



**EFFECT OF EMPLOYEE MOTIVATION ON ORGANIZATIONAL PERFORMANCE OF MOGADISHU AL PORT IN SOMALIA**

**MS. IFRAH ABDULLAHI HUSSEIN, DR. FRIDAH SIMBA**

---

**EFFECT OF EMPLOYEE MOTIVATION ON ORGANIZATIONAL PERFORMANCE OF MOGADISHU AL PORT IN SOMALIA**

<sup>1</sup> Ms. Ifrah Abdullahi Hussein, <sup>2</sup>Dr. Fridah Simba

<sup>1</sup>Jomo Kenyatta University of Agriculture (JKUAT), Mombasa, Kenya

<sup>2</sup> Jomo Kenyatta University of Agriculture (JKUAT), Mombasa, Kenya

**Accepted: April 25, 2017**

---

**Abstract**

*This study focuses on employees' motivation and its relevance to organizational performance. The study investigated the effect that motivation had on the success of the organization. A case study of Mogadishu Al Port (MAP) had been taken to ensure detailed investigation of the variables. Motivation, if not given the attention it requires could lead to disastrous effects such as underutilization of Al port resources, absenteeism and low performance of the port in general. The study was led by the objectives of finding out the effect of extrinsic rewards, second, to establish the effect of intrinsic rewards on organizational performance and to determine the effect of participatory management on organizational performance. The equity theory, Vroom's expectancy theory and goal setting theories in Human Resource studies have been employed to understand the subject better. A descriptive design was adopted and statistical descriptions were used to summarize and analyze the collected data. The means of statistical tools including measures of central tendencies such as the mean, and measures of dispersion such as the standard deviation, and measures of the relationships among the variables, such as the regression analyses, were used. A significant sample size of 153 employees chosen by use of Slovenes formula was used. The sample elements were chosen using purposive judgmental technique for the upper level of management, and systematic random sampling was used for other employees and detailed analysis was done with the help of SPSS version 23. Data was collected by use of a questionnaire and after, analysis was presented in form of tables, graphs and pie charts and text for the reader to understand. From the study, as shown by the correlation results, there was a positive correlation between the time of service and extrinsic rewards as being a responsible reason for better achievement of organizational performance as given by a 21.7% relationship which was significant. Again finding suggested that there was a significance relationship between motivational tools such as wages; remuneration, recommendation, recognition etc. receive by workers and their performance. It was very relevant to suggest that more research should be conducted on the relationship and influence of rewards on worker's performance using many private and public organizations. Also the variables studied could only explain 32% of variance in the effect of employee motivation on Organizational performance as represented by the  $R^2$ .*

**Keywords:** Employee motivation, organizational performance

## **Introduction**

Employee Performance fundamentally depend on many factors like performance appraisals, employee motivation, Employee satisfaction, compensation, Training and development, job security, Organizational structure among others, but the area of this study was focused only on employee motivation as this factor highly influences the performance of employees.

## **Statement of Problem**

Performance of organization is a major concern of every manager and is of great interest by the shareholders of any given company and other stakeholders. It is undoubtedly important that organizational performance can visibly be evaluated if it is able to achieve its objectives by accomplishing the set goals. (Irum et al, 2014) Employee motivation is considered as a force that drives the employees toward attaining specific goals and objectives of the organization. To add, now days, it is one of the sizzling issue in organizations since everyone of it wants to make best use of their financial and HRs. Employee motivation is very important for organizations, as every concern requires physical, financial and HRs to accomplish the goals. (Ahmad, Wasay, & Malik, 2012) It is through motivation that the HRs can be utilized by making full use of it. Building willingness in employees to work can do this and it will help the enterprise in securing best possible utilization of resources. They found out that Motivation results into increase in productivity, reducing cost of operations, and improving overall efficiency. (Muogbo, 2013) Describes motivation as a power that strengths behavior, gives route to behavior, and triggers the tendency to continue.

Motivation has been a subject of interest for most multinational as noted by (Berger, 2009). There is however, some laxity in developing countries, Somalia inclusive. (Gure, 2010) noted that, due to

limited difficulties in replacement of HRs in departments that require unskilled labor in developing countries, managers have neglected putting motivation on the forefront of their agenda which has led to low productivity per person. Lack of properly motivated employees is one of the factors believed to have led to absenteeism, late coming and uncommitted employees at MAP. Motivation, if not given the attention it requires shall lead to disastrous effects such as underutilization of AI port resources, absenteeism among others. Limited studies have been carried out to establish the effect of motivation on organizational performance with interest to Somalia. If motivation was not considered as important by MAP, and, given the globalization competitiveness and demands, the organization would lag behind and would find it challenging to accomplish its targeted performance, leave alone coping up with the global competition. This study was positioned to dig deep in the subject of motivation and how it was relevant in Somalia organizations with a case study of MAP, it answers questions of the relevancy of motivating employees in organizational successful performance.

## **Study Objectives**

The purpose of this paper is to investigate the effect of employee motivation on organizational performance. The specific objectives were:

- To find out the effect of extrinsic rewards on organizational performance of MAP.
- To establish the effect of intrinsic rewards on organizational performance MAP.
- To determine the effect of participatory management on organizational performance of MAP

## **Literature Review**

### **Organizational performance**

Organizations in this dynamic globalized world are continuously trying to develop and motivate their employees to help achieve enhanced performance with various HR applications and practices. Reward management is one of the ingredients that shall ensure high performance of organizations (Chintallo & Mahadeo, 2013). Reward management system consists of both extrinsic and intrinsic rewards; where former involves financial rewards (salary, bonus etc.) and the later includes non-financial rewards like recognition, security, title, promotion, appreciation, praise, decision making involvement, flexible working hours, workplace comfort ability, feedback, work design, social rights (Irum et al, 2014).

In the context of this study, organizational performance is analysis of a company's actual output or results as measured against its intended outputs or goals and objectives. Within corporate organizations, there are three primary outcomes analyzed: financial, market and shareholder value, and in some cases, production capacity performance may be analyzed (Ali, Abrar, & Haider, 2012). Another way of looking at performance could be the level of customer satisfaction, employee loyalty, levels and trends of revenue from operations, the profitability of the organization or its surpluses, effectiveness and efficiency in cost control, quality management and levels of wastages. If all these variables are examined, the study shall be able to measure the organizational performance since most likely these variables determine the achievement or failure to achieve the goals and objectives.

### **Employee motivation**

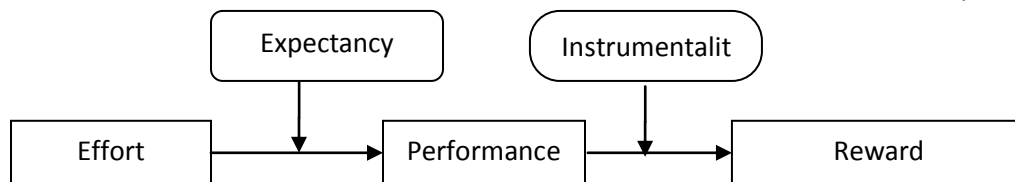
The relative orientation to work and familiarize with other people is an important feature in all set ups. It improves the supportive working relationships and teamwork and comprises friendships, group

working and the desire for affiliation, status and dependency. This is what is participative management bring (Osabiya, 2015). The manager must use an appropriate style of leadership to control the working environment in such a manner that the workforce will be committed to do the task and so motivate themselves to achieve the objectives of the project. (Yvonne et al., 2003) asserts that, despite development in the project management technology workers are still the key players in the projects. They determine the success or the failure of a project; they define project goal, they plan organize, direct, coordinate and monitor project activities. They also meet project goals and objectives by using interpersonal and organizational skills such as communication, delegation, decision-making and negotiation. She adds "In project environments, people can be viewed as contributing problems and constraints or a providing solution and opportunities", and concludes that HR management is a vital component of a project.

Goals can be achieved if co-ordination and co-operation takes place simultaneously which can be effectively done through motivation (Irum et al, 2014). Stability of workforce is very important from the point of view of reputation and goodwill of a concern. The employees can remain loyal to the enterprise only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employees as well as employers. This will lead to a good public image in the market which will attract competent and qualified people into a concern. They add, this can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources. It results into increase in productivity, reducing cost of operations, and improving overall efficiency.

### **Theory expectance**

Developed by Victor Vroom in 1964, the expectancy theory refers to the individual's perception of how probable it is that exerting a given amount of effort will lead to good performance. From a practical perspective, expectancy theory says that an employee will be motivated to exert a high level of effort when he or she believes that the effort exerted will lead to good performance; good performance will lead to organizational rewards, such as a bonus, a salary increase, or a promotion; the rewards will satisfy his or her personal goals. The theory, therefore, focuses on the three relationships which are expectancy, instrumentality, and valence.



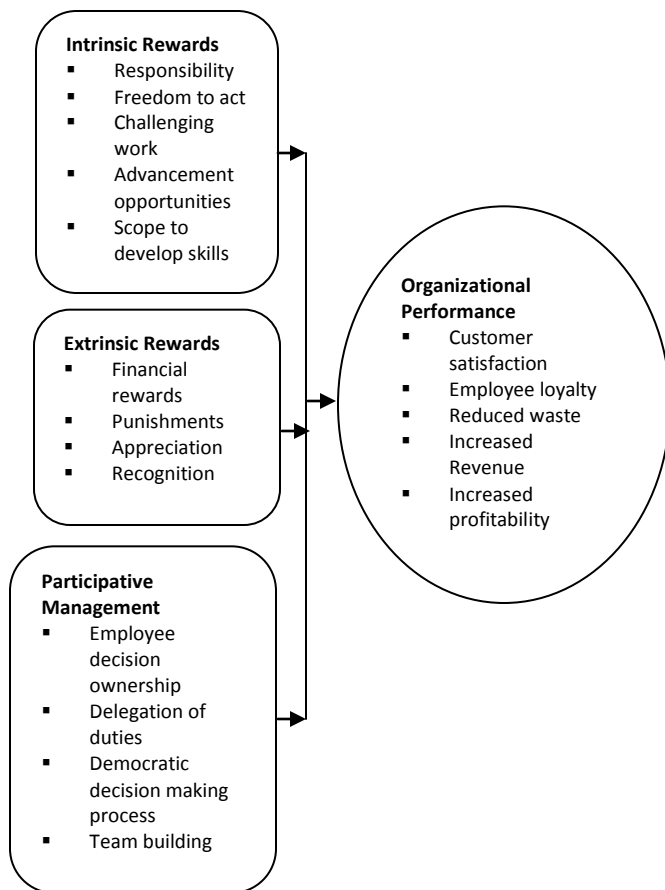
**Figure 1: Basic expectancy model**

Source: (Lunenburg, 2011) - International journal of management, business, and administration.

In his study, (Lunenburg, 2011) notes that Expectancy is a person's estimate of the probability that job-related effort will result in a given level of performance, the probability ranges from 0 – 1. If an employee sees no chance that effort will lead to the desired performance level, the expectancy is 0. On the other hand, if the employee is completely certain that the task will be completed, the expectancy has a value of 1. Generally, employee estimates of expectancy lie somewhere between these two extremes. Instrumentality is an individual's estimate of the probability that a given level of achieved task performance will lead to various work outcomes. As with expectancy, instrumentality ranges from 0 to 1. For example, if an employee sees that a good performance rating will always result in a salary increase, the instrumentality has a value of 1. Valence is the strength of an employee's preference for a

particular reward. Thus, salary increases, promotion, peer acceptance, recognition by supervisors, or any other reward might have more or less value to individual employees. Unlike expectancy and instrumentality, valences can be either positive or negative. If an employee has a strong preference for attaining a reward, valence is positive. At the other extreme, valence is negative. And if an employee is indifferent to a reward, valence is 0.

### Conceptual Framework



**Independent Variables**      **Dependent Variable**

**Figure 2: Conceptual Frame work**

From the conceptual framework above it may be inferred that organizational performance is affected by the intrinsic and extrinsic rewards which are one of the ways to motivate employees. Also the management that allows participation of subordinates affects organizational performance.

**Methodology**

This study adopted a descriptive design whereby statistical descriptions were used to summarize and analyze the collected data. (Best & Khan, 2003) hold that, a descriptive design provides qualitative or numeric descriptions of trends, attitudes and

perception of the population by studying a sample of that population.

Statistical tools used included calculation of central tendencies where the use of mean, median and mode was at play. Other techniques used were the measures of dispersion such as variance, standard deviation, range, inter-quartile range, to enable analyzing the degree of dispersions to the generalization. The use of percentages was also employed since this is one of the easily understood types of description by many readers. Display of data was by use of frequency tables, Bar charts and Pie charts. Data was collected using open ended questions of the questionnaire. The questionnaire was administered by the author through surveying and was cross sectional since the survey was done from one company as a case study.

**Result and discussion**

**Respondents Rate**

The results of the regression showed how extrinsic rewards, intrinsic rewards and participative management influenced the organizational performance of MAL and showed clearly the multiple regression equation  $Y = a + X_1 + X_2 + X_3$  where by, Y represented the Organizational performance, a was the constant,  $X_1$  represented extrinsic rewards,  $X_2$  represented Intrinsic rewards and  $X_3$  represented Participative management. By substituting variables  $Y = .627 + .219 + .216 + .289$ . This meant that, the effect of employee motivation on financial performance was 0.627. The data also showed that the unit increase in extrinsic rewards or motivation would lead to a 0.219 positive increase in organizational performance, where as a unit increase in intrinsic rewards lead to an increase of 0.216 of organizational performance and a unit increase Participative management lead to a 0.289 increase in MAL organizational performance.

**Table 1: Reliability Statistic**

Variable	Cronbach's alpha	Comments
Organizational performance	0.82	Accepted
Employee motivation	0.79	Accepted

**Descriptive statistic**

The study sought to establish the gender background of the respondents and found out that 91% were male while only 9% were female. This depicted the organizational culture of preferring males to female employees.

**Table 2: Gender Distribution**

	Frequency	Percent
Male	128	91.4
Female	12	8.6
Total	140	100.0

**Table 3: Anova****ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	5.019	3	1.673	1.461	.228 <sup>b</sup>
Residual	153.387	134	1.145		
Total	158.406	137			

a. Dependent Variable: Organizational performance

b. Predictors: (Constant), Participative Management, Extrinsic rewards and Intrinsic rewards.

As the above ANOVA shows, it was clear that the overall standard multiple regression model of Organizational performance had a degree of significant to examine how the research predictors (Participative management, extrinsic and intrinsic rewards) determined organizational performance of MAL. This was proofed by the regression model that showed a weak degree of fit as presented the R2 of .032 (F = 1.461; P = 0.00 > 0.05).

**Conclusion**

Based on the foregoing, it can be said that it was pertinent for employers of labor to know the kind of

rewards that they could use to influence their employees to perform well on a job. In other words, the relevance of motivational factors depended not only on its ability to meet the needs of the employees, but also that of the organization as well. A conclusion that, intrinsic reward stand at a focal point in influencing employees' active participation is a very important thing for employers to take seriously, this being supplemented with traditional extrinsic pay.

**Recommendations**

Employers should develop pay policies and procedures that will enable them to attract, motivate, retain and satisfy their employees. It is very relevant at this occasion to suggest that more research should be conducted on the relationship and influence of rewards on worker's performance using many private and public organizations. It is important for further studies to be carried out in order to do justice to all the factors that influence worker's performance. With the limitations identified above, the ability to generalize the result of this study is restricted.

#### **Areas for further studies**

The study sought out to get its objective achieved. This objective was to establish the effect of employees' motivation on the performance of organization, and the organization studied was

MAP. A call for further studies shall be able to comprehensively unearth other factors variables. Further studies are recommended to study Motivation and its effects on organizations' performances in other industries including privately owned ventures. Further studies are also needed in not for profit organizations with objectives differing from MAL's to establish fully employees' response to motivational endeavors of their employers. Further studies are also called upon focusing manufacturing companies whether public or private. Further studies are sought in other parts in other continents to establish in different environments those factors employees consider in order to perform better.

#### **REFERENCES**

- Ahmad , M., Wasay , E., & Malik, S. (2012). Impact of Employee Motivation on Customer Satisfaction: Study of Airlines Industry in Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, 4(6), 2-30.
- Ali, A., Abrar, M., & Haider, J. (2012). Impact of Motivation on the working performance of employees - A case study of Pakistan. *Global Advance Research Journal of Management and Business Studies*, 1(4), 126-133.
- Armstrong , M. (2006). *Human Resource Management Practice*.
- Baron, R. A. (1983). *Behavior in Organizations*. New York: Allyn and Bacon, Inc.
- Beer, M., Spector , B., Lawrence , P. R., Mills, D. Q., & Walton, R. E. (1984). *Managing Human Assets*. New York : The Free Press.
- Berger, L. A. (2009). *The compensation handbook: A state-of-the-art guide to compensation strategy and design*. New York: McGraw-Hill.
- Cheng, H. (1995). *Assessing the Importance of Employee Motivation in the Hotel Industry in Taipei, Taiwan*. Wisconsin: U S A.
- Chintallo, S., & Mahadeo, J. (2013). Effect of motivation on Employees' work performance at Ireland Blyth Limited. *Proceedings of 8th Annual London Business Research Conference*. London: Imperial College.
- Dawson, C. (2002). *Practical Research Methods*. New Delhi: UBS Publishers and Distributors.



- Greenberg, J. (2011). *Behavior in organizations*. (10, Ed.) NJ: Prentice Hall.
- Gure, N. A. (2010). *The impact of Motivation on Employee performance: A study of Nationlink Telecom, Somalia*. University of Utara - Malaysia.
- Hellriegel, D., & Slocum, J. W. (2011). *Organizational behavior*. (13, Ed.) Ohio: South-Western Cengage Learning.
- <http://www.businessdictionary.com/definition/motivation.html#ixzz41pHKkl4Z>, . (n.d.).
- Iqbal, J., Yusaf, A., Munawar, R., & Naheed, S. (2012). Employee Motivation in Modern Organization. *Interdisciplinary Journal of Contemporary Research in Business*, 4(3).
- Irum, S., & al, e. (2014). Impact of Employee Motivation on Employee Performance. *European Journal of Business and Management*, 159-166.
- Kaleem, U. K., Syed, U. F., & Zilakat, K. (2010). A Comparative Analysis of the factors Determining Motivational Levels of Employees in Commercial Banks . *International Journal of Business and Management*, 180-184.
- Kalimullah, A. R., Yaghoubi, N. M., & Maloudi, J. (2010). survey of Relationship between Organizational Justice and Empowerment. *European Journal of Economics, Finance and Administrative Sciences*, 24, 165-171.
- Kothari, C. K. (2008). *Research methodology: Methods and Techniques*. New Dheli: New Age International Publishers.
- Kumar, R. (2005). *Research Methodology-A Step-by-Step Guide for Beginners* (2nd ed.). Singapore: Pearson Education.
- Lunenburg, F. C. (2011). Expectancy Theory of Motivation: Motivating by Altering Expectations. *INTERNATIONAL JOURNAL OF MANAGEMENT, BUSINESS, AND ADMINISTRATION*, 1-6.
- McPheat, S. (2010). *Motivation Skills*. Ventus Publishing Aps.
- Mercer, M. K., Carpenter, G., & Wyman, O. (2010). *Pay for results: Aligning executive compensation with business performance*. New York: Wiley.
- Mullins, L. J. (2005). *Management and Organisational Behaviour*. (7, Ed.) London: Prentice Hall.
- Muogbo, U. S. (2013). The impact of Employee Motivation on Organizational Performance. *The international Journal of Engineering and Science*, 2(7), 70-80.
- Oluseyi, Shadare, & Ayo, H. T. (2009). Influence of Work Motivation, Leadership Effectiveness and Time Management on Employees' Performance in some Selected Industries in Ibadan. *European Journal of Economics, Finance and Administrative Sciences*, 16, 7-17.
- Osabiya, J. B. (2015). The effect of employees' motivation on organizational performance. *Journal of Public Administration and Policy Research*, 62-75.

Ramesh, K., & Dinesh, K. (2013). Role of Motivation in Human Resource Management at Workplace. *International Journal of New Innovations in Engineering and Technology*, 2(1), 20-24.

Rizwan , K., Ramesh, M., & Jayakrishnan, J. (2010). Effect of Leadership Styles on Organizational Effectiveness. *European Journal of Social Sciences*, 15(3), 365-369.

Rutherford, D. L. (1990). *Hotel Management and Operations*. New York: Van Nostrand Reinhold.

Ryan, R. M., & Deci, E. L. (2000). Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions. *Contemporary Educational Psychology*, 54-67.

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students*. (5, Ed.) Essex: Pearson Education Limited.