

Motivation and Employee Performance: A Case of Commercial Banks

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Abstract

Motivation is the process of initiating conscious, purposeful action. It is an internal drive that arouses the interest and readiness of the individuals towards a particular goal, where there was previously little attention to that goal. Moreover, motivation catalyzes employees' work performance. There is a strong relationship between motivation and employee performance. The employees are always directly influenced by motivation to maintain a quality of life and satisfy their needs and social expectations. The recognition of employee motivational factors in advance is the key success of any organization. So, motivation is a hygiene factor that includes company policy, interpersonal relations, salary, job satisfaction, and many other incentives of economic and social well-being. Removing such factors will lead to employee dissatisfaction in any organization. This article is based on the factors that directly affect the employee's motivation. It seeks to answer how different variables are related to the motivation, and what the impacts are on the employee's motivation that directly impact their performance in commercial banks.

Keywords: commercial bank, employee performance, extrinsic motivation, intrinsic motivation.

Introduction

Motivation is one of the important aspects of human resource management (HRM), as the policies and practices one needs to carry out the people or human resources aspects of a management position, including recruiting, screening, training, rewarding, and appraising (Dessler, 2005). The term 'motivation' is derived from the word 'motive'. As a noun, it means an objective, and as a verb, it means moving into action. So, motivation is a force that leads people to act to fulfil objectives. It cannot be directly observed but can only be inferred from behaviour.

Motivation is an individual's willingness to exert effort to achieve the organization's goals, conditioned but this effort's ability to satisfy individual needs (De Cenzo & Robbins., 2005).

Motivating the staff leads to broadening their skill to meet the organization's demands. Each branch manager should have the responsibility to work with the staff to find out their individual needs and put them side by side with organizational needs (Omollo, 2015). There is no doubt that organizations worldwide are striving for success and outcompeting those in the same industry. Tamang (2023) states that the motivating factors that includes company policy, interpersonal relation, salary and many other constructive factors. This article, therefore, goes on to discuss one of the core functions of human resources, i.e., motivation and employee performance. Three prominent motivational theories explain conceptually the relationship between motivation and performance as given below.

Maslow's Need Theory of Motivation

Maslow's need priority model is one of the most popular theories of motivation in the management and organization behavior literature. There are five levels of needs as per Maslow: Basic needs, security, Belonging and love, Esteem, and self-actualization. Needs of a person should be met from the lower to the higher level to increase the productivity of the individual (Weihui & Deshpande, 2013). Maslow's Hierarchy is used by several organizations for designing their motivational strategies, and one of them is HSBC Bank (Banker & Hart, 2008). After satisfying lower-order needs, the social, love, or belongingness needs become important motivators of behavior. The final step under this model is the need for self-fulfillment, i.e., the person's motivation to transform perception of self into reality.

Herzberg's Two Factor Theory of Motivation

Two-factor theory was developed by Frederick Herzberg, who is also known as the motivation/ hygiene theory. It is a widely accepted theory in the research field of motivation and related topics (Haque et al., 2014). As per his theory, there are two categories of motivating factors: a) Non-monetary factors are termed as hygiene motivating factors by the author, for example, individual satisfaction, appreciation, and acceptance. b) Monetary factors were categorized under the second dimension, which would motivate employees, for example, wages, incentives, etc. As per his research, when hygiene factors are promoted among an organization, the level of

dissatisfaction among employees decreases, and when employees are exposed to monetary factors, the level of satisfaction increases.

Alderfer's ERG Theory of Motivation

An extension of the Herzberg and especially the Maslow's content theories of work motivation comes from the work of Clayton Alderfer. ERG theory extends and refines Maslow's concepts, although there are several differences between the two. The E, R, and G stand for three basic need categories: existence, relatedness, and growth (Moorhead & Griffin, 2000). In this sense, existence needs, those necessary for basic human survival, are roughly composed of the physiological and security needs of Maslow's hierarchy. Similarly, relatedness needs, those involving the need to relate to others, are similar to Maslow's belongingness and esteem needs. Growth needs, needs are similar to Maslow's needs for self-esteem and self-actualization.

The objective of this paper was to assess the relationship between intrinsic motivation, extrinsic motivation, and employee performance. This study aimed to identify the dimensions of motivation and their effect on employee performance in commercial banks in Nepal. To achieve the set objectives, the survey research design has been implemented, and accordingly, the required data have been collected from 206 employees of two commercial banks in Kathmandu Valley. Informed consent has been taken to collect primary data from the sample population. The data were collected with the help of a set of questionnaires. Various statistical tools, such as tabulation, mean, correlation, regression, frequency, and percentage, have been used to analyze the collected data. For this purpose, the following two indicators as intrinsic and extrinsic motivations, have been used to find out employee performance:

Intrinsic Motivation

Intrinsic motivations become an essential aspect for those who are responsible for the supervision of employee involvement in work tasks and need to be aware that some employees participate beyond the task's interest. Intrinsic motivation is the outcome of the people or the activity itself (Skinner, 1953), which influences the performance, behavior, and well-being of employees directly and positively. Regarding intrinsic motivation, the researcher analyzed the respondents' knowledge, viewpoints, attitudes, along with prestige, process of recruitment, continuation, and level of satisfaction towards their job in commercial banks.

Extrinsic Motivation

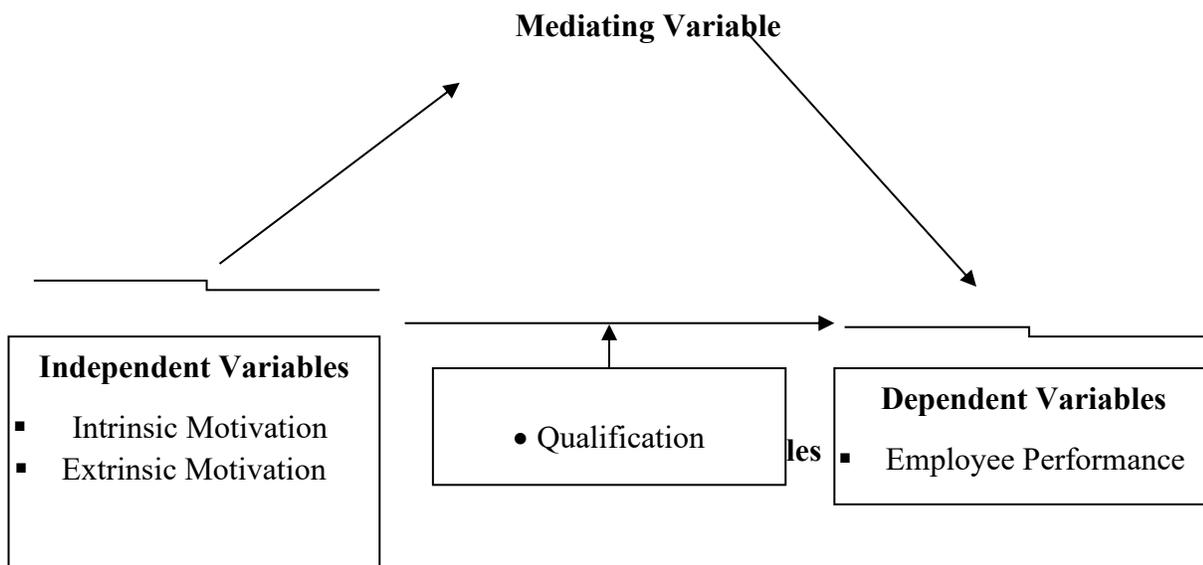
Extrinsic motivation refers to what is done to and for people to motivate them. It arises when management provides such rewards as increased pay, price, or promotions (Armstrong, 2006). The researcher has analyzed the respondents' perception of equal status, workload evaluation, equal footing and opportunity, salary and other facilities, promotion criteria, and professional development.

Methodology

The methodology adopted in this study shows the relationship between two variables, i.e., employee motivation and employee performance. Employee performance is a dependent variable, and other factors are the independent variables. The conceptual model adopted has been presented in Figure 1.1 depicts the dimensions of motivational factors on employees in the commercial banking sector. The methodological model has been taken from Aarabi, Subramanian & Akell (2013).

Figure 1

Theoretical framework of motivations



The researcher adopted a quantitative research design since it determines how relevant information for a study will be obtained; however, the research design process involves many

interrelated decisions (Sileyew, 2019). The researcher purposively selected two banks out of 27 commercial banks and sampled 20% employees from Nepal Bank Limited and Global IME who are working in Kathmandu Valley. The sample population consisted of 100 employees from different branches of NBL and 106 (20%) employees from Global IME Bank. Altogether, there were 206 samples taken for this study.

Results and Discussion

The analysis and discussion have been conducted on the basis of demographic and socio-economic characteristics of the respondents, which will be helpful to find out the respondents' motivation and their performances.

Age of the Respondents

Age plays a crucial role in knowing the demographic characteristics of the respondents. The age of the respondents ranges from 21-60 years, which is presented in Table 1.

Table 1

Distribution of respondents by age

<u>Age group</u>	<u>No. of respondents</u>	<u>Percent (%)</u>	<u>Cumulative percent</u>
21-30	130	63.1067	63.1067
31-40	40	19.4174	82.5241
41-50	20	9.7	92.2241
51-60	16	7.7669	100
Total	206	100	---

Table 1 shows the age-wise distribution of 206 respondents separated into four age groups. Out of the total respondents, 130 of them were of age 21-30 years, 40 of them were of age 31-40 years, 20 of them were of age 41-50 years, and 16 of them were of age 51-60 years. Among these age groups, 21-30 years constitutes the highest 63.1067 percent proportion, whereas 51-60 years falls within the least 7.7669 percent of the age group sections. Similarly, 31-40 years constitute 19.4174 percent, followed by the 41-50 years age group, which constitutes only 9.7 percent in

the age group distribution of the respondents. This represents that the majority of the employees of the commercial banks fall within the prime age category, a factor most advantageous, whereby young employees can mould and train themselves, motivated to take up all the responsibilities and challenges the job might present.

Marital Status

Marriage is a universal truth in human society. It can also be taken as a motivational indicator for understanding the level of significance in job satisfaction. The marital status of the respondents is shown in the table below.

Table 2

Distribution of respondents by marital status

<u>Marital Status</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Percent (%)</u>	<u>Cumulative Percent</u>
Married	55	105	160	77.67	77.67
Unmarried	30	16	46	22.33	100
Total	85	121	206	100	---

Table 2 shows that out of the total respondents, 160 of them were married, and 46 of them were unmarried employees in the commercial banks of Kathmandu Valley. The majority of respondents, i.e., 77.67 percent, are married, and 22.33 percent are unmarried. The analysis of the marital status of the respondents suggests that married employees are more motivated to work in the banking sector.

The reason for the high proportion of married respondents may have been the age factor, where the majority of them fall in the young age group category. The other supporting factor could also be the fact that women in Nepal are free to advance their careers after their marriage.

Educational Status

The educational background of a person is directly affected by the financial background of the family, family traditions, and occupation. Education is important for better skills, a clear

attitude, and knowledge. It also helps to be gentle in social, political, and economic behavior. It also reflects the motivational stimulation towards job expectations. The educational status of the study area is shown in the table below.

Table 3

Distribution of respondents by education

<u>Educational Status</u>	<u>No. of respondents</u>	<u>Percent (%)</u>	<u>Cumulative Percent</u>
Master's and PhD	70	33.98	33.98
Bachelor	120	58.25	92.23
Intermediate, PCL/+2	16	7.77	100
Total	206	100	---

Table 3 reflects three categories of the educational level of the respondents as Master's and PhD, Bachelor's, and Intermediate PCL/+2. Accordingly, 33.98 percent of them are found to be Master's and PhD, 58.25 percent of them hold a bachelor's degree, and finally, 7.77 percent of them have an Intermediate PCL/+2 qualification. Education plays a motivational role in a job. Therefore, this analysis indicates that younger respondents with a Bachelor's degree pursue their jobs in a commercial bank.

Designation

Like educational background, designation is one of the social motives that help an individual to strive to excel and succeed in a particular job. The distribution of the respondents by their designation is shown in the table below.

Table 4*Distribution of respondents by designation*

<u>Designation</u>	<u>No. of respondents</u>	<u>Percent (%)</u>	<u>Cumulative Percent</u>
Senior manager	6	2.91	2.91
Manager	10	4.86	7.77
Officer	90	43.69	51.46
Assistant	100	48.54	100
Total	206	100	---

Table 4 shows the distribution of respondents by position into four different categories. Among the total respondents, 2.91 percent are Senior Managers, 4.86 Percent are managers, 43.69 percent are officers, and 48.54 Percent are Assistants respectively. The Assistant position (the starting point of the job) shows the highest percentage, i.e., 48.54 percent, followed by the position of Officer with 43.69 percent in the study area. This indicates that there is an increasing trend among respondents with higher and quality degrees who are being pursued for a good profession in commercial banks.

Annual income

The annual income of the respondents is a major factor in measuring the motivational level towards the job. The socio-economic status of the respondents is related to the annual income from the main occupation and social prestige.

Table 5*Distribution of respondents by annual income*

<u>Income in NRs (000)</u>	<u>No. of respondents</u>	<u>Percent (%)</u>	<u>Cumulative Percent</u>
Less than 500	100	48.54	48.54
600-1000	90	43.69	92.23
1000 above	16	7.77	100
Total	206	100	---

Table 5 shows the annual income of the respondents working in the commercial banks of Kathmandu Valley. According to the table, there are 48.54 percent of respondents have less than NRs. 500,000 annual income. At the same time, 43.69 percent of respondents have 600 to 1000 an annual income, and finally 7.77 percent of respondents have 10,00,000 above annual income. The analysis of the annual income of the respondents indicates that the increase in annual income is relative to the motivational level of the employees in the commercial banks of the study area. If your position is high, then you will get a high level of salary, and your financial aspect will also be strong in the commercial banking sector.

Equal Footing and Opportunity

The main problem faced by Nepalese employees, especially in the private sector, is the inequality of payment, opportunity, and work environment. This is mainly due to gender-based and aristocratic processes of socialization, where an Assistant-level employee is generally treated as inferior in front of other high-ranking employees in any organization. However, after the new federal constitution of Nepal protects the rights of equal footing and opportunity in every sector regardless of any caste, creed, gender, ethnicity, etc. The responses to whether the employees work on equal footing and feel they have been given equal opportunity have been tabulated below.

Table 6*Responses to equal footing and opportunity*

<u>Responses</u>	<u>No. of respondents</u>	<u>Percent (%)</u>	<u>Cumulative Percent</u>
Yes	126	61.16	61.16
Not always	65	31.56	92.74
No	15	7.77	100
Total	206	100	---

Table 6 shows whether the workplace environment is based on equal footing and opportunity regardless of any bias related to gender, caste, ethnicity, etc. The majority, 61.16 percent of the respondents, have been given equal opportunity, while 31.56 percent respondents indicated that it was not always so. However, 7.28 percent of them manifested negatively provided by the bank authorities in the study area. The analysis thus concludes that even where the respondents do not work or take proper responsibility, they should be treated based on their level and given equal opportunity.

Salary, Monetary Incentives, and Compensation Packages

The main problem faced by Nepalese employees, especially in the private sector, is low and inadequate salaries, lack of monetary incentives, lack of social security, and compensation packages. However, it may be found stronger in banking sectors as compared to other private sectors in the study area. The satisfaction level of the respondents regarding their salary, monetary incentives, and compensation packages has been given in the table below.

Table 7*Responses to salary, incentives, and compensation packages*

<u>Responses</u>	<u>No. of respondents</u>	<u>Percent (%)</u>	<u>Cumulative Percent</u>
Yes	105	50.98	50.98
No	---	---	---
Fully not satisfied	101	49.02	100
Total	206	100	---

Table 7 shows whether the salary, monetary incentives, and compensation packages provided by their employer bank are sufficient to meet the employees' daily expenses and social security. The majority, 50.98 percent of the respondents, indicated that they were satisfied with what they get from their office, while only 50.02 percent indicated that they were not fully satisfied with the remuneration provided by the bank authorities, as it is not sufficient to meet their daily expenses. The analysis thus concludes that even where the respondents did not work or take proper responsibility, unless they were provided suitable salary and other monetary facilities by the bank authorities.

Criteria for Promotion and Rewards

The personal policy is an important aspect that reflects the sustainability and smooth running of an organization. Every society must have the provision of reward and punishment. Similarly, promotion is also one of the important reward systems of an organization, encouraging its members to perform at excellence. However, the criteria for promotion may vary from organization to organization. This subsection tries to analyze the condition of promotional criteria in comparison to equality in opportunity. The criteria of promotion and rewards adopted by the commercial banks in the study area have been presented in the table below.

Table 8*Responses to the criteria of promotion and rewards*

<u>Responses</u>	<u>No. of respondents</u>	<u>Percent (%)</u>	<u>Cumulative Percent</u>
Based on performance	180	87.38	87.38
Not based on equality	26	12.62	100
Total	206	100	---

Table 8 reveals the respondents' responses to the criteria adopted by the bank authority for the promotion and rewards to the employees in the study area. According to the table, 87.38 percent of respondents indicated the promotion criteria at Based on Performance, followed by 12.62 percent of respondents who said that there were not the same criteria for promotion and rewards among employees, while the bank authority was perceived as being a little biased. Thus, the table clearly reveals a higher proportion of respondents indicated both as equal opportunity and equal values set among the employees of the commercial banks. It can be concluded that all employees at these organizations have been provided equal opportunity for advancement regarding their job performance.

Relationship between Motivation and Employee Performance

The relationship between intrinsic motivation and employee performance can be analyzed according to the responses provided by the respondents. However, only three intrinsic motivational factors, such as job satisfaction, prestige, and family perception, have been taken for analysis.

Table 9*Responses to the intrinsic motivational factors*

<u>Motivational</u>	<u>Ratings</u>					<u>Total</u>
	<u>SD</u>	<u>D</u>	<u>N</u>	<u>A</u>	<u>SA</u>	<u>Responses</u>
Job satisfaction	10	16	5	120	55	206
Prestige	7	13	15	125	46	206
Family perception	12	20	10	100	64	206

Table 9 shows that the commercial banks in the study area use intrinsic motivation, such as job satisfaction, prestige, and family perception, towards the job is satisfactory. A large number of respondents agreed that they took job satisfaction, prestige, and family perception, etc., as intrinsic motivational factors.

Similarly, the sample population was asked to provide their responses to the intrinsic motivation and employee performance. Their responses have been presented in Table 10 below.

Table 10*Responses to the performance on intrinsic motivational factors*

<u>Motivational</u>	<u>Ratings</u>					<u>Total</u>
	<u>SD</u>	<u>D</u>	<u>N</u>	<u>A</u>	<u>SA</u>	<u>Responses</u>
<u>Factors</u>						
Job satisfaction	16	40	10	80	60	206
Prestige	11	35	20	85	55	206
Family perception	20	46	5	60	75	206

Table 10 shows that the intrinsic motivational factors, such as job satisfaction, prestige, and family perception, have a positive effect on employee performance.

Conclusion

The main objective of this article was to assess the effect of motivation on employee performance. For this purpose, 206 sample respondents were selected from two commercial banks in Kathmandu Valley. On the basis of the analysis and interpretation of the data, the majority of the respondents belong to the 21-30 and 31-40 age groups in the study area. More than half of the respondents were female as compared to male respondents in the study area. The majority of the respondents had a Bachelor's degree, and a minority of them had with Master's degree and a PhD. The majority of the respondents perceived equal status at their work; however, less than one-third of them were not fully satisfied. The majority of the respondents were satisfied with their remuneration given on the basis of different topics. More than 90 percent of the respondents were positive about the criteria of promotion and rewards provided by the commercial banks. They agreed to the transparency system of promotion. Finally, more than half a percent of the respondents were satisfied with their salary, but less than 50 percent of employees were not fully satisfied with salary incentives. So, from this study, it was found that motivation implies significant contribution to the personal and family causes as well as work performance of the employees in any organization. The increment in the motivational level of the employee is directly proportional to the increasing concerns about the work performance of the employees.

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