



## Impact of Employee Motivation on Organizational Effectiveness in Nepalese Organizations

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### Abstract

This study examines the impact of employee motivation on organizational effectiveness in the context of Nepalese organizations. Organizational productivity and motivation are the dependent variables. Likewise, the selected independent variables are salary, promotion, performance appraisal, training and development, job security and health benefit facilities. The primary source of data is used to assess the opinions of the employees regarding salary, promotion, performance appraisal, training and development, job security and health benefit facilities in Nepalese financial institutions. The study is based on primary data with 140 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The correlation coefficients and regression models are estimated to test the significance and importance of employee motivation and its impact on organizational effectiveness in Nepalese organizations.

The study showed that salary has a positive impact on employee motivation and organizational productivity. It implies that increase in salary leads to increase in employee motivation and organizational productivity. The result also showed that promotion has a positive impact on employee motivation and organizational productivity. It implies that increase in promotion opportunities leads to increase in employee motivation and organizational productivity. Moreover, performance appraisal system has a positive impact on employee motivation and organizational productivity. It implies that better performance appraisal system leads to increase in employee motivation and organizational productivity. Furthermore, job security has a positive impact on employee motivation and organizational productivity indicating that increase in level of job security leads to increase in employee motivation and organizational productivity. Similarly, the result also showed that training and development has a positive impact on employee motivation and organizational productivity. It indicates that better training and development leads to increase in employee motivation and organizational productivity. The result also showed that health benefit has a positive impact on employee motivation and organizational productivity. It implies that increase in health benefits leads to increase in employee motivation and organizational productivity.

**Keywords:** salary, promotion, performance appraisal, training and development, job security, health benefit facilities

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## 1. Introduction

In today's competitive environment, each organization's success or failure is determined by its people resources. Today, every company focuses more on attracting and managing the human resource which have become a very challenging part for the organizational success. Motivation is one such tool that aids the firm in achieving its objectives. Motivation can be intrinsic motivation and extrinsic motivation. Intrinsic motivation comes from "internal" factors to meet personal needs like empowerment, autonomy, organization's trust and recognition. Extrinsic motivation is purely derived from "external" factors like salary, rewards, promotion, bonuses. Motivated employees are more oriented towards autonomy and freedom and are more self-motivated compared to less motivated employees, which causes development opportunities to benefit (Demircioglu and Chen, 2019). Ensuring employees are committed to their work and ensuring that they deliver the best output by working to their full potential to help the organization reach the goal is a challenging task for a manager (Maduka and Okafor, 2014). In the midst of competitive labor market, retaining a productive employee is a huge task as the hunt is always there to find and snatch from one organization to the other. An employee with a vision for growth requires to be shown clear path on his chances of progression in the organization apart from the economic benefits they will be availing during the process. Non availability of skilled employee results in lack of knowledge, skills and experience which will have a deep impact on the organization economically (Oloko and Omollo, 2015).

In this era of globalization and competitiveness, it is important for organizations to have highly motivated workers. This is because the success of an organization can only be achieved with the contribution of the employees. Rewarding and motivating efficient employees will boost their productivity. This will indirectly contribute to providing the highest quality services to customers through an organization (Kaur, 2013). In addition, motivation and rewards can also enable employees to accept any change or development in the organization. Markova and Ford (2011) stated that the success of companies is very much dependent on the willingness of employees to use their creativity, abilities, and know-how in favor of the company. Thus, it is an organization's responsibility to encourage and nourish this positivity in the employee by implementing an effective reward system. Motivation is a place of accumulation of various processes that will influence and direct the behavior of employees to achieve certain goals. Motivation is a key factor in the worker psychology process that affects the purpose and direction of

behavior. Motivation will create an important role in the workforce - the sincerity, direction, and timing of individuals achieve their goals (Bullock et al., 2015).

According to Richard et al. (2009), organizational effectiveness can facilitate the achievement of goals through a blend of competencies and ethics. Two important factors affecting organizational effectiveness are corporate culture and employee motivation. The dimensions of organizational effectiveness measure include: improved ability to innovate, improved coordination of efforts, and rapid commercialization of new products. Other contributions may include: the ability to anticipate surprises, responsiveness to market change, and reduced redundancy of information/knowledge. Al-Bawaia et al. (2022) investigated the effects of corporate culture and employee motivation on organizational effectiveness in the Jordanian banking sector. Using a quantitative research design, the study showed a significant effect of corporate culture and three of its dimensions; clan culture (human relation), market culture (rational goal) and hierarchy culture (internal process) on organizational effectiveness. A fourth-dimension adhocracy culture (open system) did not contribute to organizational effectiveness. The study also showed that there was a significant interaction between employee motivation, specifically extrinsic and intrinsic motivation, and organizational effectiveness. The study concluded that bank managers can achieve effectiveness by building a balanced organizational culture that combines different corporate cultures (clan, market and hierarchy). Olusadum and Anulika (2018) assessed the effect of motivation on employee's performance using Alvan Ikoku Federal College of Education (AIFCE). The result showed that there is significant relationship between staff motivation and staff performance. The study concluded that unless staff motivation is properly executed, organizations and their managers will always suffer employees' negative attitude to work. Reward and work motivation are very important for an organization, as this can be used to direct the staffs towards achieving the goals of the organization. Moreover, rewarding and motivating efficient employees will boost the employee's productivity. Asaari et al. (2019) investigated the reward, namely salary, promotion, and recognition toward work motivation factors among employees in the trade agency situated in the southern state. The result showed that there is a positive and significant relationship between rewards and motivation. The study concluded that as the reward increase, the motivation of employees will also be increased.

Chen *et al.* (2012) stated that the overall performance of an organization

depends upon the extent to which human resource is effectively utilized. Training and development leads to superior knowledge, skills, abilities, attitudes, and behavior of employees that ultimately enhance excellent financial and non-financial performance of the organizations. When recognition programs are in place, employees feel valued. Therefore, they become more dedicated to help the organization meet its goals. When employees feel recognized and involved, they are much less likely to worry about money and security (Elton and Gostick, 2002). Sanyal and Wamique (2018) analyzed impact of training and development practices on the performance of employees on select banks in Sultanate of Oman. The study concluded that training and development practices have a positive influence on employee performance in the Omani Banking Industry. The study also revealed that training program has certainly increased the performance levels of the employees in the Omani Banking Industry. Khan *et al.* (2011) investigated impact of training and development on organizational performance. The results concluded that training and development, on the job training, training design and delivery style have significant effect on organizational performance and all these have positively affected the organizational performance. Arabi *et al.* (2013) examined the relationship between employee motivation and job performance of employees in Malaysian servicing industry. The results showed that among the motivational factors, two variables were found to be significant predictors of job performance. The study also revealed that intrinsic motivational factors were considered more important compared to extrinsic motivational factors such as payment, job security, and friendly environment. Kibria (2021) investigated the linkages of performance appraisals, employee promotion and job satisfaction with employee performance in the banking sector of Pakistan. The study concluded that bonus, benefits and promotion are strongly correlated with job satisfaction and employee performance. Further, Niati *et al.* (2021) revealed that training, motivation, and job performance can improve career development of employees at work. The study recommended that improving training program, employees will be more motivated to work that helps the company to achieve the goals.

Highly motivated employees are more productive, more efficient and willing to work towards the achievement of organizational goals than those with a low level of motivation. The critical challenges faced by organizations in the era of globalization are to ensure employees are constantly motivated and perform their duties responsibly and committed. Markova and Ford (2011) suggested organizations should incorporate non-monetary rewards

in the rewards system to maintain their job interests and to improve the cooperation among employee. In addition, an effective reward system can increase employee motivation for the job or work done will encourage them and it will foster a positive attitude (Badrinarayan and Tilekar, 2011). Reward management is important and needs to be well planned. This is because employers need to exactly know what the workers expect from them in return for their contribution. An organization also needs to be aware of what they expect from their employees in return for their pay and at the same time providing employees with the opportunity to work and develop their skills. Kshirsagar and Waghale (2014) acknowledged nowadays, the labor market becomes more difficult and challenging for organizations to recruit and identify the best-qualified people. Hence, this situation makes it difficult for employers to develop an appropriate reward system as per their needs and satisfaction.

In the context of Nepal, Adhikari (2023) examined motivation factors influencing employee job satisfaction in Nepalese insurance companies. The study showed that employee motivation has a positive impact on job satisfaction. It means that higher the level of employee motivation, higher would be the job satisfaction. Similarly, reward has a positive impact on job satisfaction. This reveals that increase in reward leads to increase in job satisfaction. Pradhan and Shrestha (2023) revealed that flexible working arrangements, family leave provision, recreational services, employee assistant programs and supervisory support have positive impact on employee retention. The study concluded that work life balance has a significant role in enhancing the employee retention in Nepalese commercial Banks. The study also concludes that supervisory support followed by employee assistant program and recreational services is the most influencing factor that explains the changes in employee retention in Nepalese commercial banks.

The above discussion shows that empirical evidences vary greatly across the studies on the impact of employee motivation on the effectiveness of commercial banks. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The main purpose of the study is to analyze the impact of employee motivation on organizational effectiveness in Nepalese organizations. Specifically, it examines the impact of salary, promotion, performance

appraisal, training and development, job security and health benefit facilities on organizational effectiveness in Nepalese organizations.

The remainder of this study is organized as follows. Section two describes the sample, data and methodology. Section three presents the empirical results and the final sections draws the conclusion.

**2. Methodological aspects**

The study is based on the primary data. The data were gathered from 140 respondents through questionnaire. The respondents’ views were collected on salary, promotion, performance appraisal, training and development, job security and health benefit facilities, motivation and organizational effectiveness. The study is based on descriptive and causal comparative research designs. Table 1 shows the list of banks and financial institutions selected for the study along with the number of respondents.

Table 1

**List of Nepalese banks and other financial institutions selected for the study along with the number of respondents**

S. N.	Name of the banks	Observations
1	Sanima Bank Limited	11
2	Laxmi Bank Limited	9
3	Reliance Finance Limited	10
4	Nepal Finance Limited	12
5	Nepal Investment Bank Limited	11
6	Gurkhas Finance Limited	8
7	NIC Asia Bank Limited	10
8	Kumari Bank Limited	13
9	Nabil Bank Limited	11
10	Best Finance Company Limited	12
11	Global IME Bank Limited	10
12	Prime Commercial Bank Limited	7
13	Goodwill Finance Limited	9
14	Everest Bank Limited	7
<b>Total number of observations</b>		<b>140</b>

Thus, the study is based on 140 observations.

*The Model*

The model estimated in this study assumes that organizational productivity and motivation depends on salary, promotion, performance appraisal system, training and development, job security and health benefit

facilities. Therefore, the model takes the following form:

$$OP = \beta_0 + \beta_1 S + \beta_2 P + \beta_3 PA + \beta_4 TD + \beta_5 J + \beta_6 H + e$$

$$M = \beta_0 + \beta_1 S + \beta_2 P + \beta_3 PA + \beta_4 TD + \beta_5 J + \beta_6 H + e$$

Where,

OP= Organizational productivity

M= Motivation

S= Salary

P= Promotion

JS= Job security

PA= Performance appraisal system

H= Health benefit facilities

Salary was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “My company has competitive compensation system”, “I am satisfied with my total earnings in relation to the nature of my job,” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.855$ ).

Promotion was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “My organization provides opportunities for career advancement and growth”, “There is fair and transparent promotion practice in the organization” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.879$ ).

Performance appraisal system was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “The performance appraisal instrument in my organization has accurate and clear standards”, “There is fair and transparent promotion practice in the organization” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.886$ ).

Training and development was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for



strongly disagree and 5 for strongly agree. There are 5 items and sample items include “Training and development motivate to perform even better on the job by improving efficiency and productivity”, “My organization has provided training opportunities enabling to expand my skills and abilities” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.805$ ).

Job security was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “I believe job security offer meaningful recognition in the organization”, “Job security provides safe and secure future which helps me to perform even better” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.827$ ).

Health benefit was measured using a 5-point Likert scale where the respondents were asked to indicate the responses using 1 for strongly disagree and 5 for strongly agree. There are 5 items and sample items include “My organization offers excellent health benefits to its employees”, “The company have provided appropriate and well managed insurance policy of employees” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ( $\alpha = 0.741$ ).

The following section describes the independent variables used in this study along with the hypothesis formulation.

### *Salary*

Rehman and Ali (2013) revealed that extrinsic rewards such as salaries will increase work motivation for demotivated workers and give employees the pleasure to come to work every day. Nagaraju (2017) found that salary has a positive impact on employee performance. According to Kepes et al. (2009), there is significant relationship between rewards offered by a firm and employee satisfaction for the employees to work for the organizations for longer time duration. Asaari et al. (2019) concluded that as the reward increase, the motivation of employees will also be increased which results in higher productivity. Heneman et al. (1988) concluded that there is strong link between monetary compensation, such as salaries, bonuses, and merit pay, and organizational commitment and productivity. Based on it, this study develops the following hypothesis:

H<sub>1</sub>: There is a positive relationship between salary and organizational



productivity.

### *Promotion*

Promotion refers to the marketing tool used as a strategy to communicate between the sellers and buyers. Rinny et al. (2020) examined the influence of compensation, job promotion, and job satisfaction on employee performance. The study revealed that compensation, job promotions and job satisfaction have positive and significant effect on employee performance. Similarly, Ratemo et al. (2021) found that job promotion practices have significant effect on employee performance in Kenya. Further, Lai and Cheng (2005) showed that promotion and incentives have positive and significant effect on employee performance. Likewise, Naranjo-Valencia et al. (2016) found that training, promotion and motivation have positive impact on the performance of employees in Surabaya. Heneman et al. (2021) showed that promotion, competence, and work satisfaction, directly and indirectly have positive impact on employees' performance. Similarly, Aydogdu and Asikgil (2011) found that allowances, appreciation and promotion have positive relationship with employee performance. Based on it, this study develops the following hypothesis:

H<sub>2</sub>: There is a positive relationship between promotion and organizational productivity.

### *Performance appraisal system*

Performance appraisal system is usually identified as a critical element for boosting employee motivation. An effective performance appraisal and management system is an integral part of organization's human resource management effectiveness (Selvarajan and Cloninger, 2011). Obi (2016) showed that performance appraisal helps an organization to position employees adequately for optimum productivity. Performance appraisal standard, performance appraisal communication, performance feedback and corrective action have significant positive effects on organizational commitment in First Bank of Nigeria Plc (Tersoo and Ekeh, 2018). Employees commitment is positively related to and impacted by the linkage of appraisals with salary, identification of training needs, clarity of performance appraisal purpose and employee involvement in the formulation of appraisal tools (Daniel, 2005). The study also showed a positive association between effective evaluation of the employee performance and organizational productivity. Based on it, this study develops the following hypothesis:

H<sub>3</sub>: There is a positive relationship between performance appraisal system and organizational productivity.

#### *Training and development*

Training and development refer to continuous process of improving skills, knowledge, ability and attitude through structured and planned education. Similarly, Bartlett (2001) examined the impact of training and development on employee performance. The study revealed that training and development have a positive relationship with employee performance. Likewise, Rodriguez and Walters (2017) found that training and development opportunities have positive relationship with employee performance and evaluation. Gullu (2016) showed that the training and development program have a positive impact on the work motivation of employees in the banking sector. Gul et al. (2012) concluded that training and development are the most important factor in employee retention and it not only enhances employees' capabilities but also improve organizational performance. Based on it, this study develops the following hypothesis:

H<sub>4</sub>: There is a positive relationship between training and organizational productivity.

#### *Job security*

Security is a great motivator that enables an individual to move on in life and brings a sense of satisfaction and fulfillment when an individual knows that he/she is secured or safe in whatever endeavor he/she is involved with. Imran et al. (2015) revealed the fact that lack of job security and organizational justice as well as job satisfaction can be a cause of decrease in organization productivity. Yousef (1998) concluded that satisfaction with job security is positively correlated to both organizational commitment and job performance. Job security and job satisfaction jointly and significantly predict organizational commitment of academic staff (Callea et al., 2016). Kraimer et al. (2005) found that there is a positive significant relationship between job security and employee job satisfaction. Based on it, this study develops the following hypothesis:

H<sub>5</sub>: There is a positive relationship between job security and organizational productivity.

#### *Health benefits*

Employees expect at least a core benefit package health care, pensioned

and paid leave and managers who do not provide a benefit is facing a problem to hire qualified employees. The benefits given by the organizations can retain the key workers and motivate them. Organizations offer benefits to their employees because they promote job satisfaction and inspire worker loyalty, which, in turn, can lead to better financial performance (Chan et al., 2000). Employee benefits followed by working environment and peer corporation have the significant influence on employee loyalty and productivity (Omar et al., 2010). Xiu et al. (2019) concluded that employees' perceptions on employee health benefit is positively related to both turnover intention and job performance. Based on it, this study develops the following hypothesis:

H<sub>6</sub>: There is a positive relationship between employee health benefit and organizational productivity.

### 3. Results and discussion

#### *Correlation analysis*

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with means and standard deviations have been computed, and the results are presented in Table 2.

Table 1

#### **Kendall's Tau correlation coefficients matrix**

This table presents Kendall's Tau correlation coefficients between dependent and independent variables. The correlation coefficients are based on 140 observations. The dependent variables are OP (Organizational productivity) and M (Motivation). The independent variables are SA (Salary), PR (Promotion), PA (Performance appraisal system), J (Job security), TD (Training and development) and H (Health benefit).

Variables	Mean	S.D.	M	OP	SA	PR	PA	TD	J	H
<b>M</b>	4.094	0.754	1							
<b>OP</b>	4.327	0.653	0.478**	1						
<b>SA</b>	3.768	0.985	0.451**	0.388**	1					
<b>P</b>	3.978	0.874	0.593**	0.511**	0.575**	1				
<b>PA</b>	3.967	0.885	0.522**	0.525**	0.530**	0.637**	1			
<b>TD</b>	4.150	0.717	0.518**	0.481**	0.391**	0.525**	0.489**	1		
<b>J</b>	4.340	0.623	0.340**	0.409**	0.280**	0.375**	0.418**	0.382**	1	
<b>H</b>	4.210	0.649	0.501**	0.445**	0.391**	0.455**	0.487**	0.415**	0.478**	1

Note: The asterisk signs (\*\*) and (\*) indicate that the results are significant at one percent and five percent levels respectively.

The result reveals that salary is positively correlated to employee

motivation. It implies that increase in salary leads to increase in employee motivation. The result also shows that promotion is positively correlated to employee motivation. It implies that increase in promotion opportunities leads to increase in employee motivation. Moreover, performance appraisal system is also positively correlated to employee motivation. It implies that better performance appraisal system leads to increase in employee motivation. Furthermore, job security is positively correlated to employee motivation indicating that increase in level of job security leads to increase in employee motivation. Similarly, the result also shows that training and development is positively correlated to employee motivation. It indicates that better training and development leads to increase in employee motivation. The result also shows that health benefit is positively correlated to employee motivation. It implies that increase in health benefits leads to increase in employee motivation.

Similarly, the result reveals that salary is positively correlated to organizational productivity. It implies that increase in salary leads to increase in organizational productivity. The result also shows that promotion is positively correlated to organizational productivity. It implies that increase in promotion opportunities leads to increase in organizational productivity. Moreover, performance appraisal system is also positively correlated to organizational productivity. It implies that better performance appraisal system leads to increase in organizational productivity. Furthermore, job security is positively correlated to organizational productivity indicating that increase in level of job security leads to increase in organizational productivity. The result also shows that training and development is positively correlated to organizational productivity. It indicates that better training and development leads to increase in organizational productivity. Moreover, health benefit is positively correlated to organizational productivity. It implies that increase in health benefits leads to increase in organizational productivity.

### *Regression analysis*

Having analyzed the Kendall's Tau correlation coefficients matrix, the regression analysis has been carried out and the results are presented in Table 3 and Table 4. More specifically, Table 3 presents the regression results of salary, promotion, performance appraisal system, job security, training and development and health benefits on employee motivation in Nepalese organizations.

Table 3

**Estimated regression results of salary, promotion, performance appraisal**

### system, job security, training and development and health benefits on employee motivation

The results are based on 140 observations using linear regression model. The model is  $M = \beta_{0i} + \beta_1 S + \beta_2 P + \beta_3 PA + \beta_4 TD + \beta_5 J + \beta_6 H + e$  where the dependent variable is M (Motivation). The independent variables are SA (Salary), PR (Promotion), PA (Performance appraisal system), J (Job security), TD (Training and development) and H (Health benefit).

Model	Intercept	Regression coefficients of						Adj. R <sub>bar</sub> <sup>2</sup>	SEE	F-value
		S	P	PA	TD	J	H			
1	2.561 (11.915)**	0.407 (7.375)**						0.278	0.641	54.397
2	1.317 (7.498)**		0.698 (16.189)**					0.653	0.444	262.075
3	1.515 (7.971)**			0.650 (13.897)**				0.580	0.488	193.138
4	0.949 (3.632)**				0.758 (12.221)**			0.516	0.524	149.347
5	1.407 (3.631)**					0.619 (7.002)**		0.257	0.650	49.025
6	0.483 (1.696)						0.856 (12.812)**	0.540	0.511	164.153
7	1.325 (7.326)**	0.010 (0.190)	0.705 (12.164)**					0.650	0.446	130.140
8	1.191 (6.763)**		0.498 (6.256)**	0.233 (2.965)**				0.671	0.432	142.831
9	0.887 (3.875)**			0.433 (6.570)**	0.358 (4.397)**			0.629	0.459	119.069
10	0.487 (1.502)*				0.663 (9.049)**	0.197 (2.337)*		0.531	0.516	79.821
11	0.511 (1.590)*					0.018 (0.186)	0.869 (9.186)**	0.537	0.513	81.520
12	1.211 (6.742)**	0.031 (0.609)	0.515 (6.083)**	0.239 (3.014)**				0.670	0.433	94.907
13	0.163 (0.61)				0.451 (6.196)**	0.108 (1.220)	0.600 (6.356)**	0.636	0.455	81.980
14	0.535 (2.030)*	0.049 (1.049)	0.382 (4.562)**	0.104 (1.304)	0.185 (2.403)*	0.122 (1.560)	0.373 (4.044)**	0.717	0.401	59.734

Notes:

- Figures in parenthesis are t-values.
- The asterisk signs (\*\*) and (\*) indicate that the results are significant at 1 percent and 5 percent level respectively.
- Employee motivation is dependent variable.

The regression results show that the beta coefficients for salary are positive with employee motivation. It indicates that salary has a positive impact on employee motivation. This finding is similar to the findings of Rehman and Ali (2013). Likewise, the beta coefficients for health benefits are positive with employee motivation. It indicates that health benefits have a positive impact on employee motivation. This finding is consistent with the findings of Xiu et al. (2019). In addition, the beta coefficients for training and development are positive with employee motivation. It indicates that training and development has a positive impact on employee motivation. This finding is similar to the findings of Gullu (2016). Further, the beta coefficients for job security are positive with employee motivation. It indicates that job security has a positive impact on employee motivation. This finding is consistent with the findings of Imran et al. (2015). In addition, the beta coefficients for performance appraisal

system are positive with employee motivation. It indicates that performance appraisal system has a positive impact on employee motivation. This finding is similar to the findings of Selvarajan and Cloninger (2011). Moreover, the beta coefficients for promotion are positive with employee motivation. It indicates that promotion has a positive impact on employee motivation. This finding is consistent with the findings of Naranjo-Valencia et al. (2016).

Table 4 presents the regression results of salary, promotion, performance appraisal system, job security, training and development and health benefits on organizational productivity in Nepalese organizations.

Table 4

**Estimated regression results of salary, promotion, performance appraisal system, job security, training and development and health benefits on organizational productivity**

The results are based on 140 observations using linear regression model. The model is  $OP = \beta_{0i} + \beta_1 S + \beta_2 P + \beta_3 PA + \beta_4 TD + \beta_5 J + \beta_6 H + e$  where the dependent variable is OP (Organizational productivity). The independent variables are SA (Salary), PR (Promotion), PA (Performance appraisal system), J (Job security), TD (Training and development) and H (Health benefit).

Model	Intercept	Regression coefficients of						Adj. R_bar <sup>2</sup>	SEE	F-value
		S	PR	PA	TD	J	H			
1	3.127 (16.213)**	0.319 (6.433)**						0.225	0.575	41.382
2	2.256 (12.133)**		0.521 (11.406)**					0.482	0.470	130.093
3	2.303 (12.498)**			0.510 (11.258)**				0.475	0.473	126.736
4	1.748 (7.320)**				0.621 (10.956)**			0.461	0.479	120.040
5	1.779 (5.493)**					0.587 (7.947)**		0.309	0.543	63.151
6	1.355 (5.192)**						0.705 (11.517)**	0.486	0.468	132.642
7	2.240 (11.710)**	0.020 (0.362)	0.506 (8.243)**					0.478	0.472	64.702
8	2.112 (11.389)**		0.292 (3.488)**	0.265 (3.209)**				0.514	0.455	74.579
9	1.705 (7.668)**			0.304 (4.748)**	0.341 (4.303)**			0.534	0.446	80.665
10	1.101 (3.819)**				0.489 (7.494)**	0.276 (3.684)**		0.506	0.459	72.275
11	1.149 (3.940)**					0.139 (1.557)	0.610 (7.113)**	0.492	0.466	68.217
12	2.114 (11.159)**	0.004 (0.067)	0.294 (3.296)**	0.266 (3.176)**				0.511	0.457	49.360
13	0.882 (3.221)**				0.345 (5.028)**	0.071 (0.845)	0.405 (4.542)**	0.568	0.429	61.963
14	1.074 (3.888)**	0.020 (0.406)	0.140 (1.592)	0.102 (1.226)	0.211 (2.611)	0.062 (0.764)	0.289 (2.992)**	0.586	0.420	33.836

Notes:

- Figures in parenthesis are t-values
- The asterisk signs (\*\*) and (\*) indicate that the results are significant at one percent and five percent level respectively.
- Organizational productivity is dependent variable.

Table 4 shows that the beta coefficients for salary are positive with organizational productivity. It indicates that salary has a positive impact on organizational productivity. This finding is similar to the findings of Heneman et al. (1988). Likewise, the beta coefficients for health benefits are positive with organizational productivity. It indicates that health benefits have a positive impact on organizational productivity. This finding is consistent with the findings of Chan et al. (2000). In addition, the beta coefficients for training and development are positive with organizational productivity. It indicates that training and development has a positive impact on organizational productivity. This finding is similar to the findings of Bartlett (2001). Further, the beta coefficients for job security are positive with organizational productivity. It indicates that job security has a positive impact on organizational productivity. This finding is consistent with the findings of Yousef (1998). In addition, the beta coefficients for performance appraisal system are positive with organizational productivity. It indicates that performance appraisal system has a positive impact on organizational productivity. This finding is similar to the findings of Tersoo and Ekeh (2018). Moreover, the beta coefficients for promotion are positive with organizational productivity. It indicates that promotion has a positive impact on organizational productivity. This finding is consistent with the findings of Lai and Cheng (2005).

#### **4. Summary and conclusion**

Every organization and business want to be successful and have desire to achieve long lasting progress. Human resource is the most important asset for any organization and it is the resource of achieving competitive advantage. Managing human resources is very challenging as compared to managing technology or capital. For its effective management, organization requires effective human resource management system. To attract, retain and add to shareholder value innovative human resource management practices are required to be implemented.

The study attempts to examine the effects of employee motivation on organizational effectiveness in Nepalese organizations. The study is based on primary data with 140 respondents.

The study showed that salary, promotion, performance appraisal, training and development, job security and health benefit facilities have positive and significant impact on the level of employee motivation in Nepalese organizations. This indicates that increase in salary, promotion, performance appraisal, training and development, job security and health



benefit facilities lead to increase in employee motivation. Similarly, salary, promotion, performance appraisal, training and development, job security and health benefit facilities have positive and significant impact on organizational productivity. The study concluded that promotion is the most influencing factor that explains the change in employee motivation in Nepalese organizations. Similarly, health benefit facility is the most influencing factor that explains the change in organizational productivity in Nepalese organizations

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