



**ST. MARY'S UNIVERSITY SCHOOL OF
GRADUATE STUDIES**

**AN ASSESSMENT ON THE IMPLEMENTATION OF EXTRINSIC
MOTIVATION IN GOVERNMENT ORGANIZATION THE CASE
OF ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY
LARGE TAX PAYER BRANCH OFFICE**

**BY
TIHITINA DERES**

**July, 2018
ADDIS ABABA, ETHIOPIA**

**AN ASSESSMENT ON THE IMPLEMENTATION OF EXTRINSIC
MOTIVATION IN GOVERNMENT ORGANIZATION THE CASE OF
ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY LARGE
TAX PAYER BRANCH OFFICE**

**BY
TIHITINA DERES**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS OF
BUSINESS ADMINISTRATION**

**JULY, 2018
ADDIS ABABA, ETHIOPIA**

ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

**AN ASSESSMENT ON THE IMPLEMENTATION OF
EXTRINSIC MOTIVATION IN GOVERNMENT
ORGANIZATION**

**BY
TIHITINA DERES**

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature

External Examiner

Signature

Internal Examiner

Signature

Advisor

Signature

DECLARATION

I hereby declare that the submission of this thesis is my own work towards masters of business administration in general management to the best of my knowledge and has not been presented for a BA degree or master's degree in any other university, and that all source of materials used for this thesis have been recognized.

Declared By:

Name: _____

Signature: _____

Date: _____

Place and date of Submission _____

TABLE OF CONTENT

Content	Page
TABLE OF CONTENT	ii
ACKNOWLEDGMENTS	v
LIST OF ACRONYMS.....	vi
LIST OF TABLES.....	vii
LIST OF ANNEX	viii
ABSTRACT.....	ix

CHAPTER ONE

INTRODUCTION

1.1 Background of the study	1
1.2 Background of the Organization	2
1.3 Statement of the Problem.....	3
1.4 Research questions.....	4
1.5 Research Objective.....	4
1.5.1 General Objective.....	4
1.5.2 Specific Objective.....	5
1.6 Research Significance	5
1.7 Scope of the study	5
1.8 Definition of Key Terms.....	6

CHAPTER TWO

LITERATURE REVIEW

2.1 THEORETICAL REVIEWS	8
2.1.1 Introduction	8
2.1.2 Employees' Performance.....	8
2.1.3 Methods of Measuring Employees' Performance.....	9
2.1.4 Concepts of Motivation	10
2.1.5 Types of Motivation.....	11
2.1.6 Extrinsic factor of motivation and employees' performance.....	11

2.1.6.1 Job Security	11
2.1.6.2 Promotion	11
2.1.6.3 Financial reward	12
2.1.6.4 Fringe benefit	12
2.1.6.5 Praise and Recognition	13
2.1.7 Working Environment	1
2.1.8 Organizational Policy and Procedure	1
2.1.9 Maslow’s Hierarchy of Needs Theory	14
2.1.10 Herzberg’s Two-Factor Theory of Motivation	15
2.1.11 ERG Theory of Motivation	17
2.1.12 Equity Theory of Motivation	17
2.1.13 Expectancy Theory of Motivation	18
2.2 EMPIRICAL REVIEW	19

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction	20
3.1 Research Approach and Design.....	20
3.1.1. Research Design	20
3.1.2. Research Approach.....	20
3.2. Sampling Technique and procedure	21
3.2.1 Population	21
3.2.2 Sampling Method	21
3.2.3 Sampling Size.....	22
3.3. Data Collection Methods and Procedures.....	23
3.4. Data Collection Procedures	23
3.5. Data Analysis Methods.....	24

CHAPTER FOUR

RESULT AND DISCUSSION

4.0 Introduction.....	25
-----------------------	----

4.1 Respondents Demographics	25
4.1.1 Gender of respondents	25
4.1.2 Level of Education	25
4.1.3 Year of Service in ERCA LTP	26
4.2 Extrinsic Factor of Motivation.....	27
4.2.1 Job Security.....	27
4.2.5 Recognition	30
4.2.10 Financial Reward	33
4.2.15 Promotion	37
4.2.20 Fringe Benefit	40
4.2.25. Employees Perception	43
 CHAPTER FIVE	
SUMMARY, CONCLUSION AND RECOMMENDATION	
5.0 Introduction.....	51
5.1 Summary of Finding.....	52
5.2 Conclusion.....	52
5.3 Recommendation	53
REFERENCE.....	54
Annex - 1	
Annex - 2	
Annex - 3.....	

ACKNOWLEDGMENTS

First of all, I would like to express my deepest gratitude to the Almighty God who gave me the strength and opportunity to pursue my education.

I would like to express my gratitude to my advisor Dr. Abraraw Chane for his valuable advice, direction, and encouragement towards the completion of this thesis.

I appreciate and thank Ethiopian Revenues and Customs Authority Large Tax Payers branch office managers and employees for their kind cooperation and response.

The completion of this research paper would not be possible without the support of my family. I would like to express my respect, appreciations and love for my family for their assistance in my academic support and encouragement.

LIST OF ACRONYMS

ERCA – Ethiopian Revenue and Customs Authority

ERG – Existence Relatedness and Growth

LTP – Large Tax Payer

LIST OF TABLES

Table 3.1: Distribution of respondents of questionnaires

Table 1: Demographic Distribution
Table 2: Job Security
Table 3: Praise and Recognition
Table 4: Financial Reward
Table 5: Promotion
Table 6: Fringe Benefit
Table 7: Employees Perception

LIST OF ANNEX

Annex 1 Schedule

Annex 2 Questionnaire for ERCA employees
Annex 3 Interview Questions

ABSTRACT

Motivation is one of the most important factors that increase employees' performance. Organizations design motivation systems to encourage employees perform in the most effective way and also to attract potential candidates. The key to create efficient motivation system is an answer to the question what really motivate employees. The research was conducted with the aim of assessing the implementation of extrinsic motivation on government organization in Ethiopian revenues and customs authority large tax payer branch office. A questionnaire and semi structured interview was used to collect the necessary data from ERCA employees and departments heads of the branch office. The research was intended to take 182 employees for questionnaire and four department heads for interview. Descriptive analysis such as mean, overall mean and standard deviation was used to analyze research questions. From the research ERCA extrinsic motivational factors include job security, praise and recognition, financial rewards, promotion and fringe benefits. The descriptive analysis reveals that employees have no fear of losing their job. They also replied that if praise and recognition is effectively provided by the branch office it improves their performance. There is no financial reward system to motivate employees which creates dissatisfaction with the employees'. Fringe benefits such as housing allowance and transportation are provided, employees are satisfied with transportation but the housing allowance does not consider the current cost of living of the country. On the other hand promotional procedures are clear and fair that cause employees to be satisfied. The research shows that extrinsic motivation could affect the motivational level as well as performance of employees. Therefore the result pointed out that ERCA need to revise its administration on motivational factors in order to retain productive and potential employees.

Key terms: *extrinsic motivation, job security, praise and recognition, financial rewards, promotion and fringe benefits.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Organizations are established with unique vision and mission that is base for achieving their objective. These objectives can be attained by using different resources of the organization. All resources are vital but manpower is the most important one to accomplish goal. Depending on the nature of the organization different employees perform different tasks in organizations. They mainly perform jobs like production, packing, industrial, marketing, procuring, supplying, promoting business, finance and human resources. All these activities are inter-related to achieve the targets. These are to be performed by the employees properly so they can provide better result at the job.

Various factors such as skills, training, motivation, dedication, safety, management policies, fringe benefits, salary and packages, promotion, communication etc. are responsible to encourage people to work sincerely and give their best output. There is a need in every organization to enhance the performance of employees. The implementation of motivational factor is one of the major steps that most companies need to improve the performance of employee. When an organization have better motivational factor employees are able to reduce wasteful spending then improved performance.

In today's environment employees or staffs are increasingly demanding change, choice, flexibility, as well as variety in their work. Organizations value increases with better motivated employees' similarly highly motivated employees' have a sense of ownership.

The term motivation is derived from the Latin word 'movere' which means to move (Baron et.al. 2012). Certo (2016) describes motivation as providing benefits to employees so that they will perform in an expected manner. Motivation has also been described as the procedure of moving and supporting goal focused behavior (Nelson, 2013).

There are two types of motivation, specifically extrinsic and intrinsic. Intrinsic motivation is performance that an individual shows because of the satisfying experiences related with the job itself (Mosley et.al. 2012). According to Beer and Walton (2014), intrinsic motivation is

associated with the task itself, and it includes the satisfaction of the task accomplished. (Mosley et.al.2012) describe extrinsic motivation as the performance of employee associated with external factors or consequences. Extrinsic rewards are granted by the organization in the form of money, privileges, promotions and recognition (Beer and Walton, 2014). This research is focus on extrinsic motivation and its effect on employees' performance.

1.2 Background of the Organization

The Ethiopian Revenues and Customs Authority (ERCA) is the body responsible for collecting revenue from Customs duties and Domestic taxes. In addition to raising revenue, it is responsible to protect the society from adverse effects of smuggling and contraband. It seizes and takes legal action on the people and vehicles involved in the act of smuggling, any tax evasion and avoidance while it facilitates the legitimate movement of goods and people across the border.

The Ethiopian Revenues and Customs Authority (ERCA) was established by the proclamation No .587/2008 on 14 July 2008, by the merger of the Ministry of Revenue, Ethiopian Customs Authority and the Federal Inland Revenue Authority for the purpose of enhancing the mobilization of government revenues, while providing effective tax and Customs administration and sustainability in revenue collection. The main objective of the establishment of ERCA was to streamline the public revenue generation function by bringing the relevant agencies under the umbrella of the central revenue collector body.

This structuring aimed at improving service delivering, facilitating trade, enforcing the tax and customs laws and thereby enhancing mobilization of Government revenue in sustainable manner. A study called "Business Process Re-engineering" had taken place before the merger of the foregoing administrations. The study was undertaken for a year and half beginning from November 2007 by teams of officials selected from within the administration.

The study has looked into the selected key business processes and has come across inefficient organizational structure and unnecessary complicated procedures that permitted insufficient service delivery. The study has also indicated that there was corruption within the administrations and that smuggling and tax evasion were serious problems. These problems have depressed the attempt of the foregoing administrations to be successful in achieving their objectives.

ERCA has its headquarters in Addis Ababa. It is led by a Director General who reports to the Prime Minister and is assisted by five Deputy Director Generals, namely D/Director General for Program Designing of Operation and Development Businesses; D/Director General for Branch offices' Coordination and Support; D/Director General of Enforcement Division; D/Director General, Corporate Functions Division; Change Management and Support Sector; and Enforcement Sector. Each deputy director general oversees at least four directorates. Both the Director General and the Deputies are appointed by the Prime Minister.

ERCA has 32 field offices, of which two of them are coordination offices located outside of Ethiopia at the port of Djibouti and at the port of Burbera, Somalia. The primary function of the foregoing coordination offices are affording/ providing transit service for the goods imported into or exported from the country. However, the latter coordination office is presently not operational.

The 30 branch offices in Ethiopia comprise 22 Customs Control stations, 50 Checkpoints and 153 Tax Centers. Tax Center means a tax collection station administered under a branch office and located in the vicinity of taxpayers while Customs Control Station means a station administered under a branch office where customs formalities are complied with and collection of taxes and duties take place on imported and exported goods; checkpoint is a place where customs examination is conducted by machine and/or manually for the purpose of ascertaining that there is no variation between the goods to be imported-exported and the goods specified in the customs declaration. Each branch office is directed by a manager who is accountable to the D/Director General for Branch offices' Coordination and Support Sector. (<http://www.erca.gov.et/>)

1.3 Statement of the Problem

The performance of employees and motivation has been the focus of organizations. This is because employees move from one organization to another due to lack or low level of motivation. Some employers try to give high salaries or wages to their employees just to motivate them so as to increase productivity. Others also give bonus and transportation allowances to their employees to encourage them enhance their performance. How well an

organization motivates its workers extrinsically or intrinsically in order to achieve their mission and vision is a concern.

Government organizations give less attention on motivating lower level employees that contributes to unpleasant customer service and high turnover rate in ERCA. Most employees that leave the organization are officers or lower level employees. Motivational level of lower level employees is affected by factors outside the job itself known as extrinsic motivation such as job security, praise and recognition, promotion, financial reward and fringe benefits. Cost of living of the country is increasing through time thus employees prefer to receive additional incentives to reduce their burden. How well ERCA implement this extrinsic motivational factor to motivate its officers is the concern.

Motivation is subjective, that is to say that what motivate someone to put up his best will also demotivate the other person. Human needs are insatiable for this reason they always struggle for new things in life so that we can live a comfortable life. If someone receives huge salaries, allowances in terms of rent, transportation and yet does not get motivated, it means motivation does not base on extrinsic reward but on intrinsic reward.

According to Maslow, individuals attain the next hierarchy of needs once the first one has been achieved. Senior managers are less motivated by extrinsic motivation such as money and other physiological needs but are well motivated intrinsically through self-esteem and actualization needs. If their ideas are well converted into performance they are well motivated internally. Despite these, less research work has targeted to investigate the implementation of extrinsic factors of motivation in government organization to motivate lower level employees' in Ethiopian Revenues and Customs Authority Large Tax Payer Branch Office.

1.4 Research questions

The study has the following research questions:

1. How the implementations of job security affect employee motivation in ERCA?
2. What is the current praise and recognition implementation in ERCA?
3. How important is financial rewards to employees in ERCA?
4. To what extent promotion affects employee motivation in ERCA?
5. In what approach fringe benefits is implemented in ERCA?

1.5 Research Objective

The study has both the general and specific objectives have been achieved on this study.

1.5.1 General Objective

The main objective of the study is to assess the implementation of extrinsic factor of motivation on government organization in Ethiopia revenue and Customs authority.

1.5.2 Specific Objective

The general objective was split into different specific objectives:

- To identify the result of job security on employees motivation.
- To examine the outcome of praise and recognition on employees motivation.
- To determine the result of financial reward on employees motivation.
- To determine the outcome of promotion on employees motivation.
- To find the influence of fringe benefits on employees motivation.

1.6 Research Significance

The purpose of the research is to conduct a descriptive study on the implementation of extrinsic factor of motivation on ERCA. The research specifically examines officers' motivational level that is influenced by extrinsic factor of motivation. The study was contributed:-

- In notifying the management of the organization about the extent of extrinsic factor of motivation affecting the performance of their employees and alarms them to take appropriate actions if they have to.
- It contributed to the existing body of knowledge and literatures on this area.
- It serves as a source document for those who want to pursue further study.

1.7 Scope of the study

The study focused on the subject matter of motivation and employees' performance. From motivation it was concentrated on extrinsic motivation that is related with job context. The organization that is selected to carry out the study was Ethiopian revenues and customs authority specifically large tax payer branch office that is found in Addis Ababa. Officers of the branch office were selected for the study. The research focused on job security, praise and recognition, financial reward, promotion and fringe benefits that are factors of extrinsic motivation.

1.8 Definition of Key Terms

Motivation: (Robbins 1993) define motivation as the ability to create in others the willingness and commitment to achieve the best performance they are capable of.

Job Security: It is assurance that an employee has about the continuity of gainful employment for his or her work life. It usually arises from the term of the contract of employment, collective bargaining agreement or labor legislation that prevents arbitrary termination, layoffs and lockouts (James, 2012).

Praise and recognition: It is the process of rewarding employees for reaching specific goals or producing high quality results in the work place. Recognizing employees for their effort and level of service they provide encourages them to repeat favorable behavior (Judge 2012).

Financial reward: As it is defined by (Sweeney & McFarlin 2005), financial rewards are all monetary incentives provided by the employer to an employee as a result of individual contribution, skill and good performance. These rewards are aligned with organizational goals.

Promotion: According to Gupta (2011) promotion is the hierarchical advancement of an employees' position in an organizational structure for good performance. A promotion can involve advancement in terms of designation, salary and benefit.

Fringe Benefit: It is additional advantage such as health insurance, transportation and housing allowance provided by employer to an employee beside salaries (Sweeney & McFarlin 2005).

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 THEORETICAL REVIEWS

This chapter seeks to present a review of significant theoretical and empirical literature in relation to the research questions being analyzed. The purpose of this study is to determine the implementation of extrinsic motivation on government organization thus it elaborates job security, praise and recognition, financial reward, promotion and fringe benefits as extrinsic motivation. Different theories of motivation are discussed on this chapter.

2.1.1 Employees' Performance

Employee performance is job related activities, duties and responsibilities an employee is expected to execute. Performance is a critical factor in organizational success therefore many companies measure their employees' performance on annual or quarterly basis to assess improvement area also reward outstanding effort.

Employees must know what they need to do to perform their jobs successfully. Performance elements tell employees what they have to do and standards tell them how well they have to do it. Developing elements and standards that are understandable, measurable, attainable, fair, and challenging is vital to the effectiveness of the performance appraisal process.

Employee performance involves quality and quantity of output, presence at work, accommodative and helpful nature and timeliness of output. According to Yang (2008), performance of the individuals cannot be verified. Similarly he asserts that organizations can use direct bonuses and rewards based on individual performance if employee performance is noticeable (Yang, 2008).

In line with Yang (2008) and Bishop (1987) investigated employee performance and revealed that acknowledgment and recognition and reward of performance of employees direct the discrimination between employee productivity. Moral and productivity of employees is highly influenced by the effectiveness of performance of an organization and its reward management system (Yazici, 2008).

Customer would not be satisfied until and unless employees are satisfied. Because, if employees are satisfied, they will do more work therefore ultimately customers will be satisfied. Employee performance is actually influenced by motivation because if employees are motivated then they will do work with more effort and by which performance will ultimately improve (Shafiqi, 2013).

2.1.2 Methods of Measuring Employees' Performance

Performance measurement is the process of collecting, analyzing and/or reporting information regarding the performance of an individual, group, organization, system or component.

Employee performance is normally looked at in terms of outcomes. However, it can also be looked at in terms of behavior (Armstrong 2000). According to (Crouse, 2005), employees' performance is measured against the performance standards set by the organization. There are a number of measures that can be taken into consideration when measuring performance for example using of productivity, efficiency, effectiveness, quality and profitability measures (Crouse, 2005) as briefly explained hereafter.

Profitability: - is the ability to earn profits consistently over a period of time. It is expressed as the ratio of gross profit to sales or return on capital employed (Wood & Stangster 2002).

Efficiency and effectiveness: - efficiency is the ability to produce the desired outcomes by using as minimal resources as possible while effectiveness is the ability of employees to meet the desired objectives or target (Stoner, 1996).

Productivity: - is expressed as a ratio of output to that of input (Fox, 2007). It is a measure of how the individual, organization and industry converts input resources into goods and services. The measure of how much output is produced per unit of resources employed (Lipsey 1989).

Quality: - is the characteristic of products or services that bear an ability to satisfy the stated or implied needs (Mwaura, 1999). It is increasingly achieving better products and services at a progressively more competitive price (Jain, 2005). As noted by (William, 2011), it is the responsibility of the company managers to ensure that the organizations strive to and thus achieve high performance levels.

This therefore implies that managers have to set the desired levels of performance. This can be done by setting goals and standards against which individual performance can be measured.

Companies ensure that their employees are contributing to producing high quality products and/or services through the process of employee performance management.

It is important to note that performance management includes activities that ensure that organizational goals are being consistently met in an effective and efficient manner. Performance management can focus on performance of the employees, a department, processes to build a product or service.

2.1.3 Concepts of Motivation

The word motivation has been derived from motive which means any idea, need or emotion that prompt a man into action. Whatever may be the behavior of man, there is some stimulus behind it. Stimulus is dependent upon the motive of the person concern. Motive can be known by studying a person's needs and desires.

(Robbins and Judge 2012) define motivation as the practices that explain individual's strength, path, and determination of effort toward achieving predetermined goal. It is the psychological process that gives behavior purpose and direction, a predisposition to behave in a purposive manner to achieve specific unmet needs, an unsatisfied need and the will to achieve, respectively.

Motivation is an internal process which directs any one to behave in a particular way. It is a force that boosts enthusiasm and it differs depending on situation (Rogers, 1996). It is the development of an aspiration in an employee to accomplish a task to the greatest ability based on that individual's own initiative (Rudolf and Kleiner, 1989). It is the strive to reach peak performance every day, to enjoy the continual challenge of improving results, to genuinely care about their peers and their company, and to maintain positive results (Evenson, 2003). It is the willingness to exert high levels of effort toward organizational goals, conditioned by the person's ability to satisfy some individual need (Robbins, 1993).

Motivating is the ability to instruct the employees with a unity of purpose and to maintain a continuing, harmonious relationship among all people. It is a force which persuades and promotes an eagerness of every employee to cooperate with every member of the team. Through motivation the organizational climate becomes harmonious to all the work groups and the company as a whole gets benefited.

Greenberg and Baron (2003) define motivation as it is more realistic and simple as it considers the individuals and his performance. Greenberg and Baron defined motivation as the set of processes that arouse, direct, and maintain human behavior towards attaining goals.

2.1.4 Motivation process

Motivation is a process that starts with a Physiological and psychological need that activates a behavior or an initiative that is aimed at a goal or incentive. Fred (2011) stated that motivation has three interacting and interdependent elements these are need, drive and incentives.

1. **Needs** - Needs are created whenever there is a physiological or psychological imbalance. For example, a need for food and water or when the personality is deprived of other people who serve as friends or companions. Although psychological needs may be based on a deficiency, sometimes they are not. For example, an individual with a strong need to get ahead may have a history of consistent success.
2. **Drives** - drives or motives are often used interchangeably to alleviate needs. A physiological drive can be simply defined as a deficiency with direction. Physiological and psychological drives are action oriented and provide an energizing thrust toward reaching an incentive. They are at the very heart of the motivational process. The examples of the needs for food and water are translated into the hunger and thirst drives, and the need for friends becomes a drive for affiliation.
3. **Incentives** - At the end of the motivation cycle is the incentive, defined as anything that will alleviate a need and reduce a drive. Thus, attaining an incentive will tend to restore physiological or psychological balance and will reduce or cut off the drive. Eating food, drinking water, and obtaining friends will tend to restore the balance and reduce the corresponding drives. Food, water, and friends are the incentives in these examples.

2.1.5 Importance of Motivation

Motivational rewards affect employee behavior and productivity. Motivated employees can work hard to achieve organizational goals and also what they dream. Comparing to all other methods used to improve on employees' productivity, motivation is the most important and significant one. (Gohari et.al. 2013).

Motivation is crucial for management and organization as it has a great impact on employee job performance and responsibilities. Motivation helps employees to exert greater effort to accomplish any goal. In order to achieve these goals it requires physical, financial and human resources. Human resource is the most important one to achieve these goals therefore much emphasis should be given for best possible utilization of resources.

Through motivation, the organization can also level up the efficiency of employees. Work performance does not only depend on employee's qualification and ability, but it also relies on their willingness and commitment. Thus, if organization succeeds in filling the gap between ability and willingness, it will help to improve level of performance in which it leads to the results of increasing productivity, reducing cost of operations and improving overall efficiency (Gohari et.al. 2013).

Motivation vary from the level and amount provided to the orientation that is kind of motivation provided. These motivation treats to relationships and purposes that lead to action and it treats to why of action. (Ryan & Deci 2000)

2.1.6 Types of Motivation

Motivation is mostly categorized into two types, being intrinsic and extrinsic motivation showing that different incentives have a distinct impact on employee motivation. (Herzberg, 2003; Cameron & Pierce, 2002).

Intrinsic motivation – this arises between the relationship between the worker and the task and is usually self-applied. Intrinsic motives are internally generated that are described as inborn impulses that lead to explicit behaviors. In other words, they are motivators that the person associates with the task or job itself no other tangible recompense (Fred 2011).

Intrinsic rewards include feelings of responsibility, achievement, accomplishment, that something was learned from an experience, feelings of being challenged or competitive, or that something was an engaging task or goal. These can be represented by the sense that the work is important, with the opportunity to develop and master, access to exciting and stimulating tasks, autonomy to act, and the possibility of growth and progress (Amstrong, 2002). Performing meaningful work has long been associated with intrinsic motivation.

Intrinsically motivated employees tend to choose the tasks and work activities to develop their skills, creativity and deeply engaged with their job. If employees are not interested in the work they do, they are not passionate about it, and they will not be intrinsically motivated (Elliot and Dweck, 2007).

Extrinsic Motivation – this stems from work environment external to the task itself and is usually applied by someone other than the person being motivated. Pay, fringe benefits, favored company policies and various forms of supervision are examples of extrinsic motivation.

According to Fred (2011) extrinsic motives are tangible and visible which are provided by other people or organization. In the workplace, extrinsic motivators include pay, benefits, promotions and the drive to avoid punishment, such as termination or being transferred. Further, extrinsic rewards are usually contingency based. That is, the extrinsic motivator is contingent on improved performance or performance that is superior to others in the same workplace.

Extrinsic motivators are used to attract and retain staff in the short-term and reduce dissatisfaction (Amstrong, 2002). On the other hand monetary reward may influence the ability to problem solving and may stifle creative thinking (Rose, 2014). Extrinsic motivators are necessary to attract people into the organization and to keep them on the job. They are also often used to inspire workers to achieve at higher levels or to reach new goals, as additional payoffs are contingent on improved performance. They do not, however, explain every motivated effort made by an individual employee.

2.1.7 Extrinsic factor of motivation

2.1.7.1 Job Security

Job security is defined as the assurance in an employees' job continuity due to the general economic conditions in the country (James, 2012). It is concerned with the possibility or probability of an individual keeping his/her job then the assurance from the company or organization that their employees will remain with them for a reasonable period of time without being wrongly dismissed. When an employee feels threatened by job insecurity, they may stop putting the necessary effort into completing assignments and interacting with colleagues, due to a belief of having no future with the organization. Conversely, a worker with a solid sense of job

security plans to work for the company for the foreseeable future, so they maintain relationships with colleagues and completes their work to stay employed.

2.1.7.2 Promotion

According to Gupta (2011) Promotion refers to advancement of an employee to a higher post carrying greater responsibilities, higher status and better salary. It is the upward movement of an employee in the organization's hierarchy, to another job commanding greater higher authority, higher status and better working conditions. Promotions are used to reward employees for better performance and to motivate them for greater effort. Motivated employees can help make an organization competitively more value added and profitable.

Promotion is used as a reward for better work performance and organizationally approved form of behavior. People will work harder if they feel that this will lead to promotion. It provides satisfaction to personnel who enhance their morale, productivity, and loyalty to the organization. Promotion provides avenues for continuous learning and developing of personnel as promotion depends on promotion which is a result of continuous learning and development. This process increases individual effectiveness and, consequently, organizational effectiveness.

2.1.7.3 Financial reward

Employees receive financial payments from their employers in the form of salary or commissions. Basically, there are different types of financial rewards we will see only four of them these are bonus, pay, compensation and commission.

A bonus can be defined as an additional compensation given to an employee as a motivator or a reward for his/her hard work. It is given to workers majorly due to their performance. These performances might include: creating more deals, increasing sales, or inspiring new production line. Therefore, managers use bonuses to motivate their subordinates toward specific goals.

Then there is the pay: It is a compensation program in which a portion of a person's pay is considered to be at risk. It can take the form of bonus or stock options. Good incentive pay packages provide an optimal challenge. Also, employees are offered a financial reward for their services called pay. Pay must be closely linked to the performance. Employees who do their best

want reasonable pay that satisfies their needs. Money is major means for creating motivation because they need money to satisfy their basic needs of life (Lazear 1998).

Commissions are form of reward usually given to sales staff. The staff may get a low pay, but will later be given commissions. The upside of commissions is that they ought to persuade deals staff to accomplish higher deals. This is because their rewards rely upon it, and they imply that the extensive part of sales gets to be a distinct factor. (Huang et al., 2006).

2.1.7.4 Fringe benefit

Fringe benefits are forms of compensation employer provide to employees outside of a stated wage or salary. Common examples of fringe benefits include medical insurance, use of a company car, housing allowance, educational assistance, vacation pay, sick pay, meals and employee discounts. For this study we will focus on health insurance, company car and housing allowance.

Employee motivation is influenced by the availability of fringe benefits. The provision of fringe benefits will create an optimistic, motivating work environment and increases output and sales. The motivated workforce will lead to organizational excellence, prosperity, excellent quality and cost control. In fact fringe benefits play a significant role to motivate employees because they compel the workforce to put extra efforts as much as the incentive of money does. No doubt money is a big factor to motivate the employee, but the fringe benefits have their own importance.

It is important for managers to realize that the employees must be given the better working conditions along with the fringe benefits so that they give their best. The management should focus on creating an effective benefits program for the employees where they are given an opportunity to improve their benefits by sharing their ideas with each other and doing surveys.

Health insurance is a type of insurance coverage that pays for medical and surgical expenses incurred by the insured. Health insurance can reimburse the insured for expenses incurred from illness or injury, or pay the care provider directly. It is often included in employer benefit packages as a means of attracting quality employees. The cost of health insurance premiums is deductible to the payer, and benefits received are tax-free.

Housing Allowance is to assist employees with their recurring (monthly) costs of their accommodation. The Housing Allowance is intended to assist employees to get access to owned accommodation. Using a company car for business purposes is not considered a fringe benefit, while personal use is a fringe benefit. Personal use of a company car includes traveling to and from work, running errands or allowing a family member who is not a company employee to use the vehicle.

2.1.7.5 Praise and Recognition

According to Robbins and Judge (2012) Rewards are intrinsic in the form of employee recognition programs and extrinsic in the form of compensation systems. In this section, we deal with ways in which managers can reward and motivate employee performance. Recognition is an ongoing, natural part of day-to-day experience that range from a private thank you that don't require a specific regulatory authority to widely publicized formal programs in which specific types of behavior are encouraged and the procedures for attaining recognition are clearly identified. However, awards regulations provide a broad range of forms that more formal rewards can take, such as cash, time off, and many recognition items. The regulations also cover a variety of contributions that can be rewarded, from suggestions to group accomplishments. In motivation employees, extrinsic rewards such as verbal praise and feedback about competence can improve even intrinsic motivation under specific circumstances.

2.1.8 Working Environment

Organizational work environment consists of work or job content and job context. Work includes all the different characteristics of the job such as duties and responsibilities and the way it is carried out. Job content involve control on one's own job related activities, a sense of achievement from work, variety in tasks and the intrinsic value for a task. Job content creates intrinsic aspect of motivation on employees that is related with sense of achievement. On the other hand job context is related with extrinsic motivational factors that create job satisfaction on employees comprises of the physical working conditions and the social working conditions Gazioglu and Tanselb (2006).

Spector (1997) observed that organizations working environment has significant effect on employees performance. These working environments consists of safety to employees, job security, good relations with co-workers, recognition for good performance, motivation for performing well and participation in organizational decision making process. Once employees realize that their effort has been recognized by the firm, it increases their level of commitment and a sense of ownership for their organization.

Employees' motivational level might be affected by different factors within the working environment such as wages, working hours, independence given to employees, organizational structure and communication between employee and management (Lane et.al. 2010).

According to Petterson (1998) the interaction between employees and management within the organization is vital for accomplishing the organizational goals. When there is smooth relation between management and staff it is easier to communicate timely information properly throughout the organization. If there is dispute among co-workers then it is difficult to clearly address information then achieve organizational objective.

2.1.9 Organizational Policy and Procedure

Every organization need to have a document or policy and procedure that clearly state list of activities, duties and responsibilities employees are expected to do. Policy and Procedures are established by the organization to support the administration function. (Memon et.al, 2010).

An effective policy and procedure manual is an essential management tool because it states organizations goals and policies and communicates appropriate standards of action and behavior for all employees. It can also be described as a set of rules, values or guiding principles that define how an organization addresses human resources-related matters (Barbeito, 2004).

Policies and procedures are created to protect the right of employee while keeping the interest of the organization. It is very effective at supporting and building the desired organizational culture. Clearly defined policies and procedures express the company's desire to make consistent and impartial decisions. (Memon et.al, 2010).

2.1.10 Performance Evaluation process

Organizations are expected to have clear, acceptable and fair evaluation process that promotes equality throughout the organization. Every organization has evaluation process that is implemented to determine a behavior and effort an employee put in consistent with the goals of the organization. This system enables the organizations to control their employees individually and collectively and also to involve employees in determining organization's goals (Vance et al, 1992).

Organizations use performance evaluation process to identify potential of employees then reward their effort. It is also vital for managing effectiveness and adequacy of employees. Coutts and Schneider (2004) refer to performance evaluation process (appraisal) as a critical element used by organizations to evaluate of employee's everyday performance to achieve the determined goals set by the organization. Performance appraisal is a set of Measures and activities that compares the behavior and performance of employees with predetermined standard and goals and leads to results regarding performance, discipline, strengths and weaknesses. (low, 2007).

2.1.11 Maslow's Hierarchy of Needs Theory

Maslow's need theory is about hierarchy of universal needs that motivate a person. Maslow's needs hierarchy theory condenses and integrates the long list of needs that had been studied previously into a hierarchy of five basic categories (Steven L. McShane and Von Glinow 2008). Maslow thought that personal needs can be arranged in a hierarchical order; in essence, he believed that once a given level of need is satisfied, it no longer serves to motivate. The next higher level of need has to be activated in order to motivate the individual. (Fred 2011).

Maslow in his book (1954) identified five levels in his need hierarchy. They are, in brief, the following:

- I. **Physiological needs.** The needs that are usually taken as the starting point for motivation theory are the so-called physiological drives. These needs are the most basic level in the hierarchy, generally corresponds to the unlearned primary needs (Maslow 1954). The needs of hunger, thirst, sleep, and sex are some examples. According to the theory, once these basic needs are satisfied, they no longer motivate. For example, if a person is

hungry and hunger is satisfied, it becomes unimportant in the current dynamics of the individual then he/she will be motivated only by the next higher level of needs.

- II. **Safety needs.** If the physiological needs are relatively well satisfied, there then emerges a new set of needs, which we may categorize roughly as the safety needs. This second level of needs is roughly equivalent to the security need. Maslow stressed emotional as well as physical safety. The whole organism may become a safety-seeking mechanism (Fred 2011). These needs are security and protection from physical and emotional harm. Once these needs are satisfied, they no longer motivate (Robbins and Judge 2012).
- III. **Social need.** Robbins and Judge (2012) stated that if both the physiological and the safety needs are fairly well gratified, there will emerge social needs that include affection, belongingness, acceptance, and friendship.
- IV. **Esteem needs.** Maslow (1954) described this level represents the higher needs of humans. Maslow carefully pointed out that the esteem level contains both self-esteem and esteem from others. These are, first, the desire for strength, for achievement, for adequacy, for mastery and competence, for confidence in the face of the world, and for independence and freedom. Second, we have what we may call the desire for reputation or prestige defining it as respect or esteem from other people, status ,fame and glory, dominance, recognition, attention, importance, dignity, or appreciation.(Fred 2011).
- V. **Needs for self-actualization.** Maslow's major contribution, he portrays this level as the culmination of all the lower, intermediate, and higher needs of humans. People who have become self-actualized are self-fulfilled and have realized all their potential. Self-actualization is closely related to the self-concepts. In effect, self-actualization is the person's motivation to transform perception of self into reality.

According to Steven L. McShane and Von Glinow (2008) as a person satisfies a lower level need; the next higher need in the hierarchy becomes the primary motivator and remains so even if never satisfied. The exception to this need fulfillment process is self-actualization; as people experience self-actualization, they desire more rather than less of this need. Thus while the bottom four groups are deficiency needs because they become activated when unfulfilled, self-actualization is known as a growth need because it continues to develop even when fulfilled.

2.1.12 Herzberg's Two-Factor Theory of Motivation

Herzberg defined two sets of factors in deciding employees working attitudes and level of performance, named motivation & hygiene factors (Robbins, 2009). Two-factor theory describe job satisfiers are related to job content and that job dissatisfies are allied to job context. Herzberg labeled the satisfiers motivators, and he called the dissatisfier hygiene factors. In Herzberg's theory the motivation factors are intrinsic factors that will increase employees' job satisfaction; while hygiene factors are extrinsic factors to prevent any employees' dissatisfaction. (Fred, 2011).

The implication for organizations to use this theory is that meeting employees' extrinsic or hygiene factors will only prevent employees from becoming actively dissatisfied but will not motivate them to contribute additional effort toward better performance. To motivate employees, organizations should focus on supplying intrinsic or motivation factors (Robbins, 2009).

Extrinsic factors are well known as job context factors; are extrinsic satisfactions granted by other people for employees (Robbins, 2009). These factors serve as guidance for employers in creating a favorable working environment where employees feel comfortable working inside. When all these external factors were achieved, employees will be free from unpleasant external working conditions that will not destroy their feelings of dissatisfactions, but remains themselves neutral in neither satisfied nor motivated; however, when employers fail to supply employees' extrinsic factors needs, employees' job dissatisfaction will arise.

Intrinsic factors are the actual factors that contribute to employees' level of job satisfactions. It has widely being known as job content factors which aim to provide employees meaningful works that able to intrinsically satisfy themselves by their works outcomes, responsibilities delegated experience learned, and achievements harvested (Robbins, 2009). Intrinsic factors are very effective in creating and maintaining more durable positive effects on employees' performance towards their jobs as these factors are human basic needs for psychological growth. Intrinsic factors will propel employees to insert additional interest into their job. When employees are well satisfied by motivational needs, their productivity and efficiency will improved.

This theory further proposed the intrinsic and extrinsic factors are interdependence to each other. Presence of extrinsic factors will only eliminate employees' work dissatisfaction; however, it will not provide job satisfaction. On the other hand, sufficient supply in intrinsic factor will cultivate employees' inner growth and development that will lead to a higher productivity and performance; however, absent of this factor will only neutralize their feeling neither satisfy nor dissatisfy on their jobs. Extrinsic factors only permit employees willingness to work while intrinsic factors will decide their quality of work. These two groups of extrinsic and intrinsic factors are not necessary opposite with each other, as opposite of satisfaction are not dissatisfaction, but rather no satisfaction. Similarly, opposite of dissatisfaction are not satisfaction, but no dissatisfaction (Robbins, 2009).

2.1.13 ERG Theory of Motivation

Alderfer expanded Maslow's basic needs and refined them into existence, relatedness, and growth needs. Alderfer proposed the ERG theory based on results of empirical studies to explain the relationship between satisfaction of needs and human desires. Existence needs include a person's physiological and physically related safety needs, such as the need for food, shelter, and safe working conditions. Relatedness needs include a person's need to interact with other people, receive public recognition, and feel secure around people (i.e., interpersonal safety). Growth needs consist of a person's self-esteem through personal achievement as well as the concept of self-actualization presented in Maslow's theory (Robbins 1996).

ERG theory states that an employees' behavior is motivated simultaneously by more than one need level. Thus, you might try to satisfy your growth needs (such as by completing an assignment exceptionally well) even though your relatedness needs aren't completely satisfied (Conte, 2007).

ERG theory applies the satisfaction-progression process described in Maslow's needs hierarchy model, so one need's level will dominate a person's motivation more than others. As existence needs are satisfied, for example, related needs become more important. Unlike Maslow's model, however, ERG theory includes a frustration regression process whereby those who are unable to satisfy a higher need become frustrated and regress to the next lower need level Armstrong (2001).

For example, if existence and relatedness needs have been satisfied, but growth need fulfillment has been blocked, the individual will become frustrated and relatedness needs will again emerge as the dominant source of motivation. Although not fully tested, ERG theory seems to explain the dynamics of human needs in organizations reasonably well. It provides a less rigid explanation of employee needs than Maslow's hierarchy.

2.1.14 Equity Theory of Motivation

According to Fred (2012) equity theory developed by J. Stacey Adams, proposes that a major input into job performance and satisfaction is the degree of equity or inequity that people perceive in their work situation. Equity is when the ratio of a person outcome to input compared to other person ration is equal. On the other hand inequity occurs when a person perceives that the ratio of his or her outcomes to inputs and the ratio of a relevant other's outcomes to inputs are unequal.

If an employee perceives his/her ratio to be equitable in comparison to those of relevant others, there's no problem. However, if the ratio is inequitable, he/she views herself as under rewarded or over rewarded. When inequities occur, employees attempt to do something about it. The result might be lower or higher productivity improved or reduced quality of output, increased absenteeism, or voluntary resignation Robbins and Coulter (2012).

Fred (2012) describes that both the inputs and the outputs of the person and the other are based on the person's perceptions, age, sex, education, social status, organizational position, qualifications, and how hard the person works. Outcomes consist primarily of rewards such as pay, status, promotion, and intrinsic interest in the job.

The referent is an important variable in equity theory that an individual compare themselves against the other persons, systems, or selves individuals in order to assess equity. Each of the three referent categories is important Robbins and Coulter (2012).

The person category includes other individuals with similar jobs in the same organization but also includes friends, neighbors, or professional associates. Based on what they hear at work or read about in newspapers or trade journals, employees compare their pay with that of others.

The system category includes organizational pay policies, procedures, and allocation.

The self category refers to inputs–outcomes ratios that are unique to the individual. It reflects past personal experiences and contacts and is influenced by criteria such as past jobs or family commitments.

Originally, equity theory focused on distributive justice, which is the perceived fairness of the amount and allocation of rewards among individuals.

2.1.15 Expectancy Theory of Motivation

The most comprehensive explanation of how employees are motivated is Victor Vroom's expectancy theory. As it was described by Robbins and Coulter (2012) expectancy theory states that an individual tends to act in a certain way based on the expectation the attractiveness of that outcome to the individual. It includes three variables or relationships:

Expectancy or effort–performance linkage is the probability perceived by the individual that exerting a given amount of effort will lead to a certain level of performance.

Instrumentality or performance–reward linkage is the degree to which the individual believes that performing at a particular level is instrumental in attaining the desired outcome.

Valence or attractiveness of reward is the importance that the individual places on the potential outcome or reward that can be achieved on the job. Valence considers both the goals and needs of the individual.

2.2 EMPIRICAL REVIEW

A number of studies both locally and internationally have been done on the effect of motivation on employees' performance. For instance study on Kenya Hotels that is conducted by Wafula et.al. (2015) with the purpose of determining effect of extrinsic motivation on employee performance in medium class hotels in Kisumu city, Kenya is one of them. The specific objectives of the study were to examine the effects of working conditions, incentives and interpersonal relations on employee performance.

Staffs of an organization are key resources for the success of the business. Employees' motivation whether professional, skilled or unskilled, is a major issue in all service organizations. According to Wafula et.al. (2015) there has been little emphasis to determine the effects of extrinsic motivation practices on employee performance in the hotel industry within Kisumu city in Kenya. Without adequately addressing employee motivation success or high productivity may not be met by the hotels at the end of a set period. It is therefore of great concern to hotel management to develop cheap yet effective extrinsic motivation to enhance employee performance at the same time increase profitability and productivity.

Motivation of employees in the work place still remains one of the sensitive subjects that determine the level of input that employees will exert in the organization. This means that motivation either intrinsic or extrinsic contribute to employee satisfaction and thus enhances performance and productivity.

Other study by Justin (2008), shows public mission of an organization has the capacity to motivate individuals employed by government organizations. From the study two factors, identity and professional position, impact the way the informants conceived of the University's mission. While some employees, as a result of their professional position and the subunit identity of their division, can gain motivation from the public mission of an organization, it seems that others will be less than likely to receive similar types of benefits.

Public sector managers should have awareness on motivational limitations of the public mission for certain sets of employees. They will have greater reason to acknowledge that stressing the public mission to some sets of individuals may not be a successful way to increase work motivation, could save valuable amounts of time and other organizational resources.

Furthermore, managers should now be able to concentrate on stressing the public mission to those whose unit identity already encompasses the public mission. It helps to increase work motivation for workers who are more than likely to benefit from an increased awareness of the public mission.

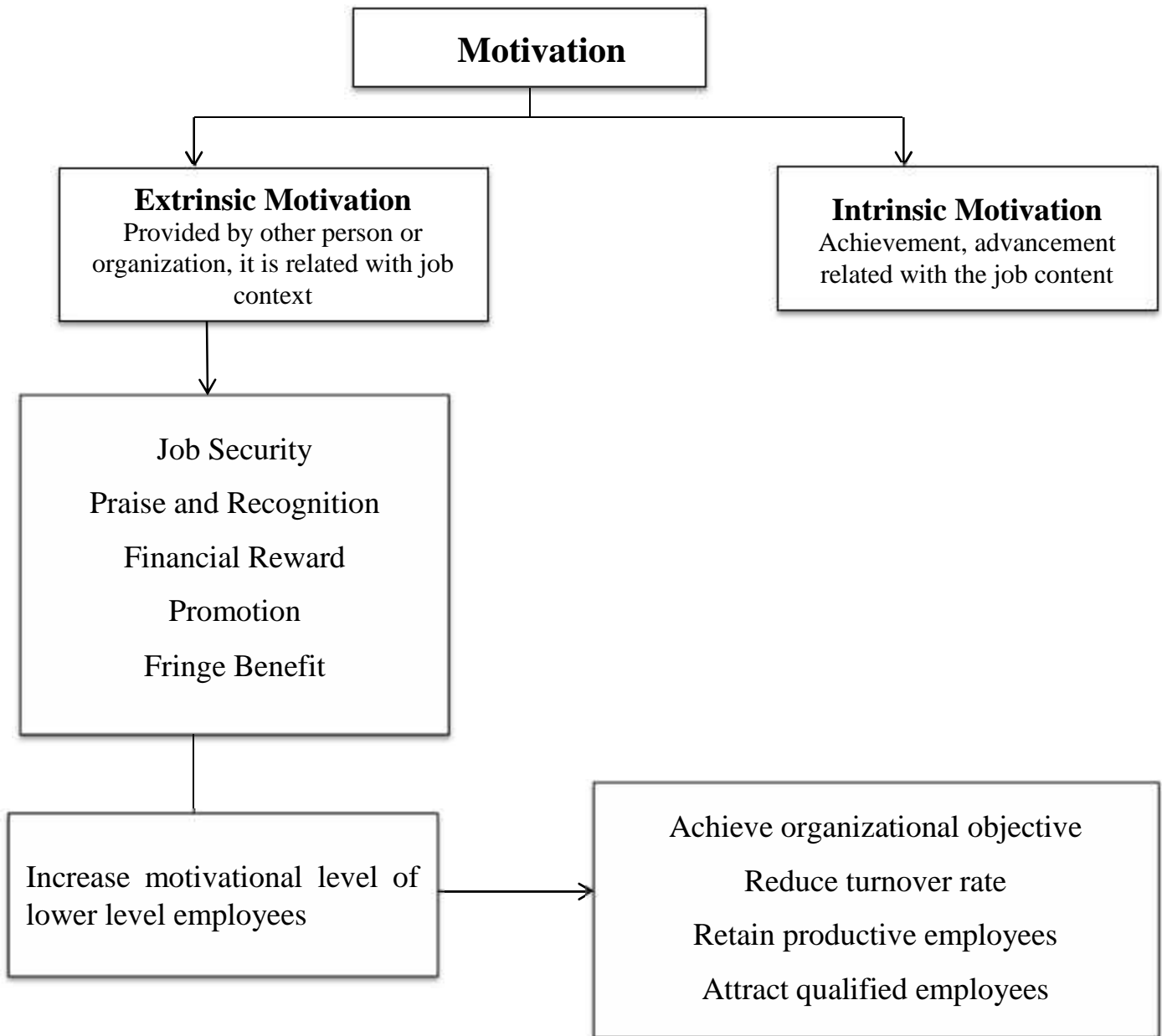
A study on motivating public sector employees by Yair (2010) reveals that motivation plays a key role in employee job performance. Thus, employee motivation has long been a central research topic for scholars and practitioners. Approaches were developed to study practical application of motivational factors in private and public sector. But less study was conducted on private sector this is due to the latest financial crisis of the country government focus on public sector to be productive.

From the study different motivational factors were used which are translated to concrete and practical tactics that can help to motivate public employees. Furthermore, the case of plateaued employees is presented in order to demonstrate how the different tactics can be combined to tackle a specific problem that the public sector confronts.

The public sector faces unprecedented challenge, which can be overcome only by the work of highly motivated and productive employees who get “more for less”. Yet, there is a common belief that public managers do not have means to stimulate their employees, due to rigid civil-service laws.

The implementation of these motivational factors requires courageous and vigorous managers, who are willing to tackle the challenge of motivation and be honest and open with their employees. Yet, if public managers do choose to take action and absorb the proposed motivational tactics, instead of whining about being helpless, then there is a good chance that public administration performance will improve dramatically.

2.3 Conceptual Frame Work



CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter presents research methodologies that are used in this study. It describes the research approach and design, sampling techniques and procedures, data collection method and procedure and data analysis method.

3.1 Research Design and Approach

3.1.1. Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. (Kothari 2009 pp31) Research design is detailed blue print used to guide a research study towards its objectives. Descriptive research design was used to describe and interpret implementation of extrinsic factor of motivation.

Descriptive design was appropriate for this research in order to get evidence concerning the current conditions and point to present needs, to study immediate status of the phenomenon, to describe what exists or factual findings, and to examine relationships of traits and characteristics (trends and patterns) (Yogesh, 2006, PP105)

3.1.2. Research Approach

In this study mixed research approach particularly sequential exploratory method was adopted and both qualitative and quantitative approach was implemented sequentially. For the sequence an initial phase of qualitative data that is through semi structured interview was gathered first because it explores phenomena and helps in assessing level of employees' motivation that is affected by extrinsic factor of motivation. After that quantitative data through questionnaire was gathered to get a complete view of the factor. Collection and analysis of quantitative data was followed by a collection and analysis of qualitative data so that results from the interview can assist in explaining and interpreting the findings of a questionnaire.

The reason behind selecting mixed method was the initial result of the study needed to be further explained. It also gives an opportunity to draw advantages from both qualitative and quantitative methods. The intent of this study was to show how the implementation of extrinsic factor of motivation on employees' performance in which the qualitative data collected was helpful in the interpretation of the quantitative. Priority was given to the qualitative aspect of this study.

3.2. Sampling Technique and Procedure

A sample refers to a set of individuals/companies selected from an identified population with the intent of generalizing the findings to the entire population. A sample is drawn as a result of constraints that make it difficult to cover the entire research population (Leedy and Ormord, 2005). Sample design deals with the sample frame/population, sample size, sampling techniques. Paragraphs that follow discuss issues pertaining to sample frame, sample size and sampling techniques respectively.

3.2.1 Sampling Technique

For the qualitative method purposive sampling was used i.e. based on characteristics of a population and the objective of the study was used to collect data from appropriate individuals these are head of performance and implementation of the tax administration process, tax audit process, customer service process and resource management process department using the interview mechanism. These managers are considered to be appropriate because majority of lower level employees from the branch office are found in these departments.

Similarly, under quantitative method four departments were selected to distribute questionnaires because majority of lower level employees are found in these departments considering the remaining minority of the population are represented by these groups. Then convenience sampling was used to select respondents based on relevance and proximity of case at hand.

3.2.2 Population

According to Geoffrey et al, (2005) a population is all individual of interest to the research that a sample is drawn from. The target population that is suitable for this study was 406 employees

and 9 department managers of ERCA. Out of which samples was taken from large taxpayer branch office in order to generalize the entire population.

The very reason why Ethiopian Revenues and Customs Authority were selected for this study is that the organization has large number of customers who are tax payers and investors. In order to satisfy the need of variety of customers employees have to be motivated. Addis Ababa was selected because majority of ERCA customers are resident of the capital city.

3.2.3 Sampling Size

Sampling refers to the statistical process of selecting and studying the characteristics of a relatively small number of items from a relatively large population of such items, to draw statistically valid inferences about the characteristics of the entire population. Prior to the actual data collection, emphasis was made on the determination of sample size that is mainly dependent on the purpose of the study, available resource and precision (variance) required.

A qualitative study of four department heads from performance and implementation of the tax administration process, tax audit process, customer service process, and resource management process department representing large tax payer branch office was selected to conduct the interview by using semi-structured interviews. These managers represented the remaining departments because they are managers of majority lower level employees. A semi-structured interview approach was preferred to structured interviews in order to ensure an appropriate degree of consistency, while at the same time retain enough flexibility to allow participants to express their views in full. The data was collected during in-depth discussions of around 1 hour in length.

A quantitative survey-based study using an instrument was developed after completion of the literature review and qualitative study. From four departments 182 officers were selected for survey. Population size of the four departments was composed of 334 that represent the entire population of 406 using convenience sampling to give their response for the questionnaire. A convenience sampling was used by selecting members from a larger population according to convenient availability of to participate in study. In each case, confidentiality was assured.

Sample size for each of the category or group was determined with DeVaus (2002) formula

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

Where:

n = sample size,

N= population universe and

e= the confidence level

The formula adopted a confidence level of 95% and the margin of error is therefore 5% which is acceptable in social science research. The break down for each department was calculated as follows:

$$n = \frac{N}{1+N(e)^2} = \frac{334}{1+334(0.05)^2} = 182$$

To distribute sample size over the departments' percent of employees on each department were identified and 182 respondent of sample size was distributed based on the percentage.

$$\frac{\text{Number of employees in the department}}{\text{Total population frame}} \times 100$$

Table 3.1 Distribution of respondents of questionnaires

Departments	Population Frame	Percentage/population	Sample size
performance and implementation of the tax administration process	92	27.54	50
tax audit process	91	27.25	50
customers service process	50	14.97	27
resource management	101	30.24	55
Total	334	100	182

3.3. Data Collection Methods and Procedures

Data collection techniques refer to secure information from individual for survey research purpose (Kothari, 2004). Most of the data presented in the study were collected through primary

sources through questionnaires and semi-structured interviews from branch office managers and employees at performance and implementation of the tax administration process, tax audit process, and customer service process and resource management process department.

3.4. Data Collection Procedures

For the purposes of this research, semi-structured interview and questionnaire were used. A semi-structured interview of qualitative method was used because it combined a pre-determined question that allowed discussion with the opportunity for the interviewer to explore particular subjects or responses further. The researcher developed the questionnaire and along with sibling distributed it to the employees. On the other hand to have a deep discussion and understanding of the factor the interview was conducted only by the researcher.

Quantitative survey-based data was collected through developed questionnaires that provided a relatively cheap, quick and efficient way to obtain large amounts of information from selected sample size.

Certain questions were prepared that guided the researcher to have a deep discussion while conducting semi-structured interview towards the satisfaction of research objectives. Then quantitative data was gathered through questionnaire to get a complete view of the factor.

To conduct the research the researcher has contacted the managers of the branch office and they were assured the data was for academic purposes only as the same time employees were guaranteed that confidentially are assured and no one would fall a victim because of any adverse findings in connection with their professional duties.

3.5. Data Analysis Methods

The obtained data from ERCA LTP respondents through questionnaires and interview are analyzed and interpreted to present meaningful finding on the implementation of extrinsic motivation on government organization.

The data that have been collected from the interview was analyzed using a specific form of content analysis. Interview transcripts were read in detail, and all apparently significant phrases was highlighted and summarized in text.

Descriptive statistical techniques are used for the data collected from employees through questionnaires. The data were wisely coded and checked then presented based on mean, overall mean and standard deviation. Statistical Package for the Social Sciences (SPSS) version 20 was used to analyze and interpret the data that was gathered from employees through questionnaires and to arrive at meaningful results.

Descriptive statistics was used to illustrate the response from respondents and presented in the form of mean, overall mean and Standard Deviation. According to Bartz (1971) Mean is the average of a data set thus the score may not actually occur in the data. Overall mean also known as grand mean is the mean of the means of several subsamples, as long as the subsamples have the same number of data points. Standard deviation measures dispersement of data. It shows how much data is spread out around the mean or average.

The feedback of the respondents for the variables indicated below were measured on five point Likert scale with measurement value 1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, and 5 = Strongly agree. Likert scale values were interpreted using Yonas (2013) ranges of values that is: 1-1.8= strongly disagree; 1.81-2.6 = Disagree; 2.61-3.4= Neutral; 3.41-4.20= Agree; and 4.21-5 = Strongly Agree Best, 1977 (cited in Yonas, 2013).

CHAPTER FOUR

RESULT AND DISCUSSION

4.0 Introduction

This chapter contains analysis and interpretation of data that was gathered in the form of semi-structured interview and questionnaire. Among 182 respondents selected for questionnaire all of them returned full data. Sample group selected for the questionnaire are officers. For the qualitative study that is semi-structured interview four selected department heads were cooperative.

4.1 Respondents Demographics

For this study demographics represent characteristics of the population that includes gender, educational level and year of service in the organization that allows the researcher to know who the respondents are and to what extent they understand the questions.

As it is indicated below ERCA has greater number of female respondents that is 107 (58.8%) and the remaining 75 (41.2%) are male. This implies that the branch office gives more opportunity for female candidates. Education has significant effect on individual's attitude, response and way of understanding different factor therefore it becomes vital to know the educational background of the respondents. As it is indicated below there are no diploma holders at officer level all of them are professional that consists of 161(88.5%) Degree holders and the remaining 21(11.5%) are Masters Holders. This indicates that all ERCA officers are well educated which allow them to give better service to their customers.

Year of service in organizations shows higher or lower level of employees' turnover rate. The data gathered from respondent shows that the branch office has employees with mixed level of experience. 36(19.8%) have been working with the branch office less than a year, 112(61.5%) have stayed for 2-3 years, 21(11.5%) stayed for 4-5 years and 13(7.1%) served more than five years. As we can see from the breakdown majority of employees have less than three years work experience this shows ERCA have high turnover rate. High turnover rate cause organizations to constantly hire and train new employees. When organizations have high turnover it is difficult for employees to focus on achieving the objective the organization.

Table 1. Demographic Distribution

Respondents	Frequency	Percent
Male	75	41.2
Female	107	58.8
Total	182	100.0
Diploma	0	0
Degree	161	88.5
Masters	21	11.5
Total	182	100.0
0-1 years	36	19.8
2-3 years	112	61.5
4-5 years	21	11.5
Above 5 years	13	7.1
Total	182	100.0

Source: Own survey, 2018

4.2 Extrinsic Factor of Motivation

The study assesses the implementation of five extrinsic motivational factors in ERCA LTP. Selected respondents were asked to put a tick mark on distributed questionnaire to show their level of agreement and disagreement towards motivational factors provided by the organization.

4.2.1 Job Security

Employees prefer jobs that are secured for the service they provide to the organization especially in time of high unemployment rate. From the below table the mean score value is 3.4835 and standard deviation value is 1.29053. This indicates most respondents agree with ERCA giving attention for securing employees' job. A secured job helps employees to perform their task with a free mind because there is no risk against losing their job thus they can exert better performance and commitment to the organization.

The future holds full of unpredictable and uncertain economic condition. Employees are considered to have a secured job when they are assured to have continuity in their job regardless of the economic condition in the country. The result shows that most of respondents agree with the mean score value 3.6868 and standard deviation value is 0.96097. Therefore employees agree on having a secured job for reasonable period of time regardless of the economic condition of the country.

Table2. Job Security

	N	Mean	Std. Deviation
ERCA gives attention for securing my job	182	3.4835	1.29053
Regardless of the economic condition of the country i have assured a secured job for reasonable period of time	182	3.6868	.96097
I feel safe and protected working in ERCA that will motivate me to exert more effort to improve my performance	182	3.4505	1.28968
Organizational policies and procedures makes me feel I am treated fairly	182	3.8571	1.15219
Overall Mean	182	3.62	

Source: Own survey, 2018

Organizations are responsible for providing safe and conducive working environment for their employees' so that they feel virtuous when they arrive at work. As it is stated by Fred (2011) Maslow's third level of need hierarchy is safety need. These needs are security and protection from physical and emotional harm. The above table shows that 3.4505 mean score and standard deviation value 1.28968. As a result ERCA respondents agree that provision of safe and protective environment improves their performance. From the result it can be concluded that

employees consider better working conditions can help them to improve their level of performance. Management should keep on providing improved working condition and environment for better employees' performance.

Every organization has policy and procedures that create code of conduct, listed out duty and responsibilities for employee and employer. It is created to protect right of employees while keeping interest of the organization. This policies and procedures have rules about employee behavior, attendance, dressing code, customer service and other areas related to the terms and conditions of employment. As it is illustrated on table 2 mean score value is 3.8571 and standard deviation 1.15219, this indicate that ERCA employees' agree on policies and procedures of the organization makes them feel that they are treated fairly therefore it helps ERCA to establish persistent way of doing things, easily address same message to all staff, promote fair and equal treatment of employees and contributes on reduction of conflict throughout the organizations.

Generally, the overall mean score value 3.62 shows that respondents agree on government employees have more secured and stabled job than private sector employees. Once an employee is being hired permanently probability of losing their job because of unstable economic condition, higher unemployment rate, low sales or other factor is low unless for major error or illegal act. Same is true with ERCA employees' they have no fear of losing their job. Therefore employees can focus on their job and work hard to improve their skill and knowledge.

4.2.2 Praise and Recognition

Employees expect recognition for the effort they put on their work because it confirms their work is valued by the organization. When employees work are valued their motivation and productivity level increases which enables them to maintain or improve their good work. As it is indicated on the below table the mean score value is 2.3077 and standard deviation value is 1.21857. This shows that ERCA employees disagree with the organization recognizing their effort. It makes it difficult for ERCA to attract potential qualified professionals also it discourages existing employees to put extra effort.

The below table also indicate mean score value of 2.2033 and standard deviation value 0.89652 that is result for disagreement. As a result ERCA employees disapprove of getting different forms of praise such as cash and time off for the effort they put on their work. Employees feel

good when they are being praised and receive positive feedback. It is advantage for ERCA to praise its employees because they can use it as one mechanism to reduce turnover in the meantime the recipients feel good about their work that will contribute to innovative thinking and creative problem solving.

Table 3. Praise and recognition

	N	Mean	Std. Deviation
ERCA management recognizes my effort	182	2.3077	1.21857
The management provide different forms of praise for my effort such as cash and time off	182	2.2033	.89652
Praise and recognition improve my performance	182	3.5385	1.27282
Formal praise and recognition motivates me more than informal praise and recognition	182	3.7253	1.05711
Praise and recognition should be given for outstanding performance	182	3.7033	.95182
Overall mean	182	3.10	

Source: Own survey, 2018

When praise and recognition are provided to best performance it increases the performance level of employees. The management is responsible for identifying employees with higher performance, who achieve their goal on time so that they are selected for praise and recognition. The data gathered from respondents' shows mean score value of 3.5385 and standard deviation value 1.27282 revealing that they agree on praise and recognition improving their performance but from the reply we have seen previously employees of ERCA are not receiving both that contributes to the high turnover rate.

There is a difference between formal and informal praise and recognition. Formal recognition is defined by structure and process that includes yearly service award and employees' appreciation day, which takes place with the presence of all employees' on the other hand informal recognition, are in form of verbally saying thank you, personal recognition or note from supervisor recognizing the effort of employee. The mean value of 3.7253 and standard deviation value of 1.05711 shows employees agree on formal praise and recognition as motivational factor than informal one. This shows that employees wish to receive formal praise and recognition that informal. It is factual that formal is preferable because it improve other employees moral, increase loyalty and productivity. It also motivates all employees to work hard.

Giving praise and recognition for outstanding performance creates a happy feeling and motivate employees which contribute to retain productive employees. The above table specify mean score value of 3.7033 and standard deviation score value of 0.95182. This shows that employees agree on the fact that praise and recognition should be given to outstanding performance. When organizations notice and award outstanding performance employees feel a sense of ownership and belongingness for their work as well as the organization. It also helps the organization form work environment that inspires teamwork.

Praise and recognition is crucial for employees especially for those who work hard. The procedure itself has to be clear and uncorrupted. As it is responded by the resource manager ERCA employees' praise and recognition process start with day to day monitoring in the form of one to five evaluation methods. It is used to improve employees' moral, to correct their mistakes, supervise and advise them. Department heads and supervisors take the daily one to five evaluation results in to consideration when they go through the formal evaluation process. Then once a year formal recognition is organized to award those with outstanding performance or who perform beyond obvious. The organization regulation suggest employees who score 50% and above on their performance evaluation to receive recognition along with one or two step promotion but practically what they get is certificate and trophy, there is neither promotion nor monetary reward which could boost their moral.

The overall mean score value 3.10 shows employees are neutral toward praise and recognition. Even if there is proper structure and regulation that suggest those employees with greater effort and evaluation result should get praise and recognition it has never been provided for officers rather few employees at managerial level receive these rewards. Therefore it would be encouraging for ERCA employees if the organization implements the regulation that suggests formal praise and recognition for outstanding performance.

4.2.3 Financial Reward

Financial rewards are additional monetary incentives an employee gets beside permanent salary for good performance or for the effort they make on achieving organizational goal. The below table indicates 1.6319 mean score value and 0.94704 standard deviation score value. The result shows that there is a unanimous strong disagreement on ERCA using financial reward methods such as bonus, pay, compensation and commission to motivate its employees. When employees are provided with financial rewards such as bonus, pay, compensation and commission it is one way of showing them that their contribution and work to the organization have been valued. With the current living standard of employees and constantly increasing cost of living of the country employees expect to get additional incentives for the effort they put on their job and to stay with the company.

Herzberg explains extrinsic factors that are well known as job context factors; are extrinsic satisfactions granted by other people for employees (Robbins, 2009). When all external factors were achieved, employees will be free from unpleasant feeling. However, when employers fail to supply employees' extrinsic factors needs, employees' job dissatisfaction will arise. Since officers are lower level employees' financial reward has significant effect on their motivation.

Table 4. Financial Reward

	N	Mean	Std. Deviation
ERCA uses financial rewards such as bonus, pay, compensation and commission to motivate me	182	1.6319	.94704
ERCA provide bonus to motivate my hard work towards specific goal	182	1.7033	.98041
The organization has a good pay system that recognize and maintain my performance	182	3.3791	1.21419
ERCA provide me commission for the service I provide for customers	182	1.6154	1.08500
ERCA has a compensation system to improve my performance	182	1.8626	.99047
Overall Mean	182	2.04	

Source: Own survey, 2018

Bonuses are unusual cash payments given to individual employees for achieving particular objective at times for holidays. It could be provided to employees based on performance or for all employees regardless of their performance such as holiday payments either ways it motivates employees, increase their confidence and retain productive employees. From the table it is understandable that the mean score value is 1.7033 and standard deviation value of 0.98041. The result reveal that employees strongly disagree on ERCA providing bonus to motivate their hard work towards specific goal and it shows that ERCA employees would like to receive bonus but it was not provided by the authority.

ERCA is one of the leading organizations owned by the government that is considered as income generating. Comparing to other government organizations ERCA has good paying scale for officers. When we see the above table it has mean score value of 3.3791 and standard deviation 1.21419 which shows employees agree on the organization having a good pay system that recognize and maintain their performance. Based on Fred (2012) employees feel unequal

treatment when a person notices that the ratio of his or her outcomes to inputs and the ratio of a relevant other's outcomes to inputs are unequal. With this we can understand that employees are neither satisfied nor dissatisfied with ERCA pay scale. In future ERCA along with the government have to revise their pay scale to attract more experts and keep the current.

Commission is money paid for an employee at a completion of a task or sales target. It is usually paid for sales staff which enables high performing sales people to earn huge amounts. ERCA is service providing government organization therefore it could not provide commission for its employees. That is what the table clearly indicate with the mean score value of 1.6154 and standard deviation value of 1.08500. This is a strong disagreement on ERCA providing employees' commission for the service they provide for customers.

Compensation is monetary and non-monetary payments that employees receive in exchange for the work they do. It is beyond employees' permanent paid salary. From the survey gathered the mean score value is 1.8626 and standard deviation value of 0.99047. That is employees' disagreement on ERCA having a compensation system that improves employees' performance.

According to Robbins and Coulter (2012) equity theory states that an individual compare themselves against the other persons, systems, or selves individuals in order to assess equity or input to output ratio. ERCA employees compare the level effort they put in to their work and financial benefit they receive from the organization. Therefore the overall mean score value 2.04 reveal that ERCA employees' disagreement or dissatisfaction with financial reward system.

The only monetary incentive provided by ERCA is their salary but for non-monitory the government employees are provided with uniforms and hygiene Products. Cost of living of the county is rising throughout years due to inflation and devaluation of currency, rapid increase in house rent and related factors so it is getting difficult for people to live with salary only. Government employees' salary has been revised but still it is lower than private sector. With this factor it is essential to provide financial rewards to motivate and support employees. From the data gathered it is clear that ERCA has a financial reward system that is dissatisfying its employees.

4.2.4 Promotion

Promotion is the advancement of an employee to a new position within an organization. It is as a result of an employee's active participation and higher achievements on their job. Normally it is related with a higher rate of payment. The result from the below table shows mean score value is 3.3462 and standard deviation value is 1.38499. This shows that respondents are neutral with the promotion they get for their effort. As the researcher discuss with resource manager it is fast and easier for officers to get promotion but once they get to senior office II position probability of getting promoted becomes harder because the position after that require only one person and those employees who have the higher position stays for long time.

Table 5. Promotion

	N	Mean	Std. Deviation
ERCA motivate me by promoting greater performance so that I will exert better effort	182	3.3462	1.38499
ERCA has uncorrupted promotion system that motivates me to work hard for better position and salary	182	3.7967	1.16457
The organization promotion provide continuous learning and increase employees effectiveness	182	3.8626	1.43278
I am capable of getting a promotion if I make an effort to do my job well	182	3.5989	1.21164
Promotion are mostly for those who know the right person in administration	182	2.0989	1.15203
Overall Mean	182	3.34	

Source: Own survey, 2018

Organizations that lack to provide promotional opportunities to their employees or those with the corrupted system neglecting efforts of employees tend to force employees to look for other job. As it is indicated on the table the mean value is 3.7967 and standard deviation value is 1.16457. Therefore it shows that employees agree on ERCA having uncorrupted promotion system that

motivates employees to work hard for better position and salary. This shows that employees can work hard to get promotion knowing also they can contribute to the growth of the organization. Continuous learning is the process that includes an individual updating a skill and constantly expanding knowledge. As it is indicated on the table the mean score value is 3.8626 and standard deviation value is 1.43278. Saying that respondents agree that ERCA promotion provides continuous learning to increase their effectiveness. This shows that employees are continually developing their knowledge and skill when they are promoted. Employees can give better service for their customers when they have full knowledge of the work they do.

The respondents were asked to rate capability of getting promoted if they make an effort to do their job, as it is seen from the table mean score value of respondents is 3.5989 and standard deviation is 1.21164. Therefore majority of respondents agree on getting promotion based on effort. The result reveals that promotion in ERCA is for those who commit themselves in their job. It also encourages and motivates others to work hard for better position. Motivated and dedicated employees build loyalty with their organization furthermore it increases reputation of the organization and attracts new quality employees.

Favoritism in promotion exists when a person at higher authority favors an individual employee or group for reasons outside their job performance. It is risky for organizations to promote employees under favoritism because there is a probability of losing potential employees, lower morale as well as commitment and face employees' resentment. The data gathered from ERCA officers' shows that mean score value is 2.0989 and standard deviation value is 1.15203. This confirms that ERCA works to retain employees by applying a fair promotional system.

Going through the evaluation process from time to time employees' eagerly wait for their effort to be recognized and promoted. With organizations like ERCA where there are no financial rewards the only way employees can get salary increment is through promotion. ERCA promotion criteria are based on continuous evaluation and result of employees' performance. The overall mean score value is 3.34 indicating employees are neutral with promotion. The reason behind it is, it is easier and faster for officers to get promotion up to team leader job position which is inspiring for the remaining officers but after they reach that position there is very low almost no opportunity getting to the next level because the position is only for one person and those who

has the position do not leave often so after employees reach senior officer II position they tend to look for other job outside the organization because they look for change and new experience. This is one of the facts for ERCA employees' high turnover rate.

4.2.5 Fringe Benefit

With the competent market and expensive cost of living employees are aware and constantly looking for organizations that provide benefits in addition to better salary. Organizations work hard to attract and retain talented employees because of the competitive labor market. Fringe benefits have been mostly used strategies by most organizations to attract and retain qualified employees. But the result from below table indicate mean score value of 3.0165 and standard deviation value of 1.28086. The mean score result shows that employees are neutral with awareness towards fringe benefit such as health insurance, company car and housing allowance. It is preferable for employees to develop their awareness towards fringe benefit so that they expect to receive from the organization.

Table 6. Fringe benefit

	N	Mean	Std. Deviation
As an employee I am aware of fringe benefit such as health insurance, company car and housing allowance	182	3.0165	1.28086
ERCA provide health insurance that motivates me and attract quality candidates	182	1.3516	.77778
Transportation facility is provided by the organization to reduce delay and arrive at work on time	182	3.6923	1.02124
I can cover my work for the day by arriving at work on time and increase my performance	182	3.9451	1.24255
Availability of housing allowance will reduce my financial burden and mental stress as the same time I can focus on my job	182	3.8626	.89679
Overall Mean	182	3.17	

Source: Own survey, 2018

Health insurance is payment made by organization to cover medical expenses of an employee. It is uncommon for government organizations to provide medical care for its employees' this could be due several reasons. The fact is that employees prefer organizations with inclusive benefit package one of it is health insurance. Table 6 shows mean score value of 1.3516 and standard deviation value of 0.77778 for ERCA providing health insurance that motivate employees and attract quality candidates. The result unanimously reveals that employees disagree on ERCA providing health insurance.

Good transportation facility enables employees to arrive at office on time. Public transportation is a great advantage the government provides for all public employees. As it is indicated on the table the mean score value is 3.6923 and standard deviation is 1.02124 3. This shows that ERCA employees agree with transportation facility provided by the organization reduces delay and they arrive at work on time so that they don't have to wait for long queue to get a taxi this boost morale to work hard.

All organizations especially service providers need punctual employees since they have customers waiting for them and it affects the reputation or the organization. It is noticeable that when employees arrive on time they can cover their work for the day and also it gives them time to think more creatively. As it is indicated on the above table the mean score value is 3.9451 And standard deviation is 1.24255. This shows that employees agree that on time arrival improves their performance because they can cover their work for the day.

Housing is one of the highest challenges all employees face this days. Every employee would be attracted to organization that provides housing allowance. From the data gathered the mean score value is 3.8626 and standard deviation value is 0.89679. The result reveal that respondents agreed that if housing allowance is provided it would reduce their financial burden and mental stress as the same time they can focus on their job. Even if housing allowance is preferable by employees the amount provided by the branch office was insignificant therefore organizations could easily lose their valuable employees if they find other organization that fulfills their basic need.

The overall mean score value is 3.17 so employees are neutral with fringe benefits provided by ERCA. In general different benefits are provided by the organization to employees, these are additional compensation provided besides normal salary. ERCA benefit package include housing

allowance, mobile cards, movement allowance and transportation. Movement allowance is transportation allowance provided for officers to use it when they visit different customer offices for auditing or other related work and mobile allowance are for specific people such as auditors. Government provides transportation service for all public employees which reduces the stress of transportation problem but considering the current cost of living of the country all the benefits are insignificant except for transportation which does not consider the living standard of the country. The other bad thing is those who are not professional do not get any benefit thus it create unhappiness, dissatisfaction and dispute among nonprofessional employees.

4.2.6 Employees perception towards ERCA

Finance is base for every human being therefore rewarding employees with finance is considered as the most efficient tool for organization to move successfully and inspiration them to achieve greater organization goals. The data collected shown in table 7 reveals that mean score value is 1.6538 and standard deviation is 0.87061. Employees strongly disagree on ERCA's overall financial reward system improving their performance. Therefore financial rewards have significant effect on employees' performance because it reduces financial burden and mental stress of employees. It is advised for ERCA to work with higher officials to create financial reward system to motivate and retain productive employees.

Table 7. Employees perception

	N	Mean	Std. Deviation
Financial reward provided by the organization improves my performance	182	1.6538	.87061
Evaluation process of employees' performance is clear and acceptable	182	3.7967	1.25147
I am motivated enough to work with the branch office for longer period of time	182	1.8791	1.18308
Experience I get working in ERCA improves my performance	182	3.8407	1.27531
Overall Mean	182	2.79	

Source: Own survey, 2018

Employees with greater effort expect their managers to recognize, acknowledge and approve their effort then praise them. Organizations use evaluation process to identify employees' contribution to the development and achievement of their objective. From the above table 7 it is clear that the mean score value is 3.7967 and standard deviation value is 1.25147 so employees agree on ERCA clear and acceptable performance evaluation process. Clear and acceptable evaluation process are advantageous for both employee and ERCA by motivating employees to put their effort in producing quality of work and employers can produce accurate appraisal documentation then reward effective employees.

Motivating an employee is not easy but essential to retain a productive, qualified and creative professional which contributes to growth of the organization. In table 7, mean score value is 1.8791 and standard deviation value is 1.18308. From the result most respondents disagree on staying with the organization for long period of time. Therefore ERCA employees are not motivated enough to stay with the organization for long period of time. This shows that ERCA could lose valuable professionals due to lack of motivational factors. It is advised ERCA along with the government to revise their system to retain quality employees this could reduce their turnover rate.

Employees joining different organization to get experience and expand their knowledge and ERCA employees are not exceptional. When employees get good experience from their organization they can have the potential to sustain competitive advantage for the organization. The above table shows mean score for experience employees get working in ERCA that contributes in improving their performance is 3.8407 and standard deviation 1.27531. It shows that employees agree with the statement. Employees earn knowledge as they join ERCA, sustain and transfer knowledge throughout the organization. Finally it is better for ERCA to revise its regulation to retain valuable employees, to reduce cost related with high turnover rate.

Even if employees are satisfied with the organization evaluation process and experience they get the overall mean score value is 2.79. This shows that employees' perception towards the organization is dissatisfied. Therefore the branch office has to work hard to motivate their employees. If the branch office continues to work in such a way not only it loses its productive employees but also it affects its reputation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This final chapter consists of summary of the findings, based on the analyzed data the researcher has drawn a conclusion then make recommendations for the study and areas of further research are suggested.

5.1 Summary of Finding

Summary of finding is organized around the research analysis and interpretation addressing the implementation of extrinsic motivation on government organization which was based on the research objective. For the research four department heads and 182 employees' were selected and responded. From the study majority of ERCA employees 58.8% were female and 41.2% were male.

On the factors that motivate employees five extrinsic factors were taken to assess how ERCA implement them these are job security, praise and recognition, financial reward, promotion and fringe benefit. Employees were asked different questions that might affect their job in relation to attention for their job, economic condition, safe working environment, and organizational policy and procedure. Mean value of 3.4835 shows that most of the respondents agreed on ERCA giving attention to their job, Mean value of 3.6868 agree on having a secured job regardless of the economic condition of the country, 3.4505 result reveal the mean value of employees agreed that they feel safe and protected working in ERCA. With regard to policies and procedures mean value of 3.8571 agree that it promotes equality.

From the result mean score value of 3.5385 it can be concluded that ERCA employees clearly agreed on praise and recognition improving their performance. Then 3.7033 mean score shows employees agreement on rewarding outstanding performance and respondents mean value 3.7253 shows they prefer formal recognition than informal. However 2.3077 mean score value reveal that ERCA did not recognize their effort and 2.2033 mean score shows employees disapprove the organization providing different form of recognition.

As it is responded by 3.3791 mean score value of the respondent ERCA have good pay scale but less than 1.8626 mean score vale of the respondents show the level of disagreement with ERCA financial system or majority of them agreed on ERCA discouraging financial system that does not provide bonus, compensation and commission for the service they provide. The study reveals that employees are motivated by ERCA promotion system.

More than 3.3462 mean value shows that ERCA promotion system is reasonable and uncorrupted that promote continuous learning and any one with greater effort can get promotion. The study reveals mean score value 3.0165 that is neutral with fringe benefit awareness but 1.3516 mean score shows employees unanimously agreed that ERCA does not provide health insurance. 3.8626 mean value shows respondents reply on housing allowance reducing their financial burden but what is provided was insignificant. On the other hand mean score value 3.6923 shows employees agreement regarding transportation facility provided by the government and 3.9451 mean score reveal employees agreement on availability of transportation contributing to their performance because they arrive at work on time.

5.2 Conclusion

Motivated employees have significant role on the success of every organization by providing quality service to customers. In order to retain motivated, competent and productive employees who brings competitive advantage, organizations need to have effective, clear and well-articulated motivational system. Extrinsic motivational methods are used by most organizations to keep their employees motivated. For this research job security, praise and recognition, financial reward, promotion and fringe benefits were used to assess the effect of extrinsic motivation on employees' performance.

The study result showed that the implementation of job security has a positive outcome on employees' motivation. Saying that employees' have no fear of losing their job due to change in economic condition of the country or other factors.

When promotion is based on favoritism it creates major dissatisfaction among employees but ERCA employees are satisfied with the promotion procedures and availability of fair promotion for those with greater effort therefore there the implementation of promotion has effect on motivating lower level employees. On the other hand the result shows that there is a significant

relation between praise and recognition and employees' motivation but employees' feel dissatisfied with the procedure because their outstanding performance have not been recognized and rewarded.

The data gathered from ERCA employees' revealed that financial reward would reduce their financial burden and motivate them to work hard as well as stick with the organization. For lower level employees' monetary reward is not only motivational but also significant since cost of living is getting higher through time it is difficult to lead a life with salary only. Along with financial reward fringe benefits are also great advantage for employees. From the data analyzed ERCA have no financial reward system. The organization has no health insurance yet it provides transportation facility for its employees considering housing allowance and other benefits it was insignificant.

Generally, the research shows that extrinsic motivation has positive and significant relation with employees' motivation but some motivational factors were not provided and those available were insignificant which shows the branch office should take this in consideration to revise their administration system.

5.3 Recommendation

Based on the research finding and conclusion the following recommendations are made

- It is recommended for ERCA to keep on providing a secured job for its employees' so that they will have no fear of losing their job because of unemployment rate and unstable economic condition.
- Along with job security it is advised for the branch office to have an open discussion with its officers to improve the implementation of their policy and procedure consequently provide safe and protective working environment.
- It is fact that transportation service is provided by the government instead of transportation allowance so it would be better if government provide long term housing mortgage instead of insignificant amount of housing allowance because most people suffer from house rent.
- Employees can work hard as long as they are healthy. When the health of an employee is affected it also affect the performance of the organization therefore providing health

insurance is advantageous for ERCA too because employees tend to stay longer when their basic need is fulfilled.

- Since ERCA is one of the main incomes earning company that finances other governmental organizations it is advised to provide bonuses and increase their salary to motivate its employees so that they exert their best performance in achieving organizational goal and better customer service.
- Unmotivated employees appears to be theoretically effective but practically they are not because they think about their financial burden so ERCA need to have financial reward system that ease financial burden of its employees.
- ERCA praise and recognition creates dissatisfaction among officers due to lack of implementation therefore the branch office need to implement yearly formal praise and recognition program to motivate employees and reduce employees' turnover because they compare themselves with other employee outside ERCA therefore leave for those organizations that appreciate their contribution.
- It is advised for the branch office to provide monetary rewards and career advancement in time of recognition as their organizational regulation suggests that increase employees' commitment to their job.
- Promotion in ERCA is encouraging therefore it should consider long lasting positions for its employees so that they don't leave after certain years also it is better if it provide employees educational scholarship to improve their knowledge.

5.4 Delimitations

Here are some of the delimitations of the study

- Managers' willingness to give accurate information and their willingness to sacrifice their time in conducting interview.
- Management reluctant to fully grant the researcher permission to question individuals, review company's documents as much as the researchers desired.
- Collecting information from managers and employees is time consuming.
- Data was collected through structured questionnaire and semi-structured interview other method could have been used for collecting data.

REFERENCE

- Armstrong, A. (2000). Personnel Management Simplified. NRB N:A Publishers
- Armstrong, M. (2001), Management resurge or Umame, Editura codes, Bucharest.
- Armstrong, M., & Chartered Institute of Personnel and Development (2002) Employee reward. 3rd ed. London: Chartered Institute of Personnel and Development.
- Barbeito, C.L., (2004). Human Resource Policies and Procedures for Non-Profit Organizations, John Wiley & Sons Inc., New Jersey Conference on Statistical Sciences 2010 (RCSS'10),
- Baron, H., Henley, S., McGibbon, A. & McCarthy, T. (2012). Motivation Questionnaire Manual and User's Guide. Sussex, New Jersey, Saville and Holdsworth Limited.
- Bartz, A. E. (1971). Basic descriptive statistics for education and the behavioral sciences (4th ed.). Oxford, UK: Burgess.
- Beer, M. & Walton, R. E. (2014). Reward Systems and the Role of Compensation. In J.G.Searle, Manage people, not personal. Boston: Harvard Business Review.
- C. R. Kothari (2009) "Research Methodology: Methods & Techniques" (Second Revised Edition), New Delhi. New Age International Publishers,
- Crouse, N. (2005). Motivation Is an Inside Job: How to Really Get Your Employees to Deliver the Results You Need. USA Personal alternatives LLC, iUniverse.
- Certo, S. C. (2016). Supervision Concepts and Skill-Building. New York, McGraw Hill.
- Cameron, J., & Pierce, W.D. (2002). Rewards and intrinsic motivation: Resolving the Controversy. Westport, CT: Bergin & Garvey.
- Conte, (2007) Relationship between students' motivation and academic performance as mediated by effort
- Coutts, L.M. & Schneider, F.W. (2004). Police officer performance appraisal systems: How good are they? Policing: An International Journal of Police Strategies & Management,
- Elliot, A.J. and Dweck, C.S., (2007) Handbook of competence and motivation. New York; London: Guilford.
- Evenson, R. (2003), Motivating to develop an all-star team, American Salesman,
- Fox, W. (2007). Managing Organizational Behavior. Chicago: Juta and Company Ltd.
- Fred L. (2011) Organizational Behavior. New York The McGraw-Hill
- Gazioglu, S., & Tanselb, A. (2006). Job Satisfaction in Britain: Individual and Job Related

Factors. Applied Economics

- Geoffrey M., David D., and David F. (2005). Essentials of Research Design and Methodology, Hoboken, New Jersey, Wiley & Sons, Inc.,
- Gohari P , Kamkar A , Hosseinipour S.J. ,Zohoori M. 2013. Relationship between rewards and employee performance: a mediating role of job satisfaction
- Greenberg J & Baron A.R (2003). Behavior in Organizations. USA, Prentice Hall,
- Gupta, C.B. (2011). Human Resource Management. Sultan Chand & Sons.
- Halepota, H.A. (2005). Motivational Theories And Their Application In Construction. London Cost Engineering.
- Herzberg, F. (2003). One More Time: How Do Motivate Employees. Harvard Business Review.
- Huang, I., Lin, H., & Chuang, C. (2006). Constructing factors related to worker retention. International Journal of Manpower, 27(5), 491–508.
- Jain, N. (2005). Organizational Behavior. Yorkshere: Atlantic Publishers & Dist.
- James, G.(2012). How to achieve true job security.<http://www.inc.com/geoffrey-james/how-to-achieve-true-job-security.html>
- Jones G.R. and George J.M. (2003) Contemporary management, Boston, London McGraw-Hill/ Irwin.
- Justin a. Benson (2008), The motivational power of a public service mission: Influences on its Effectiveness among public sector employees Organizational Studies Program & Political Science Department University of Michigan
- Kothari C.R. (2004) Research Methodology Methods and Techniques, New Delhi, New Age International (P) Ltd.,
- Lane, K., Esser, J., Holte, B., & Anne, M. M. (2010). A study of nurse faculty job satisfaction in community colleges in Florida. Teaching and Learning in Nursing,
- Law, D.R. (2007). Appraising performance appraisals: A critical look at an external control management technique, International Journal of Reality Therapy, XXVI (2), 18-25.
- Lazear, E. P. (1998). Personnel economics for managers. New York: Wiley.
- Leedy P.D and Ormrod J.E (2005), Practical research: planning and design, New Jersey: Prentice-Hall Inc,
- Lindner J.R. (1998). Understanding employee motivation; Journal of extension.
- Maslow A.H. (1954) Motivation personality by Harper & Row, Publishers, Publishers

- McShane S.L. and Glinow M.A. (2008). Organizational Behavior. New York, by The McGraw-Hill
- Memon, S.B., Panhwar, A.I. & Rohra, L.C. (2010). Investigating the Mediating Role of Human Resource Policies in Employee Retention, Australian Journal of Basic and Applied Sciences, Vol. 4, No. 8, pp. 4046-4057.
- Mosley D.C. Pietri, P. H. & Mosley Jnr, D. C. (2012). Supervisory Management: The Art of Inspiring, Empowering and Developing People. Mason, OH: Thompson South-Western
- Mwaura M.F. (1999). Management of Organizations in Africa: A Handbook and Reference. Nairobi: Greenwood Publishing Group.
- Nelson, Q. (2013). Principles of Organizational Behavior. Boston, MA: Cengage Learning
- Petterson, I. a. (1998). Psychological stressors and well-being in health care workers: the impact of an intervention program (Vols. 47(11):1763–72). Social Science and Medicine.
- Robbins S.P and Coulter M. (2012). Management. New Jersey, Prentice-Hall Inc,
- Robbins S.P. and Judge T.A. (2012). Organizational Behavior. New Jersey, Prentice-Hall Inc,
- Robbins. S.P. (2009). Organizational Behavior: International Version, New Jersey, Pearson Higher Education
- Robbins S.P (1996). Organizational Behavior Concepts Controversies Applications, New Jersey, Prentice-Hall Inc,
- Robbins S.P. (1993), Organizational Behavior, Englewood Cliffs, New Jersey, Prentice-Hall Inc,
- Rogers, C. (1996), Freedom to learn, The Major Statement on Education by one of the Most articulate of Humanistic Psychologists. Columbus, Addison Wesley.
- Rose, M., (2014) Reward management. London: KoganPage.
- Rudolph, P.A. and Kleimer, B.H. (1989). The art of motivating employees. Journal of Managerial Psychology.
- Ryan & Deci. 2000. Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions
- Skinner, B. F. (1953). Science and human behavior. New York: Macmillan.
- Spector, P. (1997). Job satisfaction: Application, assessment, causes and consequences, Thousand Oaks, CA., Inc (Vol. 3). Sage Publications.
- Stoner, M. E. (2002). Authentic happiness: Using the new positive psychology to realize your potential for lasting fulfillment. New York: Free Press

- Sweeney, P., & McFarlin, D. (2005). Wage comparisons with similar and dissimilar others.
Journal of Occupation and Organizational Psychology, 78(1), 113–131.
- Wafula M., Korir M. and Tirong T. (2015) Effect of Extrinsic Motivation on Employee Performance in Medium Class Hotels in Kisumu City, Kenya European Journal of Business and Management Vol.7, pp 1-10.
- Vance, C.M., McClaine, S.R., Boje, D.M. & Stage, H.D. (1992). An examination of the transferability of traditional performance appraisal principles across cultural boundaries,
Management International Review, 32(40), 313-326.
- William Pride, R. H. (2011). Business. Cengage Learning.
- Wood, F. & Sangster, A.(2002). Business accounting. Pearson Education
- Yair (2010) Motivating Public Sector Employees: An Application-Oriented Analysis of Possibilities and Practical Tools
- Yang, H. (2008).Efficiency Wages and Subjective Performance Pay. Economic Inquiry
- YAZICI, N. K. (2008). The Effect of Reward System Applications on Employee Performance InServiceSector.Marmara University, Institute of Social Sciences, Master Thesis.
- Yogesh Kumar Sengh (2006), “Fundamentals of research methodology and statistics”, New Age International Publishers ,PP105

ANNEXES

Annex - 1

Time and Budget Plan

Ser. No.	Activities	Duration in Months (M)					Remarks
		January	February	March	April	May	
1	Proposal Writing	✓					
2	Review of Related Literature	✓	✓	✓			
3	Data Collection		✓	✓			
4	Research Report Writing			✓	✓		
5	Submission of Draft Report				✓		
6	Submission of Final Report					✓	

Table 2 –Budget

Ser. No.	Activities	Rate	Cost in Birr
1	Stationery materials	Overall	800.00
2	Fee for data collectors	30 persons questionnaires	600.00
3	Secretarial service	Overall	500.00
4	Telephone charge		300.00
	Total		2200.00

Annex - 2

St. Mary University
School of Graduate Studies
Department of MBA in General Management

A Questionnaire to Be Filled By Large Tax Payer Operational Level Employees

Dear Respondents,

This study is entitled “Effect of Extrinsic Motivation on Employees Performance in ERCA” and conducted in partial fulfillment of the requirements for the Master’s Degree in General Management at St. Mary University. The general objective of this study is to determine the effect of extrinsic motivation on employees performance in an organization.

The study will focus on ERCA Large Tax Payers Branch Office. The following questionnaire has been developed to help the researcher gather information necessary to answer the research questions of the study. Hence, clear information will enable the researcher to critically analyze motivational factors that has effect on employees’ performance.

Kindly fill it appropriately and I thank you very much in advance for your cooperation.

Section A. Demographics

(Please tick what applies to you)

1. Gender

a. Male b. Female

2. Level of Education

a. Diploma b. Degree c. Masters

d. Other (specify).....

3. How long have you worked in ERCA

a. 0-1 years b. 2-3 years c. 4-5 years d. above 5 years

Section B. Job Security

(1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree, (5) Strongly Agrees

Using the above scale, how would you rate the following factor in relation to the effect of job security on employee performance?

Job Security	1	2	3	4	5
ERCA gives attention for securing my job					
Regardless of the economic condition of the country i have assured a secured job for reasonable period of time					
I feel safe and protected working in ERCA that will motivate me to exert more effort to improve my performance					
Organizational policies and procedures makes me feel I am treated fairly					

Section C. Praise and Recognition

(1) Strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agrees

Using the above scale, how would you rate the following factor in relation to the effect of praise and recognition on employee performance?

Praise and Recognition	1	2	3	4	5
ERCA management recognizes my effort					
The management provide different forms of praise for my effort such as cash and time off					
Praise and recognition improve my performance					
Formal praise and recognition motivates me more than informal praise and recognition					
Praise and recognition should be given for outstanding performance					

Section D. Financial Reward

(1) Strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agrees

Using the above scale, how would you rate the following factor in relation to the effect of job financial reward on employee performance?

Financial Reward	1	2	3	4	5
ERCA uses financial rewards such as bonus, pay, compensation and commission to motivate me					
ERCA provide bonus to motivate my hard work towards specific goal					
The organization has a good pay scale that recognize and maintain my performance					
ERCA provide me commission for the service I provide for customers					
ERCA has a compensation system to improve my performance					

Section E. Employee Promotion

(1) Strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agrees

Using the above scale, how would you rate the following factor in relation to the effect of promotion on employee performance?

Promotion	1	2	3	4	5
ERCA motivate me by promoting greater performance so that I will exert better effort					
ERCA has uncorrupted promotion system that motivates me to work hard for better position and salary					
The organization promotion provide continuous learning and increase employees effectiveness					
I am capable of getting a promotion if I make an effort to do my job well					
Promotion are mostly for those who know the right person in administration					

Section F. Fringe Benefits

(1) Strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agrees

Using the above scale, how would you rate the following factor in relation to the effect of fringe benefit on employee performance?

Fringe Benefit	1	2	3	4	5
As an employee I am aware of fringe benefit such as health insurance, company car and housing allowance					
ERCA provide health insurance that motivates me and attract quality candidates					
Transportation facility is provided by the organization to reduce delay and arrive at work on time					
I can cover my work for the day by arriving at work on time and increase my performance					
Availability of housing allowance will reduce my financial burden and mental stress as the same time I can focus on my job					

Section G. Employees Perception towards ERCA

(1) Strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agrees

Using the above scale, how would you rate the following factor in relation to employee performance?

Employee Perception	1	2	3	4	5
Financial reward provided by the organization improves my performance					
Evaluation process of employees' performance is clear and acceptable					
I am motivated enough to work with the branch office for longer period of time					
Experience I get working in ERCA improves my performance					

Annex- 3

St. Mary's University
School of Graduate Studies
Department of MBA in General Management

Interview Questions for Managers of ERCA LTP

1. What is ERCA employees' performance measure procedure?
2. What is your role to your employees to have a secured job?
3. Explain what procedures you take to praise and recognize your employees so that they improve their performance?
4. How do you practice financial reward system to enhance the performance of lower level employees? How often do you implement it?
5. What are your criteria to promote your employees and how does it affect the performance of your employees those who are promoted and aspire to be promoted?
6. Please describe what benefits the organization provides for its employees? Does it consider the living standard of employees?