CU Global Management Review
Vol. 8, Issue 1, January-June 2019, pp-21-35

Employee's motivation and job performance on the Government-owned banks of Nepal

Raju Kumar Rai
Assistant Professor, Saraswati Multiple Campus, Tribhuvan University, Nepal
Susmita Bajracharya
Freelance Researcher, Nepal

Abstract

Employees are the inevitable part of organization to deliver the service it opts. Motivation and performance has always been a concentrated issue for organizations specially, when it comes to service providing organization. The main objective of this study is to explore the situation of employee motivation and employee job performance in Rastriya Banijya Bank (RBB), a government owned 'A' class commercial bank in Nepal. Further, the study also aims to examine the relationship between employee motivation and their job performance. Finally, the study tests the impact of demographic variables on employee motivation and employee performance respective to the sample bank. The study followed descriptive and correlational research design. Structured questionnaire was prepared with 5-point Likert scale statements pertaining to the factors of motivation and employee performance. Primary data was collected from 114 employees working in the head office of the bank. Descriptive statistics, Pearson correlation, independent sample t-test and ANOVA were used to analyze the data the study.Results demonstrated that employee are positive towards the factors of motivation and in overall, employee perceived to be motivated. The result confirmed that employee motivation in overall, is associated with employee performance. Motivation is influenced by the difference in the age group, work experience and salary level of employees whereas no influence of gender and education was evident from the study. Employee performance remained uninfluential to all of the demographic variables used in the study.

Key Words: Motivation, Performance, Rewards, Recognition, Work Environment, Empowerment.

1. Background of the study

Motivation affects almost all areas of our life. Motivation begins with choosing and joining the particular type of job and organization. Motivation is directly linked to individual performance. Motivation enhances work performance of employee. Regardless of the nature and size of the organization, success and failure of the organization highly relies on employee performance. Performance, on the other hand, is the function of an employee's ability and willingness to do the job. Motivated employees can lead to increased productivity and allow an organization to achieve higher levels of outcome. In this study, various motivational factors of employees are selected from the existing literature and its relationship with the performance has been examined.

Performance of employee determines the organizational performance. Infact, on the current age of high competition the success or failure of organization significantly rely on employee performance. Performance of employee is affected by various factors and motivation is an important one. On this regard, various factors of motivation and its relationship with employee performance is explored specifying it to the government owned commercial bank of Nepal. Very few study studies have been done focusing on the relationship between employee motivation and performance with regard to the government-owned bank.

1.1 Objectives of the Study

Following are the objectives of this study:

1. To identify the motivational factors of the employees
2. To examine the relationship between employee's motivation and job performance
3. To analyze the impact of demographic variables on motivational factors and employee's job performance

2. Review of Literature

2.1 Motivation Theory and Motivation

Motivation is a driving force that for attaining specific goals and objective. Abraham Maslow's theory mentions that human needs are in five level of hierarchy, starting from Physiological to self-actualization need (Maslow, 1943). The needs from lower to higher are physiological, safety, social, esteem add self-actualization respectively. The hierarchy of human needs was outlined by Maslow is one of the most enduring contributions to psychology and the field of

motivation. This theory states that lower order needs must be satisfied before attending for higher need.

Likewise, Herzberg's theory states that there are two important factors (Hygiene and Motivational factor) that should be considered to motivate the employee (Velmurugan, 2017). According to Herzberg's two-factor theory of motivation, factors such as salary, working conditions, supervision, company policy, poor interpersonal relations, and job security are hygiene factors which are when prevalent do not motivate employee but the absence of which can demotivate employee.Motivating factors such as the nature of the work, the person's sense of achievement, level of responsibility, personal development and growth, recognition for a job well done and feedback are the factors that motivates employee to perform at the highest level (Schultz, 1982). Frederick Herzberg is a behavioral scientist who proposed a two factor theory (hygiene factors and motivators/growth factors) that affect motivation in the workplace. Another theory of motivation is an expectancy theory. It is an important concept of cognitive motivation theory that views motivation as a purposive and persistent set of behaviours based on the available information. Our past experience set the expectations and it directs behavior toward particular goals. Vroom's Expectancy theory which postulates people being rational decision maker, states that individuals make choices based on their perceived expectancy that certain rewards will follow. Employees are only motivated to act in a specific way if they believe that a desired outcome will be attained (Nel et al., 2001). People are motivated by the promise of rewards and will perform at a level which brings their desired reward. Thus the performance has to be tied with the reward. The theory suggests that people vary in terms of their need and so does their importance to rewards (Lawler, 2003). The main theory that support the motivational factors of this study is Herzberg's two factor theory. Reward, recognition, work environment and empowerment are considered as the factors of motivation for this study.

2.1.1 Reward

Rewards basically follows the institutional policies and practices. Reward is the compensation for the knowledge, skills and the effort put by employees. Reward system has been the major source of motivation for many individuals. Rewards are set to increase the motivation by various organizations (). The reward system consists of financial rewards (as fixed and variable pay) and employee benefits, which overall contains total compensation. Here, the crucial machinery includes salary, bonuses and privileges. It can encourages or discourage certain characteristics of employees. Obiekwe (2016) argues that in order to support innovation by employees, it is fairly mechanical but still an effective management

technique to motivate employees. Another study (Caruth & Handlogten, 2002) also indicated that reward is considered as forerunners of employee motivation.

2.1.2 Recognition

Recognition can be defined as acknowledgement, approval and genuine appreciation. It can be set as on a formal basis (e.g. as employee of the month) or informal basis as used by a supervisor in managing employee behavior. Recognition is directly associated to the motivation (Baskar, et. al., 2014). The broad appeal of recognition practiced by managers believes that it is applied to everyone in an organization as no one gets too much of it and is available to everyone to use and does not cost anything as well (Luthans, et. al.2006).

2.1.3 Work Environment

According to), the workplace environment impacts employee productivity, morale and engagement both positively as well as negatively. Workplace environment plays an important role in motivating employees to perform the assigned work. For this study, physical environment and the adequacy of the equipment to perform are considered as a work environment. Work environment can be divided into physical and non-physical work environment. Physical work environment includes internal and external factors such as equipments and other factors which are around the work place and have effect on daily performance of employee. A good working environment will provide motivation to work so well that would improve employee performance according to Sedarmayanti (2012). Nitisemito (2001) states that working environment is both an external and an internal condition that includes various factors such as, cleanliness, water, lighting, colouring, security, etc.

2.1.4 Empowerment

Empowerment means to empower or uplift the employees in the organization by providing them the autonomy to take their own decisions which can leads to better organizational performance and various other positive outcomes in an organization. Empowerment and task motivation are associated to each other (Thomas & Velthouse 1990; Spreitzer, 1995).If the employees are empowered and involved them in various decision making activities then they will be positively motivated, their work performance will develop and can contribute towards their own and organizational objectives with higher efficiency and effectiveness (Mohapatra et. al, 2018). Empowered employees have a great sense of job satisfaction, motivation and organizational loyalty (Mullins and Peacock, 1991).

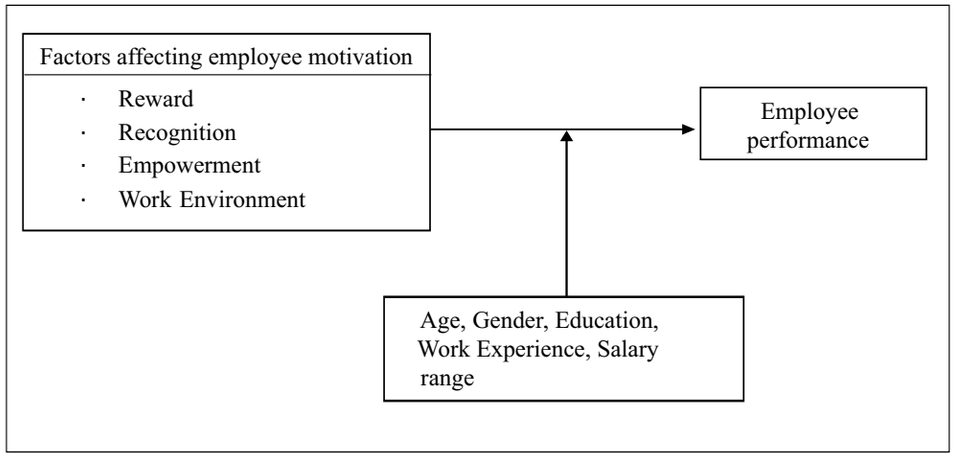
2.2 Employee performance

Employee performance signifies individual work achievement after applying the required effort on the job (Pradhan & Jena, 2017). It is associated through getting an engaged profile, meaningful work and helpful employers.) defines employee performance as the related activities expected of an employee and how well those activities are performed and executed. A good employee performance is linked with increase in poor employee performance. Employee performance is the successful completion of activities and tasks by employees and measured by a supervisor or an organization, to pre-defined acceptable standards by the effective and efficient utilization of available resources within a changing environment (Thao et. al, 2010).

2.3 Employee Motivation and Job Performance

Various studies have been done on the relationship between employee motivation and their job performance. One of the studies (Ekunday & Babalola, 2018) on insurance companies in Lagos mentioned that there was a strong and positive relationship between motivation of employees and their job performance. Likewise, Ali et. al, (2016) on their study based on the IT park (software house) in Peshawar, Pakistan also found that motivation has vital role on employee performance. Further, the study done on Kenya commercial bank by Omollo (2015) revealed that comprehensive motivation scheme was directly proportional to the output of the employees.

Based On the above discussion, following theoretical framework has been presented for this research work. Based On the above discussion, following theoretical framework has been presented for this research work.



3. Research Methodology

The study has applied descriptive, correlational research design. Descriptive research design aimed to systematically describe various factors of employee motivation, ascertain the level of motivational and performance. Further, the study intended to study the relationship between employee motivation (independent variable) and employee performance (dependent variable) so the correlational research design was also followed for the study.

Primary data was collected through survey questionnaire which were distributed to the respondents. Secondary sources of information was used for reviewing the literature on identifying the variables for the study. The study was concentrated on employee motivation and their job performance, specifying to the employees of fully government owned 'A' class commercial bank of Nepal so, the purposive sampling technique was applied for the study.

The data for sample was collected from the set of self-designed structured questionnaire that included the demographic profile of employees and various statements related to motivational factors and employee performance. Out of 290 total employees in head office, 114 employees were considered for the study. Statement was based on five point Likert scale ranging from strongly disagree, stated as 1 to stronglyagree, stated as 5.

4. Findings and Discussion

Mean value was used to assess the level of motivation and performance of the employee.Correlation study was used to identify the relationship between motivation and performance of the employee. Independent sample t-test and ANOVA was carried out to study the impact of demographic variables on employee motivation and their job performance.

4.1 Normality Test

One sample Kolmogorov-Smirnov test was applied to test the normality of the data. The test for the employee's motivation and their job performance done separately and the test distribution for these two variables was significantly normal Normality test is done by using One-Sample Kolmogorov- Smirnov Test. The result of normality test table is presented in the appendixsection. Normality test was performed to confirm that the data was well- modeled by normal distribution and to understand the likelihood of the data on the variable to be normally distributed. In the present research, the normality test is done separately for independent

variables and dependent variables and both of the data resulted as 0.000 (at 2-tailed test) signifying that the test distribution is normal.

4.2 Reliability Test

Cronbach's alpha was applied to test the reliability of the data. The result showed that the Cronbach's alpha score for the variables under study are reliable. As the Cronbach's alpha score were greater than 0.70, the statements used for the study are considered to be a reliable one.

Table 1- Reliability Analysis of independent variable (IV) and dependent variable (DV)

Cronbach's Alpha	N of Items
0.833	20 (IV)
0.809	05 (DV)

4.3 Descriptive statistics of Variables

This analysis was done to assess the level of the factors of motivation, overall motivation and employee performance.

Table 2- Descriptive Statistics of Motivational Factors and Employee Performance

	Mean	Std. Deviation	N
Average of employee performance	4.2421	0.5238	114
Average of reward	3.4649	0.4778	114
Average of recognition	3.5018	0.5788	114
Average of empowerment	3.4807	0.5326	114
Average of work environment	3.5632	0.6249	114
Overall Average of Motivation	3.5027	0.5535	114

The analysis showed that the employees were in favour with regard to the motivational factors (reward, recognition, empowerment and work environment) and employee's performance. The overall average of the motivation variable (3.5027) and also the mean value of each independent variables (reward, recognition, empowerment and work environment) is 3.4649, 3.5018, 3.4807 and 3.5632 has exceeded the neutral value (3) which confirmed the motivation being perceived favourably by the respondents. Likewise, an average value of 4.2421 suggests that employee performance (dependent variable for the study), presented in connection to the motivational factors, was also being perceived favourably by the respondents.

4.4 Correlation Analysis

Correlation among two variable was measured by using Pearson's correlation coefficient. It provides an indication for the direction, strength and significance of the relationship of all variables that are used for the measurement of the variables. The test result showed that all the independent variables are positively correlated to the dependent variables. The degree of association is low and two variables (reward and work environment) are significant at 0.05 level of significance. This led to carry correlation analysis on an average of independent variable (motivation) and dependent variable (performance). This showed that though the degree of correlation was low, there was positive correlation between employee motivation and employee performance and was significant at 0.05 level of significance.

Table 3- Correlation Analysis

	REWARD	RECOGNITION	EMPOWERMENT	WORK ENVT.
EMPLOYEE PERFORMANCE	.220*	0.086	0.137	.237*

* Correlation is significant at the 0.05 level(2-tailed).

Table 4 - Correlation Analysis

	EMPLOYEE MOTIVATION
EMPLOYEE PERFORMANCE	.233*

* Correlation is significant at the 0.05 level(2-tailed).

4.5 Impact of Demographic Variables on Motivation and Performance.

There was no impact of demographic variable, gender on either of the variable (Motivation and Performance), as confirmed by Independent sample t-test. One-way ANOVA stated that employee's Motivation varied with difference in the age, experience and salary of the employees. Motivation was independent to the level of the education of the employees. Likewise, employee performance was independent to all the demographic variables (age, sex, education, work-experience and salary range) for the study (Appendix 2).

5. Discussion

The result showed that employees are positive towards the motivational factors; reward, recognition, empowerment and work environment. While, the factor reward and work environment was significant to employee performance, however, recognition remained insignificant. This is consistent to the findings of the Bishop (1987), which suggests that recognition haslittle effect on employee performance in the medium and long terms. Likewise, the factor empowerment also remained insignificant in relation to the employee performance. This may have happened because to all individuals, empowerment strategies does, not have affect on their performance (Waterson et. al, 1999) and this leads to a case for addressing the question of the circumstances under which empowerment does and doesn't promote performance (Wall et. al, 2004). However, motivation in overall, has a positive relationship with employee performance (Kuranchie-Mensah & Tawiah, 2015). This finding is in line with the findings of the study based on one of the banks in Bangladesh (Nabi et. al., 2017). Motivation is influenced with the difference in the age group, work experience and salary level of employees whereas no influence of gender and education was evident from the study. Regarding the employee performance, it was uninfluenced by all of the demographic variables undertaken for this study.

6. Conclusion

All the factors of motivation, considered for the study are able to motivate the employees of RBB. Employee's motivation, in overall, is positively associated with their job performance. Employee's motivational level varies with the age group, work experience and salary level of the employees. Employee job performance was uninfluenced by age group, gender, education, work experience and salary level of the employees.

7. Implications

The study provides empirical evidence to emphasize on the motivation of employees to enhance job performance of bank which has major responsibility of creating opportunities and contributing on socio economic development of the nation. In addition, merger and acquisition among the banks in Nepal are on its verge which may have favourable or adverse effect on the bank. For either of the situation, motivated employees are to be kept standby.

References

Ali, A., Bin, L. Z.,Piang, H. J. & Ali, Z. (2016). The Impact of Motivation on the Employee Performance and Job Satisfaction in IT Park (Software House) Sector of Peshawar, Pakistan. *International Journal of Academic Research in Business and Social Sciences,* 6(9),297-310.

Baskar, D., & Prakash, R. K. R. (2015). A Study on the Impact of Rewards and Recognition on Employee Motivation. *International Journal of Science and Research, 4(11),* 2319-7064.

Bishop, J. (1987), "The Recognition and Reward of Employee Performance," Journal *of Labor Economics*, 5(4), 36–56.

Caruth, D.L., & Handlogten, G.D. (2002). Compensating Sales Personnel, The American Salesman, 6-15

Chandrasekar, K. (2011). Workplace environment and its impact on organisational performance in public sector organisations. *International Journal of Enterprise Computing and Business Systems,* 1(1), 1-19.

Cherry, K. (2016). Motivation: Psychological factors that guide behavior. *Pridobljeno,* 15(12).

Ekunday, O. A. & Babalola, J. A. (2018). The Impact of Motivation on Employee Performance in Selected Insurance Companies in Nigeria. *International Journal of African Development*, 5(1), 31-42.

Kuranchie-Mensah, E. B. & Tawiah, K. A. (2015). Employee Motivation and Work Performance: A Comparative Study of Mining Companies in Ghana. *Journal of Industrial Engineering and Management.* 9(2), 255-309. http://dx.doi.org/10.3926/jiem.1530

Lawler, E.E. (2003). Treat people right. San Francisco: Jossey-Bass Inc.

Luthans, F., & Stajkovic, A. D. (2006). The Impact of Recognition on Employee Performance: Theory, Research and Practice: Citeseer. Retrieved from http://citeseerx. ist. psu. edu/viewdoc/download.

Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, 50, 370–396.doi:10.1037/h0054346.

Mohapatra, I., & Sundaray, B. K. (2018). Impact of employee empowerment on employee performance. *International Journal of Advanced Technology & Engineering Research (IJATER),* 1, 98-102.

Mullins. L. J., Peacock, A., (1991). "Managing through people: Regulating the employment relationship ", Administrator. December, pp 45-55

Nabi, M. N., Islam, M. M., Dip, T. M., & Houssain, M. A. (2017). The impact of Motivation on Employee Performances: A Case Study of Karmasangsthan Bank Limited, Bangladesh. *International Journal of Business and Management Review.* 5(4), 57-78

Nel, P.S., Gerber, P.D., van Dyk, P.S., Haasbroek, G.D., Schultz, H.B., Sono, T., & Werner, A. (2001). Human Resources Management. Cape Town: Oxford University Press.

Nitisemito, A. S. (2001). Personnel management, human resources management (3rd ed.). Ghalia Indonesia, Jakarta.

Obiekwe, N. (2016). *Employee Motivation and Performance* (Unpublished business management Thesis). Centria University of Applied Sciences. Talonpojankatu, Kokkola, Finland.

Omollo, A. (2015). Effect of motivation on employee performance of commercial banks in Kenya: A case study of Kenya Commercial Bank in Migori County Pamela. *International Journal of Human Resource Studies*, 5(2), 87-103.

Pradhan, R. K., & Jena, L. K. (2017). Workplace environment and its impact on organisational performance in public sector organisations. *International Journal of Enterprise Computing and Business Systems,* 1(1), 1-19.

Schultz, D. (1982). Psychology and industry today. New York: Macmillan Publishing Co., Inc.

Sedarmayanti. (2012), Human Resources and Work Productivity. Bandung: Bandar Maju.

Spreitzer, G. 1995. Psychological empowerment in the workplace: Dimensions, measurement, and validation. *Academy of Management Journal*, 38(5), 1442–1465.

Thao, L., & Hwang, C. (2010). Factors Affecting Employee Performance-Evidence from Petrovietnam Engineering Consultancy JSC. *American Journal of Industrial and Business Management, 3*, 229-236.

Thomas, K. W., & B. A. Velthouse. (1990). Cognitive elements of empowerment: An "interpretive" model of intrinsic task motivation. *Academy of Management Review* 15, 666–681.

Velmurugan, T. A. & Sankar, J. G. (2017). A Comparative Study on Motivation Theory with Maslow's Hierarchy theory and Two factor theory in Organization. *Indo-Iranian Journal of Scientific Research*, 1(1), 204-208.

Wall, T. D., Wood, S. J. & Leach, D. J. (2005). Empowerment and Performance. *International Review of Industrial and Organizational Psychology* 2004, 1-46. doi:10.1002/0470013311.ch1

Wanjihia, F. N. (2016). *Factors affecting employee motivation at the work place: a case of Kenya bankers Sacco society ltd.* United States International University-Africa.

Waterson, P. E., Clegg, C. W., Bolden, R., Pepper, K., Warr, P. B., & Wall, T. D. (1999). The use and effectiveness of modern manufacturing practices: A survey of UK industry. *International Journal of Production Research*, 37, 2271–2292.

Ying, Z. Y. (2012). The impact of performance management system on employee performance. *An unpublished Master Degree Thesis, University Twente, Netherlands.*

Appendix - 1

Respondent's Information

Table showing respondent's information regarding Gender

		Frequency	Percent
Valid	Male	60	52.6
	Female	54	47.4
	Total	114	100

Table showing respondent's information regarding Age

		Frequency	Percent
Valid	Up to 20	2	1.8
	21-30	53	46.5
	31-40	39	34.2
	Above 40	20	17.5
	Total	114	100

Table showing respondent's information regarding Education level

		Frequency	Percent
Valid	Up to +2	3	2.6
	Bachelor	52	45.6
	Masters and Above	59	51.8
	Total	114	100

Table showing respondent' information regarding Work Experience

		Frequency	Percent
Valid	Below 5 years	42	36.8
	5-10 years	40	35.1
	Above 10 years	32	28.1
	Total	114	100

Table showing respondent's information regarding Monthly Salary

		Frequency	Percent
Valid	Below Rs.25000	33	28.9
	25001-40000	39	34.2
	Above 40000	42	36.8
	Total	114	100

Appendix 2

Tables showing the impact of demographic variables on IV and DV

ANOVA Table showing impact of experience on IV and DV

		Sum of Squares	df	Mean Square	F	Sig.
Overall_Motivation	Between Groups	2.109	2	1.054	7.158	0.001
	Within Groups	16.35	111	0.147		
	Total	18.459	113			
Avg_employee Performance	Between Groups	0.194	2	0.097	0.35	0.705
	Within Groups	30.803	111	0.278		
	Total	30.998	113			

ANOVA Table showing impact of age group on IV and DV

		Sum of Squares	Df	Mean Square	F	Sig.
Overall_Motivation	Between Groups	1.257	3	0.419	2.68	0.05
	Within Groups	17.202	110	0.156		
	Total	18.459	113			
Avg_employee Performance	Between Groups	1.112	3	0.371	1.365	0.257
	Within Groups	29.885	110	0.272		
	Total	30.998	113			

ANOVA Table showing impact of education on IV and DV

		Sum of Squares	Df	Mean Square	F	Sig.
Overall_Motivation	Between Groups	0.067	2	0.034	0.202	0.817
	Within Groups	18.392	111	0.166		
	Total	18.459	113			
Avg_employee Performance	Between Groups	0.365	2	0.182	0.661	0.518
	Within Groups	30.633	111	0.276		
	Total	30.998	113			