

# Effect of Motivation on Employees' Performance in Cooperative Society of Lalitpur Metropolitan City, Nepal

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JSM  
Volume 5  
Number 1  
January 2023

Received on 25 May 2022

Revised on 16 Sept 2022

Accepted on 03 Oct 2022

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DOI: 10.37479

## ABSTRACT

**Purpose:** The main objective of this research is to find out effect of motivation on employees' performance in cooperative institution. In general, the research on effect of motivation on employees' performance in financial institutions like; commercial banks, insurance companies and cooperative institutions is rarely found in Nepal. Thus, this research tries to explore the impact of motivation on employee's performance of cooperatives in Nepal.

**Design/Methodology/Approach:** This study is based on descriptive research design. Independent variables on this study are salary and allowance, social security, career development and training facility. The dependent variable on study is employee's performance. Populations of the study were 329 cooperatives and 30 cooperatives are selected using convenience sampling technique. Data collected through structured questionnaire. Total 230 questions were distributed to the respondent out of which only 193 were used for this study. Five - point Likert scale questions were sent to respondent, where 1= strongly disagree and 5 = strongly agree. Descriptive statistics, correlation and regression analysis are used to analyze the data. Test of reliability has been conducted by using Cronbach's Alpha. The average value of Cronbach's Alpha is 0.989 and reliability is acceptable.

**Findings:** The study finds that there is a positive and significant effect of career development and training facility on employees' performance. Salary and allowance have insignificant negative effect and social security has insignificant positive effect on employee's performance.

**Keywords:** Career Development; Motivation; Salary and Allowance; Social Security; Training; Employees Performance

## INTRODUCTION

One of the major concerns of organization in 21st century is to motivate their employees and make best use of human resources. This

study emphasizes on the effect of motivation on employee's performance of cooperative in Lalitpur Metropolitan city, Nepal. Career development, Salary and Allowance, Training and Social Security are major factors to motivate employees in the organization. Motivational factor plays effective role to improve the performance of employees. Motivation in employees makes their job interesting, responsible, creative, energetic, hardworking and job driven. Satisfied employees of the firm help to achieve the goal of every firm. Success of organization is completely based on the performance of the employees and the employees are main resources which cannot be replaced by other resources. Korlén et al., (2017) Motivation is a force that encourages people to put in long hours at work. It's critical for increasing output and productivity. Mohammad Alwedyan, (2021). Employee motivation is the force that encourages employees toward achieving the organization's specific goals and objectives. It is currently a hot topic in organizations, as everyone wants to get the most out of their financial and human resources.

Haque & Islam, (2014) The process of motivation is what finally persuades people to act in the desired way. The authors concentrate on the theoretical components of motivation from both the early and modern eras. The study was looking for any commonalities among these motivating ideas from various eras. By learning more about these well-known elements, the research was able to appreciate the value and appropriate use of motivational theories in the workplace.

Sajjad Hafiza et al., (2011) A few of the factors that could affect employee performance include the availability of opportunities for training and development, the working environment, the relationship between employees and their employers, job security, and the company's overall policies and procedures for rewarding employees. The most important factor affecting employee performance is the drive for incentives.

The research is focused to show the effect of motivation factors on performance of employees in cooperative society in Lalitpur Metropolitan city. For this purpose, various previous studies are reviewed which were studied based on motivation factors like salary and allowance, job security, promotion, training and employee's performance.

Ozkeser, (2019) studied the impact of training on employee motivation in human resource management. Aim of the study was to recognize the impact of the training depending on the relation with motivation. The study used case study approach to come to the conclusion. Descriptive statistics, inferential statistics and t-test was conducted to analyze the survey model information. 200 respondents were randomly selected from the service organization of Turkey. Structured questionnaire was developed under Five-point Likert scale to collect the information from the respondent. Data obtained from the

respondent was analyzed using SPSS software. To test the reliability, Cronbach's Alpha was applied. The study found that the effect of training function on the motivation level was statistically significant. Training facility provided in the organization increased the motivation of employee. Supervisor support, earning and career expectancy were also positive and significant effect on performance and motivation of employee.

Ozigbo, (2020) explained the purpose of how job enrichment influenced company performance. The University of Abuja, a public university in the Federal Capital Territory, was the focus of the investigation (FCT). The study used a descriptive research method, with 197 valid questionnaires completed by university staff out of the 404 population. A simple random sampling technique was used to conduct the study. There was a significant positive relationship between organizational performance and job depth, job training, and core job dimension elements of job enrichment. The findings revealed that there was no such relationship between motivator elements and performance. As a result of increased opportunities for achievement, employees will be able to put their skills, knowledge, and abilities acquired both on and off the job for better use, according to the study.

Mohamud et al., (2017) examined the effect of motivation on employee performance in Hurmuud Co. Somaliya. The objectives of the study were to see how motivation affected employee performance at the Hormuud Company in Mogadishu, Somalia. The study's goals were to determine the impact of monetary incentives on employee performance, the impact of job enrichment on employee performance, and the impact of training on employee performance. The study used descriptive research designs in order to find the results. The population of the study was 5000 and 60 respondents view were collected through a structured questionnaire. Information was analyzed from descriptive and regression analysis. Research found that monetary rewards and job enrichment had significant and positive effects on employee performance, while training had a positive and insignificant effect on employee performance. The results also showed that there was a positive and insignificant relationship between motivation and employee performance, and that employee motivation influenced employee performance of the Hormuud Company in Mogadishu, Somalia. The findings of the study recommended that all employees should be motivated to ensure that they are retained and that their performance improves.

Nurun Nabi et al., (2017) showed the impact of motivation on employee performance in Karmasangsthan Bank Ltd., Bangladesh. The study focused on demotivating factors that had a negative impact on employee performance. To obtain primary data, a sample of people was chosen and interviewed using a self-administered questionnaire. Descriptive statistical analysis methods were used to examine the

data. the study found that employees' effectiveness and efficiency for achieving organizational goals increased dramatically when they were positively motivated.

Elnabawy, (2021) explained the importance of training in Pakistani universities, as well as the impact of employee motivation on employee performance. 118 university respondents suggested the impact of HR needs such as promotion, employee motivation, training, and employee performance. Reward and promotion were independent variables and employee performance was the dependent variable in the study. The dependent variable was reliable in mediating the independent variables, with an alpha of about 0.684. Correlation and regression tests, on the other hand, were calculated using descriptive statistics. The results indicated that there was a positive and significant effect of training and promotion of employees at universities in Pakistan. In addition, universities in Pakistan must revise their salaries and benefits in order to assess their employees' performance. Future research as well as limitations were discussed in the study.

Hartono & Nurwati, (2021) conducted a study at Hotel XYZ Jakarta to determine the impact of compensation and motivation on employee performance. With a sample size of 120 participants, the study used a quantitative approach and an associative research design. A random sampling technique was used to collect primary data. A structured questionnaire was given to the respondent. According to the findings of the study, motivation and compensation have a positive and significant impact on employee performance. Job satisfaction has a positive impact on employee performance. Compensation and motivation both influence job satisfaction, and employee performance is influenced by motivation, compensation, and job satisfaction.

## **METHODS**

This research has been used descriptive and casual comparative research design, which helps to explain the effect of career development, social security, motivation, salary & allowance and training on work performance of employees. The population of this study has been all the employees working in cooperatives in Lalitpur Metropolitan city, Nepal. Purposive sampling technique has been used to select the 30 cooperatives from the 329 cooperatives operating in Lalitpur Metropolitan city. Total employees working in the cooperatives are 1485 (Annual report 2076/077, Lalitpur Metropolitan City). Social Structured questionnaire has been distributed to 230 respondents out of which only 193 respondent's questionnaires has been used. Response from the respondent were collected in a 5-point Likert scale where, 1 represents Strongly Disagree, 2 represents Disagree, 3 represents Neutral, 4 represents Agree and 5 represents Strongly Agree. Every variable i.e., Career Development, Security, Salary and Allowance, Training and

Employees Performance includes five statements each. Descriptive, correlation and multiple regression analysis have been used to show the effect of motivation on the performance of employees. The f-test has been used to assess the impact of independent variables on the dependent variable. Microsoft Excel and IBM SPSS version 23 software have been used for data analysis.

The following is the conceptual framework of the study:

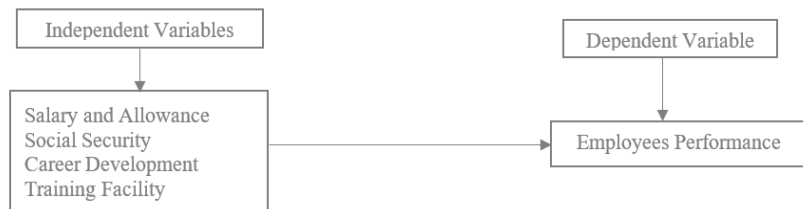


Figure 1. Conceptual Framework

### Reliability Test

Reliability test of each statement of the variables are analyzed through Cronbach’s Alpha. Average Cronbach Alpha of the variables is 0.989 and reliability coefficient of 25 individual items are less than 0.989. Therefore, reliability of the data is acceptable.

### The Model

This research has accepted the effect of motivation on performance of employees in cooperatives. Therefore, the study has been based on the following regression model:

$$\text{Employees Performance} = f(\text{SA, SS, CD and TF})$$

Specifically,

$$EP = \beta_0 + \beta_1SA + \beta_2SS + \beta_3CD + \beta_4TF + e_t \dots\dots\dots I$$

Where, EP = Employees Performance, SA = Salary and Allowance, CD = Career Development, TF = Training Facility, e = Error term,  $\beta_0$  = Intercept of dependent variable,  $\beta_1, \beta_2, \beta_3, \beta_4$  are beta coefficient of the independent variables to be estimated.

## RESULTS

### Characteristics of Respondent

Among the 193 respondents, 86% were male and 14% were female. Similarly, 47% of them were under the age of 30 and 53% were above the age of 30. While, 2.4% of the respondents were under graduate, 64.5% were graduate and 33.1% were masters and above.

Accordingly, the percentage of employees who hold below 5 years' experience were 29, 70.3% have 5 to 10 years of experience and 0.7% had 10 or more years of experience. 130 employees were assistant, 45 were officer and 18 were manager level.

## Descriptive Analysis

### Salary and Allowance (SA)

Salary and allowance are major factors which effect on employee's performance. It includes regular salary, other monitory facilities, festival allowance and fringe benefit provided to the worker by the organization. Salary and allowances are main expenditure of any firm and spend for human beings.

Table 1. Details of Salary and Allowance of Employees

Statements	Mean	SD	CV
Amount of pay received for the job is about equal to others doing.	2.63	.420	11.85
Salary is fair for responsibilities.	3.80	.495	13.04
Good work can count on being promoted.	3.78	.461	12.20
Sufficient opportunities to use personal talents and initiatives.	3.66	.617	16.85
There are opportunities for promotion in delegated role.	3.64	.588	16.14

Source: Survey report 2022

Table 1 explains that above average i.e., more than 3 respondents agree that "salary is fair for responsibility", "good work can count on promotion," "Sufficient opportunities to use personal talents and initiatives" and "opportunities for promotion in delegated role" have been provide in cooperatives. But "the amount of pay received for the job is about equal to others doing" has not satisfactory which was only 2.63.

### Social Security (SS)

Social security can be provided through sports and education, health and hygiene, religion and culture and other sector. The process of social security in the cooperatives are shown by 5 statements. This table shows the social security aspect in cooperatives.

Table 2. Details of Social Security

Statements	Mean	SD	CV
Cooperatives contributes for social security of employee.	2.95	.276	9.33
Contribution on education and sports motivates employee.	3.72	.527	14.19
Contribution of social security by the cooperative is meaningful.	3.80	.451	11.88
Everybody is treated fairly in religion and culture in the cooperative.	3.63	.609	16.78
Helps equally on health issues of every employee in the cooperatives.	3.67	.561	15.27

Source: Survey report 2022

Table 2 shows that the mean value of social security statements ranges from 2.95 to 3.80. among the five statement one statement “Cooperatives contributes for social security of employee” has mean value less than 3 which indicates that the cooperatives are not contributing on the social security. In an average social security aspect in cooperatives in Lalitpur Metropolitan city has been satisfactory.

### Career Development (CD)

Career development is intimately connected to personal goals and objectives of employee. The first steps are self-actualization and self-evaluation of one's interests and abilities. After that, the available options are matched to the interests. Career development opportunity in every organization helps to enhance the performance and satisfaction.

Table 3. Details of Career Development

Statements	Mean	SD	CV
Obligation in cooperatives support to fulfil future needs.	2.96	.247	8.33
Information available helps to enhance the knowledge.	3.74	.508	13.59
Working environment support to increase the efficiency.	3.74	.535	14.31
Assigned duty boost the knowledge for future.	3.76	.495	13.16
Reward and punishment system <u>is</u> appropriate.	3.71	.576	15.53

Source: Survey report 2022

Table 3 shows how cooperatives provide opportunities for career advancement. With an average of 3.76 and SD 0.495, it explains how "every employee's assigned duty helps to increase efficiency and knowledge for future betterment." However, in cooperatives, the obligation does not support increased efficiency, as the average is 2.96 and the SD is 0.247.

### Training Facility (TF)

Montgomery, J. (2006). By meeting the needs of their employees, organizations that provide effective training facilities increase employee retention. Employees' needs are met when they are given relevant and effective knowledge and skills through training facilities.

Table 4. Details of Training Facility

Statements	Mean	SD	CV
Training programs are regularly provided.	2.94	.282	9.59
Manager encourages to implement skills by training.	3.77	.549	14.57
Training helps to increase the efficiency of daily task.	3.75	.503	13.42
Trained employees are working in the cooperatives.	2.74	.365	10.45
Training motivates employees to retain in the cooperatives.	3.77	.489	12.97

Source: Survey report 2022

Table 4 depicts the cooperatives' training and employee satisfaction. With an average of 3.77 and SD 0.549 and 0.489, respectively, managers encourage employees to implement skills through training, and training motivates employees to stay in the same cooperatives. Training is not provided on a regular basis, and the cooperatives have the fewest employees with training, with an average of 2.94 and 2.74.

### Employees Performance (EP)

Workload planning and expectations, continuous performance monitoring, performance capacity development, periodic performance evaluation, and high-performance re-compensation are all part of performance management (Vosloban, 2012).

Table 5. Details of Employees Performance

Statements	Mean	SD	CV
Does not feel boring, returning home from cooperatives.	2.96	.237	7.98
Colleagues' recommendations excel the performance.	3.77	.503	13.34
Written commendation helps to increase efficiency.	3.82	.437	11.44
Once exceptionally rewarded for excelling at work.	3.72	.556	14.96
Once exceptionally rewarded with scholarship for excelling at work.	3.70	.578	15.60

Source: Survey report 2022

Table 5 shows that all of the performance statements have significant results, ranging from 3.72 to 3.82, with the exception of the statement "Does not feel boring, returning home from cooperatives," which has an average of 2,96. This table also explains how motivational factors affect employee performance.

### Correlation Analysis

Table 6 shows a strong (0.989) correlation between employee performance and the training facility available. Similarly, there is a 0.987 correlation between employee performance and career advancement. The correlation between performance and salary and allowance is 0.959, which is lower than the other variables. All the motivation factors have positive high correlation with the performance of employees. similar relationship between the variables is found by (Robescu & Iancu, 2016) and (Zameer et al., 2014).

Table 6. Coefficient of Correlation between the Variables

Variables	SA	SS	CD	TF	EP
SA	1				
SS	0.982	1			
CD	0.955	0.960	1		
TF	0.965	0.964	0.988	1	
EP	0.959	0.962	0.987	0.989	1

Source: Survey report 2022



## Regression Analysis

Table 7 shows the impact of independent variables (salary and allowance, social security, career development and training facility) on the employees' performance in cooperatives of Lalitpur metropolitan city. Adjusted R<sup>2</sup> of the analysis is 0.983 which explains the independent variables on this study explains 98.3 percent on dependent variable employee's performance. F. Sig. 0.000 explains the proposed model has been fit for analysis.

Career development and training facility have positive and significant effect on employee's performance with p- value 0.000 of both variables. It means one unit increases in training increase in employee's performance by 0.367 units. This result is consistent with the result of (Dangol, 2020) and contradict with (Dharma, 2018) and one unit increases in training facility increases the employee's performance by 0.554 units. Salary and allowance have insignificant negative effect on performance of employee but social security has statistically insignificant positive effect. The result is similar to (Aduo-Adjei et al., 2016).

Table 7. Multiple Regression Analysis

Variables	Unstandardized		Standardized		Sig.
	B	SE	Beta	t	
(Constant)	0.045	0.038		1.201	0.231
Salary and Allowances	-0.014	0.051	-0.015	-0.27	0.787
Social Security	0.083	0.053	0.086	1.559	0.121
Career Development	0.367	0.061	0.382	5.996	0.000
Training Facilities	0.554	0.072	0.544	7.714	0.000
<b>R<sup>2</sup> = 0.983,</b>		<b>Adj. R<sup>2</sup> = 0.983,</b>		<b>F. Stat. = 2712,</b>	<b>F. Sig. = 0.000</b>

Dependent variable: Employees Performance.

Source: Survey report 2022

## DISCUSSION

The result of this research shows that the impact of training facility on employees' performance has a positive and significant effect with ( $p = 0.000$  and  $B = 0.554$ ), this means one unit increase in training employees has 0.554 unit increase in the performance of employees. (Adil & Shinwari, 2021) found the same results. Regularity on training to the employees increases the organizational commitment, hardworking and achievement of organizational goals. Career development facility in organization increases the productivity as well as helps to retain the valued employees in the organization for long term period. This research found that investment on career development activities increases the performance of employee ( $p = 0.000$  and  $B = 0.367$ ) and the performance of employees increases, when the experienced workers retain in the organization.

Mok, Mackenzie & Thomson (2021) and Dangol (2020) found that when career development facility is incorporated as a part of motivation, it helps to retain the experienced workers. Therefore, the study concludes that motivational factors play major role in human resource management practices. Furthermore, the findings of this study were that salary and allowance and social security have nominal effect on employee's performance in insurance companies in Nepal. This result is contradicted with the result of Kadir et al., (2019) However, social security and salary and allowance have strong impact on performance of employees in every organization.

## CONCLUSION

The research concluded that the motivational factors highly effected on the performance in cooperatives. Career development of the employees and training in cooperatives positively increase the efficiency and performance. Good support of manager and collogues retain the employees' long term in the cooperatives. The research found high correlation between the dependent and independent variables.

Findings of the study show that there is statistically significance ( $p>0.000$ ) according to variable career development and  $P>0.000$  of training facility. On the basis of findings, it can be recommended to the management of cooperatives that continuous attention towards the motivation factors of employees help to increase the performance as well productivity of the firm. Success and failure of every cooperative is ultimately depending on the performance of employees. The future researcher can conduct the research to find the effect of motivation on the employee's performance taking other independent variables like job enrichment, employee attitude, morale motivation and physical motivation etc., and research can be conducted broadly, district wise, state wise and nation wise for generalization of the findings.

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