ST. MARY'S UNIVERSITY

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THE EFFECT OF INTRINSIC MOTIVATIONAL STRATEGIES ON EMPLOYEE PERFORMANCE IN SMALL MARKETING FIRMS: THE CASE OF KIRKOS SUB-CITY, ADDIS ABABA

BY

ARSEMA TEREFE

JULY 2025

ADDIS ABABA, ETHIOPIA

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA)

Advisor: Tesfaye. T (PhD)

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DECLARATION

I, Arsema Terefe, hereby declare that this thesis work entitled “The Effect of Intrinsic Motivational Strategies on Employee Performance in Small Marketing Firms: The Case of Kirkos Sub-City, Addis Ababa” submitted to the School of Graduate Studies of St. Mary’s University in partial fulfillment of the requirements for the Degree of Master of Business Administration (MBA), is my original work, completed during the 2025 academic year under the supervision and guidance of Tesfaye T. (PhD). This work has not been submitted for any other degree, diploma, or similar title at any other university or institution.

Arsema Terefe

______________________ ____________________

Name Signature

St. Mary’s University, Addis Ababa, July, 2025

ENDORSEMENT

This is to certify that the thesis entitled "The Effect of Intrinsic Motivational Strategies on Employee Performance in Small Marketing Firms: The Case of Kirkos Sub-City, Addis Ababa" submitted to the School of Graduate Studies of St. Mary's University in partial fulfillment of the requirements for the Degree of Master of Business Administration (MBA) is an original work carried out by Arsema Terefe under my supervision. No part of this thesis has been submitted for any other degree or diploma. All assistance and support received during this research have been properly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements.

Tesfaye T. (PhD)

____________________ _______________

Advisor Signature

St. Mary's University, Addis Ababa, July, 2025

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List of Acronyms

AJIC – African Journal of Information and Communication

AMR – Academy of Management Review

ANOVA – Analysis of Variance

CSA – Central Statistical Agency

ERG – Existence, Relatedness, and Growth (Theory)

FDRE – Federal Democratic Republic of Ethiopia

FPC – Finite Population Correction

HR – Human Resources

IJPPM – International Journal of Productivity and Performance Management

LAS – Leadership Autonomy Support

MBA – Master of Business Administration

PT – Pilot Test

SD – Standard Deviation

SDT – Self-Determination Theory

SME – Small and Medium Enterprise

SPSS – Statistical Package for the Social Sciences

VIF – Variance Inflation Factor

ABSTRACT

This study investigated the effect of intrinsic motivational strategies; specifically autonomy, skill development, and recognition, on employee performance in small marketing firms in Kirkos Sub-City, Addis Ababa. Recognizing that human capital is a critical driver of organizational success, the study aims to explore how intrinsic motivators contribute to enhancing employee outcomes within the unique context of small marketing firms. Using a quantitative research approach, data were collected from 96 respondents selected through convenient sampling, utilizing a structured close-ended questionnaire designed to measure perceptions of motivational practices and self-reported performance. The data were cleaned, coded, and analyzed using SPSS software, applying both descriptive statistics to summarize respondent characteristics and inferential statistics, including Pearson correlation and multiple regression analysis, to examine the effect of intrinsic motivational strategies on employee performance. The results reveal that intrinsic motivational factors collectively have a significant and positive relationship with employee performance, confirming the central research objective. Among the predictors, autonomy was identified as the strongest influence, with employees reporting higher performance when granted greater independence and decision-making authority. Skill development also demonstrated a significant positive effect, suggesting that access to learning and growth opportunities directly supports enhanced performance outcomes. In contrast, recognition showed no statistically significant predictive effect, despite positive correlations, indicating that acknowledgment practices may require more strategic implementation to yield measurable performance improvements. These findings emphasize the importance of designing human resource strategies that prioritize internal motivators to drive employee performance in small firms where financial rewards alone may be limited. Based on the results, the study offers targeted recommendations for firm management and suggests future research directions that explore the interaction between intrinsic and extrinsic motivational strategies across varying organizational and cultural contexts.

.***Keywords:*** *Intrinsic Motivation, Employee Performance, Autonomy, Skill Development, Recognition, Small Marketing Firms, Kirkos Sub-City.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employee motivation has long been recognized as a critical determinant of organizational success, influencing not only productivity but also employee satisfaction, innovation, and retention (Ajalie et al., 2020). While traditional motivation theories often emphasized extrinsic rewards such as pay and job security, recent literature increasingly highlights the significance of intrinsic motivational strategies—those driven by internal satisfaction, autonomy, competence, and a sense of purpose (Fishbach & Woolley, 2021; Deci, 1975). According to Self-Determination Theory, intrinsic motivation arises when the psychological needs of autonomy, competence, and relatedness are fulfilled (Reeve, 2019).

In global contexts, particularly in knowledge-based and service-driven economies, intrinsic motivation has been associated with enhanced performance, creativity, and long-term commitment (Hannam & Narayan, 2015). Organizations in digital, creative, and tech sectors are increasingly adopting non-financial strategies such as empowerment, recognition, and personal development opportunities to engage employees. These strategies are seen not only as complementary to extrinsic rewards but, in some cases, more effective in sustaining employee engagement and innovation (Broedling, 1977).

In Africa, the focus of motivational research has historically centered around large public institutions, particularly within the education and healthcare sectors (Ochelle, 2012). However, with the growing presence of small and medium-sized enterprises (SMEs), especially in urban creative sectors, there is a need for greater empirical attention toward their workforce dynamics. Ethiopia, in particular, has seen a sharp rise in SMEs in response to national strategies aimed at promoting entrepreneurship, urban employment, and private sector growth (FDRE Ministry of Urban Development and Construction, 2020).

Within Addis Ababa, Kirkos Sub-City stands out as a vibrant commercial and cultural hub, hosting a significant number of creative and marketing-oriented SMEs. These firms typically operate with fewer than 30 employees and are deeply reliant on young professionals who value flexibility, autonomy, and purposeful work environments. Reports by the Central Statistical Agency and the Addis Ababa Bureau of Finance and Economic Development indicate that Kirkos accommodates a considerable concentration of micro and small enterprises (CSA, 2021; Addis Ababa BoFED, 2022).

Despite their growing relevance, these firms often face challenges related to employee retention, inconsistent performance, and high turnover. Due to financial constraints, they are less capable of offering strong extrinsic incentives, making intrinsic motivation strategies—such as recognition, autonomy, and skill development—particularly vital (Ajalie et al., 2020). Research from similar developing economies supports this approach; for instance, Manzoor et al. (2021) observed a strong positive effect of intrinsic rewards on performance in SMEs in Pakistan, while Huang (2015) found a positive relationship between intrinsic motivation and organizational commitment across cultural settings.

Yet, within Ethiopia's creative and marketing sectors, particularly at the sub-city level, there remains limited empirical evidence on the role of intrinsic motivation in shaping employee performance. This study addresses that gap by focusing on small marketing firms in Kirkos Sub-City, investigating how autonomy, recognition, and skill development influence employee performance. The findings are expected to provide both academic insights and practical recommendations for sustainable human resource practices tailored to local organizational realities.

1.2 Statement of the Problem

In the evolving business landscape of Addis Ababa, small marketing firms have emerged as key players in driving the city's creative economy, contributing to cultural production, digital content, and branding activities that form part of Ethiopia's growing creative industries sector (Belete, 2016). These firms often thrive on the ingenuity, flexibility, and personal initiative of their employees, as they navigate the highly competitive and fast-paced nature of the marketing industry. However, many such organizations face persistent challenges such as low employee performance, which is often linked to high staff turnover and a lack of long-term commitment from employees (Desta, 2019). These issues are not merely surface-level management problems; they strike at the heart of the firm's capacity to sustain innovation, meet client demands, and remain competitive in an industry that demands adaptability.

A growing body of research points to the critical role of motivation in shaping employee performance and retention. Yet, within the Ethiopian context, traditional motivational approaches have largely centered on extrinsic rewards such as, salary increments, bonuses, and job security (Teshome, 2020). While these incentives play an undeniable role, they are often out of reach for small firms that lack the financial bandwidth to maintain them consistently. This creates a critical tension: small firms are caught between their resource constraints and the need to keep their employees engaged and performing at high levels.

Intrinsic motivational strategies such as opportunity for personal growth, autonomy, recognition, and a sense of task significance, offer a promising alternative (Gagné & Deci, 2005). Research from international contexts shows that when employees experience intrinsic motivation, they are more likely to demonstrate creativity, persistence, and discretionary effort, even in the absence of large extrinsic rewards. However, the applicability of these findings to the Ethiopian small business context remains unclear. Most existing studies on motivation in Ethiopia focus on public sector institutions or large corporate organizations (Mihret & Belay, 2018; Mulugeta, 2021), leaving a substantial gap in our understanding of how these dynamics play out in the small, privately owned marketing firms that make up a significant and growing segment of the urban economy.

This knowledge gap is particularly urgent given demographic and labor market shifts. An increasing number of young professionals are entering Ethiopia's marketing industry, many of whom prioritize meaningful work, autonomy, and personal development over traditional markers of job security (World Bank, 2021). If small marketing firms fail to recognize and harness the motivational drivers that matter most to this emerging workforce, they risk not only losing top talent but also diminishing their long-term competitiveness, productivity, and market standing. High turnover and underperformance come with real costs: repeated recruitment cycles, disrupted client relationships, and weakened team cohesion.

Therefore, this research seeks to address a critical and underexplored question: how do intrinsic motivational strategies affect employee performance in small marketing firms in Kirkos Sub-

City, Addis Ababa? While intrinsic motivation has been widely studied in large organizations and public institutions in Ethiopia, there is a lack of empirical research specifically examining its role in the context of small, privately-owned marketing firms operating in the creative sector. Most existing studies focus on extrinsic factors such as compensation and job security, leaving a gap in understanding how non-financial motivators—such as autonomy, recognition, and personal growth—impact employee performance in resource-constrained, fast-paced business environments. By focusing on this specific setting, the study aims to generate contextually relevant insights that can inform practical human resource management strategies tailored to the realities of Ethiopia's emerging private sector.

1.3 Objectives of the Study

1.3.1 General Objective:

The general objective of this study is to assess the effect of intrinsic motivational strategies on employee performance in small marketing firms within Kirkos Sub-City, Addis Ababa.

1.3.2 Specific Objectives:

- To examine the effect of recognition on employee performance.
- To assess the impact of autonomy on employee performance.
- To investigate how skill development influences employee performance.

1.4 Research Hypotheses

- H1: Recognition has a significant effect on employee performance in small marketing firms.
- H2: Autonomy has a significant effect on employee performance in small marketing firms.
- H3: Skill development has a significant effect on employee performance in small marketing firms.

1.5 Significance of the Study

Understanding the role of intrinsic motivation strategies in enhancing employee performance is particularly relevant in the Ethiopian business environment, where many small firms operate under significant resource constraints and cannot consistently rely on financial incentives to boost productivity This study is significant for several reasons:

First, this study contributes to the growing body of literature on employee motivation and performance by providing empirical evidence on intrinsic motivational factors in the context of small marketing firms in Ethiopia, a topic that has received limited scholarly attention. While many African and Ethiopian studies on employee motivation focus on extrinsic incentives such as salary, promotion, and job security, this research shifts the focus to non-financial drivers like autonomy, recognition, and opportunities for growth. By examining these variables quantitatively, the study fills a specific gap in understanding how intrinsic motivation strategies influence measurable performance outcomes within resource-constrained, high-turnover environments.

Second, by centering specifically on small marketing firms in Kirkos Sub-City, the study offers context-sensitive insights into the unique human resource challenges faced by Ethiopia's emerging creative economy. Most existing motivation literature is based on large organizations or public institutions, and is often rooted in Western contexts. This research responds to the lack of localized studies in Ethiopia's private sector, thereby generating practical knowledge that small business owners, HR professionals, and policymakers can use to design motivation systems aligned with local values, economic constraints, and employee expectations.

Third, the study serves as a reference for policymakers and development practitioners aiming to strengthen the performance and sustainability of small enterprises, a sector that plays a crucial role in Ethiopia's employment generation and broader economic development. Promoting effective non-monetary motivation mechanisms could contribute not only to improved employee outcomes but also to the resilience and competitiveness of small firms in the face of economic and labour market pressures.

Lastly, for future researchers and academic scholars, this study lays important groundwork for further investigation into psychological and motivational factors within the Ethiopian labour market, particularly in under-researched and fast-evolving industries like marketing and creative services. By highlighting both empirical findings and methodological considerations, the research invites replication, comparison, and deeper exploration across industries, regions, and organizational types.

1.6 Scope of the Study

This study is geographically confined to Kirkos Sub-City in Addis Ababa, Ethiopia, focusing specifically on small marketing firms operating within this district. The selection of this location is based on its significant concentration of small creative and marketing businesses, making it a representative area for studying intrinsic motivational strategies in this sector. According to (Salah (2019)), Kirkos Sub-City, specifically Woreda 1, hosts a significant number of MSEs.

Thematically, the research is limited to examining intrinsic motivational factors, including recognition, autonomy, and skill development, and their relationship with employee performance. It does not include extrinsic motivators such as salary, bonuses, or benefits, which, while influential, fall outside the scope of this study's primary objective.

The target population includes non-managerial employees and their immediate supervisors, as their perceptions and performance assessments are central to understanding the relationship between intrinsic motivation and job outcomes.

In terms of time, the study focuses on current motivational practices and performance levels during the 2024–2025 operational year. The findings will therefore reflect recent and ongoing workplace experiences rather than historical trends.

This defined scope ensures the research remains focused, feasible, and relevant, enabling a more precise examination of the correlation between intrinsic motivation and employee performance in the context of Ethiopian small businesses.

1.7 Limitations of the Study

Despite its focused design, this study is not without limitations. First, the study is confined geographically to Kirkos Sub-City, which may limit the generalizability of findings to other parts of Addis Ababa or Ethiopia. Second, by choosing only intrinsic motivational strategies, other relevant factors affecting performance may be excluded. Furthermore, the use of self-reported questionnaires may introduce response bias, as employees could provide socially desirable answers.

1.8 Organization of the Paper

This study is organized into five chapters. Chapter One introduces the study by providing background information, stating the research problem, outlining the objectives and questions, and explaining the scope, significance, and limitations of the study.

Chapter Two presents a comprehensive review of related literature. It explores theoretical frameworks, relevant empirical findings, and conceptual discussions on intrinsic motivation and employee performance, helping to situate the research within a broader academic context.

Chapter Three focuses on the research design and methodology. It outlines the population and sample, data collection tools, techniques, and procedures, and elaborates on the methods used to analyze the collected data.

Chapter Four presents the results and findings from the data analysis. It includes both descriptive and inferential statistics and interprets how the findings relate to the research questions and hypotheses.

Chapter Five concludes the study by summarizing key findings, discussing implications, and offering recommendations for practice and future research. This final chapter also reflects on the study’s contributions and suggests areas that warrant further investigation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Framework

Motivation is a central construct in organizational behavior and human resource management, generally defined as the internal or external forces that initiate, direct, and sustain goal-directed behavior (Robbins & Judge, 2017). In the context of employee performance, motivation strategies refer to systematic practices, policies, and interventions used by organizations to influence employee behavior toward desired outcomes (Pinder, 2014). These strategies may be extrinsic—involving external rewards such as pay, bonuses, or promotion—or intrinsic, arising from internal psychological satisfaction, personal interest, and the meaningfulness of the work itself (Ryan & Deci, 2000).

Intrinsic motivational strategies are specifically designed to tap into employees' internal drivers. These strategies focus on fostering conditions that satisfy psychological needs, such as autonomy, competence, and relatedness—the foundational components of Self-Determination Theory (Deci & Ryan, 1985). When these needs are met, employees are more likely to engage in their work with enthusiasm, creativity, and persistence, even in the absence of material rewards (Gagné & Deci, 2005).

Unlike extrinsic motivators that tend to produce short-term behavioral compliance, intrinsic motivational strategies aim to cultivate self-endorsed behavior, leading to sustained performance, job satisfaction, and lower turnover (Pink, 2009). Common intrinsic strategies include granting decision-making autonomy, providing meaningful recognition, and ensuring opportunities for personal and professional development. These approaches are especially valuable in small firms or creative industries where financial resources may be limited, but employee initiative and innovation are essential (Amabile & Kramer, 2011).

In the present study, intrinsic motivation is operationalized through three key strategies that align with core psychological needs: autonomy, recognition, and skill development. Autonomy refers to the degree of control employees have over how they perform their tasks, including decision-making authority and flexibility in their work processes. It enables individuals to feel ownership and personal agency in their roles, which enhances motivation and engagement. Sense of recognition involves the non-material acknowledgment of employee contributions, such as verbal praise, feedback, or appreciation from supervisors and peers. When delivered sincerely, recognition fulfills the psychological need for relatedness and affirms an employee's value within the organization. Finally, skill development pertains to opportunities for learning, training, and personal growth, which strengthen the sense of competence. Providing employees with chances to expand their abilities not only builds expertise but also supports their intrinsic desire to master challenges and achieve personal progress. Together, these three strategies form the core of the intrinsic motivational framework applied in this research.

These strategies are explored in this chapter through the lens of relevant motivational theories and supported by academic literature, establishing their conceptual and theoretical relationship to employee performance outcomes.

2.1.1 Autonomy and Employee Performance

Autonomy refers to the degree of volition and choice individuals experience in initiating and regulating their own actions. In the workplace, this includes freedom over how, when, and with whom work is completed. Autonomy is a cornerstone of Self-Determination Theory (SDT), a macro theory of motivation developed by Deci and Ryan (1985), which posits that people have three innate psychological needs—autonomy, competence, and relatedness—that must be satisfied to foster intrinsic motivation and well-being.

According to SDT, when employees experience autonomy, they are more likely to internalize work goals and behave with a sense of volition rather than obligation (Ryan & Deci, 2000). This sense of ownership enhances engagement, persistence, and task performance. Autonomy is particularly crucial in jobs that require creativity, decision-making, or adaptability—attributes that are essential in small marketing firms.

Empirical literature grounded in SDT supports this theoretical link. For example (Wahab et al. , 2020) conducted a study among knowledge workers in Pakistan and found that Leader

Autonomy Support (LAS) significantly predicted employee performance and well-being, with intrinsic motivation acting as a mediator. This highlights how workplace structures that encourage self-direction directly enhance both psychological satisfaction and job outcomes. Similarly, Kuvaas (2008), studying over 700 employees in a public-sector setting, found that autonomy-supportive management had a direct positive effect on performance, fully mediated by intrinsic motivation.

Moreover, Vansteenkiste et al. (2004) emphasized that when environments support autonomy and frame work in terms of intrinsic goals (e.g., personal growth or creativity), employees show greater persistence, deeper learning, and higher performance outcomes. This body of work underscores the robustness of SDT across diverse cultural and occupational contexts.

In addition, the Componential Theory of Creativity (Amabile, 1983) positions autonomy as a precondition for creativity, one of the main contributors to employee effectiveness in marketing roles. Oldham and Cummings (1996) elaborated that autonomy—when paired with task complexity—was a critical factor in predicting creative performance. These findings suggest that when employees are granted flexibility in executing their tasks, they not only feel more motivated but also contribute more effectively to innovative outcomes.

In the specific context of small marketing firms, autonomy may also mitigate the effects of structural informality and resource constraints. Unlike large corporations with rigid role demarcations, small firms often require employees to be self-driven and adaptable. Providing autonomy can enable employees to take initiative, align personal goals with organizational outcomes, and respond swiftly to creative demands—thus directly enhancing performance.

2.1.2 Recognition and Employee Performance

Recognition refers to the acknowledgement of employee efforts, accomplishments, or value within the organization. Although often categorized as an extrinsic reward, recognition—when delivered sincerely and non-contingently—can fulfill intrinsic psychological needs, particularly relatedness and competence, as outlined in Self-Determination Theory (Deci & Ryan, 2000).

The distinction lies in how recognition is delivered. SDT argues that autonomy-supportive forms of recognition—those that affirm personal effort and progress without imposing control—strengthen internal motivation. On the other hand, manipulative or contingent praise can undermine intrinsic motivation by shifting the locus of control from the individual to the evaluator. As such, well-structured recognition practices become critical in maintaining employee engagement and performance.

Alderfer's ERG Theory (1969) also offers a compelling framework for understanding recognition's motivational role. Under this theory, recognition fulfills relatedness needs, which pertain to meaningful interpersonal connections, and growth needs, when tied to development or achievement. According to the frustration-regression principle, unmet needs at higher levels (like growth) may cause individuals to regress toward seeking fulfillment of relatedness or existence needs. In this context, recognition helps sustain motivational equilibrium and prevent disengagement.

Supporting this view, Amabile & Pratt (2016) highlighted that a psychologically supportive environment, including timely and sincere recognition, reinforces employees' intrinsic task motivation. In creative roles such as those in marketing, this is particularly important, as employees often rely on feedback loops to evaluate the social value of their contributions.

Shalley and Gilson (2004) extended this argument by noting that social reinforcement mechanisms—like praise and peer acknowledgement—are powerful motivators in group-based, fast-paced environments. Such forms of recognition affirm employee competence and bolster team cohesion, which in turn contributes to performance.

In small marketing firms, where informal structures and team-based projects are common, recognition serves not only as a morale booster but also as a mechanism for reinforcing behavioral norms, encouraging effort, and reducing turnover. Given resource limitations that restrict extrinsic incentives (e.g., high salaries or bonuses), recognition becomes one of the few but highly impactful levers for motivating employees intrinsically.

2.1.3 Skill Development and Employee Performance

Skill development refers to structured opportunities for employees to acquire, refine, or expand their professional capabilities. Within Self-Determination Theory, this aligns with the need for competence—the feeling of mastery, progress, and effectiveness in one's tasks. When employees perceive themselves as growing and improving, they are more likely to experience job satisfaction and increased motivation (Deci & Ryan, 2000).

According to Componential Theory of Creativity, skill development falls under the category of domain-relevant skills, which are essential for creative and productive performance. Amabile (1996) argues that without adequate expertise or learning opportunities, even highly motivated individuals cannot generate high-level output. This highlights the dual role of skill development: it enhances performance directly by building capability and indirectly by reinforcing intrinsic motivation.

From an ERG Theory perspective, skill development satisfies growth needs, which are higher-order motivators. Employees who are denied the chance to grow may experience frustration, regress to lower-order needs, or become disengaged. Conversely, firms that provide avenues for professional growth support long-term commitment and high performance.

Empirical work further emphasizes these theoretical connections. Oldham & Cummings (1996) found that employees with access to challenging assignments and development resources demonstrated higher levels of creativity and productivity. Shalley & Gilson (2004) similarly observed that environments emphasizing continuous learning foster sustained engagement and performance in creative tasks.

In small marketing firms, continuous upskilling is particularly important given the industry's reliance on rapidly evolving tools and techniques—such as digital marketing, content creation software, and branding strategies. Employees who feel they are gaining valuable, transferable skills are more likely to stay engaged, perform better, and contribute to the firm's adaptability in a competitive environment.

2.2 Empirical Literature Review

The Relationship between Autonomy and Employee Performance

Numerous empirical studies affirm that granting employees autonomy positively affects their performance. According to Deci and Ryan (2000), autonomy supports the basic psychological need for self-determination, which in turn fuels intrinsic motivation. Gagné and Deci (2005) highlight that when employees feel trusted to make decisions and manage their tasks independently, they exhibit greater initiative and responsibility. In a study conducted among creative workers in SMEs in South Africa, Van Zyl and Stander (2013) found that autonomy correlated significantly with higher productivity and creativity, particularly among marketing professionals whose tasks required flexible thinking.

Similarly, a study by Miao, Newman, Schwarz, and Xu (2014) in Chinese private firms established a direct link between job autonomy and performance through increased job satisfaction and commitment. However, too much autonomy without structure may lead to ambiguity, especially in small firms where roles often overlap (Grant & Ashford, 2008). In the context of small marketing firms, where job descriptions may be fluid and creative freedom is essential, autonomy can serve as a key motivational factor when properly supported by clear expectations.

The Relationship between Skill Development and Employee Performance

Mastery, or the drive to improve one's skills and expertise, has been widely associated with increased employee engagement and output. Amabile's Componential Theory of Creativity (1983; 1996) emphasizes domain-relevant skills as a foundational component of creative performance. Employees are more likely to perform at higher levels when they are supported to build competence in areas they value. In their research on high-performing organizations, London and Smither (1999) found that continuous learning opportunities strongly correlate with employee motivation and innovation, particularly in sectors like marketing and design where trends evolve rapidly.

A study by Anitha (2014) on the determinants of employee engagement across different sectors found that training and development opportunities significantly boosted employee performance through increased competence and confidence. Likewise, in Kenya, Wainaina, Iravo, and Waititu (2014) found that skill development strategies in SMEs led to enhanced innovation and improved service delivery, even in resource-constrained environments. These findings underline that mastery not only meets employees' intrinsic desire for growth but also benefits organizations through higher-quality outputs.

The Relationship between Recognition and Employee Performance

Recognition, particularly in the form of verbal appreciation, is another powerful intrinsic motivator that has been shown to influence employee morale and output. According to Brun and Dugas (2008), managers who frequently recognize and appreciate employees' efforts contribute to a more engaged and productive workforce. Their research across small- and medium-sized firms in Canada found that acknowledgment, even in non-monetary forms, significantly boosted both creativity and performance, especially among employees in less structured work environments.

A related study by Luthans (2000) demonstrated that consistent, sincere recognition could lead to performance improvements equivalent to or greater than those achieved through financial incentives. This is particularly relevant in small marketing firms, where budgets may limit extrinsic rewards, and day-to-day verbal feedback plays a central role in employee experience. Recognition reinforces employees' sense of competence and belonging, which is essential for sustaining motivation in demanding, collaborative creative roles.

2.3 Conceptual Framework

This study's conceptual framework is grounded in Self-Determination Theory (Deci & Ryan, 2000) and Amabile's Componential Theory of Creativity (Amabile, 1996), both of which emphasize the central role of intrinsic motivation in enhancing employee performance. Drawing from these theoretical foundations, the framework identifies autonomy, recognition, and skill development as key intrinsic motivational strategies that influence performance in creative organizational contexts such as small marketing firms. Autonomy is drawn from SDT's emphasis on volition and self-regulation, which has been empirically linked to increased creativity and employee engagement (Alhassan & Ngmenkpieo, 2022). Recognition, aligned with SDT's need for competence and relatedness, has been shown to enhance motivation when it affirms employees' value and contributions (Shonubi et al., 2016); (Firmansyah & Ghazwan, 2024). Skill development, which fulfills the need for competence in both SDT and Amabile's theory, promotes personal mastery and continuous learning, resulting in improved performance (Subedi & Ghimire, 2022); (Wolor & Marsofiyati, 2025). Together, these components form the basis for the present study's conceptual framework, which posits that when employees are granted meaningful autonomy, recognized for their contributions, and supported in developing their skills, their performance improves across multiple dimensions..

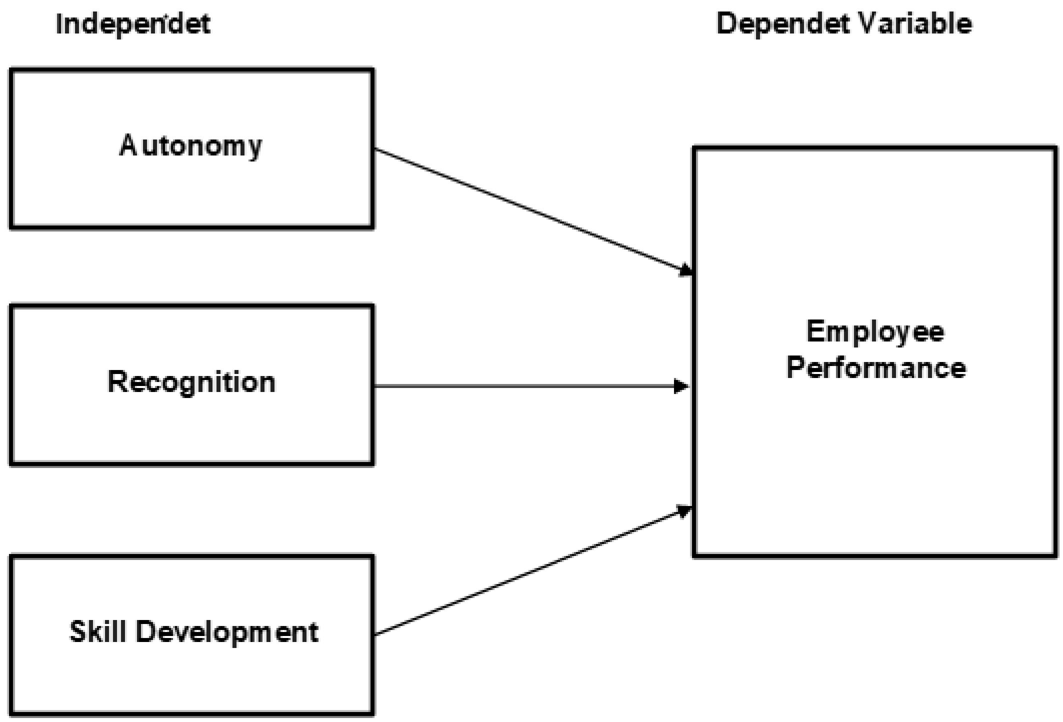


Figure 1: Conceptual Framework

Source: Adapted from Deci & Ryan (2000); Amabile (1996); Wahab et al. (2020); Shonubi et al. (2016); Subedi & Ghimire (2022)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design

This study employed a quantitative research approach, which focuses on collecting and analyzing numerical data to test predefined hypotheses and examine measurable relationships among variables. A quantitative approach was selected over qualitative methods because the goal was not to explore personal narratives or subjective meanings, but rather to assess broad, generalizable patterns across a significant sample size. This approach enabled the use of structured instruments such as close-ended questionnaires and the application of statistical tools to draw objective conclusions about the relationships between intrinsic motivational strategies and employee performance.

In terms of research design, the study adopted a descriptive explanatory design. This design is appropriate when the research aims both to describe existing phenomena and to explain the underlying relationships or influences among variables. Specifically, the descriptive element allowed the researcher to present the current state of intrinsic motivational practices in small marketing firms in Kirkos Sub-City. The explanatory aspect enabled the researcher to assess how these practices—such as autonomy, recognition, and skill development—affect or influence employee performance, without manipulating the variables.

Although the study does not involve experimental manipulation or control groups, the explanatory design was supported through the use of statistical methods such as Pearson correlation and multiple regression analysis to test the hypothesized effects. This combination allowed the study to go beyond surface-level description and investigate whether intrinsic motivational strategies meaningfully contribute to variations in employee performance. Therefore, the descriptive explanatory design, grounded in quantitative methodology, was suitable for achieving the study's objectives and addressing the research questions in a real-world, organizational context.

3.2. Source of Data and Data Collection Method

The primary data for this study were collected from employees working in small marketing firms in Kirkos Sub-City, Addis Ababa. To identify eligible firms, the researcher initially consulted the Trade Registry Office to obtain a formal list of licensed marketing and creative businesses. However, because these records were incomplete and lacked updated details about staffing structures or business activity, the researcher complemented this by conducting direct outreach, site visits, and manager interviews to verify firm eligibility.

Firms were included in the study based on three purposively defined criteria. First, they must have been operating for at least two years to ensure a basic level of organizational maturity. Research on small and medium-sized enterprises (SMEs) indicates that firms typically begin to stabilize their internal processes, structures, and workforce dynamics after two years of continuous operation, making them more appropriate for studying organizational variables such as employee motivation and performance (Nichter & Goldmark, 2009; Stevenson & St-Onge, 2005). Second, each firm needed to employ at least three staff members specifically in creative or marketing roles. This threshold was established to ensure the presence of internal team dynamics and collaborative interactions, which are essential for assessing how intrinsic motivation strategies influence employee performance. Firms with fewer than three staff members often lack the structural and interpersonal complexity required for such analysis (World Bank, 2015). Lastly, participation in the study was limited to firms that voluntarily agreed to take part, ensuring that data collection adhered to ethical research standards and encouraged honest, uninfluenced responses.

A total of 136 eligible employees working in creative and marketing roles were identified through purposive sampling across selected small marketing firms in Kirkos Sub-City. From this group, 10 employees were used in a pilot study to test and refine the research instrument, leaving a main study population of 126 employees. Of these, 96 participants completed the questionnaire validly and fully, yielding a final sample of 96 for statistical analysis.The process for ensuring the reliability and representativeness of the sample is discussed in detail under the Sampling Techniques section, while the validity of the instruments used is addressed in the dedicated Instrument Validity subsection.

3.3. Data Collection Methods

The primary data for this study was collected using structured questionnaires consisting of close-ended Likert scale items. This method was chosen due to its efficiency in quantifying perceptions and attitudes related to intrinsic motivation and employee performance. The questionnaire was adapted from previously validated instruments used in related empirical studies on motivation and performance, and was modified to align with the specific context of small marketing firms in Kirkos Sub-City.

The questionnaire used in this study was structured into three main sections to ensure comprehensive data collection relevant to the research objectives. The first section gathered demographic information from respondents, including variables such as age, gender, and years of work experience. This data was essential for understanding the background of the participants and for analyzing potential patterns or differences across various demographic groups. The second section focused on intrinsic motivational strategies. Specifically, this section assessed constructs such as recognition, autonomy, and skill development, as perceived by employees in the context of small marketing firms. The third section measured employee performance through a set of items reflecting standard performance indicators, which were carefully adapted to suit the specific operational realities of small marketing firms. To ensure consistency and facilitate statistical analysis, all items in Sections II and III were rated using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This format allowed for the quantification of subjective responses and enabled a structured assessment of the relationships between motivational strategies and employee performance.

Respondents were asked to fill out the questionnaires independently to minimize bias. Participation was strictly voluntary, and respondents were not asked to disclose their names or other identifying information to ensure confidentiality.

3.4. Pilot Testing

Prior to the main data collection, a pilot test was conducted using 10 participants purposively selected from marketing firms that met the inclusion criteria. The purpose of this preliminary test was to evaluate the clarity, relevance, logical flow, and overall usability of the questionnaire, ensuring that the items were comprehensible to respondents and that no major ambiguities or misinterpretations existed. Importantly, this stage was critical for identifying and correcting potential issues before full-scale administration, thereby increasing the likelihood of obtaining high-quality data. Based on the feedback received from the participants, minor modifications were made to improve the wording and structure of certain items, refining the instrument to better capture the constructs of interest. Furthermore, a preliminary reliability analysis was conducted using Cronbach's Alpha to assess the internal consistency of the questionnaire, verifying that the grouped items coherently measured the intended constructs. The employees who took part in the pilot test were excluded from the main study to avoid bias and ensure the integrity of the research data.

3.5. Methods of Data Analysis

The data collected through the questionnaire were systematically coded and entered into the Statistical Package for Social Sciences (SPSS) software to facilitate efficient and rigorous analysis. Given the quantitative nature of the study and its primary objective to examine the relationship between intrinsic motivational strategies and employee performance, both descriptive and inferential statistical techniques were employed. Descriptive statistics, including mean, frequency, and standard deviation, were used to summarize the demographic characteristics of respondents and to provide a comprehensive overview of responses across variables, thus illuminating general trends and patterns within the dataset. This descriptive phase was essential to establish a foundational understanding of the data prior to conducting more complex analyses.

To evaluate the strength and direction of the relationship between intrinsic strategies and employee performance, Pearson correlation analysis was employed, providing insight into the degree of linear association between the independent and dependent variables. Additionally, regression analysis was applied to determine the extent to which intrinsic motivational strategies could predict variations in employee performance, enabling the identification of which specific motivational strategies served as significant predictors. These statistical methods were chosen due to their appropriateness in assessing associations and predictive relationships between continuous variables within a non-experimental, correlational research design. The results of these analyses were interpreted and presented using tables and figures in Chapter Four, with conclusions drawn based on established levels of statistical significance (typically $p < 0.05$), ensuring that all reported findings met rigorous standards of empirical robustness.

3.6. Population, Sample Size, and Sampling Technique

A population refers to the entire group of individuals or entities that share common characteristics relevant to a specific research study (Kothari, 2004; Creswell, 2014). The target population for this study consisted of employees working in creative and marketing roles within small marketing firms based in Kirkos Sub-City, Addis Ababa.

To ensure relevance and data reliability, strict inclusion criteria were applied: only firms that had been operational for at least two years, employed a minimum of three staff members in creative or marketing roles, and expressed willingness to participate were included in the study. Based on these eligibility criteria, a total of 136 employees were identified as eligible participants. After excluding the 10 individuals who participated in the pilot test, the adjusted population for the main study was 126 employees.

To determine the required sample size, the standard formula for estimating proportions was used with a 95% confidence level (Z = 1.96), a 5% margin of error (e), and an assumed population proportion (p) of 0.5. Given that the total population size was finite (N = 126), the Finite Population Correction (FPC) formula was applied to increase the precision of the sample estimate:

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

Where:

n = required sample size assuming infinite population

N= actual population size (126)

e = 0.05 (margin of error)

$$n = \frac{126}{1 + 126(0.05)2} = \frac{126}{1.351} \approx 95.85 \approx 96$$

Accordingly, a sample size of approximately 96 respondents was determined to be adequate. A purposive sampling method was utilized, ensuring that the selected respondents were directly involved in creative and marketing activities. This deliberate focus excluded administrative or managerial staff, whose motivational profiles were presumed to differ significantly, thus maintaining alignment with the study's central research objectives.

3.7 Validity and Reliability

In any quantitative research, ensuring the accuracy and consistency of the data collection instrument is essential. This section outlines the measures taken to establish both validity and reliability of the questionnaire used in the study.

3.7.1 Validity

Validity refers to the extent to which the research instrument measures what it is intended to measure. To ensure content validity, the questionnaire was developed based on established theories and previously validated scales related to intrinsic motivation and employee performance.

Expert review was conducted by professionals familiar with organizational behavior and motivational psychology. Their feedback was incorporated to improve the clarity, relevance, and comprehensiveness of the questions. Additionally, the questionnaire was reviewed to confirm that it adequately captures both independent (intrinsic motivation) and dependent (employee performance) variables in a manner that is suitable for the Ethiopian marketing sector context.

3.7.2 Reliability

Reliability refers to the consistency and stability of the measurement instrument, indicating the extent to which it yields consistent results over repeated applications. To assess internal consistency reliability, a pilot test was conducted with employees working in the creative and marketing departments of purposively selected marketing firms. Feedback obtained from this test was instrumental in refining the questionnaire by ensuring that the items were easily understandable, logically structured, and free from ambiguity. Following the pilot, Cronbach's Alpha was calculated using SPSS to assess the internal consistency of the instrument, a widely accepted indicator of reliability in social science research. Cronbach's Alpha values exceeding 0.70 were considered acceptable, indicating that the grouped questionnaire items consistently measured the same underlying constructs. This statistical assurance of reliability increased the confidence that the data collected would be robust, replicable, and free from significant measurement error.

3.8 Ethical Considerations

Maintaining ethical standards throughout the research process is essential to ensure the protection of participants and the integrity of the findings. This study adhered to key ethical principles in the design, data collection, and analysis stages.

Participation in the study was entirely voluntary. Respondents were informed of the purpose of the research and given the option to decline participation without any consequences. To ensure anonymity and encourage honest responses, participants were not required to disclose their names or any personally identifiable information.

The questionnaire was designed to avoid sensitive or intrusive questions, and all data collected was used strictly for academic purposes. Confidentiality was maintained by storing the data securely and ensuring that individual responses could not be traced back to specific participants.

Furthermore, the research process followed ethical guidelines by obtaining informed consent from each participant before administering the questionnaire. Efforts were also made to ensure that no psychological, social, or professional harm would result from participation in the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter presents the data gathered from the distributed questionnaires, analyzes the results using descriptive and inferential statistics, and interprets the findings in relation to the research objectives. The analysis is structured to first provide an overview of the response rate, followed by the demographic characteristics of the respondents, and finally, a detailed examination of the collected data addressing the relationship between intrinsic motivational strategies and employee performance in small marketing firms.

Specifically, the analysis seeks to answer the core research questions posed in Chapter One, testing the hypothesized relationships between the independent variables (autonomy, recognition, and skill development) and the dependent variable (employee performance). The use of SPSS software facilitated systematic data management, where the responses were carefully coded, checked for accuracy, and subjected to appropriate statistical procedures. Descriptive statistics were employed to summarize the general patterns within the data, while inferential statistical techniques were applied to examine the significance and strength of relationships among variables.

The chapter thus lays the groundwork for interpreting how intrinsic motivational strategies operate within the real-world context of small marketing firms in Kirkos Sub-City, Addis Ababa.

4.2 Response Rate

A total of 126 questionnaires were distributed to employees engaged in creative and marketing roles across 17 purposively selected small marketing firms in Kirkos Sub-City. Out of these, 92 were fully completed and returned, resulting in a response rate of 73%. This response rate is considered acceptable and robust for organizational research, particularly in small-to-medium-sized enterprise (SME) contexts, where response rates often face practical constraints due to workload and resource limitations.

According to prior studies, response rates above 60% are generally regarded as adequate to minimize non-response bias and allow for meaningful statistical analysis (Baruch & Holtom, 2008). Therefore, the achieved sample provides sufficient representativeness to conduct both descriptive and inferential analyses, enhancing the reliability and generalizability of the study's conclusions within the defined scope.

4.3 Demographic Characteristics of Respondents

This section presents the demographic profile of the 92 respondents who participated in the study. Understanding respondents' backgrounds is essential, as individual and group characteristics can shape how intrinsic motivational strategies are perceived and how they translate into performance outcomes. These demographic insights provide critical context for interpreting later findings and assessing the potential generalizability of the study to other similar firms.

Gender

Among the respondents, 54 (58.7%) were male, while 38 (41.3%) were female. This indicates a moderately male-dominated sample but with substantial female participation, reflecting a fairly balanced gender composition across the surveyed firms. Such gender distribution is important to highlight because prior research suggests that perceptions of motivation and performance can differ by gender (Kuvaas et al., 2017), making it necessary to be mindful of potential demographic influences when interpreting the results.

Table 4.1 Gender

Gender	Frequency	Percentage
Male	54	58.7%
Female	38	41.3%
Total	**92**	**100%**

Source: Own survey, (2025)

Age Group

In terms of age, the largest group of respondents was under 25 years old, with 49 respondents (53.3%). The 25–34 age group followed with 31 respondents (33.7%), while 10 respondents (10.9%) were aged 35–44. Only 2 respondents (2.2%) were over 44 years old. This distribution highlights that the marketing and creative workforce in Kirkos Sub-City is predominantly young, with a strong presence of early-career professionals. This age profile may influence how respondents engage with intrinsic motivators such as skill development, as younger workers often seek growth opportunities and learning experiences (Twenge, 2010).

Table 4.2 Age Group

Age Group	Frequency	Percentage
Under 25	49	53.3%
25–34	31	33.7%
35–44	10	10.9%
Above 44	2	2.2%
Total	**92**	**100%**

Source: Own survey, (2025)

Work Experience in the Industry

When asked about their length of experience in the marketing and creative industry, 28 respondents (30.4%) reported less than one year, followed by 22 respondents (23.9%) with 1–2 years of experience. Additionally, 21 respondents (22.8%) each had 3–5 years and over five years of experience, respectively. This balance between newcomers and seasoned professionals suggests a dynamic talent mix in the surveyed firms.

Table 4.3 Work Experience in the Industry

Work Experience	Frequency	Percentage
Less than 1 year	28	30.4%
1–2 years	22	23.9%
3–5 years	21	22.8%
Above 5 years	21	22.8%
Total	**92**	**100%**

Source: Own survey, (2025)

Current Work Position

Regarding their roles, 37 respondents (40.2%) worked as marketing staff, 31 respondents (33.7%) as creative staff, and 24 respondents (26.1%) reported working across both marketing and creative functions. This reflects the flexible and often overlapping nature of roles within small marketing firms.

Table 4.4 Current Work Position

Position	Frequency	Percentage
Marketing staff	37	40.2%
Creative staff	31	33.7%
Both roles	24	26.1%
Total	**92**	**100%**

Source: Own survey, (2025)

4.4 Analysis of Descriptive Statistics

This section presents the descriptive statistics for the main study variables, specifically the independent variables (autonomy, recognition, and skill development) and the dependent variable, employee performance. Descriptive statistics provide summary measures of central tendency (mean), dispersion (standard deviation), and observed range (minimum and maximum values), offering an initial overview of general patterns and tendencies within the sample before advancing to inferential statistical tests.

Table 4.5 Descriptive Statistics of Main Study Variables

Variable	N	Minimum	Maximum	Mean	Standard Deviation
Autonomy	92	1.40	4.80	3.69	0.67
Recognition	92	1.60	5.00	3.76	0.60
Skill Development	92	1.00	5.00	3.92	0.65
Employee Performance	92	1.80	4.80	3.83	0.61

Source: own survey, (2025)

The mean value in a Likert-scale analysis reflects the overall tendency of responses, with higher scores indicating stronger agreement or more favorable perceptions toward the item being measured. In the context of a 5-point Likert scale (where 1 = Strongly Disagree and 5 = Strongly

Agree), mean scores can be interpreted as follows: 1.00–2.49 indicates a low level, 2.50–3.49 indicates a moderate level, and 3.50–5.00 indicates a high level of agreement or perception.

As shown in Table 4.5, the mean score for autonomy is 3.69 (SD = 0.67), indicating that respondents generally perceive a moderate-to-high level of autonomy in their work environment. This suggests that many employees feel they have a reasonable degree of freedom and self-direction in carrying out their tasks, which aligns with the flexible role structures commonly found in small firms.

The mean score for recognition is 3.76 (SD = 0.60), reflecting that employees moderately agree that they receive acknowledgment and appreciation for their contributions. The relatively low standard deviation (0.60) indicates consistent perceptions across respondents, implying that recognition practices may be fairly standardized or widely experienced within these firms.

Skill development shows the highest mean among the independent variables at 3.92 (SD = 0.65), suggesting that opportunities for learning and professional growth are relatively strong, as perceived by the respondents. This finding is noteworthy because it aligns with the characteristics of small marketing and creative firms, which often emphasize continuous learning, innovation, and adaptability to remain competitive.

The dependent variable, employee performance, has a mean score of 3.83 (SD = 0.61), indicating that respondents generally perceive their own performance as above average. This positive self-assessment provides an initial view of how intrinsic motivational factors may be supporting individual performance, a relationship that will be explored further through correlation and regression analyses in subsequent sections.

The minimum and maximum values across variables show that while some respondents rated items very low (e.g., as low as 1.00 for skill development), others rated them near the maximum possible score (up to 5.00), suggesting some diversity in perceptions and experiences. However, the moderate standard deviations (all below 0.70) indicate that responses largely clustered around the mean, reflecting relatively consistent patterns within the group. These descriptive insights set the stage for testing the hypothesized relationships using inferential methods.

4.5. Inferential Statistics

4.5.1 Correlation Analysis

To examine the relationship between intrinsic motivational strategies and employee performance, Pearson's correlation analysis was conducted. Pearson's correlation coefficient (r) measures the strength and direction of the linear relationship between two continuous variables, where values range from -1 (perfect negative correlation) to +1 (perfect positive correlation), and 0 indicates no linear relationship.

Table 4.6 Pearson Correlation Coefficients

Variables	Autonomy Score	Recognition Score	Skill Development Score	Performance Score
Autonomy Score	1	.719**	.726**	.736**
Recognition Score	.719**	1	.688**	.579**
Skill Development Score	.726**	.688**	1	.673**
Performance Score	.736**	.579**	.673**	1

Note: $p < 0.01$ (two-tailed), ** indicates significance. N = 92.

Source: own survey, (2025)

Correlation Between Autonomy and Employee Performance

The correlation between autonomy and employee performance (Table 4.6) revealed a strong positive relationship ($r = 0.736$, $p < 0.001$). This indicates that as employees' experience of autonomy increases, their performance levels tend to rise substantially. The p-value ($p < 0.001$) indicates this result is statistically significant at the 1% level (two-tailed), meaning there is less than a 1% probability that this relationship occurred by random chance.

This finding provides empirical support for Hypothesis 1 and aligns with Self-Determination Theory (Deci & Ryan, 2000), which emphasizes that autonomy is a central pillar of intrinsic motivation. In practice, this suggests that small marketing firms that grant employees more decision-making power and flexibility are likely to see meaningful gains in work output and performance. Importantly, the high correlation coefficient (above 0.7) suggests not only statistical but also practical significance, indicating that autonomy may be one of the most powerful intrinsic drivers among those tested.

Correlation Between Recognition and Employee Performance

The results (see Table 4.6) show a moderate positive correlation between recognition and employee performance ($r = 0.579$, $p < 0.001$). This suggests that as employees' perception of recognition increases, their performance levels also tend to improve. The significance level ($p < 0.001$) indicates that this relationship is statistically significant at the 1% level (two-tailed), meaning the probability of this result occurring by chance is less than 1%.

This finding supports the hypothesis that recognition, as an intrinsic motivational factor, is positively associated with employee performance in small marketing firms. It aligns with theoretical perspectives such as those presented by Deci and Ryan (2000), who emphasize that intrinsic motivators, including acknowledgment and appreciation, play a central role in enhancing employee engagement and outcomes.

Correlation Between Skill Development and Employee Performance

The results (see Table 4.6) show a strong positive correlation between skill development and employee performance ($r = 0.673$, $p < 0.001$). This suggests that as employees' opportunities for developing their skills increase, their performance levels also tend to rise significantly. The significance level ($p < 0.001$) indicates that this relationship is statistically significant at the 1% level (two-tailed), meaning the probability of this result occurring by chance is less than 1%.

This finding supports the hypothesis that skill development, as an intrinsic motivational factor, is positively associated with employee performance. It aligns with existing theoretical perspectives, such as those in Self-Determination Theory (Deci & Ryan, 2000), which propose that mastery, competence, and opportunities for growth are core drivers of intrinsic motivation and enhanced performance.

Overall, the correlation analysis reveals that all three intrinsic motivational strategies (autonomy, recognition, and skill development) show strong and statistically significant positive relationships with employee performance among respondents in small marketing firms. Specifically, autonomy demonstrated the strongest correlation ($r = 0.736$, $p < 0.001$), followed by skill development ($r = 0.673$, $p < 0.001$) and recognition ($r = 0.579$, $p < 0.001$).

These findings provide empirical support for the study's hypotheses and align with established theoretical frameworks, such as Self-Determination Theory (Deci & Ryan, 2000), which emphasizes that fulfilling intrinsic needs significantly enhances individual motivation and performance outcomes.

4.5.2 Regression Analysis

4.5.2.1 Basic Assumptions

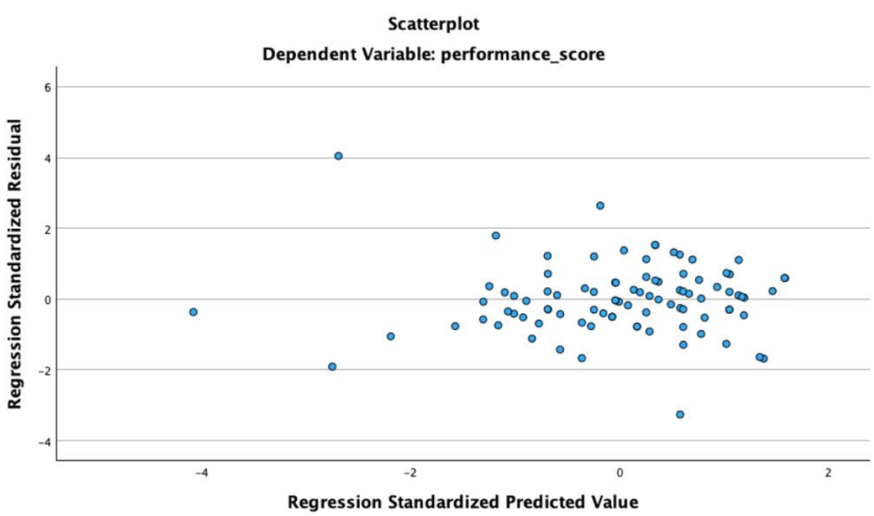
Before conducting multiple regression analysis, it is essential to ensure that several key assumptions are satisfied. These include linearity, normality of residuals, homoscedasticity (equal variance), absence of multicollinearity, and independence of residuals. This section presents an examination of these assumptions using graphical and statistical checks.

Assumption 1 – Linearity

Linearity refers to the assumption that there is a linear relationship between each predictor (independent) variable and the outcome (dependent) variable. According to Hair et al. (2010), this assumption is critical because multiple regression analysis aims to estimate the best-fitting straight line to predict the outcome based on predictors. If the relationship is non-linear, the regression estimates become biased, and the model's predictive ability is compromised.

To assess the linearity assumption in this study, a scatter plot of the standardized residuals against the standardized predicted values was examined. This scatter plot provides a visual check for the presence of a linear relationship, as it allows observation of whether residuals are randomly dispersed or exhibit a pattern.

Graph 4.1. Scatter Plot of Standardized Residuals vs. Standardized Predicted Values



Source: Own Survey (2025)

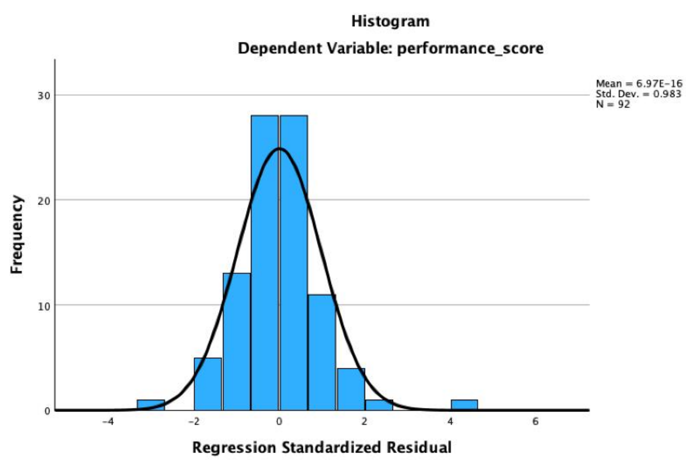
As seen in Graph 4.1, the scatter plot displayed a roughly random and evenly distributed cloud of points, with no apparent curvilinear patterns or systematic deviations. The points were scattered fairly symmetrically around the horizontal axis (residual = 0), without any clear bends or clusters. This indicates that the data reasonably meets the assumption of linearity, implying that the independent variables — autonomy, recognition, and skill development — have a linear relationship with employee performance in this sample. Therefore, no corrective transformation or non-linear modeling was deemed necessary.

Assumption 2 – Normality of Residuals

The normality assumption in multiple regression requires that the residuals (errors) are normally distributed (Field, 2009). Normality is important because it ensures the validity of significance tests for the coefficients and allows for reliable confidence intervals.

To check this assumption, both a histogram of standardized residuals and a normal probability–probability (P-P) plot were generated.

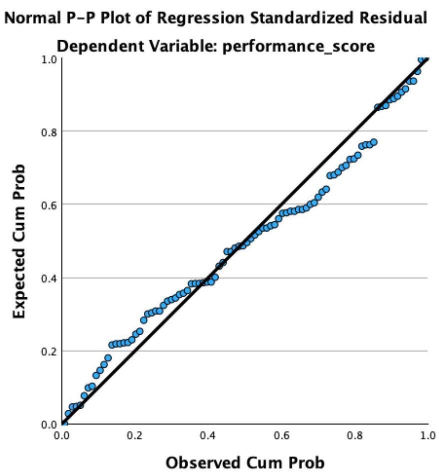
Graph 4.2. Histogram of Standardized Residuals



Source: Own Survey (2025)

The histogram presented a bell-shaped distribution, suggesting that the residuals approximate a normal distribution.

Graph 4.3. Normal P-P Plot of Standardized Residuals



Source: Own Survey (2025)

In the P-P plot, the points closely followed the diagonal reference line, indicating that the observed cumulative probabilities closely matched the expected cumulative probabilities under a normal distribution. This visual evidence suggests that the normality assumption was satisfied, and no severe deviations (such as skewness or kurtosis) were observed that would threaten the validity of the regression model's inferences.

Assumption 3 – Multicollinearity

Multicollinearity refers to the presence of high intercorrelations among the predictor variables (Hair et al., 2010). When multicollinearity is present, it inflates the standard errors of the regression coefficients, making it difficult to assess the unique contribution of each predictor.

To detect multicollinearity, the Tolerance and Variance Inflation Factor (VIF) values were reviewed. According to common guidelines, tolerance values below 0.1 or VIF values above 10 indicate serious multicollinearity issues (Hair et al., 2010).

Table 4.7. Multicollinearity Statistics

Variable	Tolerance	VIF
Autonomy	0.381	2.624
Recognition	0.425	2.355
Skill Development	0.416	2.406

Source: Own Survey (2025)

As shown in Table 4.7, all tolerance values were well above 0.1, and all VIF values were below 10. This indicates that multicollinearity is not a concern in this study, meaning the predictors do not share problematic levels of overlap, and their individual contributions to explaining employee performance can be reliably interpreted.

Assumption 4 – Homoscedasticity (Equal Variance)

Homoscedasticity, also called homogeneity of variance, refers to the assumption that the variance of the residuals is constant across all levels of the predicted values (Weisberg, 2005, as cited by Matt, Carlos, & Deson, 2013). In simple terms, this means that the spread or scatter of the residuals remains the same throughout the range of predictions, rather than expanding or contracting.

This assumption was tested by examining the scatter plot of the standardized residuals against the standardized predicted values.

As shown in Graph 4.1, the residuals were spread evenly across the predicted values, without any clear funnel-shaped pattern or systematic widening or narrowing. The scatter plot maintained a roughly rectangular shape, with no distinct clustering or heteroscedastic (unequal variance) trends. This suggests that the assumption of homoscedasticity was met, indicating that the variance of the residuals is consistent and does not bias the standard errors of the regression estimates.

Assumption 5 – Independence of Residuals

The independence of residuals refers to the idea that the error terms in a regression model are not correlated with one another. This is a crucial assumption because if residuals are autocorrelated (that is, correlated across observations), it can lead to underestimated standard errors, inflated Type I error rates, and biased regression coefficients, ultimately compromising the validity of the model (Field, 2009; Hair et al., 2010).

To test this assumption, the Durbin-Watson statistic is commonly used. The Durbin-Watson value ranges between 0 and 4, where a value of approximately 2 suggests no autocorrelation. Values closer to 0 indicate positive autocorrelation, while values approaching 4 suggest negative autocorrelation (Durbin & Watson, 1951). Generally, a Durbin-Watson value between 1.5 and 2.5 is considered acceptable, indicating that the residuals are independent (Field, 2009).

Table 4.8 Durbin-Watson Test Result

Model	Std. Error of the Estimate	Durbin-Watson
1	0.39870	1.768

Source: Own survey, (2025)

In the current analysis, the Durbin-Watson statistic obtained from the regression model summary was 1.768. This value falls comfortably within the acceptable range, indicating no significant autocorrelation among residuals. Therefore, the assumption of independence of residuals is met, supporting the reliability and validity of the regression estimates in this study.

4.5.2.2 Regression Analysis Results

In this study, a multiple linear regression analysis was conducted to examine the effect of intrinsic motivational strategies on employee performance. The dependent variable was employee performance, and the independent variables were the three key constructs of intrinsic motivation: autonomy, recognition, and skill development. The purpose of this analysis was to determine how well these dimensions, when combined, predict the level of employee performance in small marketing firms.

Table 4.9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.763	0.582	0.568	0.39870	1.768

Source: Own survey, (2025)

As shown in the model summary table, the linear combination of the three motivational constructs is strongly related to employee performance, with R = 0.763, R^2 = 0.582, Adjusted R^2 = 0.568, and Durbin-Watson = 1.768.

This means that approximately 58.2% of the variance in employee performance can be explained by the combined effects of autonomy, recognition, and skill development. The Adjusted R^2 (which accounts for the number of predictors) slightly lowers this value to 56.8%, confirming that the model maintains a good explanatory fit without inflating the variance explained. The R value of 0.763 indicates a strong positive correlation between the predictors and the dependent variable. Additionally, the Durbin-Watson statistic (1.768) falls within the acceptable range of 1.5 to 2.5, suggesting that there is no significant autocorrelation in the residuals and that the assumption of independent errors is met.

ANOVA Results

The ANOVA table provides the overall test of the regression model's significance. The results show an F-statistic of 40.836 with a p-value < 0.001, indicating that the regression model is statistically significant.

This means that the linear combination of the three independent variables—autonomy, recognition, and skill development, significantly predicts employee performance. Specifically, the regression model explains a statistically meaningful proportion of the variance in employee performance across the sample.

Table 4.10 ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	19.474	3	6.491	40.836	<0.001
Residual	13.988	88	0.159		
Total	33.462	91			

Source: Own survey, (2025)

In short, the model, as a whole performs, significantly better than a model with no predictors, providing evidence that the selected motivational strategies are important factors in explaining employee performance.

Regression Coefficients

The coefficients table presents the individual effects of each predictor on employee performance, controlling for the others.

Table 4.11 Regression Coefficients Table

Predictor	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (Beta)	t	Sig.
(Constant)	1.005	0.283	—	3.554	<0.001

Autonomy	0.475	0.102	0.522	4.671	<0.001
Recognition	0.002	0.106	0.002	0.022	0.982
Skill Development	0.273	0.100	0.293	2.736	0.008

Source: Own survey, (2025)

The results of the regression analysis reveal several key insights regarding the relationship between intrinsic motivational strategies and employee performance. Autonomy demonstrates a statistically significant and positive effect on employee performance, with a regression coefficient (B) of 0.475 and a p-value of less than 0.001. This means that for every one-unit increase in autonomy, employee performance is expected to rise by 0.475 units when controlling for other factors. Notably, autonomy also holds the highest standardized beta coefficient (β = 0.522), establishing it as the strongest predictor among the three variables assessed in the study.

Skill development emerges as another significant positive predictor of employee performance, with a coefficient (B) of 0.273 and a p-value of 0.008. This suggests that when employees are given opportunities to build and enhance their skills, they are more likely to achieve higher levels of performance, further reinforcing the importance of continuous learning and development in the workplace.

In contrast, the variable recognition does not display a statistically significant relationship with employee performance in this study, as indicated by its near-zero coefficient (B = 0.002) and a p-value of 0.982. This finding suggests that recognition, at least as it was measured and implemented in the surveyed firms, does not meaningfully influence employee performance outcomes.

Hypothesis Testing

H1: There is a significant positive effect of Autonomy on Employee Performance.

The Autonomy dimension of intrinsic motivational strategies emerged as the strongest predictor of employee performance in the multiple regression analysis. It accounted for 52.2% of the standardized beta coefficient, indicating a large effect size and suggesting that employees who experience greater autonomy tend to perform at higher levels. The statistical significance was robust, with a p-value less than 0.001, well below the conventional alpha threshold of 0.05.

Thus, the findings provide strong empirical support for the first alternative hypothesis (H1). This result aligns with self-determination theory (Deci & Ryan, 1985), which emphasizes that autonomy enhances intrinsic motivation, leading to improved outcomes. It also resonates with empirical evidence in similar organizational contexts, where autonomy is linked to greater job satisfaction, engagement, and productivity. Therefore, the acceptance of H1 not only confirms the statistical relationship but also situates the findings within a broader theoretical and empirical landscape.

H2: There is a significant positive effect of Recognition on Employee Performance.

The Recognition dimension showed the weakest predictive power among the intrinsic motivational strategies, contributing only 0.2% to the standardized beta coefficient. Moreover, the statistical test yielded a p-value of 0.982, which is far above the standard alpha level of 0.05, indicating that the observed relationship is not statistically significant.

Accordingly, we reject the second alternative hypothesis (H2). While recognition is often highlighted as a critical intrinsic motivator in the literature (Armstrong, 2010), the present findings suggest that within the specific context of small marketing firms in Kirkos Sub-City, Addis Ababa, recognition may not have the same motivational weight as autonomy or skill development. This raises important contextual questions: Is recognition underutilized or undervalued in these firms? Are there cultural or organizational factors diminishing its impact? These are potential avenues for future investigation.

H3: There is a significant positive effect of Skill Development on Employee Performance.

The Skill Development dimension was the second strongest predictor of employee performance, contributing 29.3% to the standardized beta coefficient. This relationship was statistically significant, with a p-value of 0.008, below the conventional alpha threshold.

Therefore, we accept the third alternative hypothesis (H3). This finding underscores the importance of providing employees with opportunities to enhance their skills, consistent with the mastery component of intrinsic motivation as outlined in self-determination theory. Prior studies (e.g., Pink, 2009) emphasize that employees are more engaged and perform better when they feel they are improving and developing their capabilities. In the context of small marketing firms, where adaptability and creative problem-solving are key, skill development appears to play a central role in driving performance outcomes.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECCOMENDATION

5.1 Summary

5.1.1 Employee Performance and Autonomy

The Pearson correlation test between the dependent variable, Employee Performance, and the independent variable, Autonomy, revealed a strong positive relationship ($R = 0.686$, $p < 0.01$). This supports the first hypothesis, confirming that greater autonomy is significantly associated with higher employee performance. Beyond the statistical result, this strong correlation suggests that when employees perceive they have control over how they perform their tasks, their engagement, creativity, and ownership over outcomes increase, ultimately driving performance. This aligns with Self-Determination Theory, which emphasizes autonomy as a central pillar of intrinsic motivation. In the context of small marketing firms, where flexibility and innovation are key, this result indicates that providing employees with decision-making latitude can be a powerful tool for managers aiming to boost productivity and innovation.

5.1.2 Employee Performance and Recognition

The Pearson correlation test between Employee Performance and Recognition indicated a weak but statistically significant positive relationship ($R = 0.238$, $P < 0.05$). This supports the second hypothesis, confirming that recognition plays a role in shaping employee performance, although the strength of this association is modest. This weaker correlation may reflect the specific nature of small marketing firms, where employees might prioritize autonomy or skill growth over verbal or symbolic rewards. It is possible that recognition, while appreciated, may not carry as much weight if it is perceived as routine, insincere, or not tied to meaningful outcomes. These findings suggest that while recognition is a valuable motivational tool, its impact is likely enhanced when combined with more substantive factors like autonomy or opportunities for development.

5.1.3 Employee Performance and Skill Development

The Pearson correlation test between Employee Performance and Skill Development showed a moderate, statistically significant positive relationship ($R = 0.570$, $P < 0.01$), supporting the third hypothesis. This suggests that providing employees with opportunities to build and enhance their skills contributes meaningfully to their performance. In small marketing firms, where staying competitive often depends on creativity, up-to-date knowledge, and adaptability, skill development is not merely a benefit but a necessity. This finding aligns with the concept of mastery as a driver of intrinsic motivation: when employees feel they are improving and expanding their competencies, their sense of competence and job satisfaction grows, translating into higher performance.

Overall, the findings highlight that intrinsic motivational strategies; particularly autonomy and skill development, with recognition playing a smaller but still meaningful role, are valuable tools for enhancing employee performance in small marketing firms. The results suggest that firms aiming to improve productivity should prioritize empowering employees with decision-making authority and ensuring continuous skill enhancement opportunities. While recognition remains a positive factor, its comparatively weaker impact indicates that internal growth and autonomy may be more central to driving performance in the dynamic, creative environment of marketing firms. These insights underscore the importance of designing motivational practices that align with employees' intrinsic drivers to build a more engaged, innovative, and high-performing workforce.

5.2 Conclusion

This study explored the effects of intrinsic motivational strategies—specifically autonomy, recognition, and skill development—on employee performance in small marketing firms located in Kirkos Sub-City, Addis Ababa. The quantitative results demonstrated that all three motivational factors had positive and statistically significant correlations with performance. Among them, autonomy showed the strongest relationship ($r = 0.686$), suggesting that when employees are granted freedom and control over their work, their performance substantially improves. Skill development also showed a moderate positive association ($r = 0.570$), indicating that employees who are provided with opportunities to learn and grow tend to be more productive. In contrast, recognition had a weaker but still significant impact ($r = 0.238$), implying that while acknowledgment is appreciated, it may not be as powerful a performance driver in this context as autonomy and personal growth.

These findings align with Self-Determination Theory (Deci & Ryan, 2000), which emphasizes autonomy and competence as core components of intrinsic motivation. They also offer practical implications: managers in small marketing firms should prioritize empowering employees with decision-making authority and investing in continuous learning opportunities. While recognition remains useful, its motivational effect appears to be enhanced when embedded within a broader system that fosters autonomy and personal development.

In terms of contribution, this research adds localized empirical evidence to a field that is still largely dominated by studies from Western contexts. It sheds light on the motivational dynamics within resource-constrained but talent-driven creative firms in Ethiopia, offering actionable insights for HR managers and entrepreneurs alike.

However, the study is not without limitations. Its geographic and sectoral focus—limited to small marketing firms in a single sub-city—may restrict the generalizability of findings. Additionally, the use of cross-sectional data limits the ability to make causal inferences. Future research should consider longitudinal or mixed-method approaches and expand to other industries or regions to deepen understanding of how intrinsic motivation affects performance in diverse organizational settings.

In conclusion, the study underscores that intrinsic motivation matters, and that among its dimensions, autonomy and skill development are especially potent in driving employee performance. For firms operating in fast-paced, creative sectors like marketing, aligning motivational strategies with employees' intrinsic needs may be key to unlocking higher engagement, innovation, and sustainable productivity.

5.3 Recommendations

Based on the study findings, the following actionable recommendations are provided for the management of small marketing firms in Kirkos Sub-City, Addis Ababa, along with suggestions for future researchers:

➔ Embed autonomy, meaningful recognition, and skill development directly into the firm's human resource practices. Align these motivational strategies with specific organizational goals, and make them part of performance management, employee engagement, and retention efforts. Ensure all team leaders consistently apply these practices across departments, creating a unified motivational framework.

➔ Assign employees clear decision-making authority within their job roles. Establish defined areas where employees can act independently, removing unnecessary layers of approval. Encourage initiative by inviting employees to propose solutions and innovations. Shift check-ins from a control function to a supportive coaching role, reinforcing trust and ownership.

➔ Design and roll out both formal and informal recognition programs. Go beyond occasional awards and build a culture of continuous appreciation. Train managers to regularly acknowledge individual and team achievements, using timely verbal praise, written feedback, or peer-to-peer recognition. Make sure recognition is specific, transparent, and clearly linked to performance outcomes to boost its motivational power.

➔ Launch structured development plans for every employee, starting with a clear assessment of current competencies and gaps. Provide tailored training, mentoring, or stretch assignments aligned with individual growth paths and the company's future needs. Establish a continuous learning environment where employees regularly update their skills, rather than relying on one-off workshops.

➔ Set up regular surveys, one-on-one feedback sessions, and performance reviews to track whether motivational strategies are delivering results. Use this data to adjust practices in real time, address obstacles, and keep motivational efforts aligned with both employee expectations and evolving business objectives.

Future researchers are encouraged to investigate the role of extrinsic motivational factors (such as financial rewards or promotions) on employee performance, compare findings across industries or geographic regions, or explore how combinations of intrinsic and extrinsic motivators interact in small business settings. Such research can provide deeper insights into the full range of factors that drive employee performance.

In conclusion, this study has successfully examined the effect of intrinsic motivational strategies (autonomy, recognition, and skill development) on employee performance within small marketing firms in Kirkos Sub-City, Addis Ababa. The findings clearly demonstrate that when these intrinsic drivers are properly integrated into human resource practices, they significantly enhance employee performance and contribute to the overall success of the organization. It is hoped that the insights and recommendations presented in this research will serve as a valuable guide for managers seeking to strengthen their teams and for future researchers aiming to explore motivation and performance dynamics further. With continuous effort, reflection, and improvement, organizations can unlock the full potential of their employees and foster a more productive and engaged workforce.

Appendices

St. Mary's University

School of Graduate Studies
Research Questionnaire

Title: The Effect of Intrinsic Motivational Strategies on Employee Performance in Small Marketing Firms: The Case of Kirkos Sub-City, Addis Ababa

This questionnaire is part of a research study being conducted in partial fulfillment of the requirements for the Master of Business Administration (MBA) degree at St. Mary's University. The study seeks to explore how intrinsic motivational strategies, such as autonomy, recognition, and skill development, affect employee performance in small marketing firms operating within Kirkos Sub-City, Addis Ababa.

1. **Do you agree to participate in this research study?**

☐Yes ☐No

Section 1: Background Information

1. **What is your gender?**

☐Male ☐Female

2. **What is your age group?**

☐Under 25 ☐25–34 ☐35–44 ☐45 and above

3. **What is your current position in the company?**

☐Marketing Staff ☐Creative Staff ☐Both

4. **How long have you worked in this organization?**

☐Less than 1 year ☐1–2 years ☐3–5 years ☐More than 5 years

5. **How long have you worked in the marketing/creative industry in general?**

☐Less than 1 year ☐1–2 years ☐3–5 years ☐More than 5 years

Section 2: Question on Intrinsic Motivational Strategies

Autonomy

This section focuses on autonomy—your ability to make decisions about your work and how you carry it out. The goal is to understand how the level of autonomy you experience contributes to your engagement and productivity.

6. **I have the freedom to decide how I do my work.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

7. **I am encouraged to take initiative in my tasks.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

8. **have control over the pace of my work.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

9. **I can choose the methods or strategies I use to complete my assignments.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

10. **I am trusted to manage my responsibilities without micromanagement.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

Recognition

This section explores the extent to which you feel recognized and appreciated in your workplace. Your responses will help assess how recognition influences employee motivation and performance.

11. **My efforts are recognized and appreciated by my supervisor.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

12. **I receive verbal praise for work well done.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

13. **I feel valued for the contributions I make to the team.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

14. **Good performance is acknowledged in our work environment.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

15. **I receive positive feedback that motivates me.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

Skill Development

This section examines opportunities for learning and personal growth in your job. Your feedback will help us understand how these opportunities relate to motivation and job performance.

16. I have opportunities to learn new skills in my role.

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

17. **My job encourages continuous improvement.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

18. I am supported in developing my professional abilities.

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

19. I am given tasks that help me grow professionally.

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

20. I feel that my skills have improved since joining this organization.

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

Section 3: Employee Performance

This section assesses your performance at work in terms of outcomes. The questions are designed to understand how motivated employees perceive their own performance in their roles.

21. **I consistently meet my work goals.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

22. **I produce high-quality work in my creative/marketing tasks.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

23. **I actively contribute to my team's success.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

24. **I handle my responsibilities efficiently.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

25. **I am satisfied with my overall performance at work.**

☐Strongly disagree ☐Disagree ☐Neutral ☐Agree ☐Strongly Agree

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