



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS ADMINISTRATION

**PERCEIVED EFFECT OF MOTIVATION ON EMPLOYEES JOB
PERFORMANCE: THE CASE OF AWASH INSURANCE S.C.**

BY BELYOU

ABATE

JUNE, 2023
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**PERCEIVED EFFECT OF MOTIVATION ON EMPLOYEES JOB
PERFORMANCE: THE CASE OF AWASH INSURANCE S.C.**

**A Thesis submitted to the School of Graduate Studies of St. Mary's University
in partial fulfillment of the requirements for the Master Degree Human
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DECLARATION

I, the under signed, declare that this thesis is my original work prepared under the guidance of Hailemichael Mulie (PhD). All sources of material used for the thesis have been duly acknowledged. I further conform that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Belyou Abate (ID No SGS/0184/2014A).

Name

Signature

Date

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BELYOU ABATE

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LISTS OF ACRONYMS

ANOVA	Analysis of Variance
AIC	Awash Insurance Company
FDRE	Federal Democratic Republic of Ethiopia
EIB	Emotional Intelligence Behavior
ERG	Existence-Relatedness-Growth
HR	Human Resource
HRM	Human Resource Management
ICT	Information Communication Technology
IT	Information Technology
JP	Job Performance
OLS	Ordinary Least Square
OCB:	Organizational Citizenship Behavior
SPSS	Statistical Package for the Social Sciences
US	United States
VIF	Variance Inflation Factor

ABSTRACT

This study was an objective to examine the effect of motivational factors on employee job performance at Awash Insurance Share Company. The study adopted descriptive as well as explanatory research design. The study collected primary data via a questionnaire from staff of Awash Insurance Share Company at head office. The study sample covered 143 employees which randomly selected. The data was analyzed using Statistical Package for Social Sciences (SPSS). From statistical tools, descriptive statistics Pearson correlation, and multiple regressions were used to identify motivational factors affecting employees' job performance. The study results revealed that employees' job performance level was moderate. Furthermore, the result shows that the all-motivational factors (pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition) that were studied explain 80.5% of the variation in employee performance as represented by the R^2 value. According to the findings, six out of the seven identified motivational factors examined in this study, namely: pay, bonus, stock ownership and commission, promotion opportunities and working condition are significant in predicting employee performance at Awash Insurance Share Company; whereas recognition is not significantly affecting employee performance at the Company. Hence, it is recommended that the company should enhance its employee performance by financial and non-financial motivational scheme, should develop learning and career development, and create work-life balance and a good working environment.

Key Words: *Awash Insurance Share Company, Employee Performance, Motivation*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Every organization is comprised of people acquiring their services, developing their skills, motivating them to high levels of performance, and ensuring that they continue to maintain their commitment to the organization are essential to achieving organization objectives. Human resource productivity and efficiency are, in turn, affected by dynamic elements ranging from personal aspects to organizational policy. Employee motivation is one of the most important elements influencing human resource productivity (Drafke and Kossen, 2002). Getting and keeping motivated staffs is critical to the success of every organization (Bratton and Gold, 2007). This study is concerned with motivational factors and their effects on employee performance.

Scholar findings show growing interest in employee motivational factors in organizations as employee motivation is crucial to the success of any business (Getahun et al., 2016). Scholar findings also indicated that improvements of employee motivational factors positively affect employees' performance and productivity (Hailemariam and Prasada, 2013). Employee motivation is becoming an increasingly important issue for companies (Centers & Bugental 2007). Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation (Centers & Bugental, 2007). Based on level motivation of employees, the organization can understand what motivates the employees the most and how they can be involved in the activities of the organization. The needs and motivation level of employees should become the primary focus of managers (Bessell, et al, 2002).

There are compelling reasons for human resource managers to focus on employee motivation. To begin, motivation has been discovered to be a strong predictor of a worker's behavior and performance; for example, reported employee motivation has been used to predict worker separations, resignations, and productivity (Shields & Price, 2002). Secondly, motivation is one of the three most crucial predictors of overall well-being (Linz & Semykina, 2012). Freeman (1978) says that motivation is a major determinant of labor market mobility because it reflects aspects of the work place that are not captured by standard objective variables. Thirdly,

considering the consequences of motivation, Aziri (2011) postulates that it could lead to a wide range of negative impacts such as lack of loyalty, increased absenteeism, increasing number of accidents, and so on; as a result, the importance of motivation is specially acknowledged

It is widely acknowledged in current discussion of employee performance that managers have required to improve employee motivation if their employees are to perform effectively (Sokro, 2012). One of the most determinant factors for achievement of employees' performance is motivation and organizations should keep employee motivated in order to survive successfully in unstable business environment (Ratnawat, 2014). Colyer (2000) suggest that performance can be understood better by analyzing employee motivational factors. Bratton and Gold, (2003) stated that employee performance is one of the key elements of any organization's that drive towards competitive advantage through continuous performance improvement. Employee performance is how a member of staff fulfills the duties of their role, completes required tasks, and behaves in the workplace (Sokro, 2012).

Human resource is now seen as the primary resource of a company's competitive advantage. Therefore, the way people are treated increasingly determines whether an organization will prosper or even survive. To ensure that people are treated fairly, organizations are acknowledging that they need to establish an equitable balance between employee contribution to the organization and the organization's contribution to the employee (Bratton and Gold, 2007). This is true regardless of the type of organization, including companies in insurance industry. The insurance industry of Ethiopia has played significant roles in Ethiopian economy and currently the competition has increased than ever before. They are using different strategy to win the trust of the market. They are fighting for excellence in their service. To bring quality service, they should have motivated human resource applicability in their service.

The study is conducted within the context of Awash Insurance Share company. Awash Insurance set vision to be the leading and most dependable insurer of choice. Awash Insurance Company exists as a trusted insurance partner for all stakeholders, by delivering value and financial security through innovative insurance solutions and excellent customer service. Therefore, the study had examined financial and non-financial motivational factor that affect employee performance with specific case Awash Insurance Share Company (AIC).

1.2 Statement of the Problem

Motivational factors that determine performance is considered as a critical success factor for organizations. As such, motivational factors that determine performance are subject of continuing academic discourse. In recent decades, this issue has aroused interest in Ethiopia as well. Unfortunately, it is observed that there is not enough research made in Ethiopia major insurance industry about motivational factors that determine performance. Research on motivational factors that determine performance in Ethiopia has focused on manufacturing sectors (Abebe and Markos, 2016; Mulu, 2012; Mulugeta and Ayele, 2015). However, the insurance sector is essential for the country and its economy. Therefore, the issue of motivational factors that determine employee performance is significantly important for insurance sector. For these reasons, one insurance company, Awash Insurance Share Company, is selected to motivational factors that determine employee performance.

Bailey et.al (2016), declared that many companies realized that employees are organizations best assets that they can compete with internal and external organizations in their sectors. In today's business world, employees' requirements go beyond the basic salary, which has shifted the focus of employers to understand the real essence of the employee motivation and engagement practices. Furthermore, with rapid globalization and increased needs, retaining the talent pool and to engage employees is a challenge for the HR managers in the organization. According to a 2013 Globoforce survey, one of the top three difficulties facing their organization is employee motivation, according to nearly half of HR practitioners. Furthermore, Bailey et al. (2016) noted that, as organizations deal with globalization, rivals, innovative people, and others, particularly recovering from the global recession to gain competitive advantage over the others, employee motivation and employee performance are critical organizational requirements. This demonstrates how delicate the subject is and how it worries every company.

Besides, studies regarding the motivational factors that influence employee performance have remained inconclusive (Westover, 2013; Wynter-Palmer, 2012). For instance, in the research conducted by Thwala et al (2012), the findings reveal that the workers in manufacturing sectors highly ranked physiological needs (such as tea or lunch break), esteem needs (such as self-respect, autonomy, achievement and recognition) and safety needs (such as job security, shelter and protection against danger) as motivators which led to high level of job performance.

However, this does not agree with the findings of the research conducted by Bowen and Cattle (2008), where respondents (quantity surveyors) ranked self-esteem needs (such as achievement, promotions, opportunity to do challenging and creative work, opportunity to do varied and non-repetitive work) the least as the determinants of employee performance. Surprisingly, the findings of Thwala et al. (2012), the workers ranked social needs (such as a feeling of being a member of the team and assisting co-workers) the least as determinant of motivation. However, in the study of Bowen and Cattell (2008), respondents' highly ranked social need (such as feeling a member of a team and participating in decision making) as determinants of job performance. It is at the center of such mixed finding and conclusion that motivated and calls for the need to carry out a study.

Based on the researcher's informal assessment and previous studies results, there has been a challenge on the part of managers in Awash Insurance Share Company on determining how exactly they can attain maximum motivation for their employees whom they believe would go a long way to improve on the organizational overall performance. For the sake of this paper, researcher conducted random sample (pre-tested) of 45 staff member of company employees currently working in company and the result revealed that 32 (71.1%) and 25 (55%) respondents expressed their dissatisfaction in the company current nonfinancial reward and financial rewards, respectively. More so, according to the annual HR progress reports, out of 514 employees 31 resigned in the fiscal year of 2017/18, from 583 employees 51 resigned in 2018/19, from 588 employees 54 resigned in 2019/20, from 608 employees 62 resigned in 2020/21, from 650 employees 32 resigned in 2021/22. This implies that there is high employees' turnover in the Company in the previous four years, also now there is employee turnover

In line with this, the researcher had also made informal discussion with AIC staff about the perception of employees about their overall feelings the current motivational scheme of the company. From the discussion it was observed that though the company managers have tried to improve motivation of their employees by trying to use various financial motivation schemes; it was point out from the discussion that there are still limitations in terms of effectively using a non-financial reward as tools for employee motivation. The company in its Annual Plan (2021/22) discussion forum point out that in a SWOT (Strength, Weakness, Opportunities and Traits) analysis had mentioned that lack of a competitive and attractive benefits and incentive

Packages as weakness. More so, Belay (2018), in his study conducted in Awash Insurance Company mentioned that employee perception regarding the company non-financial reward practices like recognition and work environment is found moderate mean score, indicating that there are needs for improvement in these areas. Similarly, the study of Jalene (2019), conducted on the company revealed that there is dissatisfaction of employees with the monetary reward, promotion, job satisfaction, organizational justice and training opportunities. These are somehow an important issue to be considered in long run may affect the productivity and performance of employees.

Therefore, based on the aforementioned issues, the purpose of this study was to examine financial and non-financial motivational factors that affect employee performance with a specific case study of Awash Insurance Share Company in order to determine how Awash Insurance Share Company achieves its mission by improving organizational performance through the job performance of its employees.

1.3. Research Questions

On the basis of the problem, the study is framed to answer the following research questions:

- 1) What is the effect of financial motivational factors on employee job performance?
- 2) How do non-financial motivational factors affect employee job performance?

1.4. Objectives of the Study

1.3.1 General objective

The general objective of this study is to examine the effect of motivational factors on employee job performance at Awash Insurance Share Company (AIC).

1.4.2 Specific objectives

The specific objectives of this study were: -

- 1) To examine the effect of financial motivational factors on employee job performance
- 2) To study the effect of non-financial motivational factors on employee job performance.

1.5. Significance of the Study

The study enables to understand and appreciate the motivational factors affecting employee performance in Awash Insurance Share Company and seek appropriate mechanisms to enhance the positive factors while addressing the shortcomings. Hence, the findings of this study may contribute to the AIC's top, middle, and supervisory managements and had able to get an insight to understand the determinants of employees' performance. This in turn help the company to revisit which motivational factors most dominantly affects their employees' job performance and the company may design practical strategies on how to take appropriate improvement action on improving employees' performance and that might facilitate its long-term success and well-being. More so, the study would be important to researchers and future scholars as it would provide empirical literature on motivational factors that determine performance. In addition, the study provides background information to researchers and scholars who will want to carry out further research in this area.

1.6. Scope of the Study

The scope of this study was delimited in terms of subject (concept), area (geography), time and methodology. The conceptual scope of this study was focus on some selected motivational factors of employee performance. In view of that, the study delimited on four financial motivational factors (pay, bonus, stock ownership and commission) and three non-financial motivational factors (recognition, promotion opportunities and working condition) that affect employee performance. These factors are identified mainly for the reason that they are mostly mentioned in literature related with determinants employee performance in insurance industry in particular. Regarding the geographical area coverage, the study was limited to employees of Awash Insurance Company at head office in Addis Ababa. The time scope of study was intended to cover views of current team staff members of the Awash Insurance Company at Addis Ababa. Lastly, the methodological scope of the study was limited to quantitative research approach.

1.7. Limitation of the Study

Even though the study was design to enable the researcher collect accurate and reliable data that can be used to make some inferences, it is however not free from limitations. Primarily, the researcher used stratified random sampling method to select participant of the questionnaires.

Since it is difficult to obtain the whole employees opinions Thus, the finding of the study could not be inferred to the whole employees of the company around the country. i.e. the research result may have been different if total population observation. More so, the study was also conducted based on cross-sectional approach and thus, data was collected at single time rather than frequent observation over the same sample. Accordingly, the method cannot examine changes over time which needs more strong empirical investigation. More so, despite the fact that several factors may affect employee's job performance; the present study only examined the motivational factors (financial and non-financial motivation) that affect the employees' job performance, but other factors are still possible. As a result, the outcome of this research not be considered a comprehensive study on all determinants of employee job performance

1.7 Organization of the study

The research report was organized in five chapters. Chapter one dealt with general introduction of the study. It consisted of background of the study, statement of the problem, basic research questions, research hypothesis, and objectives of the study, significance of the study and limitation and scope of the study. Chapter Two presented review of related literature. It provided the theoretical foundations upon which the research was based on and it stated the basic ideas and concepts in relation to the specific issue under study. Chapter Three covered the research design & methodology; which answered the question "how?" the research was done. Therefore, this chapter contained design of the research, source of data, tools and procedures of data collection and methods of data analysis. Chapter four presented the findings of the research that has been analyzed by the method predetermined. The final section contained summary of the study findings, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

In this chapter the researcher reviews relevant literature on theoretical, empirical and conceptual framework issues which are found to be essential to the research inquiry. Thus, the first section discussed theoretical framework related to the study variables which are consider in order to lay solid foundation for the research. Then a brief summary of some of the related previous work on are discusses. In the final analysis, the chapter presents the key study variables as presented in the conceptual framework.

2.1 Review of Theoretical Literature

This opening section discusses the theoretical background of basic concept and theories of motivation. The meaning of terms varies from study to study depending on their purpose and the context in which they are utilized. The precise clarifications of basic concepts and theories make clear how they are utilized in the study. The main concepts and theories that this study cover is explained in the following section.

2.1.1. Concept of Employees Motivation

Motivation is fundamentally meant to facilitate behavioral alteration. It is a force that enables an individual to act in the direction of a particular objective. According to (Grant, 2008) Motivation forced such results as productivity, performance, and persistence. The topic of Motivation is more discussed in the subject of organizational behavior which contains a variety of models and theories relevant to motivation. The development and growth of employees are significantly focused. According to Maslow, Alderfer, McClelland, Hackman, and Herzberg; growth is the most influential motivator for individuals and exploits the potential of employees. It is found that an undeniable link exists among employee motivation and their satisfaction with the jobs and also to organizational commitment (Basset-Jones and Lloyd, 2005; Chen *et al.*, 2004). Employee motivation is the most important element for all organizations to attain achievement whether these are public or private (Chintallo and Mahadeo, 2013)

Motivation acts as the driving force that leads employees towards their goals (Grant, 2008). Motivated employees are highly involved and engaged in their job and try to make their

Performance the best (Guay, 2000; Vansteenkiste, 2007). Self-driven and freedom-oriented qualities are mostly found in motivated employees (Grant, 2008). Motivated people are highly committed and have few desires (Kamal *et al.* 2005)

Motivation can be described as the need or drive that incites a person to some action or behavior. The verb motivates means to provide reasons for action. Motivation, then, provides a reason for exerting some sort of effort. This motivation springs forth from individual needs wants, and drives (Timm & Peterson, 2000). According to (Jones & George 2008) Motivation is the inner power or energy that pushes one toward performing a certain action. Motivation strengthens ambition, increases initiative, and gives direction, courage, energy, and the persistence to follow one's goals. Motivation is usually strong when one has a vision, a clear mental image of a certain situation or achievement, Faith in one's abilities, and also a strong desire to materialize it. In this case, motivation pushes one forward, toward taking action and making the vision a reality.

2.1.2. Types of Motivation

Motivation can be classified as intrinsic and extrinsic motivation. Intrinsic means internal motivation and extrinsic means external motivation. The two motivations differ in the source of pressure or pleasure that boosts each of them. Amabile (1993) states in the followings:

Individuals are intrinsically motivated when they seek enjoyment, interest, the satisfaction of curiosity, self-expression, or personal challenge in the work.

Individuals are extrinsically motivated when they engage in the work to obtain some goal that is

i. Intrinsic Motivation

Intrinsic motivation comes out from an individual pleasure or interest in the task and it does not involve working on activities for the sake of external rewards, it instead necessitates the feeling of inner pleasure in the activity itself. It can be seen as a force that involves doing activities without external incentive. Individuals are intrinsically motivated when they seek enjoyment, interest, the satisfaction of curiosity, self-expression, or personal challenge in the work (Amabile 1993).

ii. Extrinsic Motivation

It is the opposite of intrinsic motivation; it regards the carrying out of action to achieve an external reward. The source of extrinsic motivation is an individual physical environment. More job benefits, bigger salaries, incentives, and job promotions are some rewards that lead to

Extrinsic motivations. Bessell, et al. (2002), describes extrinsic motivation as money and verbal reward, mediated outside of a person, on the other hand, intrinsic motivation is mediated inside the person. A person can be intrinsically motivated to do a task if there is no clear reward for the task done except the task itself or the feelings which upshot from the task.

2.1.3. Financial Motivational Factors

One of the most important factors that affect employee performance is financial compensation (Lai, 2011). Financial incentives mean the amounts paid to employees, either in the form of a lump sum or in the form of monthly payments including all additional income for the individual. They are considered the oldest forms of incentives which characterized by quick and immediate form that make individuals feel of immediate feedback of their effort. Money whether it is in the form of wages, piecework or any other incentive pay, bonuses, stock options, company-paid insurance, or any other things that may be given to people for performance is important. The way to ensure that money has meaning, as a reward for accomplishment and as a way of giving people pleasure from accomplishment, is to base compensation as much as possible on performance (Pamela, 2015).

Financial incentives are those that will enhance the employee financial well-being directly e.g., bonus, increase in wages and profit-sharing schemes i.e. are pay bonuses, fringe benefits, transportation facility, medical facility, health and life insurance and benefits like vacation with pay meal facilities (Chelladurai, 2009). Heery and Noon (2001) defined financial compensation through a number of components like basic salary, benefits, bonuses, and pay for doing extra work and incentives. There are two types of financial compensation: direct financial compensation and indirect financial compensation. Direct financial compensation is the most well-known and broadly accepted form of remuneration. It is the money that is paid directly to employees in exchange for their job and is the most sought after by workers. This covers hourly earnings, fixed salaries, bonuses, tips, and commissions. On the other hand, indirect financial compensation encompasses all money paid to an employee that is not included in direct compensation. The following are the most financial incentive schemes:

Pay: is a payment system that employee view as being fair and proportionate with their skills and expectation is called pay. Employees are offered a financial reward for their services called

pay which is a foremost stipulation in human resource management. Pay must be closely linked to the performance according to high achievers. Employees who do their best want reasonable pay that satisfies their needs. An equitable pay makes them feel appreciated so they expect to pay according to their efforts because they don't want to be unacknowledged for their services. Money is ranked at the top for creating motivation because people require money to fulfill the basic necessities of life so it motivates the employees more than any other incentive (Sara, 2009).

Others believe that money is influential for fulfilling their non-monetary needs such as authority, rank and belongingness with preferred groups. It is believed that people who have more money are more powerful in society as compared to those who have lesser money. So, it is easier for them to have things their way. That's why money is often viewed as a sign of personal triumph and accomplishment (Scott, 2014).

Bonuses: Bonus incentive is a payment on the accomplishment of planned specific objectives. The intent of this incentive scheme is to influence certain behaviors towards the attainment of goals or set objectives. Once the objectives are met, the payment is made (Gomez-Mejia, 2014). When employees reach certain standards and quotas to complete a certain project, they are given bonuses. Cash bonus is another form of reward that organizations use to reward employees for exemplary performance that is if they have performed higher or exceed their set targets, this hence makes them eligible (Finkle, 2011). The amount of cash is determined by how high the employee has over exceeded the set targets or they can also be based on ranks or job groups. Nowadays, companies are rewarding performance bonuses to junior employees to increase output, unlike the past where they used to be a privilege of top executives. Performance bonuses are now on the rise in many organizations because managers want to link performance to reward. (Block & Lagasse, 2007).

Companies use cash bonuses to reward their employees' performance during the year under appraisal. But there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. Employees who receive a large bonus will likely want to get it next year too. On the other hand, employees who receive a miserly bonus and it reflects how the company assessed their performance, might consider improving next year (Finkle, 2011).

Commission: Used typically with sales people, commissions are incentive compensation based on a percentage of total sales. A good number of sales people work on a salary (base pay) plus commission. Others work on a straight commission basis only. Commission according to (Armstrong, 2009) is intended to act as an incentive, a reward and a means of recognizing achievement. A commission only incentive scheme provides a sales person for example, with incentive payment based on a percentage of the sales turnover they generate, while a base salary plus commission scheme provides for a proportion of total earnings to be paid in commission, and the rest in a fixed salary.

Share Ownership: This plan intends to make employees co-owners of the company. It creates a provision for employees to have a stake in the company and longer-term compensation by giving them options to buy shares at a future date for their current market price. Stock options are motivational to employees because they confer on employees the right to buy the company's stock at a specified price (Finkle, 2011).

The individual gains several psychological and social benefits as a result of enhancing his/her purchasing power to satisfy his/her needs of goods and services. But financial incentives alone are not sufficient unless assisted by other types of incentives. Their effects are limited to satisfy the biological needs of individuals and have a little impact after it reaches the limit of needs. Therefore, individuals are not seeking to increase production for additional financial gains, thus cannot be financially motivated to contribute in increasing production except for a certain amount based on their efforts (Marwan, 2012)

2.1.4. Non-Financial Motivational Factors

Non-financial incentives are those related to aspects of psychological needs, the increased attention to this aspect came after the emergence of human relations theories. Those incentives are based on respect of a human being who has feelings, hopes and aspirations. It could be in the form of participate in decision-making, training, career development (promotion) certificates of thanks and appreciation (Marwan, 2012). Specifically, the following are the major non-financial incentive schemes:

Recognition: Employees are an organization largest asset. Employees don't only want a good salary and benefit package; they also want to be valued and appreciated for their work.

Employees believe in fair treatment, and respect (Ali & Ahmed, 2009). They want the opportunity for advancement and involvement in the organization. A recognition program can help employers meet their organizational goals by helping attract and retain high-performing employees. Flynn (2008) argued that recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees.

In today's work surrounding that is high paced, there has been reports that today's workforce put into consideration how their work is acknowledged by their employers, however, efforts on this have normally reported as infrequent and rare (Lawler, 2016). Deeprose (2014) argues postulated that recognizing employees in an organization causes a fundamental outcome on the productivity of employees. When recognition as a reward is used in an effective manner, it results in the performance of employees that is improved. In the real sense, workers have always taken recognition as part of what they feel; it results in improved work, which in turn leads to improved performance in turn to an organization's efficiency. Deeprose (2014) did mention that managers that are good have a way of recognizing their workers via things which deem better to acknowledge the accomplishments they make in their assignments, and they compensate their employees by offering them tangible rewards.

Working Condition: Working condition refers to working environment and all existing circumstance affecting labor in the work place, including job hours, physical aspects, legal rights and responsibility, organizational climate and workload (Russell, O'Connell, & McGinnity, 2009). Working condition covers a broad range of topics and issues, from working time (hours of work, rest periods, and work schedules) to remuneration, as well as the physical conditions and mental demands that exist in the workplace. Lekha & Magesh, (2016) defines working environment as an entirety which comprises the totality of forces, actions and other influential factors that are currently and, or potentially contending with the employee's activities and performance. Working environment is the sum of the interrelationship that exists within the employees and the environment in which the employees work. They also define working environment is a composite of three major sub-environments: the technical environment, the human environment and the organizational environment (Lekha & Magesh, 2016).

If the employees have negative perception of their working conditions, they are likely to be absent, have stress related illness, and their performance and commitment tend to be low. On the other hand, organizations those that have a friendly, trusting, and save environment, experience, greater performance, communication, creativity, and financial health (Kreisler, 2009). Gerber (1998), states that working conditions are created by the interaction of employee with their organizational climate, and includes psychological as well as physical working conditions.

Promotion opportunities: According to Parvin and Kabir (2011), promotion can be defined as “getting high status in the work place by doing effective work, generally increase the status, position and remuneration of the employee in the organization”. Promotion can therefore be simplified as going towards upward positions in the organization. If organizations are not giving promotions to their employees, then it is very likely that employees will be dissatisfied that in turn adversely affect job performance (Yaseen, 2013). Promotion is considered one of the most important elements for the employee job performance (Parvin & Kabir, 2011). There is therefore a positive relationship seen between motivation job performance and opportunity to develop (Ramasodi, 2010).

2.1.5. Motivation Theories

The theoretical frameworks appropriate for this study are the reinforcement theory, equity theory and the expectancy theory of motivation.

2.1.5.1. Equity Theory of Motivation

The equity theory states that individuals are motivated by fairness and if they identify inequities in the input or output ratios of themselves and their referent group, they will seek to adjust their input to reach their perceived equity (Adams, 1963). This implies that employees would be satisfied and even willing to improve their work if they see their hard work, skillset and all they bring to the firm commensurately rewarded by their salary, bonuses and appreciations in the form of awards. It also implies that when an employee does not agree to the level of output he/she is getting from the input they give; they are likely to lower their input to reach a balance with the output they are receiving.

In a study by Selvarajan and Cloninger (2012) on Mexican employees, they examined the relationship between performance appraisal characteristics (appraisal source, appraisal purpose

and feedback richness) and perceived reactions of employees to the appraisal characteristics (perceived fairness and perceived accuracy of appraisals) and appraisal outcomes (appraisal satisfaction and motivation to improve). The results of the study showed that performance appraisals which the employees perceived as fair had a positive effect on employees' motivation and job satisfaction. Also, employees preferred intangible appreciations such as respect and dignity than rewards that come in the form of non-monetary outcomes, contrary to what Kampkotter (2016) found in his study, that employees are motivated by performance appraisals that are tied to only monetary outcomes. The results here may be unique to Mexican employees because of their culture or history where they place a high regard on the respect for other people. Accordingly, depending on the culture of the people the nature of appraisal outcome rewards may vary (Selvarajan & Cloninger, 2012).

In a related study by Cosier and Dalton (1983) on the equity theory reveals a reverse reaction to inequity where equity theory suggests that an employee who perceives that he/she is not being treated fairly like other employees may reduce his or her inputs. However, the exact opposite may occur where the individual may redouble efforts to gain approval especially when their output is questionable. This is contrary to what Adams (1963) proposed that individuals are motivated by the fairness they perceived equity. However, this result may be as a reaction to intentionally placing inequity in the work place. Some individuals can leverage negative comments by turning them into a source of motivation to prove others wrong and as such, it differs from person to person. This also supports Kuvaas (2006) position on motivation, that the motivation of an employee could possibly be mediated and moderated by the individual. The conception that motivation of an employee could be controlled is also seen in the expectancy theory of motivation where employees are motivated when they act according to expectation and are rewarded according to what they expect to receive for their input.

2.1.5.2. Expectancy Theory of Motivation

The expectancy theory states that employees are motivated to increase their input when they believe that their efforts lead to higher performance, and the higher performance will be rewarded by their organization or firm in a form that is valuable to them (Vroom & Deci, 1983.) Once an employee creates expectations of his or her performance and the reward that goes with it, they adjust their inputs to achieve their expectation and they expect to be rewarded after

achieving such performance. The theory suggests that if employees have a strongly perceived connection between their efforts and their outcomes, it will increase their motivation in the workplace. The theory suggests that employees have different sets of goals and they can be motivated when they believe that. (Vroom & Deci, 1983).

Valence here represents to the emotional disposition people have with respect to outcomes (rewards). It can further be explained as level of want of an employee for extrinsic (money, promotion, time-off, benefits) or intrinsic (satisfaction) rewards. (Vroom & Deci, 1983)

A study by Lawler and Suttle (1973) showed that expectancy beliefs can predict behavior but do not show that many of the more complex predictions generated by the theory are valid. In a similar study by Reinharth and Wahba (1975), showed that the theory's ability to explain human behavior was at best a very limited portion of human behavior. The theory which based on the basis of rationality, serves as a useful predictor in situations where contingencies between acts and outcomes and between first-level and second-level outcomes are clearly perceived by the individual, whereas ambiguous situations force the individual to develop a choice mechanism not based on the expectancy variables (Lawler & Suttle, 1973). These similar findings point out that the expectancy theory is a predictor of the behavior of an employee due to perceived outcomes associated with their acts in the work place. However, these perceived outcomes are mediated by supervisors and managers, thus the perceived outcome of the employee does not always materialize. This according to the expectancy theory could lead to the decrease in the motivation of an employee especially if the employee is denied his or her perceived outcomes although they adjust their inputs to achieve higher performances.

2.1.5.3. Reinforcement Theory of Motivation

The reinforcement theory of motivation which was developed by (Skinner 1957) is a theory that describes human behavior. He explained that an individual's behavior tied in with positive consequences tends to be repeated and improved, but individual's behavior with negative consequences tends not to be repeated (Skinner, 1957). LeBoeuf in his best-selling book, *The Greatest Management Principle in the World*, says there are two important lessons that managers must learn if they are going to get the best results from people and one of them is you get more of the behavior you reward. "You don't get what you hope for, ask for, wish for or beg for. You get what you reward. Come what may, you can count on people and creatures to do the things

that they believe will benefit the most” (LeBoeuf, 1989. pp8). Thus what (Skinner 1957) opined was that to get a particular result in the behavior of an employee you will have to reward or criticize their behavior to reinforce the results you like to see before you can actually get it since behavior is as a result of constant action.

2.1.5.4. Goal Setting Theory

Goal-setting theory was developed inductively within industrial/organizational (I/O) psychology over a 25-year period, based on some 400 laboratory and field studies (Locke and Latham, 2002; 2006). Goal setting is a cognitive theory of motivation based on the premise that people have needs that can be thought of as specific outcomes or goals they hope to obtain (Locke and Latham, 1990). The theory started with the initial work on levels of aspiration developed by Kurt Lewin and has since been primarily developed by Dr. Edwin Locke, who began goal setting research in the 1960s (Redmond, 2015). Kurt Lewin's early work on “level of aspiration” provided the foundation for the most researched and well established theory of work motivation- goal-setting theory (Levy, 2013). Goal- setting theory emphasizes the role of specific, challenging performance goals and workers’ commitment to those goals as key determinants of motivation (Newstrom, 2011).

Goal setting theory has guided the development of an immense body of empirical research about workplace motivation, and it is by far the dominant paradigm in the literature today (Kurose, 2013). According to Lunenberg (2011), goal setting is the underlying explanation for all major theories of work motivation—whether that is Vroom’s VIE theory, Maslow’s Hierarchy of Needs theory, Herzberg’s motivation theory or Bandura’s social cognitive theory. Goal setting has also been identified as one of the most effective methods of changing behavior in the workplace (Skinner, 2010). Goal setting theory is a framework for understanding the relationships among motivation, behavior, and performance (Kurose, 2013). Managers generally accept goal setting as a means to enhance and sustain performance (Dubrin, 2012).

Locke and Latham's goal setting theory states that several conditions are particularly important in successful goal achievement. These include goal acceptance and commitment, goal specificity, goal difficulty, and feedback (Redmond, 2015). Goal-setting theory states that for employees to be motivated, goals must be clear, specific, attainable and whenever possible, quantified (Riggio,

2014). A goal is defined simply as what the individual is consciously trying to do (Lunenber, 2011). Newstrom (2013) outlines goals as targets and objectives for future performance that help focus employee attention on items of greater importance to the organization, encourage better planning for the allocation of critical resources (e.g., time money and energy), illustrate the value of persistent effort, and stimulate the preparation of action plans for goal attainment. Research on goal-setting has also stressed the importance of getting workers committed to goals, for without such commitment, it is unlikely that goal setting will be motivating (Riggio, 2014). Evidence suggests that if workers participate in goal setting, as opposed to having supervisors set the goals, there is increased motivation (Gomez-Mejia, Balkin, and Cardy, 2015).

2.1.6. The Concept of Employee Performance

The word ‘performance’ is the multi-dimensional concept that can be used to describe different aspects such as societal performance, organizational performance, employee performance, and individual performance etc. Here the concept performance is used to represent employee performance.

The views expressed in specialist literature regarding the precise definition of the term ‘employee performance’ are varied and, in part, differ from each other. For instance, for Stannack (1996), employee performance is the degree of an achievement to which an employee fulfills the organizational mission at workplace. Kotter and Heskett (1992) identify employee performance as the accomplishment of a given task measured against present known standards of accuracy, completeness, cost, and speed. For Cascio (2006), employee performance refers to the degree of achievement of the mission at work place that builds up an employee job

More so, Ricardo & Wade (2001), explains employee performance as the aggregate or total output of an employee’s actions and activities in an organization. They further go to declare that the level of employee performance could be characterized as low performance levels and moderate performance levels. They agree that the performance of employees in an organization is normally measured using attributes such as efficiency, quality, creativity, innovation, satisfaction, commitments, flexibility, cohesiveness, communication patterns, customer relations, and employee efforts towards the organizational goals

From Gunaraja (2014) positions, employee performance can be described as the documentation of results attained for every job function within a given time period. If seen this way, employee performance can be depicted as a dispensation of end results attained and could be measured with the use of different parameters that portray an individual's performance pattern over the clock. Further Iqbal (2013) voiced employee performance as a rating structure utilized in most organizations to determine the productivity and abilities of members of an organization. He further points out that great employee performance has been associated with increased purchaser impression of service standard, while inferior performance of employees has been associated with higher brand switching and client complaints.

Even though employee performance has been perceived differently by various researchers, most of the scholars relate performance with measurement of transactional efficiency towards organizational goals. More so, from the above definitions, one can understand that performance of employees can be simply understood as the corresponding actions expected of an individual and how well the activities are accomplished. Overall, by summarizing the above given definitions, for the purpose of this study employee performance is defined as the degree of an achievement to which an employee fulfills the organizational mission at workplace (Cascio, 2006).

2.2 Review of Empirical Literature

Up until now, several approaches developed for determination of the employee performance and many studies were conducted about motivational factors that affect employee performance in the literature. Therefore, significant background information is obtained about motivational factors of employee performance.

Some researchers examined the motivational factors that affect employee performance. According to some other studies in the literature, motivational factors that affect employee performance can be sorted as follows: compensation, salary, benefits, rewards, career development, promotional opportunities, education and training, goal setting, management style, appreciation, training, the overall working environment, physical conditions, perceived organizational support, delegation of power, communication, communication with management, teamwork and cooperation, performance evaluation systems, and corporate culture. (Mihajlovic,

et. al., 2008; Spniewska, 2013, & Van Saane et. al., 2003). In the following section, financial and non-financial motivational factors that affect employee performance have been identified through a comprehensive review of literature.

2.2.1. Financial Motivational Factors and Employees' Performance

One of the broader factors that affect employees' job performance is those factors related with pay and financial factors. Financial factors are those factors that are related with incomes, financial rewards or compensation of employees like salary, wage, pay, benefit, bonus, etc. This means that when employees feel that they are compensated more, they tend to more satisfied and perform job well. On other hand, when employees feel that they are paid less, they tend to satisfy less and perform job less. This mean that dissatisfaction led employees to perform less in job that mostly comes up when a worker feels that he or she is not being appropriately compensated for the work he is doing for the company (Moncarz et al., 2009). Financial compensation is one of the fundamental components of motivational factors since it has a powerful effect in determining job satisfaction employee performance (Bergmann and Scarpello, 2002, Gao & Smyth, 2010). Lai (2011) argues that an efficient compensation system result in organizational growth and expansion and exhibit a positive relationship between employee performance and job-based wages, skill-based pay and performance-based pay. In this regard, salary/wage, bones, financial reward are major factors that will affect job performance of the employees.

Redling (2008) carried out research where performance was measured by a 5-year performance ranking that combined earnings growth and return on shareholders' equity. Using a randomly selected sample of 25 companies, he correlated each organization's ranked performance with its base salary growth with its salary years. He found a correlation of 0.16 between base salary increase and firm performance and a correlation of 0.09 between salary plus bonus increase and performance from which he concluded that there was little indication of the existence of performance contingent pay plans in current top executive compensation. Loomis (2008) plotted the 2007 compensation (salaries, bonuses, profit-sharing, stock purchase contribution) against return on share holders' equity. He found a less than perfect correspondence, and highlighted extreme cases of executives receiving relatively large increases in compensation during a period of deteriorating profitability for their firms. Loomis argued that executive compensation in these prominent publicly held firms should be more directly tied to firm performance.

Onyeizugbe (2012) studied the effect of compensation management on the performance of the Anambra State Civil Service using sample size of 309 respondents and Pearson product correlation with Z – test found that financial compensation received by Anambra State Civil Servants do not have significant impact on their performance, the financial compensation received are not commensurate with their efforts and the reform programs of the government do not have significant effect on the financial compensation policies and practices

2.2.1.1. Salary and Employee Performance

Salary is an important factor contributing to employee job performance for retention and for turnover since it acts as a major motivation for employees who want to stay committed to the organization in turn enhancing the attraction as well as the retention (Zobla, 1998). When an employee is paid well for the services offered to the employer, it shows the employee that their existence in the organization matters (Chiu et al., 2002).

According to the survey taken by Moore (2010) in automobile industry, salary was found to be the prime factor for the motivation and job performance of salaried employees. The survey tried to assess the various job characteristics and the way the employees ranked them as motivators and satisfiers. The results showed that salary was ranked as the number one job element for job performance and increase in salary for performance was ranked as the number one job element for motivation. Salary is a motivator for an employee in commitment with the organization, which in result enhances employee performance (Chiu et al., 2002). It also works as communicator when it is given to employee against the services, which shows how much an employee is valuable for its organization (Zobal, 2008).

More so, Akintoye (2001) asserts that salary remains the most significant motivational strategy. As far back as 1911, Fredrick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity. Taylor advocated the establishment of incentive wage systems as a mean of stimulating workers to higher performance, commitment, and success. Katz, in Sinclair, et al. (2005) also demonstrates the motivational power of money through the process of job choice and he further explains that money has the power to attract, retain, and motivate individuals towards higher performance.

A survey by Nguyen et al. (2003) also showed that job performance is positively affected by wages. These findings have been corroborated by numerous researchers (Cappelli & Sherer, 1988, Brown et al., 2008). A study conducted by Wang & Seifert (2017), concluded that salary significantly influences employee job performance.

2.2.1.2. Bonus Pay and Employee Performance

According to Milkovich & Newman (2005), bonus pay is a financial reward given to employees in addition to their fixed compensation. Bonus pay is the most common form of cash incentive. Bonuses can be accrued and paid out at different intervals, such as monthly, quarterly, or annually. Bonus sizes vary between 10% and 50% of the total pay. This pay plan is also apparently based on individual performance, but bonuses do not increase employees' base pay and therefore are not permanent.

Different studies confirm that bonus pay significantly influence employee job performance. Fein (2010), postulates that firms with formal bonus plans had an average pre-tax return on investment of 15.8 percent, compared to 11.7 percent for firms without a formal plan. Their after-tax profits were 8.6 percent versus 5 percent. In Kenyan context Wendy (2015), study the relationship between performance and bonuses. He found that performance is positively related to bonus. Employees who had higher performance received a higher bonus. Similarly, Willian (2016) found that a Performance-Based Bonus is a positive driver towards employees' motivation and productivity. The amount of Performance-Based Bonus granted to qualified employees significantly impacts an employee's performance.

2.2.1.3. Stock Ownership and Employee Performance

The researches on the Employee Stock Ownership Plans are scarce. The main function or purpose of employee stock ownership plan is to allow the employees of that company to purchase the shares or some part of the interest from the total interest of the organization and according to the administration point of view, this is the best way to aligning the interest of the managers and employees. The employees turn out to be more involved and they take more interest in the administration and performance. When the funds of employees are invested in the firm in the shape of shares than they automatically encourage to increase or to protect their investment by doing the work more efficiently and effectively. Because if the firm hits with a loss than they will directly suffer the consequences (Noamene, 2014).

There are many studies which proves that employee stock ownership plans helps in increase in productivity of the firm and most of available studies shows that there is direct relation between the productivity and the employee stock ownership plans. It is also founded that the effect of Employee Stock Ownership Plan (ESOP) is conditional. These all researches are done in the developed counties furthermore, in the United States and several other countries the employee stock ownership plans work as an alternative plan for the pension and it also consist of composite governance problems. But in China the ESOP is totally based on enticements outline. Although, the employees of China having the shares of the company can't play any role in business decision making (Zhu et al, 2013). In many the countries in united states the study founded that the employee stock ownership plans are very common in the firms the national center for employee ownership evaluates that there are 10500 private and public firms which are using employee stock ownership plans and the NCEO also founded that there was 0.25 million participants in the employee stock ownership plans in 1975 and it increases to 5 million participants in 1990. And in 2007 it increases with 8 million and the total number of participants become 13 million (Hu & Izumida, 2008).

According to a study conducted in China the increased performance can also be examine by the higher market value of the stock that means that if employee incentives enrich by the employee stock ownership plans than the employees should be motivated and thus gives the better output and in the result of better output the market value increases (Meng et al, 2011). In another study conducted by Larcker (1983) the market response has been examining and it is founded that the market reaction is positive when a firm adopts a long-term performance centered incentives plan and it was also found that a firm will also reveals a substantial progression in capital expenditure. Besides, numerous authors confirmed that there is strong positive linkage between ESOP and the employee performance (Goddard, 2001; Bauer, 2004; and Brown and Sessions, 2006).

2.2.1.4. Commission and Employee Performance

There are many studies which proves that employee stock ownership plans help in increase in productivity of the firm. Puwanenthiren (2011) assert that there is positive relationship between the rewards in form of commission and employee performance that is (+0.7550). A study conducted by Payam, Ali, Seyed, & Mahmood (2013) attempts to review various variables in term of relationships between rewards, job satisfaction, and employee performance. In the study,

two types of reward were identified, and they were financial reward in form of commission and bonus and non-financial reward in form of recognition. The finding showed that reward in form of commission can affect job satisfaction and there by employee performance.

Moreover, a study by Ayesha et al (2015) examine the effect of reward and compensation system on the performance of employees. The first variable was financial rewards in form of commission and stock ownership. Second was non-financial rewards. The finding shows that the most significant variable in the research is financial rewards in form of commission and stock ownership. It shows a great effect on the performance of employees. It boosts up the efficiency of employees.

2.2.2. Non-Financial Motivational Factors and Employee Job Performance

Studies have shown that different people are motivated by different non-financial factors. The challenge lies with HR team to draw out a policy and system that would optimally make use of these to keep their workforce motivated. The relative importance of non-financial rewards can vary considerably throughout the employee population, so determine what appeals to which employee groups the non-financial reward is being addressed.

2.2.2.1. Recognition and Employee Performance

Barton and Gold (2013) described that recognition is considered the most important factor among non-financial rewards in order to increase job satisfaction level of employees and thus their performance. Lawler (2016) suggested that the well-being of any organization depends on how its human resource is treated. Organizations achieve its well-being through giving rewards and recognition to its employees to enhance their performance. Andrew (2016) described that employees become more loyal to their organization and perform much better if the organization recognizes and appreciates their work in terms of certification, verbal appreciation among other components. Organizations are missing the very valuable component in the organization that is recognition. Andrew (2016) however says that the cost of practical implementation of this component is very low in many organizations. Through recognition, employees are being realized that they are valuable for organization and employees feel appreciated through recognition. Danis and Usman (2010) found that there are different dimensions of work

motivation and satisfaction that are significantly correlated and reward and recognition greater impact on performance of the employees.

Ali & Ahmad, (2009) investigated that there is positive relationship between “recognition and reward”, “performance”. They stated that if reward and recognition are given to employee then there is a huge change in their employee performance. Qureshi, Zaman, & Shah (2010), conducted the study to check the relationship between rewards and employee’s performance schools of Pakistan. They use these variables employees’ performance, job description, extrinsic reward, intrinsic reward, gender discrimination, and environment; recondition techniques, and performance bonus. They used cement companies, questionnaire was used for data collection, and Total two hundred questionnaires were randomly distributed among the employees of private schools in Khyber Pakhtoonkhawa Province of Pakistan. The results revealed that there is a direct relation between reward system and employee’s performance (Qureshi, Zaman, & Shah, 2010).

According to Mishra and Dixit (2013), recognitions are highly correlated with employee’s performance. Because of positive relationship of between recognition and performance also increase the job satisfaction of workers. Job satisfaction leads to success and feelings of achievement during the job. Also linked increase productivity, increase worker’s efforts on job and leads to happiness enthusiasm, feeling of fulfillment (Kaliski, 2007).

2.2.2.2. Promotion Opportunity and Employees’ Performance

Several researchers share the opinion that employee performance has a great connection with opportunities for promotion (Pergamit and Veum, 1999; Sclafane, 1999; Ellickson and Logsdon, 2002; Peterson et al., 2003). Promotion as defined by Heery and Noon (2001) refers to “the action of shifting an employee up the organization hierarchy which will normally bring to an increase of responsibility and status and a better remuneration package among the individuals who are promoted”. Kreitner and Kinicki (2004) mentioned that employee performance and the promotion positive relationship relies on supposed fairness by employees. A lot of people will experience better performance when they think that they have good future opportunities as supposed by Drafke and Kossen (2002).

McCormick (2008) mentioned that job satisfaction among employees with promotional opportunities will rely on the promotion equity. Organization can persuade employees to learn sophisticated skills or to demonstrate them what they need to in order to be on a path to progression inside the organization (Mahamuda & Nurul, 2011). According to Armstrong (2009), companies looking to increase stability and retain long-term employees should strengthen employer-employee relationships by creating trust and loyalty through a policy of internal promotion. Employee trust and loyalty can help the company to achieve its goals and gain long-term market success.

In context of United States, Johnston & Lee (2013) demonstrated that growth opportunities could increase employee performance, at least in the short-term, of workers in capitalist societies. Using a small sample of information and technology professionals of a large consulting firm in the United States (N = 220), Jawahar (2012) examined whether employee performance with growth opportunities mediates the effect of employee development opportunities on OCB and turnout. The result was positive and significant. Despite inherent limitations associated with small sample size, Jawahar demonstrated the need for embedding personal development opportunities in job redesign for enhancing work outcomes.

Similarly, in South Korea, promotion opportunities are more likely to lead to a higher level of employee performance than lack of it. Yang, Brown, and Moon (2011) examined the influence of promotion opportunity among other variables on employee performance of sampled South Korean correction officers (N = 400). Ordered log it regression analysis yielded a positive and significant result, indicating that promotion opportunity can predict correction officers' employee performance.

A study by Kelley (2012) focused on effect of career development practices on performance of Commercial Banks in Kenya there by ignoring the fact that career development programs affect employee performance. According to Jusuf, et al. (2016) the higher the employee is allowed to develop their career, the higher the employee satisfaction, which in turn will have a better job impact. Employees will work well and have high job satisfaction when employees are placed in positions that match their interests and abilities.

According to Trivellasa, et al. (2015) an employee who has talent will reflect his values, vision, knowledge, competencies, interests, and style while career success and job demands are shaped by the roles of responsibilities and assigned tasks. So that a career development program can help employees to hone their talents and can improve employee competence at work and can achieve career success in the company. Research by Sudiarditha et al. (2019) and Sofyan et al., (2016) show that career development has a positive and significant influence on performance through job satisfaction. The results of research by Kriswanti (2017) also found job satisfaction can mediate the effect of career development on employee performance

2.2.2.3. Working Condition and Employee Performance

The quality of work depends upon safe and healthy working conditions in determining employee's job behavior. The organizational climate is an important indicator of employee behavior as a combination of social and psychological factors. It is found that working conditions are attached with employees' job involvement and job satisfaction that ultimately leads to better performance of the employees (Scott et al., 2000). It is reported that there is a positive correlation between perceived supervisor support and nurse occupation related outcomes (Hall, 2007). Kazmi et al. (2008) examines the effects of stressful work environment on the performance of medical house officers. The results reveal an inverse relationship between job stress and job performance. High job stress in the house of officer results in low job performance. Similarly, it is reported that perceived adequacy or inadequacy of work environment, both physical and psycho-social, extends noticeable effect on employees' job satisfaction, performance and perception of effectiveness of an organization (Srivastava, 2008).

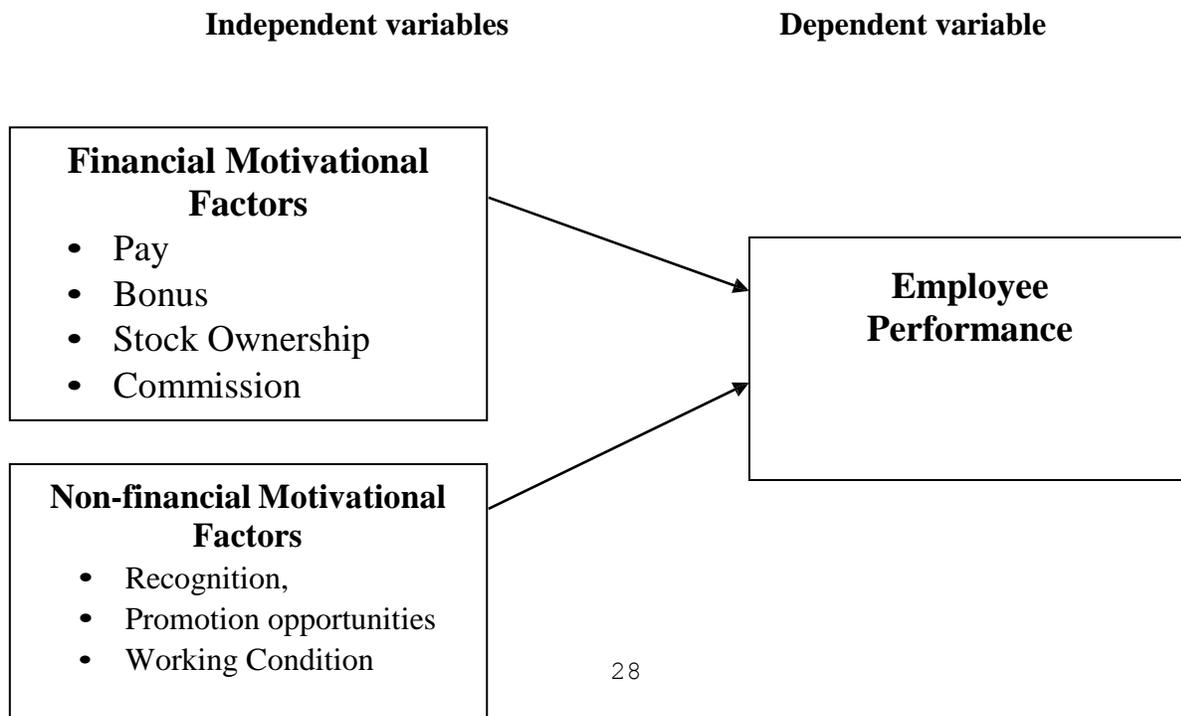
Firms that derive their performance advantage from firm-specific knowledge may wish to provide better working conditions in the hope that this would reduce worker turnover and minimize the risk of their performance advantage spilling over to competing firms Glass and Saggi (2002). As stated by Gariety and Shaffer (2001), if non-monetary, working conditions are associated with higher performance, the employer should pay more for the added performance of employees in order to not losing the employees. Elywood (2009), says that working conditions contributes either positively or negatively to achieving maximum employees' performance. The factors that contribute either positively or negatively to employee performance are temperature, humidity and air flow, noise, lighting, employee personal aspects, contaminants and hazards in

the working environment, types of sub environment. Yesufu (2014), the nature of the physical condition under which employees work is important to output. Offices and factories that are too hot and ill ventilated are debilitating to effort. There should be enough supply of good protective clothing, drinking water, rest rooms, toilets and first aids facilities. Bornstein (2017) states that in organizations where employees are exposed to stressful working conditions, performance are negatively influenced and that there is a negative impact on the delivery of service.

2.3. Conceptual framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo & Tromp, 2009). It is a research instrument that helps a researcher to develop awareness and understanding of the situation under inquiry and to communicate it. From the theoretical and empirical literature reviews, the following conceptual framework of the study is developed by the researcher. In this framework, the employees’ performance is dependent variable. The independent variable is operationalized through: financial motivational factors and non-financial motivational factors. Financial motivational factors are further operationalized through: Pay, bonus, stock ownership and commission. Non-financial motivational factors are further operationalized through: recognition, promotion opportunities and working condition.

Figure 2.1 Conceptual Framework



2.4. Research Hypotheses

H1; Pay has a positive and significant effect on employees' performance at Awash Insurance Share Company.

H2: Bonus has a positive and significant effect on employee performance at Awash Insurance Share Company.

H3: Stock Ownership has a positive and significant effect on employee performance at Awash Insurance Share Company.

H4: Commission has a positive and significant effect on employee performance at Awash Insurance Share Company.

H5: Recognition has a positive and significant effect on employee performance at Awash Insurance Share Company.

H6: Work condition has a positive and significant effect on employee performance at Awash Insurance Share Company.

H7: Promotion opportunities has a positive and significant effect on employee performance at Awash Insurance Share Company.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the research methodology that was utilized in the study. The chapter present details of the methods that were employed in the study; it has different sub sections that describes and justifies the method and process that that were used in order to answer the research questions. Accordingly, the chapter describes the methodologies that were used in this study which includes; the choice of particular research approach, data collection instrument, study population, sampling techniques and data analysis techniques along with an appropriate justification associated with each approach.

3.1. Description of Study Area

The study was conducted with in the context of Awash Insurance Share company. Awash Insurance Company (AIC) is one of the pioneer private insurance companies in Ethiopia. It was founded in October 1994 and started operation in January 1995 with more than 791 individual and corporate shareholders as of October 2015 with the aim to provide General Insurance and Long-term (Life) Insurance Business services to insurers. Awash Insurance set vision to be the leading and most dependable insurer of choice. Awash Insurance Company exists as a trusted insurance partner for all stakeholders, by delivering value and financial security through innovative insurance solutions and excellent customer service

Currently AIC has a subscribed capital, of ETB 300,000,000.00 and a paid-up capital of, ETB 120 million. The insurance company has a track record of profitable company throughout its years of service, with over 24% investment return on the average. AIC provides several types of insurance services– life & non-life insurance services operating through one life branch, 4 contact offices, and 59 non-life branch offices out of which 33 are located in the capital, Addis Ababa, whereas 26 branches located in major towns across the country (Official web site of AIC).

3.2 Research Design

The choice of research design depends on objectives that the researchers want to achieve (Newing, 2011). The primary aim of this study is to identify motivational factors that affect

employees' performance of Awash Insurance Share Company. To achieve this objective, the study employed descriptive as well as explanatory type of research design through survey questionnaire. Descriptive survey research design as a systematic research method for collecting data from a representative sample of individuals using instruments composed of closed-ended and/or open-ended questions, observations, and interviews (Newing, 2011). This design was employed in this study in order to examine the perception of employees regarding their job performance in the case organization.

The study also employed explanatory research design that focus on an analysis of a situation or a specific problem to explain the patterns of relationships between variables. It helps to understand the nature of the relationship between the independent and dependent variables (Akinyele, 2016). The purpose of using explanatory research is to know the cause and effect of motivational factors and employees' performance.

3.3. Research Approach

Regarding the research approach, the study employed quantitative approach because the study requires an analysis of the motivational factor dimensions which impact on employees' performance in Awash Insurance Share Company. The relationships among variables statistically tested, which required a quantitative approach and also used hypothesis testing to determine the relationship among the study variables.

3.4. Population and Sample Design

3.4.1. Target Population

Target population of survey is the entire set of units for which the survey data are used to make inferences (Smyth, 2004). It is the population that a researcher wants to generalize the results of the study. The target population of the study consisted of all employees of Awash Insurance working in head office in Addis Ababa as they appear in the company Human Resource Department database. For the smooth conditioning of conducting research the study geographically delineated at head office in Addis Ababa. Currently, there around 276 employees are employed in the company head office in Addis Ababa.

3.4.2. Sample Frame and Sample Size

A sample frame is a representation of the elements of the target population that consisted of all the elements of that population (Cooper and Schindler, 2006). The sample frame of this research mainly included all employees that are working in Awash Insurance Company head office at Addis Ababa. This list is obtained from the Human Resources Department of AIC.

Lavrakas (2008) explains a sample in survey research as a subset of elements drawn from a larger population. Obviously, such a sample should be typically identical with the population thus provide adequate representation. If a sample is not precise and inadequate both in characteristic and size, it may lead to rejection of false null hypothesis, wrong result and therefore a waste of resources (Gerstman, 2003). Likewise, a study that collects too much data is wasteful. Therefore, it is essential to establish adequate sample size using Simple random sampling before going on data collection for a study. In recognition of this fact, to determine sample size of the study, the researcher uses a method developed by Taro Yamane's (1967) formula.

That is $n = \frac{N}{1 + N(e)^2}$ Where: n is the sample size; N is the population size and e is the error of sampling. For this study the error of sampling is set at 0.05.

$$\begin{aligned} n &= \frac{276}{1 + 276(0.05)^2} \\ &= \frac{276}{1.69} = 164 \text{ respondents} \end{aligned}$$

We can see from the result above that the sample size was 164 from the total study population of 276 to maintain a 95% confident interval.

3.4.3. Sampling Technique

For the purpose of this study, the study employed probability sampling technique to select sample participants. Specifically, the selection and distribution of questionnaires among employees were made based on stratified random sampling. According to Kothari (2004), if a population, from which a sample is to be drawn, does not constitute a homogeneous group, stratified random sampling technique is generally applied in order to obtain a representative sample. Under stratified random sampling the population is first divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called 'strata') and then we select items randomly from each stratum to constitute

a sample. In recognition of this fact, the study employed stratified random sampling technique on which the respondents are structured into different strata (Department). This is because each group of the respondents is required to have its own representative from the total sample size. Samples from each stratum was selected by using the following equation:

$$n_h = (N_h/N) * n$$

Where; n_h is the sample size for stratum h , N_h is the population size for stratum h , N is total population size, and n is total sample size. The lists of the participants or respondents were taken from sample frame of the company. Therefore, the sample size for each status (department) is presented in the following table. Simple random sampling technique was used to select respondent from each stratum.

Table 3.1: Population and sample size

No.	Name of Departments	Nh	% of the total employees.	No. of sample respondent
1.	General Insurance Operation	49	17.7%	29
2.	Customers Office	53	19.2%	31
3.	Finance and Resource Management	43	15.6%	26
4.	Risk and Governance	35	12.6%	21
5.	ICT	24	8.7%	14
6.	Strategy and Change	28	10.4%	17
7.	Others	44	15.9%	26
	Total	276	100	164

Table 3.1 provides the population and sample size for the different departments in a company. The population size is 276, which is the total number of employees in the company, while the sample size is 164, which represents the number of respondents that will be sampled from the population.

The table also shows the distribution of employees across different departments, with General Customers Office (53), Insurance Operation (49), having the highest number of employees of the total employees, and ICT having the lowest number of employees (24), accounting for only 8.7% of the total employees. Overall, Table 3.1 highlights the importance of selecting a

representative sample from the population and ensuring that the sample size for each department is appropriate for the research being conducted.

3.5. Data Types and Sources

For this study both primary and secondary sources of data was used. Kothari (2004) describes primary data as those which are collected a fresh and for the first time and thus happen to be original in character. The study utilized questionnaire as major instrument for collecting primary data. A questionnaire is research instrument that is used in data collection when dealing with a large sample (Kombo, et al.2002). A questionnaire is preferred because of its convenience and ease of administration. In view of the advantages and the need to gather more information, questionnaires were administered to employees and to solicit their views concerning the effect of motivation on performance of employees of Awash Insurance Share Company.

3.5.1 Data Collection Instrument

The study utilized questionnaire as major instrument for collecting primary data. The study used closed-ended questions. This is due to the fact that closed-ended questions are often good for surveys, because one can get higher response rates. Besides, answers to closed-ended questions can easily be coded and analyzed makes them particularly useful when trying to prove the statistical significance of a survey's results.

3.6. Reliability and Validity

3.6.1 Instrument Validity

A validity test of the questionnaire was done on its content. Content validity measures the extent to which a test acts to measure a concept analysis of the items so as to confirm adequate coverage of the scope of the study by the measuring instrument (Oyerinde, 2011). In order to ascertain the relevance of each question to variables being measured and to ensure that the content of the instrument provide answers to the objectives of the study, content validity of the pilot questionnaire was tested. This was done by experts in the field and then necessary corrections were made on the instrument. More so, the response of the pilot administration of the questionnaire was used to improve the content values of the questions that was used in the main administration.

3.6.2 Instrument Reliability

In addition, reliability test was carried out in order to ensure the consistency of the instruments used in main administration. The study employed Cronbach's alpha to assess reliability of the questionnaire. Cronbach's co-efficient alpha is the most common way of measuring internal consistency. Cronbach's coefficient (alpha) may range between 0 to 1, with 0 indicating an instrument full of errors and 1 indicating total absence of error. The closer Cronbach's alpha coefficient is to 1, the higher the internal consistency reliability (Oyerinde, 2011). A reliability coefficient (alpha) of 0.70 is considered acceptable, reliable and recommended for new questionnaire. The reliability of the questionnaire was tested using the Cronbach's alpha correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS) software.

Accordingly, the Cronbach Alpha values were tested for all the variables and the result presented in Table 3.2.

Table 3.2: Reliability Test Result

Variables	Cronbach Alpha	No. of Items
Pay	0.768	4
Bonus	0.832	3
Stock Ownership	0.722	4
Commissions	0.896	4
Recognition	0.776	5
Work condition	0.908	6
Training & promotion opportunity	0.913	5
Employee performance	0.949	10

In the table the results show that all variables have reasonably high Cronbach's alpha coefficients of 0.722 to 0.949, indicating good internal consistency and reliability of the measurement scales. This means that the survey questions used to measure each variable were consistent and reliable in capturing the intended constructs.

In conclusion, based on the table presented, the researchers have demonstrated that these variables are reliable measures of employee motivation and performance, and can be used effectively in future studies or in evaluating different employee management strategies

3.7 Methods of Data Analysis

The data collected for this study was analyzed using descriptive and inferential statistics. The collected and processed primary data from the questionnaire will be analyzed by descriptive statistics, correlation and multiple linear regression analysis. Descriptive statistics such as mean scores, percentages, frequency distribution and standard deviations will be computed to describe the characteristics of the variables of interest in the study. Besides, inferential statistics such as multiple linear regression analysis will be used to test the hypothesized relationships and to determine the relative importance of each independent variable in explaining the variation employee performance of the case company. Regression analysis is a statistical tool for the investigation of relationships between variables. Regression analysis is also important for quantifying the impact of various simultaneous variables upon a single dependent variable.

3.8. Ethical Consideration

Respondents were assured that the information they provide is confidential and used for academic purpose only. Moreover, statements that confirm the prohibition of including any identity details or personal references were included in the questionnaire. This was done to avoid any biased response or unauthentic data provided by respondents and to make participants certain that he/she cannot be traced; this offered them enough room to express their ideas and point their responses freely and safely. More so, the data gathered in process of the study was kept confidential and not be used for any personal interest and the whole process of the study. Hence, the study was controlled within acceptable professional ethics.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

This chapter presents the discussions of the results the study. As mentioned earlier, the purpose of the study was to examine the effect of motivational factors on employee job performance at Awash Insurance Share Company (AIC). The first part presents an analysis of the demographic information such as gender, age, education, employee category and duration of work with AIC. The second part explored finding from descriptive statistics regarding the data designed to respond to the research question. Then, results and discussions from correlation analysis and multiple linear regressions are presented.

4.1. Response Rate

Table 4.1 indicates the response rate. When distributing the questionnaire, the aim was to gather data from 164 questionnaires from Awash Insurance Share Company employees.

Table 4.1: Response Rate

Questionnaires distributed	Questionnaires returned	Questionnaires rejected	Usable Questionnaires	Response rate
164	148	5	143	87.2

Out of these 164 copies of the questionnaire were distributed, and 148 copies were returned. To make the raw data that was collected through questionnaire ready for conducting statistical analysis data cleaning was performed by checking the data for completeness and outliers. Thus, out of the 148 questionnaire collected copies, 5 were rejected because they were incomplete. Nevertheless, the usable copies helped to achieve a response rate of 87.2%, which is considered very good response rate according to Mugenda (2003).

4.2. Demography Information of Respondents

Under this section the respondents' sex, age, education, employee category and duration of work with AIC are presented. This information was sought to ascertain the respondents' demographic characteristics. The result is shown in Table 4.2.

Table 4.2 General Information of the respondent

Factor level	Frequency	Percentage
1. Gender of Respondents		
Male	82	57.3
Female	61	42.7
Total	143	100.0
2. Age		
18 – 29 years	25	17.5
30 – 40 years	98	68.5
41 - 50 years	10	7.0
Above 50 years	10	7.0
Total	143	100.0
3. Education		
Secondary	2	1.4
Diploma	3	2.1
BA Degree	108	75.5
MSC or above	30	21.0
Total	143	100.0
4. Tenure in current Company		
1 - 5 years	71	49.6
6 - 10 years	66	46.2
above 10 years	6	4.2
Total	143	100.0
5. Types of job		
Clerical	25	17.5
Professional	103	72.0
Managerial	15	10.5
Total	143	100.0
6. Salary category		
5001-10,000	46	32.2
>10,000	97	67.8
Total	143	100

Table 4.2 above shows the gender distribution of the respondents who participated in the study. From table 4.2 show that 57.3% were males while 42.7% were females. The findings showed that male respondents were more than with female a representation and this finding indicate that

males are slightly higher in number in the company, which is the reflection of the total population of company.

To maintain representativeness of the study's sample population, sample elements were taken from diverse age structures of the company's employees, which is for the purpose of this research, they were classified into four age groups as depicted in Table 4.2. The age distribution was 25 respondents (17.5%) were age between 18 - 29 years, 98 respondents (68.5%) age between 30 - 40 years, 10 respondents (7.0%) were age between 41 - 50 years, and the remaining 10 respondents (7.0%) were age above 50 years. The majority of the respondents (68.5%) were between 30-40 years old, followed by those who were between 18-29 years old (17.5%). Only a small percentage of respondents were above 50 years old (7%). The different age groups were therefore well represented in the study. Of the four age classes, the first class is termed as the youth group and all the others are groups of the adult population. From the adult population, the first age group 30-40 years of age is considered early adulthood, the 41-50 years represent middle adulthood and above 50 years of age represents late adulthood. Demographically, 29 years of age is considered the upper bound for the youth age group, and 30 years is the beginning of early adulthood. This implies that although the different age groups were well represented in the study, most of employee has at early and middle adulthood age.

Regarding the educational qualification, 108 respondents (75.5%) had first Degree, and the remaining 21% respondents had Master Degree, 2.1% of the respondents had Diploma while the remaining 1.4% of the respondents had secondary education. This therefore means that the respondents who participated in this study were able to give their perceptions of the motivation management practices by answering the questionnaire.

Concerning the position in current organization, 72.0% have worked in professional workers, 17.5% have worked in clerical position, while the remaining 10.5% have worked in managerial positions. Regarding the length of tenure in current organization, 49.7% were stayed for 1 – 5 years, 46.2% were stayed for 6 – 10 years, and the remaining 4.2% were stayed for more than 10 years in their current organization. This indicates that participants have been with the current company for a longer period of time and so have a good understanding of the company's motivation management practices. Regarding the salary category 32.2% were paid from 5001-

10,000 and 67.8% were paid above 10,000. The findings showed that the majority of the respondent were paid above ten thousand birr.

4.3 Descriptive Analysis on Motivational Factors

The first study assesses the perception of employees towards the motivational factors in Awash Insurance Share Company. To address this, the respondent's level of perception towards different financial and non-financial motivational factors were assessed using descriptive statistics tools such as mean and standard deviations. Descriptive analysis is the elementary transformation of data in a way that describes the basic characteristics such as central tendency, distribution, and variability (Zikmund et al, 2009). Then descriptive statistics on respondent perception towards various financial motivational factors (pay, bonus, stock ownership and commission) and non-financial motivational factors (recognition, promotion opportunities and working condition) are examined using 5-point Likert scale questionnaire. 5-point Likert scale was used to rate the various indicators where by 1 point was accorded to 'Strongly disagree', 2 point as 'Disagree', 3-point as 'Neutral', 4-point as 'Agree', and 5-point as 'Strongly Agree'. Accordingly, the composite mean value shows the average of all respondents' perceptions on each question. While standard deviation shows how diverse are the perceptions of respondents for a given question. Thus, detail of the analysis was presented as follows.

4.3.1. Financial Motivational Factors

One of the most important factors that affect employee performance is financial compensation (Lai, 2011). Financial incentives mean the amounts paid to employees, either in the form of a lump sum or in the form of monthly payments including all additional income for the individual. They are considered the oldest forms of incentives which characterized by quick and immediate form that make individuals feel of immediate feedback of their effort. In this study financial motivational factors are operationalized through: Pay, bonus, stock ownership and commission. Considering this fact, the study assesses the perception of employees towards financial motivational factors in their tenure in Awash Insurance and the result of mean score value and standard deviation presented in Table 4.3.

Table 4.3: Perception of Respondents on Financial Motivational Factors

Financial Motivational Factors	Mean	STD
Pay		
I feel I am being paid a fair amount for the work I do.	2.86	1.06
I am satisfied with my current salary.	2.59	1.09
My salary is competitive with similar jobs I might find elsewhere.	2.87	1.13
My salary does match with cost of living in the country.	2.87	1.19
Grand mean	2.80	1.11
Bonus		
The bonus we receive are as good as most other organizations offer.	3.18	0.84
The existing company bonus pay system is inspiring me to a higher performance.	3.11	0.94
Bonuses are paid fairly for extra work, efficiency and achievements.	2.76	1.09
Grand mean	3.02	0.96
Stock ownership		
Share ownership is the most important factor in employee performance.	3.65	0.97
I am ready to increase my work efforts in order to gain share ownership.	3.62	0.90
Employees often endeavor to meet the set targets to be entitled a stock ownership.	3.36	0.96
The share ownership in place favors top management than employees.	3.18	0.80
Grand mean	3.45	0.91
Commission		
Commission usually motivates me to perform better in the company.	3.01	1.10
A competitive commission for efficient service delivery and productivity.	3.26	1.05
Commission can contribute to more excellence and healthy competition within the company.	3.40	0.94
Commission can encourage me to improve the sales performance.	3.33	0.89
Grand mean	3.25	0.99
Overall Mean for financial motivational factors	3.13	0.99

As indicated in Table 4.3, the grand mean value for the financial motivational factors was 3.13, which is considered medium. This implies the company the financial motivational incentive scheme as whole is somehow on average level and which in turn indicated that there are areas that needs further improvement. The total standard deviation aggregate was also found to be close to 1 implying that there were some variations among respondent responses when assessing

their perception towards the company financial incentive scheme. The separate discussion of each of financial motivational sub-factors are discussed as follows.

4.3.1.1. Pay

The first sub-factor related with financial motivational factor that the study assesses was pay. Pay is a payment system that employees view as being fair and proportionate with their skills and expectations. Pay must be closely linked to the performance according to high achievers. An equitable pay makes them feel appreciated so they expect to be paid according to their efforts because they don't want to be unacknowledged for their services. Money is ranked at the top for creating motivation because people require money to fulfill the basic necessities of life so it motivates the employees more than any other incentive (Sara, 2009). In line with this, various questions were asked concerning the pay and the mean and standard deviation result is depicted in Table 4.3. The grand mean value for the pay related questions was 2.80. This is an indication that most of respondents were less agreement or dissatisfied regarding the pay and salary of their company. The total standard deviation aggregate was also found to be 1.11 implying that there is less consensus or variation among respondents when assessing their perception of the salary measures.

In line with the company pay practices, when respondents were asked whether they were satisfied with their current salary; the mean response was 2.59 with a scattered standard deviation of 1.09 implied that most of respondents were not satisfied with their current salary. Question was also asked whether the salary does match with cost of living in the country. The finding showed that mean response was 2.87 indicating that respondents were less agreement. When respondents were asked whether their salary is competitive with similar jobs they might find elsewhere, the mean response was 2.87 with a scattered standard deviation of 1.13 implied that majority of respondents were believed that their salary is not competitive.

4.3.1.2. Bonus

The study also assesses the respondents' view on bonus as one element of financial motivational factor. Bonus incentive is a payment on the accomplishment of planned specific objectives. The intent of this incentive scheme is to influence certain behaviors towards the attainment of goals or set objectives. Once the objectives are met, the payment is made (Gomez-Mejia, 2014). When

employees reach certain standards and quotas to complete a certain project, they are given bonuses. In line with this, various questions were asked concerning the company bonus package and the mean and standard deviation result is depicted in Table 4.3 above. The grand mean value for the bonus related questions was 3.02. This is an indication that most of respondents were preferred neutral which in turn an indication of dissatisfaction of employees regarding the bonus arrangement of the company.

In line with the company bonus practices, when respondents were asked whether the bonus receive are as good as most other organizations offer. The finding showed that mean response was 3.18 indicating that most respondents were neutral with statement. When respondents were asked whether the existing company bonus pay system is inspiring me to a higher performance, the mean response was 3.11 with a scattered standard deviation of close to 1 implied that most of respondents were moderately inspired with their bonus they received.

4.3.1.3. Stock Ownership

The third sub-factor related with financial motivational factor that the study asses was stock ownership. Share/stock ownership is plan intends to make employees co-owners of the company. It creates a provision for employees to have a stake in the company and longer-term compensation by giving them options to buy shares at a future date for their current market price. Stock options are motivational to employees because they confer on employees the right to buy the company's stock at a specified price (Finkle, 2011). Considering this, various questions were asked concerning the company stock ownership arrangement and the mean and standard deviation result is depicted in Table 4.3 above. The grand mean value for the stock ownership related questions was 3.45, which is relatively considered high. This is an indication that most of respondents were more agreement or satisfied regarding the stock ownership arrangement of the company. The total standard deviation aggregate was also found to be 0.91 implying that there are some variations among respondent responses when assessing their perception of the company stock ownership arrangement.

In line with the company stock ownership practices, first respondents were asked whether share ownership is the most important factor in employee performance. In line with this question, the mean response was 3.65 which is an indication that there is share ownership is the most important factor in employee performance. Question was also asked whether respondents were

ready to increase their work efforts in order to gain share ownership. The finding showed that mean response was 3.62 indicating that respondents were ready to increase their work efforts in order to gain share ownership. Question was also asked whether respondents feel ownership in place favors top management than employees. In line with this question, the finding showed that mean response was 3.11 indicating that most of respondents remained neutral with statement.

4.3.1.4. Commissions

The last sub-factor related with financial motivational factor that the study assesses was Commission. Commissions are incentive compensation based on a percentage of total sales. Commission according to Armstrong (2009) is intended to act as an incentive, a reward and a means of recognizing achievement. Considering this, various questions were asked concerning the company commission arrangement and the mean and standard deviation result is depicted in Table 4.3 above. The grand mean value for the commissions related questions was 3.25, which is considered moderate. This is an indication that most of respondents were more agreement or moderately satisfied regarding the commission arrangement of the company. The total standard deviation aggregate was also found to be 0.99 implying that there are some variations among respondent responses when assessing their perception of the company commission arrangement.

In line with the company commission practices, respondents were asked whether commission usually motivates them to perform better in the company and the mean response was 3.01 which is an indication that most of respondents remained neutral with statement. Question was also asked whether commission can contribute to more excellence and healthy competition within the company. The finding showed that mean response was 3.4 indicating that commission contribute to healthy competition within the company. Question was also asked whether commission encourage respondents to improve the sales performance. In line with this question, the finding showed that mean response was 3.33, which is considered moderate indicating that the company commissions moderately encourage respondents to improve the sales performance.

4.3.2. Non-financial Motivational Factors

Non-financial motivational factors are those related to aspects of psychological needs, the increased attention to this aspect came after the emergence of human relations theories. Those incentives are based on respect of a human being who has feelings, hopes and aspirations. It could be in the form of participate in decision-making, training, career development (promotion) certificates of thanks and appreciation (Marwan, 2012). Non-financial sub-factors identified for the present study are recognition working condition and training & promotion opportunity. The result of survey data related to non-financial motivational factors is presented in table 4.4 below.

Table 4.4: Perception of Respondents on Non-Financial Motivational Factors

Non-financial Motivational Factors	Mean	STD
Recognition		
Management recognizing employees whose efforts make a difference.	3.12	1.02
The company grants a tangible gift, I am more motivated to perform better	2.91	0.90
There are more recognitions for those who work here.	2.85	0.96
I do feel my efforts are recognized the way they should be.	2.83	0.93
I have participated in the decision making of the company goals.	2.79	1.17
Grand mean	2.89	0.99
Working Condition		
A positive working condition is important for me to perform well on my job.	3.79	1.11
My workplace provides an undisturbed environment.	3.10	1.26
There is an atmosphere of trust and respect in the workplace.	3.35	1.17
I work in a safe, healthy and comfortable environment	3.13	1.16
Organizational policies and procedures can promote employee ownership	2.78	1.15
My dedication to giving my best effort at work may increase due to the workplace environment.	3.50	1.05
Grand mean	3.27	1.15
Training and Promotion opportunity		
As long as I do a good job, I will have promotion prospects	3.00	1.11
Those who do well on the job stand a fair chance of being promoted	2.74	1.15
This organization provides attractive opportunities for training and development.	3.20	1.25
I feel satisfied with my promotion opportunity.	2.70	0.96
Employees are encouraged to participate in various training program.	2.90	0.88
Grand mean	2.90	1.07
Overall Mean for Non-financial motivational factors	3.02	1.07

As indicated in Table 4.4, the grand mean value for the non-financial motivational factors was 3.02, which is considered medium. This implies the company the non-financial motivational practice as whole is somehow on average level and which in turn indicated that there are areas that needs further improvement. The total standard deviation aggregate was also 1 implying that there were some variations among respondent responses when assessing their perception towards the company non-financial incentive scheme. The separate discussion of each of non-financial motivational sub-factors are discussed as follows.

4.3.2.1. Recognition

The first sub-factor related with non-financial motivational factor that the study asses was recognition. Employees don't only want a good salary and benefit package; they also want to be valued and appreciated for their work. Employees believe in fair treatment, and respect (Ali & Ahmed, 2009). They want the opportunity for advancement and involvement in the organization. A recognition program can help employers meet their organizational goals by helping attract and retain high- performing employees. Flynn (2008) argued that recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. In line with this, various questions were asked concerning the recognition program and the mean and standard deviation result is depicted in Table 4.4. The grand mean value for the recognition related questions was 2.89 This is an indication that most of respondents were less agreement or dissatisfied regarding the company recognition program. The total standard deviation aggregate was also found to be 0.99 implying that there were some variations among respondents when assessing their perception of the company recognition practice.

Furthermore, when respondents were asked whether they have participated in the decision making of the company goals, the mean response was 2.79 with a scattered standard deviation of 1.17 implied that majority of respondents were believed that they had not adequately participated in the decision making of the company goals.

4.3.2.2. Working Condition

The study also assesses the respondents view on working condition as one element of non-financial motivational factor. Working condition refers to working environment and all existing

circumstance affecting labor in the work place, including job hours, physical aspects, legal rights and responsibility, organizational climate and workload. Working condition covers a broad range of topics and issues, from working time (hours of work, rest periods, and work schedules) to remuneration, as well as the physical conditions and mental demands that exist in the workplace (Russell, O'Connell, & McGinnity, 2009). In line with this, various questions were asked concerning the working condition of Awash insurance and the mean and standard deviation result is depicted in Table 4.4 above. The grand mean value for the working condition related questions was 3.27, which is considered medium. This implies the company the working condition of Awash insurance as whole is somehow on average level and which in turn indicated that there are areas that needs further improvement. The total standard deviation aggregate was also 1.15 implying that there were some variations among respondent responses when assessing their perception towards the working condition of Awash insurance.

In line with the working condition of the company, when respondents were asked whether a positive working condition is important for them to perform well on the job; the mean response was 3.79 with a scattered standard deviation of 1.17 implied that most of respondents were agreed to statement. Question was also asked whether the workplace of Awash Insurance provides an undisturbed environment. The finding showed that mean response was 3.10 indicating that most respondents were neutral to statement indicating improvement is required in terms of creating undisturbed environment. When respondents were asked whether company policies and procedures can promote employee ownership; the mean response was 2.78 with a scattered standard deviation of close to 1.15 implied that the majority of respondents thought that corporate rules and processes couldn't encourage employee ownership.

4.3.2.3. Promotion opportunity

The third sub-factor related with non-financial motivational factor that the study asses was training/promotion opportunity. According to Parvin and Kabir (2011), promotion can be defined as “getting high status in the work place by doing effective work, generally increase the status, position and remuneration of the employee in the organization”. If organizations are not giving promotions to their employees, then it is very likely that employees will be dissatisfied that in turn adversely affect job performance (Yaseen, 2013). Promotion is considered one of the most important elements for the employee job performance (Parvin & Kabir, 2011). Considering this,

various questions were asked concerning training and promotion opportunity in the company and the mean and standard deviation result is depicted in Table 4.4 above. The grand mean value for the training and promotion opportunity related questions was 2.9, which is below the average. This is an indication that most of respondents were less agreement or dissatisfied regarding the training and promotion opportunity of the company. The total standard deviation aggregate was also found to be 1.07 implying that there are variations among respondent responses when assessing their perception of training and promotion opportunity of the company.

In line with training and promotion practices, first respondents were asked whether they have promotion prospects, as long as they do a good job. In line with this question, the mean response was 3.0 which is an indication that most of respondents remained neutral to statement. Question was also asked whether those who do well on the job stand a fair chance of being promoted. The finding showed that mean response was 2.74 indicating that most of respondents were not believed that there is a fair chance of being promoted in their company. Question was also asked whether respondents feel satisfied with the promotion opportunity in company. In line with this question, the finding showed that the mean response was 2.70 indicating that most of respondents not satisfied with the promotion opportunity in company. Lastly when respondents were asked whether they are encouraged to participate in various training program, the mean response was 2.9, which is below the average. This is an indication that most of respondents believed they were not adequately encouraged to participate in various training program.

4.5. Multiple Linear Regression Analysis

The third specific objective of the study was to examine the effect of motivational factors on employee job performance. This was address with regression analysis. According to Zikmund, et al. (2009), regression analysis is another technique for measuring the linear association between a dependent and an independent variable. Regression is a dependence technique that makes a distinction between dependent and independent variables. Thus, with simple regression, a dependent (or criterion) variable, Y, is linked to an independent (or predictor) variable, X. linear regression is used when we want to predict the value of a variable based on the value of another variable. Thus, in this study to identify motivational factors (independent or predictor variable) that significantly influence employees job performance (dependent or criterion variable) linear

regression test has been performed. It starts with results basic assumption test and then precedes to results of the multiple linear regression models.

4.5.1. Regression Model Assumption

Multiple linear regressions are based on the assumptions of Ordinary Least Square (OLS). When one decides to analyze data by means of multiple regressions, part of the process involves checking to make sure that the data need to analyze can in fact be analyzed using multiple regression. One could do this for the reason that it is only appropriate to use multiple regressions if the data "passes" those assumptions that are required for multiple regressions to give a valid result. So, in the following section necessary diagnostic tests were carried out on the variables.

i. Outlier, leverage and influential points

The second assumption of multiple regressions is that in order to make valid inference on multiple linear regressions, there should be no significant outliers, high leverage points or highly influential points. According to Rousseeuw, et al, (1990), outliers, leverage and influential points are observations in data set that are in some way unusual and can change the output that statistical software produces and reduce the predictive accuracy of results as well as the statistical significance. Accordingly, before using a multiple regression analysis, it is essential to detect possible outliers, high leverage points and highly influential points. This is done by the residual analysis. Summaries of residual statistics are presented in table 4.8.

Table 4.5. Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Std. Residual	-2.206	1.898	.000	.975	143
Stud. Residual	-2.264	1.970	-.004	1.003	143
Cook's Distance	.000	.037	.007	.011	143
Centered Leverage Value	.011	.147	.049	.034	143

a. Dependent Variable: Employee Performance

Source, (Survey data, 2023)

According to Wilcox (2001), an outlier is a data point whose response y does not follow the general trend of the rest of the data. Standardized residual (sometimes referred to as studentized residual) is the value that quantifies the size of the residuals in the standard

deviation units and so they can be easily used to identify outliers. It is in principle more correct to use the term "outlier" for an observation with a Standardized residual (studentized residual) value of greater than 3 in absolute value (Rousseeuw, et. al, 1990). The standardized residual values for all cases of the dependent variable employee performance range from -2.206 to 1.898, indicating that the dataset is free of outliers.

According to Wilcox (2001), a data point has high leverage if it has "extreme predictor x values." The great thing about leverages is that they can help to identify x values that are extreme and therefore potentially influential on regression analysis (Rousseeuw, et. al, 1990). As stated by Wilcox (2001), common rule of thumb is to flag any observation whose leverage value, h_{ii} , is more than 3 times larger than the mean leverage value $(3(k+1)/n)$. Based on this formula, in this study, any observation with a leverage value of greater than 0.167 is considered a high leverage point. The finding from table 4.8 shows that a leverage value for dependent variable employee performance ranges from 0.011 to 0.147, which are less than cut-off point 0.167.

According to Wilcox (2001), data point is influential if it "unduly influences any part of a regression analysis, such as the predicted responses, the estimated slope coefficients, or the hypothesis test results." Cook's distance is measure of how much the residual of all records would change if a particular record were excluded from the calculation of the model coefficients (Rousseeuw, et. al, 1990). As stated by Wilcox (2001), a common rule of thumb is that a cook's distance greater than one should be given scrutiny and perhaps removed. The finding from table 4.8 revealed that a cook's distance for a dependent variable employee performance range from 0 to 0.037 and, which is less than cut-off point 1. This suggests that no data point unduly influences the estimated regression function.

ii. Multicollinearity

According to Myers (1990), multicollinearity refers to very high inter-correlation among predictor variables. A perfect linear relationship among the independent variables implies difficulty of computing unique estimates for a regression model. Variance inflation factor (VIF) was used to check the seriousness of multicollinearity among explanatory variables. As a rule of thumb, multi-collinearity is a potential problem when VIF is greater than 5; and, a serious problem when it is greater than 10 (Field, 2013).

Table 4.6: Multicollinearity test for the Study Variables

Independent Variables	Collinearity Statistics	
	Tolerance	VIF
Pay	.471	2.125
Bonus	.492	2.033
Stock Ownership	.513	1.951
Commissions	.578	1.731
Recognition	.845	1.183
Work condition	.420	2.383
Training & promotion opportunity	.756	1.323

The results in table 4.8 all variance inflation factor (VIF) values are less than 10 and tolerance values are greater than 10% respectively indicated that there is no multicollinearity influence between the variable.

iii. Heteroscedasticity Test

Heteroscedasticity in a study usually happens when the variance of the errors varies across observation (Long & Ervin, 2000). On the other hand, Homoscedasticity in a study usually happens when the variance of residuals (error term) would be same for all predicated (Tabachnic & Fidell, 2007). The most commonly used methods is Breusch-Pagan test which was used to test the null hypothesis that the error variances are all equal versus the alternative that the error variances are a multiplicative function of one or more variables. Breusch-Pagan tests the null hypothesis that heteroscedasticity is not present. If sig-value is less than 0.05, reject the null hypothesis. A large chi-square value greater than 9.22 is an indication of the existence of heteroscedasticity (Sazali, et al., 2010). In this study, the sig-value for fitted values of dependent variable employee performance was 0.1908 and chi-square value of 1.71, which are indicating that heteroscedasticity was not a concern.

Table 4.7: Breusch-Pagan for Heteroscedasticity

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity
Ho: Constant variance
Variables: fitted values of employee performance
chi2(1) = 1.71
Prob > chi2 = 0.1908

iv. Linearity

The linearity assumption of multiple regression analysis assumes that there must be a linear relationship between the dependent variable and each of independent variables, as well as the dependent variable and the independent variables collectively (Asghar & Saleh, 2012). The most commonly used way of checking linearity is creating scatter plots and then visually inspecting these scatter plots to check for linearity. If the figure not has an obvious pattern and the point is evenly distributed above and below zero on the X-axis, and to the left and right of zero on the Y-axis, it is an indication of linearity. The scatter-plot of studentized residual against linearly predictive value is presented in Appendix. The figures have a horizontal band of points indicating the linear relationship.

v. Normality Test

The other assumption of multiple regressions is normality which assumes that residuals (errors) are approximately normally distributed. In order to make valid inferences from regression analysis, the residuals of the regression should follow normal distribution. A simple way to check this assumption is to plot normal P-P or Histogram for the dependent variable to confirm the obtained result (Asghar & Saleh, 2012). This is a graphical procedure that plots the cumulative probabilities (values range from 0 to 1) on the X-axis and the expected probabilities given the normal curve on the Y-axis. If the sample were exactly normally distributed, the points would lie on a straight diagonal line. The figure 4.2 shows Normal P-P Plots for the dependent variables (employee performance) in which the points would lie on a straight line confirming the data was normally distributed.

vi. Autocorrelation

The assumption of autocorrelation (serial correlation) is a key assumption in multiple regressions which assume that the error terms are independent of each other. This is however especially relevant with time series data where the data are sequenced by time. The most commonly used methods to determine whether there is autocorrelation, that is where there is a linear correlation between the error terms for one observation, is Durbin-Watson test. According to Cochrane, (1997), if a value of d is within the range 1.5 and 2.5 means there is no autocorrelation.

Table 4.8: Durbin-Watson Test for Autocorrelation

Test	Dependent variable	Value
Durbin-Watson	Employee performance	1.975

In Table 4.9, the Durbin-Watson test was applied to the dependent variable "Employee performance" and resulted in a value of 1.975. Therefore, the result proved that there is no auto correlation

4.5.2 Analysis of Regression Results

One of the specific objectives of the study was to examine the effect of motivational factors on employee job performance. To address this objective multiple linear regression was performed by making employee performance as dependent variable and the seven motivational factors (pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition) as independent variables.

i) Model Summary (The Multiple Coefficient of Determination R²)

Coefficient of determination explains the percentage of variation in the dependent variable (employee performance) that is explained by all the independent variables (pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition). The table 4.10 below preset the model summary.

Table 4.9: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.902 ^a	.814	.805	.34315	1.975

- a. Predictors: (Constant), pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition
- b. Dependent Variable: Employee Performance

As indicated in the above table 4.10 R has a value of 0.902, representing the simple correlation between the seven independent variables (pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition) and employee performance. R-square on the other hand explains the percentage of variation in employees' performance that is explained by the seven motivational factors. The result shows that the all-independent variables (pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition) that were studied explain 80.5% of the variation in employee performance as represented by the R² value. The remaining 19.5% of the determinants of employee performance is left unexplained by the explanatory variables used in the study.

ii) ANOVA Interpretation

The result in ANOVA table 4.11 shows that the sum of squares of the regression is 69.70 at 7 degrees of freedom and a regression mean square of 9.957. The residual sum of squares is 15.897 with 135 degrees of freedom and residual mean square value of .118. The test for the joint significant which is given by the F statistic is 84.558, it is statistically significant. This imply that the independent variables, that are: pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition), considered were relevant in explaining employee job performance at Awash Insurance Share Company (AIC).

Table 4.10: ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	69.700	7	9.957	84.558	.000 ^b
Residual	15.897	135	.118		
Total	85.597	142			

- a. Dependent Variable: Employee Performance
- b. Predictors: (Constant), pay, bonus, stock ownership and commission, recognition, promotion opportunities and working condition

iii) Regression Coefficients

The findings in Table 4.12 show the coefficients of the regression. According to the findings, six out of the seven identified motivational factors examined in this study, namely: pay, bonus, stock ownership and commission, promotion opportunities and working condition are significant in predicting employee performance at Awash Insurance Share Company, since the p values were less than 0.05. Whereas recognition is not significantly affecting employee performance at Awash Insurance Share Company since the p values are greater than 0.05. The Beta values in Table 4.12 represent the extent of relationship between employee job performance and identified motivational factors. All the identified independent variables (motivational factors) have positive b-values, which indicates the positive relationships between the employee job performance and identified motivational factors.

Table 4.11: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.271	.231		-5.497	.000
	Pay	.367	.066	.284	5.552	.000
	Bonus	.261	.071	.175	3.656	.000
	Stock Ownership	.264	.070	.198	3.794	.000
	Commissions	.138	.055	.135	2.515	.013
	Recognition	.080	.056	.056	1.430	.155
	Work condition	.353	.076	.272	4.636	.000
	Training & promotion opportunity	.120	.048	.107	2.521	.013

a. Dependent Variable: Employee Performance

As it is shown in the Beta value the degree of the effect exerted on employee performance differs from variable-to-variable. Among all factors, pay has the highest influence on employee performance with a beta value (beta =.367 and t value of 5.552 which is significant at 0.00. Next, work condition has also positive and significant effect on employee performance with a beta value (beta =.353) and t value of 4.636 which is significant at 0.000. Thirdly, stock ownership has also positive and significant effect on employee performance with a beta value (beta =.264) and t value of 3.794 which is significant at 0.000. Then bonus has positive and significant effect on employee performance with a beta value (beta =.261)

and t value of 3.656 which is significant at 0.00. Next to that commission has also positive and significant effect on employee performance with a beta value (beta =.138) and t value of 2.515 which is significant at 0.013. Similarly, training & promotion opportunity has also positive and significant effect on employee performance with a beta value (beta =.120) and t value of 2.521 which is significant at 0.013. Whereas the recognition is not significantly affected employee job performance at Awash Insurance Share Company (AIC) since the p values are greater than 0.05

4.6. Hypothesis Testing and Discussion Findings

The main aim of the study was to identify the financial and non-financial motivation factors that affect employee performance at Awash Insurance Share Company (AIC). The study used multiple linear regression analysis to determine the statistical relationship between the independent and dependent variables. The outcome of the regression was also analyzed with the predicted hypothesis presented in chapter two. In line with the finding of from the above regression results, the result of the summary of hypotheses are shows in the Table 4.15 below.

Table 4.12: Summary of Hypothesis test

Hypothesis	Decision	Remarks
Hypothesis 1: Pay has a positively affect employee performance at Awash Insurance Share Company.	Accepted	Its Sig. value is less than 0.05
Hypothesis 2: Bonus has a positively affect employee performance at Awash Insurance Share Company.	Accepted	Its Sig. value is less than 0.05
Hypothesis 3: Stock Ownership has a positively affect employee performance at Awash Insurance Share Company.	Accepted	Its Sig. value is less than 0.05
Hypothesis 4: Commission has a positively affect employee performance at Awash Insurance Share Company.	Accepted	Its Sig. value is less than 0.05
Hypothesis 5: Recognition has a positively affect employee performance at Awash Insurance Share Company.	Rejected	Its Sig. value is not less than 0.05
Hypothesis 6: Work condition has a positively affect employee performance at Awash Insurance Share Company.	Accepted	Its Sig. value is less than 0.05
Hypothesis 7: Training & promotion opportunity has a positively affect employee performance at AIC.	Accepted	Its Sig. value is less than 0.05

4.6.1. Financial Motivational Factors that Affect Employees Performance

The study found that all four financial motivational factors (pay, bonus, stock ownership and commission) examined in this study have significantly affect employee performance at Awash Insurance Share Company. Firstly, the study found that pay has significant effect on employee performance. According to the result, one unit change in pay has resulted in 0.367-unit changes in employee performance. This finding is supported by previous findings. Different research findings show that pay is the most significant factor that contributes to the performance of employees (Geleto et al 2015; Liu et al 2019). Research conducted by Bame (2011), revealed that out of the list of eight reasons the most important factors which affect performance of employees in Ghana; financial compensation, promotion opportunities and working condition were ranked to be the first three prominent reasons among which financial compensation ranked first. Additionally, the findings of Mchia (2013), reveals that poor, insufficient and low wages are among employer related factors that significantly affect employee performance. Financial compensation in form of pay is one of the fundamental components of motivational factors since it has a powerful effect in determining employee performance (Bergmann and Scarpello 2002; Gao & Smyth 2010). Lai (2011) also argues that an efficient compensation system in form of pay result in organizational growth and expansion and exhibit a positive relationship between employee performance and job-based wages, skill-based pay and performance-based pay. On other hand, Onyeizugbe (2012) studied the effect of compensation management on the performance of the Anambra State Civil Service using sample size of 309 respondents and Pearson product correlation with Z – test found that financial compensation in form of pay received by Anambra State Civil Servants do not have significant impact on their performance, the financial compensation received are not commensurate with their efforts and the reform programs of the government do not have significant effect on the financial compensation policies and practices.

As indicated in table 4.12, financial motivation in form of bonus has significant effect on employee performance. According to the result, one unit change in bonus has resulted in 0.261-unit changes in employee performance at Awash Insurance Share Company. This result is consistence with many studies which have undertaken with different countries. In the study

which undertake in Kenya by Misati et al (2010) and Ndung'u (2011), they found that bonus has significant effect on employee performance at banking industry. Employees who receive a large bonus will likely want to get it next year too. On the other hand, employees who receive a miserly bonus and it reflects how the company assessed their performance, might consider improving next year (Finkle, 2011).

The study found that stock ownership has significant effect on employee performance at Awash Insurance Share Company. Consequently, with respect to hypothesis testing, the study supports the hypothesis that stock ownership has a positively affect employee performance at Awash Insurance Share Company. According to the result, one unit change in stock ownership has resulted in 0.264-unit changes in employee performance at Awash Insurance Share Company. Similar to this finding, Saqib, et al (2008) and Frever, et al, (2018), found that stock ownership had significantly affect employee performance in Pakistan insurance companies. Stock options are motivational to employees because they confer on employees the right to buy the company's stock at a specified price (Finkle, 2011). However, this result is inconsistency with Ramakrishna, et al., (2012), finding who were found that share ownership had not significantly contributed to employee performance.

The study also found that commission has significant effect on employee performance at Awash Insurance Share Company. Consequently, with respect to hypothesis testing, the study supports the hypothesis that commission has a positively affect employee performance at Awash Insurance Share Company. According to the result, one unit change in stock ownership has resulted in 0.138-unit changes in employee performance at Awash Insurance Share Company. This finding is consistency with most of previous studies. Ali & Ahmad, (2009) found that there is positive relationship between financial incentive in form of commission and bonus, and employee performance. They stated that if commission and bonus are given to employee then there is a huge change in their employee performance.

4.6.1. Non-financial Motivational Factors that Affect Employees Performance

The study found that two out of three non-financial motivational factors (promotion opportunities and working condition) examined in this study have significantly affect employee

performance; whereas recognition has not significant effect on employee performance at Awash Insurance Share Company.

Firstly, the study found that promotion opportunities has significant effect on employee performance. Consequently, with respect to hypothesis testing, the study supports the hypothesis that training and promotion has a positively affect employee performance at Awash Insurance Share Company. According to the result, one unit change in training & promotion opportunities has resulted in 0.120-unit changes in employee performance. This finding is supported by previous findings. Several researchers share the opinion that employee performance has a great connection with opportunities for promotion (Ellickson and Logsdon 2002; Peterson et al 2003). A study by Kelley (2012), focused on effect of career development practices on performance of Commercial Banks in Kenya there by ignoring the fact that career development programs affect employee performance. According to Jusuf et al. (2016) the higher the employee is allowed to develop their career, the higher the employee s, which in turn will have a better job impact. Employees will work well and have high job performance when employees are placed in positions that match their interests and abilities. Similarly, in South Korea, promotion opportunities are more likely to lead to a higher level of employee performance than lack of it (Yang 2011). In context of United States, Johnston & Lee (2013) demonstrated that growth opportunities could increase employee performance, at least in the short-term, of workers in capitalist societies.

As indicated in table 4.14, work condition has significant effect on employee performance. Consequently, with respect to hypothesis testing, the study supports the hypothesis that working condition has a positively affect employee performance at Awash Insurance Share Company. According to the result, one unit change in work condition has resulted in 0.353-unit changes in employee performance at Awash Insurance Share Company. This result is consistence with many studies which have undertaken with different countries. This finding is supported by previous findings. The above finding reveals that work environment factors are significant in predicting the employees' performance. This is supported by Wubuli (2009), Ruthankoon and Ogunlana (2003), Crossman and Abou-Zaki (2003) and Madura (2006) as they who considered good work environment were affect the employees to have a high level of job performance. The above fining also reveals that relation with supervisor and coworkers were significant towards

job performance. Other researchers have argued for the adoption of flexible work schedule for improving work-life balance and promoting employees' rights (Putnam et al 2014). The level of stress in a work schedule determines the quality of work life and the degree of happiness or displeasure and employee performance in a workplace (Gupta & Hyde 2013). Flexible work schedules can potentially mitigate stress and enhance job satisfaction, which in turn enhance employee performance (Ogunlana & Okunlaya 2013). The growing influence of work environment on employee performance has become a global phenomenon cutting across different sectors and businesses. Poor working environment negatively affects the motivation and productivity of workers in the Nigerian service, health, and oil industries (Noah & Steve 2012). These findings indicate the growing importance of work environment on job performance transcends national boundaries.

Lastly, the study found that recognition has not significant effect on employee performance at Awash Insurance Share Company. Consequently, with respect to hypothesis testing, the study rejects the hypothesis that recognition has a positively affect employee performance at Awash Insurance Share Company. This finding is not consistence with most of previous studies. Ali & Ahmad, (2009) found that there is positive relationship between recognition and reward, and employee performance. They stated that if reward and recognition are given to employee then there is a huge change in their employee performance. According to Mishra and Dixit (2013), non-financial rewards inform of recognition are highly correlated with employee's performance in an education rewards system. Based on decades of research on operant conditioning and behavior modification, it is commonly believed that if recognition is used effectively, they can motivate individuals to perform at higher levels, and the use of proper recognition culminates in firm performance at the organizational level (Giancola 2011).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The previous chapter presented the analysis of the findings. This chapter presents a summary of the results, conclusions and the recommendation. The first section presents a summary of the findings; the second section presents the conclusion of the research, and the last section presents the researcher's recommendation.

5.1 Summary of Major Findings

The study's general objective was to examine the effect of motivational factors on employee job performance at Awash Insurance Share Company. The study aimed to answer the following 2 research questions: (1) what is the effect of financial motivational factors on employee job performance? (2) how does non-financial motivational factors affect employee job performance? To address the research questions mentioned above, the literature on financial and non-financial motivational factors that affect employee performance has been reviewed; and subsequently, a survey was conducted. Specifically, the study has collected primary data from the Company employees through a questionnaire, and 143 were duly completed and returned for analysis. The findings of the study based on the research questions have been summarized as follows.

The first specific objective of the study was to examine the effect of financial motivational factors on employee job performance. The study found that all four financial motivational factors (pay, bonus, stock ownership and commission) examined in this study have significantly affect employee performance at Awash Insurance Share Company. Among all financial motivational factors, pay has the highest influence on employee performance with a beta value (beta =.367 and t value of 5.552 which is significant at 0.00. Next, stock ownership has also positive and significant effect on employee performance with a beta value (beta =.264) and t value of 3.794 which is significant at 0.000. Then, bonus has positive and significant effect on employee performance with a beta value (beta =.261) and t value of 3.656 which is significant at 0.00. Next to that commission has also positive and significant effect on employee performance with a beta value (beta =.138) and t value of 2.515 which is significant at 0.013. In general, the financial motivation factor has a strong positive effect on employees' performance. This is indicated by the standardized coefficients (Beta) which show that the variables have a significant impact on the

dependent variable. So, the financial motivators factor is significant in improving employees' performance.

The second specific objective of the study was to examine the effect of non-financial motivational factors on employee job performance. The study found that two out of three non-financial motivational factors (promotion opportunities and working condition) examined in this study have positively and significantly affect employee performance; whereas recognition has positive impact but, not significant effect on employee performance at the Company. Among non-financial motivational factors, work condition has the highest influence on employee performance with a beta value (beta =.356) and t value of 4.636 which is significant at 0.000. Next, promotion opportunity has also positive and significant effect on employee performance with a beta value (beta =.120) and t value of 2.521 which is significant at 0.013. Whereas the recognition is not significantly affected employee job performance at the Company since the p values are greater than 0.05.

5.2 Conclusion

The study was undertaken to examine the effect of motivational factors on employee job performance at Awash Insurance Share Company. Accordingly, based on the findings presented in the above section the study confers that the job performance among employees of Awash Insurance Share Company is highly associated with certain financial and non-financial motivational factors which need to be developed and focused by the company management. Therefore, the study concludes that financial motivational factors like pay, bonus, stock ownership and commission have a high-level influence on the employee job performance at Awash Insurance Share Company.

In addition, non-financial motivational factors such as training & promotion opportunities and working condition had influence employee job performance at Awash Insurance Share Company while recognition has a lower impact on employee job performance at the Company.

The improvement of financial and non-financial motivational factors by company has a higher potential of improving job performance of employee of Awash Insurance Share Company. Thus, a better understanding of the factors that influence employee job performance is crucial for the

company. By understanding the factors, a company can be aware of the symptoms beforehand and take precaution to support and increase the job performance level of employees. For an organization to sustain and grow its business, employee job performance is the long-term solution for increased organizational performance and productivity. Therefore, the management of Awash Insurance Share Company should influence financial and non-financial motivational factors (pay, bonus, stock ownership and commission, promotion opportunities and working condition) to improve employees' job performance.

5.3 Recommendation

Human resource is one of the main valuable assets of the institute that is fundamental to its overall success. Thus, having highly performing employees who work hard and are willing to go the extra mile to ensure the organization's success is invaluable. More so, the result of the study revealed that financial motivational incentive scheme and non-financial motivational factors as whole is somehow on average level and which in turn indicated that there are areas that needs further improvement. Based on the findings and conclusions of the study, to better enhance the job performance of employees in the case organization the following recommendations are forwarded.

- Thus, to address shortcoming related with financial motivational factors, the top management of the company should provide a sufficient level of financial motivational schemes like pay, bonus, commission, stock ownership, benefit, and rewards for its employees based on their performance to keep employees for a long period. Furthermore, the company should revise and improve the pay treatment for the employees by improving the overall salary package to match with cost of living in the country.
- And to address shortcoming related with non-financial motivational factors, the company should adopt some promotion schemes or ensure the availability of enough promotion opportunities to retain the employees with them. More so, to address shortcoming related with working condition, the top management of the company should create favorable work conditions for the enterprise that guide the employees to communicate effectively and build a good interpersonal environment within the company to create good work conditions. Supervisors should encourage the employees to achieve their goals, clearly define the employees' job responsibilities and provide the sufficient resources for the

employees. Most importantly, the management should value the importance of balancing work and personal life.

- Hence, the researcher also recommends the management of AIC to use the result of this study and decide which area they should give attention to maintain and maximize employee performance. In most theories and research, it is revealed that employees are more engaged when they are more satisfied with their job or given something that stimulates to do so, hence; AIC's management shall see and maintain - give and take assumption systematically. In line with this, the study recommendable that the company mutually set performance goals or objectives that are specific and challenging to boost employee performance and attach reward with performance by leading people to focus their attention on specific objectives and increase their effort to achieve these objectives.
- To sum up, the company should enhance their employee performance by financial and non-financial motivational scheme, should develop learning and career development, create work-life balance and a good working environment.

5.4 Area Further Research

It is recommended that in future, a similar study be conducted among other insurance companies in Ethiopia. This will be important to generalize findings for the entire insurance sector. The researcher also suggests determinants of job performance by comparing the professional and non-professional employees. Future research instruments can use both qualitative and quantitative methods. The Likert scale was used in this study to find the data. Therefore, the researcher suggests adding some open-ended questions or interview can be conducted to explain and describe respondents' perspectives of the topics thoroughly. The future study may also utilize other factors, not only by focusing on the factors mentioned in this study.

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APPENDIX I: RESEARCH QUESTIONNAIRE

Saint Mary's University

Post Graduate Program: Master of Business Administration

The purpose of this questionnaire is to collect data for post graduate study in Saint Mary's University for the study entitled "Perceived Effect of Motivation on Employees Job Performance: The Case of Awash Insurance S.C.". This questionnaire is required to assist in determining the objectives of the study. Your privacy will be kept anonymously and, therefore, no one knows who provided the information. Any information provided will be used for academic purpose only and will be treated in strict confidence. Therefore, you are kindly requested to provide your responses to different questions below.

General Instruction: - Circle your response or indicate "√" in the box beneath for closed-ended questions among the provided alternatives. You don't need to write your name. If you have any question about the questionnaire.

Section I: Demographic Profile of Respondent

Instruction: Circle your response against any response that applies to you.

1.	Sex:	Male <input type="checkbox"/>	Female <input type="checkbox"/>
2.	Age:	18-29 years <input type="checkbox"/>	41-50 years <input type="checkbox"/>
		30-40 years <input type="checkbox"/>	over 50 years <input type="checkbox"/>
3.	Education level	Secondary school <input type="checkbox"/>	Master & above <input type="checkbox"/>
		Diploma <input type="checkbox"/>	First Degree <input type="checkbox"/>
4.	For how long have you been employed in this company?	1 – 5 years <input type="checkbox"/>	above 10 years <input type="checkbox"/>
		6 – 10 years <input type="checkbox"/>	
5.	Position in the Organization?	Clerical <input type="checkbox"/>	Managerial <input type="checkbox"/>
		Professional <input type="checkbox"/>	
6.	Salary	Less than 1.000 <input type="checkbox"/>	3.501 – 5.000 <input type="checkbox"/>
		1,001 – 2,000 <input type="checkbox"/>	5,001 – 10,000 <input type="checkbox"/>
		2,001 – 3,500 <input type="checkbox"/>	> 10,000 <input type="checkbox"/>

Section II: Financial Motivational Factors

In the section below, indicate the extent to which you agree with each of the following statements regarding the Financial Motivational Factors by circling, ticking or underlining that which most closely matches your opinion. Tick (✓) any option that represents your answer.

NO.	Financial Motivational Factors	Strongly disagree	Disagree	Neutral	agree	Strongly agree
		1	2	3	4	5
	Pay					
1.	I feel I am being paid a fair amount for the work I do.					
2.	I am satisfied with my current salary.					
3.	My salary is competitive with similar jobs I might find elsewhere.					
4.	My salary does match with cost of living in the country.					
	Bonus					
1.	The bonus we receive are as good as most other organizations offer.					
2.	The existing company bonus pay system is inspiring me to a higher performance.					
3.	Bonuses are paid fairly for extra work, efficiency and achievements.					
	Stock Ownership					
1.	Share ownership is the most important factor in employee performance.					
2.	I am ready to increase my work efforts in order to gain the share ownership.					
3.	Employees often endeavor to meet the set targets to be entitled a stock ownership.					
4.	The share ownership in place favors top management than employees.					
	Commission					
1.	Commission usually motivates me to perform better in the company.					
2.	A competitive commission for efficient service delivery and productivity.					
3.	Commission can contribute to more excellence and healthy competition within the company.					
4.	Commission can encourage me to improve the sales performance.					

Section III: Non-financial Motivational Factors

In the section below, indicate the extent to which you agree with each of the following statements regarding Non-Financial Motivational Factors by circling, ticking or underlining that which most closely matches your opinion. Tick (✓) any option that represents your answer.

NO.	Non-financial Motivational Factors	Strongly disagree	Disagree	Neutral	agree	Strongly agree
		1	2	3	4	5
	Recognition					
1.	Management recognizing employees whose efforts make a difference.					
2.	The company grants a tangible gifts/trophy, I am more motivated to perform better					
3.	There are more recognition for those who work here.					
4.	I do feel my efforts are recognized the way they should be.					
5.	I have participated in the decision making of the company goals.					
	Working Condition					
1.	A positive working conditions is important for me to perform well on my job.					
2.	My workplace provides an undisturbed environment.					
3.	There is an atmosphere of trust and respect in the workplace.					
4.	I work in a safe, healthy and comfortable environment					
5.	Organizational policies and procedures can promote employee ownership					
6.	The work environment can elicit greater commitment in me to perform my best					
	Training and Promotion opportunity					
1.	As long as I do a good job, I will have promotion prospects					
2.	Those who do well on the job stand a fair chance of being promoted					
3.	This organization provides attractive opportunities for training and development.					
4.	I feel satisfied with my promotion opportunity.					
5.	Employees are encouraged to participate in various seminars and workshops.					

Section IV: Job Performance

In the section below, indicate the extent to which you agree with each of the following statements regarding employees' performance by ticking (✓) that which most closely matches your opinion. Use the following rating scale. 1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree and 5: Strongly Agree.

NO.	Organizational Factors	Strongly disagree	Disagree	Neutral	agree	Strongly agree
		1	2	3	4	5
1.	I perform my work to the expected standards.					
2.	I am able to judge a given work situation & respond to it.					
3.	I am able to manage my time and allocate resources effectively.					
4.	I understand link between my performance & my pay					
5.	I have a complete knowledge and understanding while performing my tasks.					
6.	I have the required skills, sociological readiness and behavioral abilities to perform my task.					
7.	I think carefully before responding to customers and project activities.					
8.	I delivered my work Assignments timely.					
9	I am able to do my work according to standards and requirements.					
10	As an employee, I give the highest priority and support to meet the needs of clients and customers and to solve their problems.					

Thank you for your cooperation

APPENDIX II: Regressions Charts

