R=0.991 F=1029.742 at p<0.01 illustrates the model is strong. The regression result also confirms that recognition is a significant predictor of organizational performance (Beta= 0.991, t= 32.090, p<0.01).

With a Beta-value of .991 and t-test result of 32.090, recognition showed a statistical significance at the 0.01 level, and is the good predictor of organizational performance of respondents.

**Table 4.9** Regression Results for Reward

Variable	R	R square	Adjusted R square	Std. Error	F	Sig. F	Beta	t	Sig. t
Reward	.991 <sup>a</sup>	.983	.982	.032	1029.742	.000 <sup>b</sup>	.991	32.090	.000

- a. Predictor (Constant): Reward
- b. Dependent Variable: organizational performance

H3: There is no impact of reward on organizational performance

.As it is shown in the above table 4.9, 99.1 % variance on organizational performance is explained by reward, which is evident by the value of R=0.991 F=1029.742 at p<0.01 illustrates the model is strong. The regression result also confirms that reward is a significant predictor of organizational performance (Beta= 0.991, t= 32.090, p<0.01).

With a Beta-value of .991 and t-test result of 32.090, reward showed a statistical significance at the 0.01 level, and is the good predictor of organizational performance of respondents.

#### **4.4. Qualitative Analysis**

##### **4.4.1. Closed Ended Questionnaire Analysis**

**Question 01:** What do you suggest other motivational factors that affect the company's performance?

Most respondents gave their answer non financial benefits should be exercised in the company. Although the company is providing better compensation packages in monetary terms, benefits and other motivational schemes are not implemented. As a result, more satisfaction and dedication will come with more motivational factors.

**Question 02:** Please state if you have any other comments related to the subject?

The respondents suggested the top management is not implementing compensation and benefit packages mostly in middle and top level management fairly and equitably. Applying the existing company policy and rules will help the company to have benefits and other rewarding system provisions.

##### **4.4.2. Unstructured interview questions and corresponding analysis**

**Question 01:** Is there any motivational schemes that are implemented in the company?

Yes the company has a policy of giving attractive salary and benefits for lower level employees. Middle level and top level employees also are getting average salary. In addition, middle and top level employees have benefit packages such as car loan, house loan, fuel allowance, and free meal allowance.

**Question 02:** Are motivational schemes given based on the company policy and procedure? In line with this, is the company successful or achieve its objective with the provision of such motivation to its employees?

The motivation and motivational tools that have been implemented in the company benefited the business. However; the company is providing motivational schemes not based on merit. It is violating the company's HR policy. For example an employee who is senior and should be entitled for car loan according to the company policy

didn't get the expected benefit however there are junior staffs who has got car loan while their position and grade do not allow. Bonuses sometimes were given for those who have close relation to the top management of the company. With this situation, the company's financial statement is becoming negative although other factors are also contributing loss to be recorded in the company. From the interview findings of Finance department, the company is now exhaustively expanding its business, investing on its major businesses such as increasing the number of Retail Fuel Service Stations, LPG depots and Import and distribution of lubricant products. With the investment progress in the company, there are expected direct and indirect expenses that have an impact on the financial statement of the company.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1. FINDINGS

- From the findings of the study, the first research question was addressed; how motivated are the employees of the company. Employees of the company are motivated with the motivation packages. However some of the employees do not get the required benefits based on the company policy. This shows that the kind of motivation given to workers in an organization should be fair and equitable. This is in line with equity theory which emphasizes that fairness in the remuneration package tends to produce higher performance from workers.
- The research findings were also agreed on how does employees' motivation affect organization's performance? From the results of descriptive and inferential statistics, all the three motivational variables positively affect the performance of the organization.
  - Demographic Analysis of respondents:

Gender of respondents showed that, the company hired 57.1% male, implying the company should recruit more female staffs to avoid gender imbalance.
  - Age: 85% of the respondents are between 25 and 45 years which implies majority of the respondents are young and adult who has the energy to make a difference for the growth of the business.
  - Education: 60% of respondents are B.A/B.Sc and MA, showing the researcher has found the right kind of respondents.
  - Work Experience: 75% of the respondents have 1-15 years of experience that shows the company is organizing its manpower with new and energetic staff.
  - From the descriptive statistics analysis of the three variables, the results showed that all variables compensation and benefit, recognition and reward should be more developed and implemented to improve the company's productivity.
  - Mean > 3.5 indicates respondents are satisfied with the study variables.

- Standard Deviation: ranged from 0.93205 to 1.065329 shows that the data were reasonably homogenous.
- With the work of Berjum et al (2004) which showed that employees who received individual incentives performed better than those who did not receive. Workers exhibited productive work behavior when rewards were made contingent upon performance. The work of Akerele (2001) can also be said to have corroborated the findings of this work. He observes that poor remuneration in relation to profits made by organization, wage differentials between high and low income earners among other things contributed to low morale, lack of commitment and low productivity.
- Correlation analysis:  $r=0.987$  suggests that the strength of All the three variables (compensation and benefit, Recognition and reward) are strongly and positively related to organizational performance.
- Regression Analysis for the three variables:  $R>0.99$ ,  $Beta>0.99$  and  $p<0.01$  Showing all motivational variables are significant predictor of organizational performance.
- From the qualitative analysis respondents; they responded that non financial rewards should be given emphasis and those benefits should be reviewed, implementation of those benefits should be based on company's policy and procedures. The findings of the interview, the management of the company has given response that there is motivation package in the company such as car loan, fuel and meal allowances. However; all benefits are not given based on merit. The company is also investing in its operations that have direct or indirect impact in increasing the expenses, from the researcher's interview findings.

## 5.2. CONCLUSION

It is concluded that by examining the performance of employees' and motivating them, the employees get satisfied and thus their level of efficiency increases and enhance the work performance of their organization. Compensation and benefit packages that have directly related to the income of the people have positive impact for the improvement of the organization. Competitive salary and benefit packages are one of the motivating factors that enhance performance.

Recognition plays an important part in enhancing employees' motivation towards their work by recognizing employees to feel internally motivated with their job and committed towards their organization's achievement. Going by these findings, it can be easily inferred that employees reward system matters a lot. When rewards are not given the workers give poor performance and non commitment towards their job. It is therefore essential for the Nile Petroleum Company Limited Ethiopia to look after their employee needs because a happy employee is a productive one.

The overall result showed that motivation of employees has an impact on organizational performance that is statistically significant ( $p < 0.01$ ). This leads to reject null hypothesis. In the company, motivation plays positive impact on employee performance. The research concludes from the findings that some of the employees are not treated equally. Benefits are not given based on merit. Their motivation and morale is poorly impacted from the discriminated motivations schemes provision. Therefore; jobs absenteeism rates may increase and employees might leave the organization to joint competitors that offer better work conditions and higher incentives.



### 5.3. RECOMMENDATIONS

It's recommended that Nile Petroleum Co. Ltd Ethiopia's management put together more importance to issues of employee related to motivation to make the company survive and retain its key employees.

- The company should revise its set of benefit policies and procedures that give full responsibility to the employees work well and value them on their tasks completion and achievements. This will for sure lead to organizational growth.
- Fair reward system should be focused in the organization. Nile Petroleum Co. Ltd Ethiopia should create an atmosphere where employees feel satisfied and ownership with more attractive benefit packages such as non monetary rewards, certification and awarding gifts for outstanding performers, promoting high achiever for higher level positions etc.
- Management should give recognition to its employees on the spot. Management should do fair dealing with workers, empower them, give the required responsibility to feel ownership.
- Incentives should be free from bias and favoritism. Due to this; the workers trust would be increased that fair incentives are given to them.
- The study recommends that Nile Petroleum Company Limited Ethiopia should revise study and make policy on motivation of employees as a standard, bring different and new types of programs continually in their motivation system in order to achieve improved performance.

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### **Website**

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## Appendix 1. Questionnaire

**St. Mary's University**  
**School of Graduate Studies – MBA Program**

Questionnaire to be filled by staffs of Nile Petroleum Company Limited Ethiopia.

Dear respondents,

I am a postgraduate student at St. Mary's University in the field of MBA-General. I am conducting a research study titled “**Employees' Motivation and its effect on organizational Performance**”. The objective of the study is to investigate the outcome of motivation in increasing organizational performance.

The information obtained will be kept confidential. Filling out the questionnaire will not take more than 3-minutes. Hence, I will appreciate if you start answering the questions instantly and spare your valuable time.

### General Guideline

- There is no need of writing your name
- Please put your genuine response on the space provided

### Contact address

If you need any explanation on any point; please do not hesitate to contact me on:

- Mobile : +251935203496
- E-mail [asfawhbtamu@yahoo.com](mailto:asfawhbtamu@yahoo.com)

Thank you in advance!

### Part I. Demographic information

1. Gender    male                          Female   

2. Age            18-25        26-34        35-45

46-55        56 and above

3. Educational Qualification

Certificate  Diploma

BA/B.Sc degree  Masters Degree and above

4. Work Experience( years)

1- 5  6-10

11-15  16-20  21 and above

**Part II- This part is structured type of questions that have five choices; 5(strongly agree), 4 (agree), 3 (neutral), 2 (disagree), 1 (strongly disagree) make a “√” mark on your choices.**

**Questions related to employee motivation and company’s performance.**

S.No.	Description	5	4	3	2	1
1	Your supervisor avoids getting involved when important issues arise or problems become serious.					
2	The level of effort while performing the job is influenced by motivation.					
3	Compensation is in accordance with the employee’s qualification.					
4	The working environment or leadership style motivates you to exert more effort in your job.					
5	The motivation you got from the organization contributes for the accomplishments of the job.					
6	Empowerment is implemented in the company.					

7	Recognition is implemented in the company.					
8	Incentives more importantly motivate employees for their work.					
9	It is known to you that your success is measured/evaluated/ and the evaluation motivates you for further effort.					
10	Your boss allows you to fully utilize your ability.					
11	Your boss recognizes the extra effort you put at work.					
12	You expect some reward for the assignments you accomplished.					
13	Fringe benefits are known to you and you are satisfied with fringe benefits.					
14	Hard working employees are recognized.					
15	Transfer, promotion, job rotation and related motivating factors are implemented in accordance with the company's policy.					
16	Your salary in the company is competitive in comparison with other similar organizations.					
17	Employees who receive positive feedbacks frequently concerning their performance are usually highly motivated than those who don't.					
18	Hard working employees are recognized.					
19	You are doing your job by self interest.					
20	The company provides fair promotion opportunities for the employees.					
21	Training and development as motivating factors contribute for the achievement of organization's goal.					
22	Empowerment and recognition contribute for the company's performance improvement.					
23	The working environment motivates you to do more on your work.					

24	Delegation of Authority is required in management positions to ensure successful decision making power in the business.					
25	Salary and benefit packages that are given to you improve productivity.					
26	The team work among employees of the company motivates to exert more effort that can help to improve organizational performance.					
27	The company operation has shown significant improvement in the past three years.					
28	The company has significant growth in sales in the past three years.					

### **III. Additional Questions**

a) What do you suggest other motivational factors that affect the company's performance?

\_\_\_\_\_

\_\_\_\_\_.

b) Please state if you have any other comments related to the subject \_\_\_\_\_

\_\_\_\_\_.

### **Interview Guide**

<b>S.No</b>	<b>Interview Questions</b>	<b>Interviewee</b>
1	Are motivational Schemes are implemented in the company?	Department Managers
2	Is the company get success with the provision of such benefits?	Department Managers
3	Are those motivational schemes given based on the company policy?	Department Managers



## Appendix 2. Correlation Analysis

		Age of Respondents	Work Experience of Respondents	Education of Respondents
Age of Respondents	Pearson Correlation	1	.892**	.815**
	Sig. (2-tailed)		.000	.000
	N	20	20	20
Work Experience of Respondents	Pearson Correlation	.892**	1	.832**
	Sig. (2-tailed)	.000		.000
	N	20	20	20
Education of Respondents	Pearson Correlation	.815**	.832**	1
	Sig. (2-tailed)	.000	.000	
	N	20	20	20

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

## Appendix 3.A. Regression Analysis of Compensation & Benefit

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999 <sup>a</sup>	.999	.999	.04213

a. Predictors: (Constant), Compensation & Benefit

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.164	1	23.164	13051.922	.000 <sup>b</sup>
	Residual	.032	18	.002		
	Total	23.196	19			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Compensation & Benefit

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.194	.038		-5.170	.000
	Compensation & Benefit	1.185	.010	.999	114.245	.000

a. Dependent Variable: Three of measurements average

### Appendix 3.B Regression Analysis of Recognition

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991 <sup>a</sup>	.983	.982	.14879

a. Predictors: (Constant), Recognition

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.797	1	22.797	1029.742	.000 <sup>b</sup>
	Residual	.398	18	.022		
	Total	23.196	19			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Recognition

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.324	.118		2.739	.013
	Recognition	1.028	.032	.991	32.090	.000

a. Dependent Variable: Organizational Performance

### Appendix 3.C Regression Analysis of Reward

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991 <sup>a</sup>	.983	.982	.14879

a. Predictors: (Constant), Reward

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	22.797	1	22.797	1029.742	.000 <sup>b</sup>
Residual	.398	18	.022		
Total	23.196	19			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Reward

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.324	.118		2.739	.013
	Reward	1.028	.032	.991	32.090	.000

a. Dependent Variable: Three of measurements average

## DECLARATION

I, the undersigned, declare this thesis is my original work prepared under the guidance of Saint Mary's University School of Graduate Studies and that all sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

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Signature

Saint Mary's University School of Graduate Studies, Addis Ababa  
2016

December,

## ENDORSEMENT

This thesis has been submitted to Saint Mary's University School of Graduate Studies for examination with my approval as a university Advisor.

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Name

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Signature

Saint Mary's University School of Graduate Studies, Addis Ababa  
2016

December,