

Effect of Motivation on Employee Performance: A Case Study of Nepal Electricity Authority

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Abstract

The objective of the study is to assess the relationship between Employee Motivation and Employee Performance (EP). In this study, the researcher adopted a descriptive research design. The primary data was collected from the managerial and operating level employees at the head office of Nepal Electricity Authority (NEA) through a structured questionnaire using Five Point Likert Scale. The study used a quantitative research design and applied stratified and judgmental sampling techniques combinedly. The total number of populations from NEA was 566. The sample size of the study was 181 employees. However, 300 questionnaires were distributed considering the pandemic of COVID-19 and sampling error. Reliability tests were computed in this study. Reliability was ascertained by calculating Cronbach's Alpha from the pilot study. Data were analyzed based on descriptive and inferential statistics. Means and standard deviation and correlation and regression analysis were used for data analysis. The model summary indicates that the model has not sufficient power to fit the given data set in the multiple linear regression model. ANOVA indicates the statistical and significant prediction of the outcome variable in the regression model. Since the p-value is less than the significance level, there is a statistically significant relationship between motivation and EP. The regression coefficient indicates that there is a positive and moderate relationship between them. It can be concluded that motivation moderately enhances EP. Promotion pays, and recognition is the main motivation factors for employees at NEA. The study will be useful for policymakers such as in governmental, state-owned enterprises, and even the private sector. Further research can be conducted on other public and private sectors. Employee commitment, training, job satisfaction, etc., can be other dimensions to explore the effect of employee motivation

Keywords: motivation, employee performance, factor, effect

Introduction

In a present technological, globalized, dynamic, and highly competitive situation organizations are required to motivate their employees to achieve competitive advantage and, in turn, organizational goals (Dobre, 2013 & Ahmad, 2012). To increase performance, the organization should make an effective and strong association with their employees and guide them to work accomplishment (Albeit, 2015). If employees are not appropriately inspired and satisfied the company cannot achieve its targets (Bartol & Martin, 1998). Management is getting things done through other people. To do so a manager needs to motivate employees. Demotivated employees do not like to contribute their best to the company, but rather try to cheat their company in different forms like long lunch and tiffin time, delays in their work, etc. (Shanks, 2012). Employees are an organization's human resources or assets which are influenced by employee motivation. Motivated employee can seriously perform their duties efficiently and effectively to attain EP that leads to organizational objectives. Employee motivation, therefore, is

the best tool for performance. Adequate salary and wages and benefits can play significant roles to boost EP (Muogbo, 2013).

Motivation is defined as a complexity of forces that inspires and creates willingness among employees to perform jobs effectively so that organization can attain its targets by utilizing its potential (Ekundayo, 2018). "Motivation can be defined as the willingness to exert high levels of effort towards organizational goals conditioned by the effort's ability to satisfy some individual goal" (Robbins, 1999). This definition mentions three important components—effort, organizational goals, and needs. Motivation inspires, energizes, and directs individual behaviour to goal attainment. Motivation helps in improving productivity, total quality management, efficiency, and creativity (Agrawal, 2012).

Customer is the king of business organizations. Hence, organizations have to spend a huge amount of money to attract, satisfy, and make them loyal. The customer views toward an organization mostly depend on roles played by employees to the customers. Because employees and customers are interconnected and interacted with each other in organizational transactions like buying and selling process of goods and services. In this way, an organization's image and reputation rely on the behaviour and relationship between employees and customers. So, the organization should be sensitive toward employee motivation (Zammer et. al., 2014). Individual motivation is a psychological force that can drive and inspire an individual to perform better in an organization so that both individual and organizational performance can attain comfortably. Organizational performance is the attainment of organizational aims and consequences through coordination and cooperation of employees in groups, the knowledge and competencies of the employees in achieving these aims and EP are required (Patel, 2013). It is the basis for employees' rewards (Agrawal, 2015). Hence, employee motivation and performance are correlated with one another. He mentions much usefulness of performance appraisal. It, for example, is essential in deciding reward management, training and development, promotion, performance improvement, transfer, and termination decisions. Although performance appraisal is an important aspect of human resource management, Nepalese HRM has not given adequate priority to performance appraisal. It is used only for promotion (Agrawal, 2015).

Problem Statement

This study will be significant to different organizations and management in helping them in knowing various kinds of motivational factors for better performance and the effect of employee motivation on the performance of the employee in an organization. Performance appraisal is a vital instrument to evaluate how well an employee bears their duties and responsibilities and meets their objectives. But there is a dearth of studies on whether motivation directly impacts EP or not (Wijesundera, 2018). Even though many kinds of research have been conducted relating to motivation, negligible has been carried out on the influence of motivation on EP meaning that emphasis goes on techniques of motivation (Dinler, 2008). Unfair organizational policies, poor working conditions, unsecured jobs, and tight supervision create labour turnover, absenteeism, and delays in work which, in turn, creates problems and challenges in employee motivation (Maam, 2009). In the case of NEA, employees are particularly perceived as lacking non-financial incentives such as recognition, fairness, equality, advancement, freedom, etc. which are key factors to motivate them in NEA. Ozona (2013) indicates that various motivational techniques may necessarily be adopted for divergent regions, societies, and cultures, however, it is challenging. Maah (2009) states regarding the challenges of motivation

are to decide about the appropriate time for motivation, the kind of motivation i. e. financial or non-financial, and the level at which the employee must be inspired. Therefore, the research questions of the study are:

1. What is the relationship between motivation and employee performance at NEA?
2. What are the motivation factors at NEA?

Objectives of the Study

The objectives of the study are:

1. To assess the relationship between motivation and EP at NEA.
2. To identify motivation factors at NEA.

Review of Literature

Koontz (1990) and Armstrong (2001), see performance as efficiency and effectiveness directed at the company's aims, and employee attitudes aimed at things done. Kane (1996) views it as a tangible outcome. Bernardin (2007) says performance is the end point of any performed task that is aligned with results. Ekundayo (2018) emphasizes the necessity of building strong environments. Performance is the result of employee motivation. Agrawal (2012) focuses that job performance as a function of employee ability and motivation. The equation is:

Job Performance = Ability x Motivation

Employees will not use abilities without motivation. Performance is inevitable for productivity and quality improvement. EP is assessed based on performance appraisal or evaluation. It evaluates the relative worth, strength, and weakness of each employee in the organization. It is the basis for offering rewards to employees (Agrawal, 2015).

There are following several motivational theories (Robbins, 1999, Griffin, 2013, & Stoner et. al., 2000) relating to motivation that can be linked to this study:

- i. Maslow's needs hierarchy theory
- ii. Two-factor theory
- iii. McClelland's theory
- iv. ERG theory
- v. Theory X and Theory Y

According to Maslow's needs theory, Abraham Maslow stated that a person is motivated to meet five needs which are physiological, safety, social, esteem, and self-actualization. Maslow says that these levels of needs constitute a hierarchy. However, researchers and critics found shortcomings and defects in the theory that five hierarchies of needs are not always needed and the order of the hierarchy may be different. In the late 1950s, Frederick Herzberg concluded in his research two-factor theory i. e. hygiene factor (dissatisfier) and motivating factor (satisfier). According to him person may be satisfied, dissatisfied, and sometime in between. Hygiene factors include pay, security, relationships, personal life, supervision, working conditions, etc. these factors only remove dissatisfaction. However, the opposite of dissatisfaction is not satisfaction.

On the other hand, motivation factors include recognition, work itself, responsibility, advancement, and growth. These factors motivate or satisfy employees. This theory is also not

without criticism. Clayton Alderfer developed three categories of theories-existence needs, relatedness needs, and growth needs ((Stoner et. al., 2000).

David McClelland and his associate propounded McClelland's theory. This theory stresses three needs- achievement, power, and affiliation. Douglas McGregor developed two different opinions of people. One is a negative view which is called theory X and the other positive view which is called theory Y (Robbins, 1999). He states the motivation process in this order: 1) unsatisfied need 2) tension 3) drives 4) search behaviour 5) satisfied need, and 6) reduction of tension. Maslow's theory also suggests that only unsatisfied needs motivate people. Motivation begins with a need. Need activates drive.

A study by Wijesundera (2013) discovered that motivation and EP are positively correlated. Employee motivation seems to be an effective tool in enhancing EP and achieving organizational objectives and consequences. The findings referred that pay, promotion, and performance appraisal are the key tools for employee motivation and EP. It is also concluded that working condition is the most crucial non-financial motivator and salary is the highest motivating factor in the bank (p. 48). A study by Alwedyan (2021) concluded that there is a strong relationship between employee motivation and physical employee performance. Morale motivation is stronger than physical motivation. Okan & Mustafa (2012) investigated that the most motivational factors are fair pay, comprehensive health care benefits, and work surroundings. Gyimah's study (2014) suggested that employee motivation influences EP and productivity. A study by Ekundayo (2018) discovered that motivation was the major factor that affected EP. Furthermore, the study showed a direct strong, and positive relationship between the motivation of employees and their performance. The type of motivation determines the level of performance of the employee. When positive motivation was efficiently, skillfully, and effectively applied, the level of EP increased and vice versa. The finding indicated that key drivers of motivation are employee participation, fringe benefits, bonus, rotation of employees, and promotion.

Kemoh's results (2016) indicated that companies did not pay monetary rewards to motivate their employees. The research demonstrated that UNICEF Somalia used non-monetary factors to influence employees such as recognition, decision-making roles, promotion, and flexible working hours. However, the research revealed that money is a crucial incentive. Another motivating driver for employees is training and development. However, job design could not influence them positively. Zameer et. al., (2014) inferred that employee motivation significantly plays a vital role in influencing EP in the beverage industry of Pakistan. The findings remarked that motivation enhances EP and automatically accomplishes organizational objectives. They further state that Maslow's hierarchy of needs and Alderfer's existence, relatedness, and growth theories should be applied. The willingness of the highest-level management motivation is necessary to boost EP. Maah (2009) concluded that the most important motivating factor is the pay system and then job security, promotion, and relationship among others. The higher the pay, the higher the motivation, hence leading to sound performance. In contrast, the lower the pay, the lower the motivation hence leading to poor performance. Maah's study 2009) found that there is some association between employee motivation and EP in the Kenya Red Cross Society at the Garissa branch. According to the findings, impacts of motivation include commitment, reduced labour turnover, reduced absenteeism, improved communication, and high morale among others. Shrestha (2021) inferred that both intrinsic and extrinsic factors motivate employees at Padma Kanya Multiple Campus,

Kathmandu. Pays and job safety are the main motivating factors. Self-respect and promotion are also significant motivating factors for administrative employees at the campus.

Research Gap

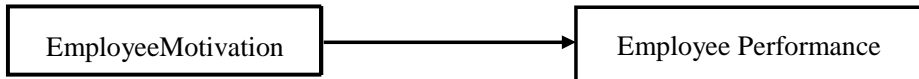
Even though there are a few studies performed about motivation and EP, there is a scarcity of research performed in the public utility sector of public enterprises especially in Nepal particularly in NEA under study. Furthermore, there is no consensus among researchers on whether the motivating factor is monetary or non-monetary or financial or non-financial for employee motivation and performance (Uzonna, 2013). The results vary from one another. Some findings are in favour of pay and some are against it in influencing EP.

Conceptual Framework of the Study

Based on previous and Akram's (n. d.) research the following conceptual framework has been designed:

Figure 1

Conceptual framework



Independent Variable

In this study employee motivation is the independent variable.

Dependent Variable

Employee performance is the dependent variable of the research study.

Research Hypothesis

H1: There is a relationship between employee motivation and employee performance.

Methodology

In this study, the researcher adopted a descriptive research design. The primary data was collected from the managerial and operating level employees at the head office of NEA through a structured questionnaire using Five Point Likert Scale. The data were entered into Microsoft Office Excel, and then Statistical Package for Social Science (SPSS) version 26. The total number of populations from NEA was 566. The sample size of the study was 181 employees. However, 300 questionnaires were distributed considering the pandemic of COVID-19 and sampling error. The respondents for the quantitative study were selected by applying stratified and judgmental sampling techniques combinedly. The observation was applied to collect qualitative data for motivating factors. Information on motivating factors was also taken from empirical evidence. Reliability tests were computed in this study. Reliability was ascertained by calculating Cronbach's Alpha from the pilot study. Data were analyzed based on descriptive and inferential statistics. The descriptive analysis includes means and standard deviation and inferential analysis includes correlation and regression approaches were used.

Results and Discussion

This section includes analysis of data, reporting of findings, interpretation, and conclusion of the study.

Results

Results include the following analysis and reporting of findings:

Reliability Test

Cronbach's alpha also known as Coefficient alpha is the most popular measure of reliability test used in this research presented as given below:

Table 1

Reliability of Data of Employee Motivation and EP

Variables/constructs	No. of Items	Cronbach's Alpha
Motivation	4	0.817
EP	19	0.960

Table 1 shows that motivation and EP have Cronbach's Alpha 0.817 and 0.960.

Descriptive Statistics

Descriptive statistics used in this study include means and standard deviation, which are shown below:

Table 2

Means and Standard Deviation of Employee Motivation and EP

Variables	Mean	Standard Deviation
Motivation	3.69	0.708
EP	4.12	0.525

Table 2 exhibits that the mean and standard deviation of motivation are 3.69 and 0.708 respectively. On the other hand, EP (dependent variable) has a mean score of 4.12 and a standard deviation of 0.525.

Correlation Analysis

For the relationship between motivation and EP, correlation analysis is performed. The results are as follows:

Table 3

Pearson Correlation Across Two Variables

Construct	EP
Motivation	0.503

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

Table 3 shows a statistically significant and positive correlation between motivation and EP.

Regression Analysis

For the relationship between Employee Motivation and EP regression analysis is performed. The analysis includes a model summary, ANOVA, and coefficient. The results are as follows

Table 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.503 ^a	0.253	.249	.614

Notes:

a. Predictors: (Constant), EP

Table 4 shows that the value of correlation is 0.503. The R Square is 0.253 or 25.3%. It shows that there is a 25.3% variation explained in the total variation of the EP by motivation.

Table 5

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.884	1	22.884	60.733	.000 ^b
	Residual	67.447	179	.377		
	Total	90.331	180			

Notes:

a. Dependent Variable: Employee Motivation

b. Predictors: (Constant), EP

Table 5 expresses that the multiple linear regression model ($F = 60.733$, $p\text{-value} < 0.010$) predicts the EP is significantly well-fitted to the given dataset.

Table 6

Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.745	0.180		15.268	.000
	Motivation	0.373	0.048	0.503	7.793	.000

Notes:

a. Dependent Variable: EP

b. Independent Variable: Employee Motivation

Table 6 depicts that motivation has a positive and statistically significant coefficient of 0.373 ($t = 7.793$, $p\text{-value} < 0.01$).

This functional aspect shall be transformed into an equation model as given below:

$$Y = \alpha + \beta_1 X_1 + \mu \quad \text{Where,}$$

$Y = EP$ (Dependent variable); $\alpha = \text{Alpha}$; $\beta_1 = \text{Coefficient of Employee Motivation}$

$X_1 = \text{Employee Motivation}$; and $\mu = \text{error}$

Based on the coefficients, the regression equation for the EP can be written as $Y = 2.745 + 0.373X_1 + \mu$. The regression coefficient of Employee Motivation is 0.373. This illustrates that a 1 unit increase in Employee Motivation will bring 0.373 in EP.

Discussion

Employees are an organization's human resources or assets which are influenced by employee motivation. Motivated employee can seriously perform their duties efficiently and effectively for attaining EP that leads to organizational objectives. Employee motivation, therefore, is the best tool for performance. This study will be significant to different organizations and management in helping them in knowing various kinds of motivational factors for better performance and the effect of employee motivation on the performance of the employee in an organization. Performance appraisal is a vital instrument to evaluate how well an employee bears their duties and responsibilities and meets their objectives. But there is a dearth of studies on whether performance appraisal directly impacts EP or not. Several motivation theories can be applied in this study. These are Maslow's needs hierarchy theory, Two-factor theory, McClelland's theory, ERG theory, and Theory X and Theory Y.

Motivation and EP along with their different number of items have their Cronbach's alpha of more than 0.70. It indicates both constructs have stronger internal consistency and reliability. The mean and Standard Deviation of motivation is 3.69 and 0.708 respectively. The mean score is near 4 with a small SD of 0.708. It indicates that the employees seem to agree with the statement that motivation can enhance their performance. Since the mean score of EP is 4.12 with a small SD i. e. 0.525, EP can be better by the effect of the motivation. Correlation analysis shows that there is a significant linear, positive, and moderate correlation between motivation and EP. This indicates that motivation can enhance performance.

R is multiple correlations (0.503) between motivation and EP in a regression model summary. This indicates a moderate level of relationship between them to measure the influence. The R Square is 0.253 or 25.3%. It shows that there is a 25.3% variation explained in the total variation of the EP by motivation. It means 25.3% contribution by motivation on EP. The rest, 74.7% is unexplained in this research. In other words, other additional variables are important in explaining EP that has not been considered in this research. This indicates that the model has not sufficient power to fit the given data set in the multiple linear regression model. As given in the ANOVA table, $p = 0.000$, which is less than 0.01, indicates the statistical and significant prediction of the outcome variable in the regression model. So, motivation is significant in explaining the variance of EP. Motivation has a significant coefficient of 0.373 ($t = 7.793$, $p\text{-value} < 0.01$). Since the $p\text{-value}$ is less than 0.001, the contribution of motivation is statistically significant to the model. Motivation has a positive and significant relationship with EP. The unstandardized value of the table shows that motivation has a positive impact on EP in this study. It indicates that the EP can increase by 0.373 when the motivation score increases by 1 unit. This study supports the study of Wijesundera (2013), Gyimah (2014), Maah (2009), and

Ekundayo (2018) but does not support the study of Kemoh (2016). Monetary and non-monetary factors are considered as motivating factors in this study. Pay is the most important motivation factor among the monetary factors.

Conclusion

Even though there are a few studies conducted concerning the relationship between motivation and EP, there is a scarcity of research performed in the Nepalese context, particularly in Public Enterprises in Nepal. In this study, constructs have stronger internal consistency and reliability. The mean and Standard Deviation of motivation and EP indicate better. Correlation analysis shows a significant linear, positive, and moderate correlation between motivation and EP. In a model summary, R indicates a moderate relationship between them to measure the influence. R square shows that there is a low level of variation explained in the total variation of the EP by motivation. This indicates that the model has not sufficient power to fit the given data set in the multiple linear regression model. ANOVA indicates the statistical and significant prediction of the outcome variable in the regression model. Since the p-value is less than the significance level, there is a statistically significant relationship between motivation and EP. The regression coefficient indicates a positive and moderate relationship between them. It can be concluded that motivation moderately enhances EP. Pay, promotion, and recognition among others are taken as motivating factors in this study.

Implication

First, the research findings are helpful for governmental, state-owned enterprises, and private-sector enterprises too to understand the existing state of employee motivation in their respective organizations. This helps them to formulate policies and programs accordingly. Because employee motivation practices are a crucial aspect to upgrade employee performance in an organization.

Recommendation for Further Research

Since this study was limited to the Nepal Electricity Authority of Nepal, further research can be conducted on other state-owned enterprises and governmental sectors like civil, teacher, securities, etc., and even the private sector. Factors influencing employee performance can be employee commitment, training, job satisfaction, etc., and research studies can be performed on these dimensions.

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