



ISSN: 2230-9926

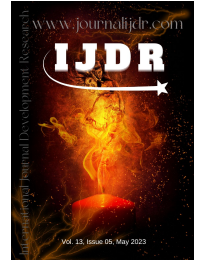
Available online at <http://www.journalijdr.com>

# IJDR

International Journal of Development Research

Vol. 13, Issue, 05, pp. 62569-62576, May, 2023

<https://doi.org/10.37118/ijdr.26632.05.2023>



RESEARCH ARTICLE

OPEN ACCESS

## EFFECT OF EXTRINSIC MOTIVATION FACTORS ON EMPLOYEE PERFORMANCE IN THE BANKING SECTOR

<sup>\*1</sup>Abdulrehim Awel Yasin, <sup>2</sup>Endalw Adamu, <sup>1</sup>Abdilkerim Asrar Seman, <sup>1</sup>Muhadin Kiyar Abdela and <sup>1</sup>Sofiya Suraje Sani

<sup>1</sup>Lecturer, MBA, Management Department, College of Business and Economics, Werabe University, Ethiopia

<sup>2</sup>Assistant Professor, Management Department, College of Business and Economics, Werabe University, Ethiopia

### ARTICLE INFO

#### Article History:

Received 17<sup>th</sup> March, 2023

Received in revised form

06<sup>th</sup> April, 2023

Accepted 21<sup>st</sup> April, 2023

Published online 24<sup>th</sup> May, 2023

#### KeyWords:

Compensation and benefit, Training and development, Working environment, Recognition, Employee performance, Commercial bank.

#### \*Corresponding author:

Abdulrehim Awel Yasin,

### ABSTRACT

Employee's motivation is crucial for any business to survive and prosper in today's competitive business world. Realizing this, the general objective of this study was to examine the effect of extrinsic motivation factors on employee performance in case of commercial banks branch found in Werabe town by taking 156 employees from 256 total populations, so that the study used stratified sampling and simple random sampling. The study adopted mixed approach and used primary data sources. The data collected through standardized Likert-scale questionnaire and analyzed using both descriptive and inferential statistics. The study used SPSS V21 statistical tool for analyzing the collected data. The regression result showed that the independent variables used in the study explain 81% variability on employee performance. The beta coefficients of this study indicated that compensation and benefit have a largest effect on employee performance followed by training and development. The study concluded that all the independent variables such as compensation and benefit, training and development, employee promotion, working environment and employee recognition had positive relation and significant effect on employee performance. Finally, recommendation forwarded as all the independent variables have positive relation and significant effect on employee performance the bank needs to work on these motivational variables continuously and consistently with a due attention to attract, motivate, satisfy and retain its staffs as this works directly proportional to the employee performance and to boost employees ability, skill and efforts to achieve the organizations goal and objectives.

Copyright©2023, Abdulrehim Awel Yasin et al. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Citation: Abdulrehim Awel Yasin, Endalw Adamu, Abdilkerim Asrar Seman, Muhadin Kiyar Abdela and Sofiya Suraje Sani. 2023. "Effect of extrinsic motivation factors on employee performance in the banking sector". *International Journal of Development Research*, 13, (05), 62569-62576.

## INTRODUCTION

According to Zimmer, (2014) the term "motivation" is derived from the word "motive." The term "motive" refers to a person's needs, wants, and desires. As a result, "employee motivation" refers to the process through which an organization motivates its employees to achieve organizational goals through awards, bonuses, and other incentives. Motivation is the most crucial factor in any business, whether public or private organizations. Motivation is essential for the success of any firm (Yizez, 2020). The commercial banks are play vital roles in Ethiopian economy and their employees are the best sources of delivering goods and services to their customers. Excellent services provided and offered by employees can create a positive perception and ceaseless image in the eyes of customers. Employee motivation plays a critical part in obtaining high levels of customer satisfaction for banks (Alemayehu, 2018). Organizations require physical, financial, and human resources to fulfill their goals, thus employee motivation is vital.

When people feel motivated, they are more likely to perform to their full capacity. This can assist the business in making the most of its resources; it leads to more output, fewer operating costs, and greater overall efficiency. Goals can be achieved if coordination and cooperation occur simultaneously, which can be performed efficiently through incentive. Employee stability is crucial in terms of a company's reputation and goodwill (Hormuud et al., 2017). Employees are the company's initial consumers, and the company's principal goal is to achieve customer happiness in order to make a profit. Employee motivation is a key aspect in ensuring customer happiness and maximizing profits for a business. When employees are motivated they are more productive, joyful, devoted, and fulfilled in their jobs and businesses are more profitable, effective, and efficient (Manzoor, 2011). The current employment crisis is the result of the cumulative inability to achieve an effective connection between employer expectations and perceptions from the graduates (Ahmed and Tessa, 2020). All of the preceding arguments suggest that employee motivation is vital to the growth, development, and success of any company, regardless of its size or industry (Shahzadi et al., 2014). Various survey studies have been conducted to examine the

employee Motivation schemes on employee Performance among those studies the impact of extrinsic motivation on employee's performance and their contribution towards the organizational goal achievement in the case of DBE (Tefera, 2014). In this study finding, DBE employees are satisfied with the current salary and benefit and not satisfied with the current performance evaluation system of the bank and their immediate supervisor's supervision and their relation with leader. The study proposes to provide a new impact of theoretical framework (Ahmed *et al.*, 2022). According to W/lassie, (2013) the impact of motivation factors on employee performance in the case of Abyssinia bank. The major finding of this study shows motivation has strong relation with performance in Bank of Abyssinia and satisfied with the compensation and fridge benefits and according to Bekele (2018), to assess the Employee Motivation schemes on Employee Performance in case of Commercial Bank of Ethiopia. The major findings are the overall perception of respondents over current reward practices were not happy, not enough, not competitive and not attractive.

According to observation of the researcher, most employees' changing their working environment from company to company is now directly or indirectly tied to employee motivation in the workplace. Different firms use different motivation schemes to motivate their staff. Some companies utilize improved remuneration schemes, while others use providing a pleasant working atmosphere, good promotion, and training programs. In the absence and failure in the implementation of such schemes, there will be laziness, late coming, poor communication with customers, and poor quality of service which adversely affects the bank's performance at finally (Fantu, 2020). The majority of previous employee motivation studies were focus on reward, recognition and some other monetary motivation factors, but there is another motivational factor to boost employee's ability, skill and efforts to achieve the organizations goal and objectives. Furthermore, this study includes new variables that have not previously been investigated. Such as working environment and training. In addition to this, there is no more studies are conducted on this case area. As a result, this study would seek to bridge the gap by investigate effects of extrinsic motivational factors on different Commercial Banks branch found in Werabe town. Therefore, the aim of the study is to determine effects of extrinsic motivation factors on employee performance in case of all commercial banks branch found in Werabe town. This study only used extrinsic motivational factors such as; compensation and benefit, promotion, training and development, recognition and working environment and geographically; delimited only Commercial Banks branch found in Werabe town. The limitation were this study only conducted one geographical area it was better to cover wide area of application as well as other sectors, so as to compare and contrast the issues of motivation factor on employees performance in different sectors finding.

## REVIEW OF RELATED LITERATURE

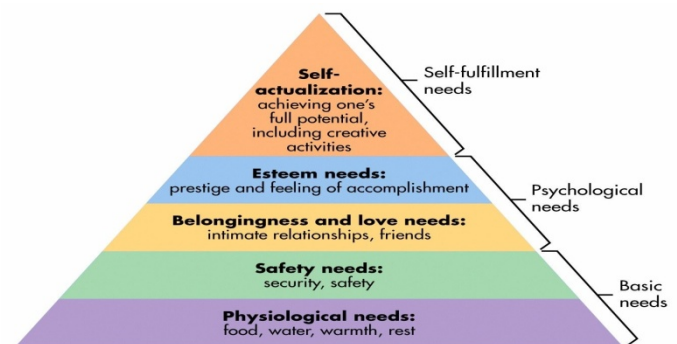
**The Concept of motivation:** The forces that inspire and sustain a person's commitment to a course of action are described as motivation. Motivation is primarily intended to facilitate behavioral change. It is a motivation that allows someone to behave in the direction of a specified objective. According to Grant's (2008), employee motivation study, motivation influenced outcomes such as productivity, performance, and persistence (Rizwan, 2014). Personnel require a great deal of knowledge to carry out their work (Raman *et al.* 2022). From the above definition cited by the researcher, the study adapted this as the operational definition to be used throughout the report; thus, motivation is the combination of certain forces such as an employee's desire, capacity, and energy directed at achieving an organizational goal or cause of action.

**Motivational Theories:** There are a variety of motivation theories, which can be split into two categories: content and process. The following are the distinctions between content and process motivation theories: Content theories focus on what variables within a person

energize, direct, sustain, and halt action, whereas process theories focus on how conduct is energized, directed, sustained, and halted (Engelberg & Sjöberg, 2006).

**Content theories of Motivation:** According to content theories, people have different wants at different times. The three sorts of demands that most people have are physiological requirements, social interaction needs, and psychological needs.

**Maslow's Hierarchy of Needs:** Maslow (1943) one of the most well-known provocation propositions is Maslow's Hierarchy of Requirements, which begins with the premise that people always want commodity and what they want depends on what they presently have. Maslow stated that people have five different situations of demands to satisfy in order to fulfill their introductory requirements. Physiological requirements are the first and smallest position. Food, drink, sanctum, and apparel are among these conditions. A person isn't motivated to move on to the coming position of wants in the scale unless these requirements are met. People's conditions shift to a advanced position when they aren't empty, thirsty, or cold. Security conditions are the alternate smallest position. Security conditions are the alternate smallest position. A person can be plant at that position. The study carried by *Eshetu and Ahmed, (2022)* shows that the bank's payment is not based performance which might have discouraged employees from improving their performance. The need for safety is manifested with job security, savings and for insurances of health, internal health, old age and disability. Love and belonging requirements is the third position of Maslow's scale. After feeling secure, people need to feel that they admit and give love, they're appreciated and they've good friendships. The fourth position is Regard requirements. It's the need to be unique with tone- respect and to enjoy regard from other individualities. People want to estimate themselves largely and grounded on their achievement admit appreciation from other people. Loftiest position of Maslow's scale of requirements is need of Tone- fruition. The development of this need is grounded on the satisfaction at the other four lower situations. It refers to the need of tone- fulfillment and the tendency to come formed in what a person is implicit (McLeod, 2018).



Source: Maslow (2006), Organizational Behavior (3<sup>rd</sup> Ed.).

**Herzberg's Two-Factor theory of motivation:** Theory Frederick Herzberg (1966) studied various factors relating to the job and their relation to employee motivation and concluded that job factors can be classified into two categories - motivators and hygiene factors (Fauziah *et al.*, 2014). What makes people happy is what they do or how they are used, and what makes them miserable is how they are treated, according to Herzberg. Things that make people happy at work aren't the same as those that make them unhappy; therefore those two emotions can't be mutually exclusive. On the basis of these data, Herzberg developed his Motivators and Hygiene Factors theory. Affordable pay, comfortable working conditions, fair corporate practices, and job security are examples of hygiene aspects that are related to the work environment rather than the content of the work. Employees may not be motivated by these elements, but their absence may be a source of dissatisfaction. Armstrong (2010) stated that the two factors giving rise to job satisfaction and motivation are distinct from the factors that lead to job dissatisfaction. Any satisfaction derived from wage raises is likely to be fleeting in comparison to the

long-term satisfaction derived from the work itself. It also distinguishes between intrinsic drive derived from the task itself and extrinsic motivation derived from the employer, such as employee compensation.

**ERG Theory :** This theory is published in 1972 by Alderfer who argues that there are three groups of core needs: existence, relatedness, and growth. In contrast to the hierarchy of needs theory, the ERG theory demonstrates that (1) more than one need may be operative at the same time, and (2) if the gratification of a higher level need is stifled, the desire to satisfy a lower-level need increases. Maslow's need hierarchy follows a rigid, step like progression (Robbins, 2003). Maslow's physiological and safety needs belong together to existence needs. Relatedness can be harmonized to belongingness and esteem of others. Growth is the same as Maslow's self-esteem plus self-actualization. Both Maslow and Alderfer tried to describe how these needs, these stages of needs become more or less important to individuals.

### Process theories of Motivation

**Expectancy Theory :** The concept of expectancy was originally formulated by Psychologist Victor Vroom and it assumes that motivation depends not only on how much a person wants something but on the person's His or her estimation of how probable he or she is to receive it. Expectancy is defined as a momentary belief in the likelihood that a specific action will result in a specific outcome. Expectations can be categorized according to their strength. Maximal strength is indicated by subjective certainty that the act will be followed by outcome, while minimal strength is indicated by the subjective certainty that the act will not be followed by the outcome (Vroom, 1964). In this theory, motivation is likely only when there is a clearly perceived and usable relationship exists between performance and outcome; and the outcome is seen as a means of satisfying needs.

**Instrumentality Theory:** The assumption that if we do one thing it will lead to another is known as instrumentality. Instrumentality theory asserts, in its most basic form, that people only work for money. With its emphasis on the need to rationalize work and on economic outcomes, the theory evolved in the second part of the nineteenth century. It is presumptively assumed that people will be motivated to work if rewards and penalties are directly linked to their performance; consequently, the prizes are conditional on effective performance.

**Reinforcement Theory:** Reinforcement theory as developed by Hull (1951), suggests that successes in achieving goals and rewards act as positive incentives and reinforce the successful behavior, which is repeated the next time a similar need emerges. Conversely, failures or punishments provide negative reinforcement, suggesting that it is necessary to seek alternative means of achieving goals. This process is known as "the law of effect," and it is based on two factors: first, how well they can recognize the similarities between their previous situation and the one they are now confronted with, and second, how well they can recognize the similarities between their previous situation and the one they are now confronted with (Cong *et al.*, 2013).

**Goal Theory:** A goal is simply defined as what someone is consciously attempting to accomplish. According to their research Locke & Latham (2006), as long as an individual remains dedicated to the established goal(s) and has the potential to achieve the set goals, and there is no other, otherwise conflicting goals set; this would be a linear relationship graphically. Between task performance and goal complexity, a linear relationship is established (Locke & Latham, 2006). Furthermore, setting difficult goals mobilizes energy, increases effort, and increases persistence (Newton Phiri *et al.*, 2018). Goals inspire people to devise tactics that will help them to achieve the desired results. Finally, achieving the goal can lead to satisfaction and increased motivation, or failure to achieve the goal can lead to dissatisfaction and decreased motivation (Lunenburg, 2011). This

theory emphasizes the important relationship between goals and performance.

**Equity Theory:** Adams established the equity theory, which states that it is not the actual reward that drives, but the perception of the reward, which is dependent on the reward in contrast to the work that went into acquiring it, as well as the rewards and efforts of others. As quoted by W. Fred v. R. and Kassaye W, the concept of justice can be expressed directly as the even exchange of values such that what is received is presumed to be equivalent to what is given (Adams, 1965).

**Types of Motivation:** We can categorize the types of motivation based on the characteristics in to two. These are extrinsic and intrinsic motivations.

**Extrinsic Motivation:** It has to do with monetary compensation, such as salary and fringe benefits, job security, advancement, service contracts, work atmosphere, and working circumstances. These are the things that must be done to or for individuals in order to motivate them. They are frequently determined at the organizational level and are often beyond the individual managers' control. Extrinsic motivators can have a quick and significant effect, but they don't always stay (Abusharbeh & Nazzal, 2018).

**Compensation and Benefit Packages:** The amount of money and benefits that an employee receives from his or her employer in exchange for his or her contributions to the company is referred to as compensation. Compensation or pay is tied to overall satisfaction, and pay satisfaction is much more closely linked (Lumley *et al.*, 2011). No one works for free, and no one should work for nothing. Employees want to be paid a fair wage, and bosses want their employees to believe that's what they're getting. Money is the most powerful enticement; no other incentive or motivational strategy comes close to it in terms of impact (Shaikh *et al.*, 2018).

**Employee Promotion:** Offering employees chances along with their careers, such as greater tasks or even more authority, is one of the most effective methods to keep them motivated. It can be implemented by providing the option of increasing wage compensation. By raising the employee's purchasing power, this commodity can also cover a portion of their security needs. Promotions assist in assigning workers to jobs that are more suited to their abilities and provide a way for talented workers to advance quickly (Gibbons & Waldman, 2010).

**Training and development:** According to Cole (2002), Training is more of a learning activity to acquire improved abilities and knowledge needed to complete a task, as noted in his book Personnel Human Resource Management. The requirement for increased productivity and safety in the operation of certain equipment, or the necessity for a successful sales force, to name a few examples, are all reasons for training. Proper training programs are required to guarantee that employees have the necessary information, skills, and abilities to perform well on the job, which may have an impact on employee motivation and dedication. Employees have the power to make or ruin a company's reputation and profitability. The study focused on the determinants of employee engagement (Muzeyin *et al.*, 2022).

**Recognition:** Employees' top desires are recognition and appreciation, which inspire and keep them productive by boosting morale, which "allows them to think better of themselves and their capacity to contribute to corporate goals employees with a high sense of self-worth are more intrinsically driven, optimistic, and eager to work more, participate in work, work efficiently, have a lower absentee rate, and are generally happy with their jobs" (Lai, 2009). Recognition is a motivational component that makes employees happy, according to Herzberg's two-factor theory. Greeting for better jobs, attaching thanks to their paychecks, acknowledging employee milestones, staff gathering outside the organization, highly appreciation for coming up with new ideas, holding a success

celebration, and arranging frequent meetings are all examples of ways to recognize employees (Tepayakul & Rinthaisong, 2018).

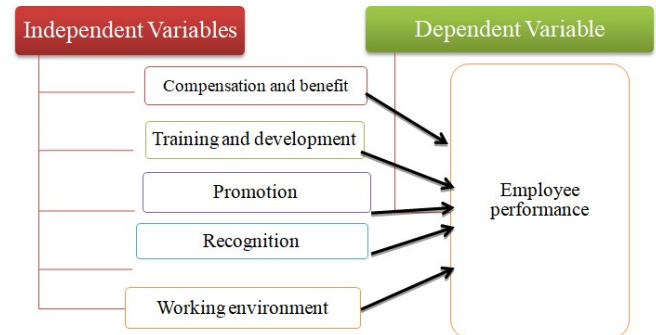
**Working Environment:** Scheme for Workplace Environment and Conditions Most companies limit the rate at which they improve their workforce's performance to skill acquisition. The type of workplace or environment in which a worker works has an impact on the amount of success that a company can achieve. According to Akinyele, (2006) the nature of a worker's surroundings in most businesses is responsible for roughly 80% of productivity concerns. The study focused on the determinants of employee engagement (Muzeyin *et al.*, 2022). The nature of work and its surrounding environment are two factors that have a considerable impact on employee motivation. A positive work environment ensures workers' well-being, which inevitably encourages them to commit themselves to their obligations with a high level of morale, which can lead to increased productivity (Manzoor, 2011).

**Intrinsic Motivation:** This has to deal with psychological factors such as the ability to put one's skills to use. A sense of challenge and accomplishment, thankfulness, positive acknowledgment, and being treated with care and concern are all examples of this type of motivation. Psychological rewards are those that are usually determined by the acts and behavior of individual managers (Osabiya, 2015). Psychological traits factors found to be significant in predicting the likelihood of youth considering entrepreneurship as an attractive life (Ahmed *et al.*, 2022). Intrinsic motivators are concerned with the quality of one's work life, and they are more likely to have a longer-term impact because they are inherent in people rather than imposed from without (armstrong, 2006). According to Ferejo *et al.*, (2022) individuals and their relatives are the main source of finance for the majority of MSEs for two major reasons.

**Empirical Literature Review:** The empirical literature part discusses past studies that were conducted which quite related with the effects of employee motivation schemes on employee performance. Here under the researches try to review the following research works. A research conducted by Zemene (2013), on the effects of motivation on employees' performance at Mekdim Ethiopia National Association which aimed attaining the objective of investigating the effects of motivation on employees' performance at Mekdim Ethiopia National Association in this paper the researcher use questioner method as tool of data collection and descriptive method of data analysis such as average and percentage as a tools of analysis and 100 employees are selected as a sample ,then the sample is categorized in to two parts which supervisory and non-supervisory employees. In the analysis the researcher uses six motivational factors to show the effects on employee performance of which Job Satisfaction, Recognition, and Sense of Achievement, Good Salary, Training and development opportunities, Fringe benefit (provident, medical and related benefits). According to this study finding all factors have effects on employee performance of Mekdim Ethiopia National Association but primary factor which affect more is good salary. The result of the study shows that among the four variables brand perception, and perceived quality has a significant positive impact on brand awareness of local leather footwear while advertising and product innovation do not have (Muzeyin *et al.*, 2022). Boamah Richard (2014), conducted a study on the effect of motivation on employee performance in BrongAhafo Education Directorate in Nigeria. The study has revealed that promotion and opportunity for advancement are the major motivation factors and the study has also revealed that motivation level is low in the area of wages and salaries. Ghana Education appears to be paying lowest wages and salaries in the industry. The study found that most employees' perceptions were low for all significant work-life balance initiative (Seman *et al.*, 2022). It is therefore recommended that Ghana Education Service management should consider as a matter of urgency, the need to make upward adjustment in wages and salaries which will go a long way to reduce the high incidence of labor turn over leave with/without pay are done than the one in place to encourage employees who have consistently performed or served in the service. The results found that all extrinsic factors have positive and significant effects on employees. This study

provides good amount of knowledge on the importance of extrinsic factors for improving the employees' performance. Based on the above results, the researcher recommended extrinsic motivation makes the employees more energetic and enthusiasm as far as more effective and productive, which ultimately boost the performances of workforce.

### Conceptual framework of the study



Source: Authors construction, (2023)

## RESEARCH DESIGN AND METHODOLOGY

The study used both descriptive and explanatory research design. Descriptive research design was employed for detail description of current condition of motivation and fundamental characteristics of the respondents. While, explanatory research design intended to explain the effect and relationship between motivation and employee performance. In addition to this, the study employed mixed research approach. A quantitative method used to analyze statistics-based data collect via questionnaire on other hand qualitative research approach, focused on understanding the perspective of respondents on open ended question and other qualitative data that has qualitative nature. The target populations for this study were all employees of banks operating at the town which is 256 from this researcher used only 156 by using mathematical sample size determination formula developed by Taro Yamane, (1967) and employed primary data source. The study was employed proportional stratified random sampling method. Stratified sampling technique is to categorize the commercial banks in to private and government banks and simple random sampling method to select target respondents as a sample from stratified group. In addition, the study used both descriptive and inferential statistics. The descriptive analysis used mean score and standard deviation to analyze the effect of motivation on employee performance in commercial banks. Whereas inferential statistics used correlation analysis to show the effects and relationship between dependent and independent variables and multiple linear regression analysis used to measure the relative strength of independent variables on dependent variable.

### Data Analysis and Interpretation

#### Descriptive Statistics Analysis of variables

**Table 1. Overall arithmetic mean, standard deviation, perception and rank of dependent and independent variables**

S.no	Dependent and independent Variables	Mean	Std. Deviation	Perception
1	Employee recognition	3.88	1.123	Agree
2	Training and development	3.974	0.842	Agree
3	Employee promotion	3.737	1.087	Agree
4	Working environment	3.46	1.413	Agree
5	Compensation and benefit	3.639	0.991	Agree
6	Employee performance(Dependent variable)	3.56	.855	Agree

Source: Survey result, (2023)

The overall arithmetic mean of variable employee recognition statements in the above table No (1): mentioned 3.88 with the overall

standard deviation of 1.123; Variable employee promotion with overall arithmetic mean value 3.737 with the overall standard deviation of 1.087 and variable working environment with overall arithmetic mean value 3.46 with the overall standard deviation of 1.413 which indicates that there is no consistency and harmony among the response of the respondents of the statements. Mean of variable training and development is 3.974 with the overall standard deviation of 0.842, and variable compensation and benefit with overall arithmetic mean value 3.639 with the overall standard deviation of 0.991 which indicates that there is consistency and harmony among the response of the respondents of the statements. The overall arithmetic mean of dependent variable employee performance mentioned in above table 3.56, with the overall standard deviation of 0.855, which indicates that there is consistency and harmony among the response of the respondents of the statements.

variable of training and development with correlation coefficient of  $r = 0.789$ ,  $p < 0.05$ , which are statistically significance at 95 % confidence level. Therefore there is strong positive relationship. This result indicates that training and development program play a significant role in identifying employee performance. Employee performance positively correlated to the independent variable of Employee promotion with correlation coefficient of  $r = 0.529$ ,  $p < 0.05$ , which are statistically significance at 95 % confidence level. Therefore there is strong positive relationship. Employee performance positively correlated to the independent variable of working environment with correlation coefficient of  $r = 0.147$ ,  $p < 0.05$ , which are statistically significance at 95 % confidence level. This implies that at 5% level of significance that was discovered that working environment plays a least significant role in determining the motivation in commercial banks which has a weak and positive relationship with the employee performance at  $p < 0.05$ .

**Spearman Correlation Analysis**

**Table 1. Correlation result between independent and dependent variables**

Correlations			ERTOTAL	TDTOTAL	EPTOTAL	WETOTAL	CBTOTAL	EPRFOTOTAL
Spearman's rho	ERTOTAL	Correlation Coefficient	1.000	.219**	.113	-.017	.250**	.322**
		Sig. (2-tailed)	.	.006	.162	.834	.002	.000
		N	154	154	154	154	154	154
	TDTOTAL	Correlation Coefficient	.219**	1.000	.498**	.033	.793**	.789**
		Sig. (2-tailed)	.006	.	.000	.682	.000	.000
		N	154	154	154	154	154	154
	EPTOTAL	Correlation Coefficient	.113	.498**	1.000	.081	.404**	.529**
		Sig. (2-tailed)	.162	.000	.	.318	.000	.000
		N	154	154	154	154	154	154
	WETOTAL	Correlation Coefficient	-.017	.033	.081	1.000	-.072	.147
		Sig. (2-tailed)	.834	.682	.318	.	.373	.069
		N	154	154	154	154	154	154
	CBTOTAL	Correlation Coefficient	.250**	.793**	.404**	-.072	1.000	.820**
		Sig. (2-tailed)	.002	.000	.000	.373	.	.000
		N	154	154	154	154	154	154
	EPRFOTOTAL	Correlation Coefficient	.322**	.789**	.529**	.147	.820**	1.000
		Sig. (2-tailed)	.000	.000	.000	.069	.000	.
		N	154	154	154	154	154	154

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

Source: Survey result, (2022)

**Table 2. Shows the model summary of the regression analysis**

**Model Summary<sup>b</sup>**

Change Statistics					Durbin-Watson
R Square Change	F Change	df1	df2	Sig. F Change	
.817	131.787	5	148	.000	1.283

a. Predictors: (Constant), compensation and benefit, working environment, employee recognition, employee promotion, training and development

b. Dependent Variable: employee performance

Source: Survey result, (2023)

The result of correlation depicted dependent and independent variables. Accordingly, Employee performance positively correlated to the independent variable of employee recognition with correlation coefficient of  $r = 0.322$ ,  $p < 0.05$ , which are statistically significance at 95 % confidence level. Therefore there is moderate positive relationship. This indicates that as employee recognition go to increase, the employee performance also goes to increase and vice versa. Employee performance positively correlated to the independent

Employee performance positively correlated to the independent variable of Compensation and benefit with correlation coefficient of  $r = 0.820$ ,  $p < 0.05$ , which are statistically significance at 95 % confidence level. Therefore there is strong positive relationship. This implies that at 5% level of significance that was discovered the Compensation and benefit play a significant role in determining employee performance. This indicates that as Compensation and

benefit go to increase, the employee performance also goes to increase and vice versa.

**Multiple Linear Regression Analysis Result:** Multiple linear regressions were conducted in order to determine the explanatory power of the independent variables (employee recognition, training and development, employee promotion, working environment and compensation and benefit) to identify the effect and to determine the most dominant variables that influenced the employee performance. The significance level of 0.05 with 95% confidence interval was used. The reason for using multiple regression analysis was to assess the direct effect of motivation factor on employee performance. From the above table No (2), it has been seen that R value is 0.90 Therefore, R value (.90) for the overall motivational factors namely compensation and benefit, working environment, employee recognition, employee promotion, training and development suggested that there is a strong effect of independent variables on the employee's performance. From the table (2) it can also observed that the coefficient of determination i.e. the R-square ( $R^2$ ) value is 0.817, which representing that 81% variation of the dependent variable is due to the independent variables, which in fact, is a strong explanatory power of regression and the other unexplored variables may explain the variation in employee's performance which accounts 19 % percent of it. The researcher concludes that 81% of the portion of the dependent variable is explained by the five variables that are included in this study.

**Table 3. ANOVA Test**

ANOVA <sup>a</sup>					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	97.863	5	19.573	131.787	.000 <sup>b</sup>
Residual	21.980	148	.149		
Total	119.844	153			

a. Dependent Variable: employee performance

b. Predictors: (Constant), compensation and benefit, working environment, employee recognition, employee promotion, training and development  
Source: Survey result, (2023)

From the ANOVA table No (3), it is identified that the value of F-statistics is 131.787 and significant as the level of significance is less than 5% ( $p < 0.05$ ). This indicates that the overall model was reasonable fit and there was a statistically significant association between independent variables.

### Regression Analysis of Variables

**Table 4. Regression of motivational factor variables on employee performance**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
	(Constant)	-.532	.194		
Employee recognition	.114	.029	.144	3.888	.000
Training and development	.233	.060	.222	3.890	.000
Employee promotion	.110	.031	.136	3.615	.000
Working environment	.116	.022	.186	5.225	.000
Compensation and benefit	.525	.052	.588	10.115	.000

a. Dependent Variable: employee performance

Source: Survey result (2023)

The result of Table No (4) the beta coefficients that present the contribution positive or negative effects of each variable to the model. The beta coefficient of the model in table 4 indicates the beta value of

the constant was -0.532 whereas the predictor variables unstandardized beta coefficients and p-value of employee recognition ( $B = .114$ ,  $p = 0.000$ ), training and development ( $B = .233$ ,  $p = 0.000$ ), employee promotion ( $B = .110$ ,  $p = 0.000$ ), working environment ( $B = .116$ ,  $P = 0.000$ ), whereas compensation and benefit ( $B = .525$ ,  $P = 0.000$ ). This indicates that all independent variables above were positive and statistically significant effects on employee performance in all Commercial banks branch found in Werabe town their p values are  $< 0.05$ . The beta value implies that, the predictor variables increased by each unstandardized beta coefficients on average employee performance increased by one as per the study. Since the regression equation was:

$$EP = \beta_0 + \beta_1 (CB) + \beta_2 (TD) + \beta_3(R) + \beta_4 (P) + \beta_5 (WE) + u$$

Employee performance = -0.532 + .114ER + .233TD + .110 EP + .116WE + .525 CB + u. In general, the beta coefficient tells us the effect of the outcome and each predictor. If the value is positive, it is said that there is positive effect between the predictor and the outcome, whereas a negative coefficient represents a negative effect. For these data all predictors, has positive beta values, indicating positive effects with the outcome.

As well as the result of the above table No 4 shown that the standard coefficient (beta value) indicates the degree of importance for each independent variables dimension on the employee performance. Therefore as shown in the table 4 above, the largest predictor coefficient is 0.588, indicates compensation and benefit, followed by training and development with coefficient of 0.222, working environment the third rank with beta coefficient of 0.186. The employee recognition has come on the fourth rank with beta coefficient of .144 and employee promotion has come on the last rank with coefficient of 0.136. The regression results showed that the variables affected the employee performance either directly or indirectly.

## CONCLUSION

The general objective of this study was to examine the effect of extrinsic motivation factors on employee performance in case of all commercial banks branch found in Werabe town. The study analyzed the effects of employee recognition, training and development, employee promotion, working environment and compensation and benefit to test employee performance. The Pearson correlation coefficient result at 95% confidence level indicated that there is a moderate positive correlation and statistically significant between variables employee recognition and employee promotion with dependent variable employee performance. Independent variables Compensation and benefit, training and development at 95% confidence level has strong positive correlation and statistically significant on employee performance and working environment has weak but positive relation and statistically significant on employee performance. The regression analysis of the variables indicate that largest predictor coefficient is 0.588, which indicate compensation and benefit, followed by training and development with coefficient of 0.222, working environment the third rank with beta coefficient of 0.186. The employee recognition has come on the fourth rank with beta coefficient of .144 and employee promotion has come on the last rank with coefficient of 0.136. The regression results showed that the independent variables affected the employee performance either directly or indirectly. The study in general showed that all the independent motivational variables included in this study such as employee recognition, training and development, employee promotion, working environment and compensation and benefit have positive relation and statistically significant effect on dependent variable (employee performance). The study would slightly match with the Maslow hierarchy of needs. The variable employee recognition and employee promotion has positive relation and statistically significant effect on employee performance therefore the commercial banks would better to working consistently and continuously on recognition and promotion in order to retain and

improve employee performance. Variable working environment also has positive relation and statistically significant effect on employee performance due to this commercial banks expected to give the necessary emphasis to working environment and needs to create conducive working environment to increase employee performance. The commercial banks/case organization better to implement those motivation factors well and create supportive and conducive environment for the sake of minimizing turnover, laziness and late coming then in return employees exhibit high level performance.

## REFERENCES

- Abusharbeh, M. T. and Nazzal, H. H. (2018). The Impact of Motivations on Employees Performance: Case Study from Palestinian Commercial Banks. *International Business Research*, 11(4), 142. <https://doi.org/10.5539/ibr.v11n4p142>
- Ahmed H. M. S. and Tessma T. (2020). Employers' Expectations and Perceptions of Business and Economics College Graduate's Competencies in Ethiopia. *IBMRD's Journal of Management & Research*, 9(2), 37-50. <http://ibmrjournal.in/index.php/ibmr/article/view/156630>
- Ahmed H. M. S., Buba M. G., Thomran M., Muzeyin J. R. and Ferejo M. N. (2022) 'Evaluation Of Critical Determinants Of Inventory Management Techniques On Universities' Performance In Ethiopia', *SMART Journal of Business Management Studies*, Vol. 18, No. 2, p.51-59. <https://www.smartjournalbms.org/journal/vol-18-2/Evaluation-of-critical-determinants-of-inventory-management-techniques-on-Universities-performance-in-Ethiopia.html>
- Ahmed, H. M. S., Ahmed, Y. A. and Thomran, M. (2022). 'Psychological Factors Predicting the Likelihood of Youth Entrepreneurship in Ethiopia' *Human Systems Management*. pp 1 – 15. <https://content.iospress.com/articles/human-systems-management/hsm220034>
- Akinyele, S. T. (2006). A Critical Assessment of Environmental Impact on Workers Productivity in Nigeria. *Research Journal of Business Management*, 1(1), 50–61. <https://doi.org/10.3923/rjbm.2007.50.61>
- Alemayehu, T. (2018). Department of Public Administration and Development of Management Effects of Motivation on Employee Performance in Public Enterprise: In the Case of Ethiopian Shipping and Logistics Services Enterprise Addis Ababa, Ethiopia.
- Armstrong, M. (2010). Handbook OF REWARD MANAGEMENT PRACTICE Improving performance through reward 3RD EDITION.
- Bekele, S. (2018). The Impact of Employee motivation on employee performance: The case of selected private commercial banks at Debre Berhan. March, 1–4.
- Boamah Richard. (2014). The effect of motivation on employees' performance: empirical evidence from the brong ahafo education directorate.
- Cong, N. N., Van, D. N. & Huu, T. H. (2013). Effects of Motivation on Employees' Performance at Petrovietnam Nghe An Construction Joint Stock Corporation. 2(2), 160–164. <https://doi.org/10.11634/216796061302307>
- Engelberg, E. & Sjöberg, L. (2006). Money attitudes and emotional intelligence. *Journal of Applied Social Psychology*, 36(8), 2027–2047. <https://doi.org/10.1111/j.0021-9029.2006.00092.x>
- Eshetu S. and Ahmed H. M. S. (2022). "The Impact of Remuneration Policy on Employee's Performance: Evidence from Dashen Bank in Ethiopia", *International Journal of Innovation Scientific Research and Review*, Vol. 04, Issue 04, pp.2592-2599. <http://journalijisr.com/issue/impact-remuneration-policy-employee%E2%80%99s-performance-evidence-dashen-bank-ethiopia>
- Fantu, N., & June, D. (n.d.). School of graduate studies a comparative study on impact of employees motivation schemes on employees performance: a case of commercial bank of ethiopia and bank of abssiniya head office addis ababa, ethiopia.
- Fauziah, W., Yusoff, W., Kian, T. S., Talha, M. & Idris, M. (2014). Herzberg 's Two-Factor Theory on Work Motivation : Does it Works for Todays Environment ? Herzberg 's two factors theory on work motivation : does its work for todays environment ?
- Ferejo, M.N., Ahmed, H.M.S., Muzeyin, J.R., Amde, S.J, Thomran, M., Mamuye, F. (2022). Exploring factors affecting growth of micro and small enterprises: Evidence from Ethiopia. *International Journal of Sustainable Development and Planning*, Vol. 17, No. 5, pp. 1523-1533. <https://doi.org/10.18280/ijstdp.170516>
- Gibbons, R. & Waldman, M. (1999). Theory of Wage and Promotion Dynamics. November, 1321–1358.
- Hormuud, Mogadishu, I. N., Mohamud, A., Ibrahim, A. A., & Hussein, J. M. (2017). The effect of motivation on employee performance : case study in the effect of motivation on employee performance : case study in hormuud company in mogadishu somalia.
- Lumley, E. J., Coetzee, M., Tladinyane, R. & Ferreira, N. (2011). Exploring the job satisfaction and organisational commitment of employees in the information technology environment. 15(1), 100–118.
- Manzoor, Q.-A. (2011). Impact of Employees Motivation on Organizational Effectiveness. *Business Management and Strategy*, 3(1), 36–45. <https://doi.org/10.5296/bms.v3i1.904>
- McLeod, S. (2018). Maslow 's Hierarchy of Needs Maslow 's Hierarchy of Needs. Business, 3–5.
- Muzeyin J. R., Ahmed H. M. S., Amde S. J., Thomran M and Ferejo M. N. (2022) 'Determinants Of Brand Awareness In The Context Of Ethiopian Domestic Leather Footwear Industries', *SMART Journal of Business Management Studies*, Vol. 18, No. 2, p. 60-68. <https://www.smartjournalbms.org/journal/vol-18-2/Determinants-of-Brand-Awareness-in-the-Context-of-Ethiopian-Domestic-Leather-Footwear-Industries.html>
- Muzeyin, J. R., Ahmed, H. M. S., Awoke, Y., Ferejo, M. N., Abebaw, T., Beyene, T. Y. & Amde, S. J. (2022). Exploring determinants of employee engagement in the emerging market [Special issue]. *Corporate & Business Strategy Review*, 3(2), 238–247. <https://doi.org/10.22495/cbsrv3i2siart5>
- Newton Phiri, C., Kaile, T., Chisanga, C., Ndhlovu, J., Machiko, A., Simakaondo, M., Makungu, P., Mudenda, S., Fredrick Bangara, F., & Mweetwa Munsaka, S. (2018). *The International Journal of Multi-Disciplinary Research The International Journal of Multi-Disciplinary Research The International Journal of Multi-Disciplinary Research*. www.ijmdr.net
- Osabiya, B. J. (2015). The effect of employees motivation on organizational performance. *Journal of Public Administration and Policy Research*, 7(4), 62–75. <https://doi.org/10.5897/jpapr.2014.0300>
- Rizwan, M. (2014). A Comparative Analysis of the Factors Effecting the Employee Motivation and Employee Performance in Pakistan. 4(3), 35–49.
- Raman M. S., Zewide A., Ahmed H. M. S., Devi P. P., Vijayanand S. (2022). "Assessment of Knowledge Management Practice in Higher Educational Institutions with reference to Debre Tabor University, Ethiopia", *Journal of Positive School Psychology*, Vol. 6 No. 4, Pp. 3536-3548. <https://journalppw.com/index.php/jpsp/article/view/3897>
- Seman, A. A., Ahmed, H. M. S., Refera, M. K., Amde, S. J., Thomran, M. & Ahmed, Y. A (2022). Assessing the Effect of Work-Life Balance Initiatives on Organizational Citizenship Behaviour, Marketing and Management of Innovations, 4, 207–217. <https://doi.org/10.21272/mmi.2022.4-19>
- Shahzadi, I., Javed, A., Pirzada, S. S., Nasreen, S. & Khanam, F. (2014). Impact of Employee Motivation on Employee Performance. *European Journal of Business and Management (Online)*, 6(23), 2222–2839.
- Shaikh, S. H., Pathan, S. K. & Khoso, I. (2018). The Impact of Extrinsic Motivation on Employees' Performance: A Comparative Analysis of Food and Textile Industries in Sindh, Pakistan. *International Business Research*, 11(12), 61. <https://doi.org/10.5539/ibr.v11n12p61>
- Tefera 2014. (2014). Graduate Studies the Impact of Extrinsic Motivation on Employee Performance the Impact of Extrinsic Motivation.

- Tepayakul, R., & Rinthaisong, I. (2018). Job satisfaction and employee engagement among human resources staff of Thai Private Higher Education Institutions. *Journal of Behavioral Science*, 13(2), 68–81.
- W/slassie, M. (2013). The impact of motivation on employees performance at abyssinia bank.
- Yizez, F. (2020). Effects of Motivational Factors on Employee Performance : in the Case of Oromia Police College ; 7(9), 839–849.
- Zemene, F. (2013). the Effects of Motivation on Employees' Performance a Thesis Submitted To St . Mary ' S University, School of At Mekdim ethiopia national association.
- Zeuch, M. (2016). Handbook of human resources management. In Handbook of Human Resources Management. <https://doi.org/10.1007/978-3-662-44152-7>

\*\*\*\*\*