

# **COMPENSATION MANAGEMENT AND EMPLOYEE MOTIVATION IN COMMERCIAL BANKS**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfillment of the requirements for the Master's Degree

by

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## **Certification of Authorship**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“Compensation Management and Employee Motivation in Organization”**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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## Report of Research Committee

Mr. Milan Budhathoki has defended research proposal entitled “**Compensation Management and Employee Motivation in Organization**”, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Sarita Maharjan and submit the thesis for evaluation and viva voce examination.

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## Approval Sheet

We, the undersigned, have examined the thesis entitled “**Compensation Management and Employee Motivation in Organization**” presented by Milan Budhathoki a candidate for the degree of **Master of Business Studies** and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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## **ABBREVIATIONS**

|           |   |  |
|-----------|---|--|
| A         | : | Agree                                  |
| AD        | : | Anno Domini                            |
| ANOVA     | : | Analysis of Variance                   |
| C.V       | : | Coefficient of Variation               |
| D         | : | Disagree                               |
| EBL       | : | Everest Bank Limited                   |
| EM        | : | Employees Motivation                   |
| EP        | : | Employees Performance                  |
| HBL       | : | Himalayan Bank Limited                 |
| IT        | : | Information Technology                 |
| RE        | : | Reward                                 |
| TAI       | : | Training and Income                    |
| COMP      | : | Compensation                           |
| REG       | : | Recognition                            |
| Ltd.      | : | Limited                                |
| Max.      | : | Maximum                                |
| Min.      | : | Minimum                                |
| MSQ       | : | Minnesota Satisfaction Questionnaire   |
| N         | : | Neutral                                |
| NBL       | : | Nepal Bank Limited                     |
| No.       | : | Total number of observations           |
| PA        | : | Performance Appraisal                  |
| Reg.      | : | Registration                           |
| SA        | : | Strongly Agree                         |
| SD        | : | Strongly Disagree                      |
| SPSS      | : | Statistical Package for Social Science |
| Std. Dev. | : | Standard Deviation                     |

## ABSTRACT

Motivation plays a vital role in assessing employee performance and the overall condition of an organization. It functions as an internal force that encourages employees to fulfill both individual and organizational goals. This research investigates how employee compensation affects motivation, following a positivist epistemological approach. The study adopts a descriptive and causal research design, applying statistical techniques such as ANOVA, T-tests, correlation, and regression analysis. Data was collected through questionnaires distributed to employees of commercial banks in the Kathmandu Valley to examine the relationship between compensation and motivation.

The findings reveal a strong relationship between employee motivation and compensation, where elements such as rewards, recognition, and compensation are crucial in driving motivation. Employees view fair evaluation and the equitable distribution of rewards as essential for encouraging effective performance. Although compensation alone appears to have an insignificant or even negatively significant effect on motivation, rewards and recognition positively influence it. Additionally, compensation levels differ considerably based on factors such as age, gender, job position, educational qualifications, monthly income, and work experience.

Key word: *Employee Motivation, Employee compensation, Reward, Compensation, Recognition, Nepalese commercial bank*

# **CHAPTER- I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Employee motivation refers to the internal drive that pushes individuals to achieve both their personal goals and those of the organization (Shahzadi et al., 2014). It can also be described as the enthusiasm, dedication, and innovation an employee applies to their work. According to Kreitner (1995), employee motivation is the mental process that provides meaning and direction to behavior.

To remain motivated, employees must have five key types of needs met: physiological, safety, social, esteem, and self-actualization (Maslow, 1943). These needs encompass factors such as meaningful work, fair compensation, acknowledgment, job security, a pleasant work setting, and opportunities for personal growth (Linder, 1998).

Organizations emphasize continuous learning to enhance employees' skills and capabilities, enabling them to remain competitive in an increasingly globalized world. Companies that foster a culture of learning are better positioned to thrive in today's rapidly changing business environment. To gain an edge over competitors, it is essential for firms to recognize and leverage their strengths. Human capital is the most valuable resource for ensuring long-term success and sustainability in a highly competitive market. Therefore, businesses must focus on attracting, retaining, and motivating skilled and committed employees, while also providing them with opportunities for development and growth.

The success or failure of a business largely depends on how motivated and committed its employees are. There is a clear link between employee motivation, productivity, and overall profitability. Organizations should be able to identify high-performing employees and those who need additional training (Shah, 2015). Since each person is driven by different factors, some may be motivated by recognition and rewards. Motivated employees tend to be more successful, satisfied, loyal, and engaged in their roles. When employees trust their organization, they are more likely to be productive and involved, leading to improved efficiency, effectiveness, and profit. How a company treats its employees directly affects how employees respond—respect and support yield loyalty,

while poor treatment results in disengagement (Ouchi, 2004). Employee loyalty and retention play a key role in achieving short-term business goals. With the right skills and knowledge, a motivated employee will work hard to meet organizational objectives (Jishi, 2009). As a result, modern managers face the challenge of designing incentive programs that effectively boost employee performance. In the banking sector, motivated staff can create a strong, positive impression on clients, enhancing the institution's reputation. Therefore, a bank's ability to inspire its employees is vital for achieving high levels of customer satisfaction (Petcharak, 2004).

This study primarily focuses on the factors that influence employee motivation and performance. According to Levy (2013), sustaining motivation over time is more challenging than initially inspiring employees. In today's competitive environment, organizations face intense pressure to implement strategies that enhance employee productivity (Deci, 2013). Simply increasing salaries is no longer enough to guarantee improved performance; other elements also play a crucial role (George & Jones, 2013). Employee motivation directly affects productivity, and a lack of motivation can lead to reduced output, higher turnover rates, increased operational costs, frequent absenteeism, and lowered morale among colleagues (Jobber & Lee, 2014). It is widely recognized that an organization's success heavily depends on the quality of its human capital, regardless of the industry in which it operates (Deci, 2013).

For a company to thrive and grow, it must value its employees as much as its physical assets. Workers need to be satisfied with their work environment and feel that their performance evaluations are fair. Employee performance (EP) is strongly influenced by effective management (EM) and clear communication (Akinbowale, 2013). Motivated employees often demonstrate greater independence. As a result, there is a link between how compensation is managed and employee motivation, with intrinsic rewards playing a significant role in both (Shahzadi, 2014).

To keep employees motivated in both their current and future tasks, they need to perceive fairness and equity compared to their colleagues, meaning that justice in the workplace is essential (Adams, 1965). Additionally, enhancing the physical work environment can improve employees' attitudes, well-being, and motivation (Shahzadi, 2014). Holton (1995) describes performance as a complex, multidimensional concept that is measured

using various criteria. Performance reflects both individual and organizational outcomes. While an organization can control many factors influencing an employee's behavior and actions, external factors affecting personal traits and conduct are beyond its control. Furthermore, formal communication plays a significant role in shaping employees' work ethics and management approaches.

The social exchange theory suggests that when employees receive positive feedback for their efforts, their perception of their performance within the organization improves (Blau, 1964). Employees who understand and are satisfied with the appraisal system tend to be more motivated and focus more on their professional growth (Eyoun et al., 2020). Conversely, if an organization fails to meet employees' expectations and responsibilities, their commitment and motivation at work decline. To enhance employee performance, two key organizational factors—process and structure—are crucial for effectively implementing the performance appraisal system (PAS) and ensuring consistent performance standards (Rusu, 2016).

Employee motivation greatly influences their productivity, which subsequently impacts an organization's capacity for innovation and growth. Satisfaction is linked to aspects like the interview process, rating methods, and how often evaluations occur. Additionally, there is a positive relationship between the performance appraisal system and both distributive and procedural justice (Selvarajan, 2018). Factors such as fairness, satisfaction, rewards, and recognition play a crucial role in driving individual motivation. These elements are commonly incorporated into multi-purpose appraisal systems because motivated employees tend to deliver higher performance (Ismail & Rishani, 2018).

## **1.2 Problem Statement**

Previous research in Nepal's banking sector has shown that employee motivation is lower than expected. Various factors may contribute to the lack of motivation among staff at Nepalese Commercial Banks, with performance appraisals being a significant one. Additionally, there is a general lack of research examining how compensation management affects employee motivation across different sectors. This study aims to fill that gap by empirically exploring the impact of compensation management on employee motivation within Nepalese commercial banks.

Effectively using both monetary (extrinsic) and non-monetary (intrinsic) rewards can boost employee motivation. Organizations have a responsibility to retain their market position while ensuring employee satisfaction. Workers expect to feel fulfilled in their jobs, and the comfort of their work environment significantly influences their motivation. Several factors, such as job security, pay, relationships with colleagues, and management, play a role in fostering a strong connection between employees and their employer.

In today's competitive business landscape, motivation plays a vital role in employee retention and performance. Organizations aim to create an engaging and inspiring workplace where employees want to remain, develop, and share their knowledge and skills, regardless of economic conditions (Stanley, 2012). Employees who possess strong expertise, reliability, and experience are valuable assets to any company. It is evident that highly motivated workers tend to be more productive. However, motivation alone is not enough; the right abilities—such as skills, resources, equipment, and sufficient time—are also essential for optimal performance.

The approach used to evaluate employee performance is a major factor in shaping organizational justice. Findings indicate a positive link between organizational motivation and how employees perceive the performance rating system (Morrow, 2011). Specifically, employees' sense of satisfaction mediates their perception of fairness in performance appraisals, which in turn influences their motivation toward the organization (Arif, 2011). Additionally, there is a positive relationship between employee motivation and job involvement (Iqbal, 2013).

Direct participation of employees is strongly linked to both organizational motivation and job satisfaction. However, it was found that having autonomy over their work showed a weaker connection to motivation and satisfaction compared to involvement in decision-making processes (Adham, 2014).

Employee motivation shows a strong positive relationship with the personal, professional, and job-related advantages gained from training and development (Pandey, 2008). However, in Nepalese commercial banks, low compliance and motivation have a negative

effect on employee performance (Adhikari & Gautam, 2011). Chapagai (2011) suggests that enhancing job satisfaction and organizational effectiveness relies heavily on employee involvement. Furthermore, research indicates that employee productivity is positively linked to the level of workplace support and the quality of training provided (Subedi, 2013).

The key factors affecting job satisfaction in Nepalese commercial banks include performance evaluation, working conditions, and training and development (Nepal, 2016). Additionally, pay and compensation, ownership, job security, organizational hierarchy, employee performance, and training and development are all positively linked to job satisfaction (Dahal, 2017). This overview shows that some studies in Nepal's commercial banks have explored employee organizational motivation as the outcome, with performance evaluation and job satisfaction as the influencing factors. Therefore, this study aims to examine the level of commitment among Nepalese commercial bank employees resulting from job satisfaction and performance appraisals.

The problem statement of this research can be thus summarized in the following question:

- 1) What is the current situation of compensation management and employee motivation in Nepalese commercial banks?
- 2) What is the relationship between compensation management and employee motivation of Nepalese commercial banks?
- 3) How does the compensation management effect on employee motivation of Nepalese commercial banks?
- 4) Which dimension plays an important role to enhance employee motivation?

### **1.3 Objectives of the Study**

The primary aim of this study is to examine how employee motivation impacts the performance of employees in commercial banks. The specific objectives include:

- 1) To assess the current situation of compensation management and employee motivation of Nepalese commercial banks.
- 2) To examine the relationship of compensation management and employee motivation of Nepalese commercial banks.

- 3) To identify the impact of compensation management effect on employee motivation of Nepalese commercial banks.

#### **1.4 Hypothesis of the Study**

H<sub>11</sub>: There is significant impact of reward on employee motivation.

H<sub>12</sub>: There is significant impact of training income on employee motivation.

H<sub>13</sub>: There is significant impact of compensation on employee motivation.

H<sub>14</sub>: There is significant impact of recognition on employee motivation.

#### **1.5 Rationale of the Study**

Employee motivation significantly influences both their performance and potential. A fair and transparent system plays a vital role in retaining skilled employees within a company. Various factors affect an employee's willingness to work, and evaluating outcomes and effectiveness is an important part of human resource management. Keeping pace with new work methods, technological advancements, and the introduction of new banking products and services has become particularly challenging in the banking sector. Many banks now recognize that maintaining employee satisfaction is crucial for survival in this competitive industry. Motivation is essential for ensuring employees work efficiently and effectively. Even employees with the right skills cannot perform well without sufficient motivation, and skills can be developed through training and development programs. However, without motivation, these abilities have little impact.

Therefore, job performance results from the interaction between ability and motivation, making motivation especially important for achieving goals in the Nepalese context (Chaulagai, 2017). The success of an organization largely depends on its employees' enthusiasm, drive, and proactive attitude toward accomplishing their work (Cheng, 1995).

The practical insights from this study can assist organizations in identifying the benefits they need to provide to enhance employee satisfaction and performance. The findings offer companies guidance on setting appropriate compensation levels to motivate, inspire, and retain their workforce. Both employers and employees stand to gain from a deeper understanding of what drives motivation and satisfaction. This research aims to fill existing gaps by contributing to the extensive literature on employee motivation,

satisfaction, productivity, and fundamental needs. According to Olafsen (2018), employees cannot be truly satisfied at work if their basic needs are not met.

## **1.6 Limitations of the Study**

Since this study was conducted exclusively within commercial banks in the Kathmandu Valley, its findings should not be generalized to other regions. Additionally, the study has the following limitations:

- a. This study is based on primary data taken from structured questionnaire.
- b. Only those variable which are related to employee motivation and compensation management such as reward, training income, compensation and recognition are considered in the study.
- c. The population of the study refers whole employees of 20 commercial banks running in Kathmandu.
- d. 435 questionnaire were distributed. Among them only 400 employees are taken as sample of the study.
- e. Findings of the study is completely depend upon opinion provided by respondents.
- f. Only limited statistical tools like descriptive analysis, correlation analysis and regression analysis for the study.
- g. The study used random sampling method to select the sample for the study.
- h. Descriptive and causal comparative research design has been employed for the study.

# **CHAPTER- II**

## **LITERATURE REVIEW**

### **2.1 Theoretical Review**

#### **2.1.1 Affective event theory**

Affective Events Theory (AET) is a psychological model created by organizational psychologists that explains how events at work impact employees' emotions, which then influence their attitudes and behaviors on the job. The theory suggests that everyday workplace occurrences—both positive (like receiving recognition) and negative (such as conflicts with supervisors or coworkers)—trigger emotional responses. These emotions can affect an employee's job satisfaction, performance, commitment to the organization, and decision-making in both the short and long term. Weiss and Cropanzano (1996) identify two main components in AET: affective reactions and behavior shaped by judgments. The theory emphasizes the important role emotions play in driving workplace behavior. Affective reactions refer to the immediate, often unconscious emotional responses employees have to specific workplace events, such as praise or criticism. Over time, employees interpret these emotions and develop more thoughtful, judgment-based attitudes and behaviors, including their level of job satisfaction and loyalty to the organization.

For instance, a series of negative emotional experiences—such as ongoing conflicts or a lack of recognition—can gradually diminish an employee's positive view of their job, potentially leading to disengagement or even resignation. One of Affective Events Theory's key advantages is its ability to explain changes in employee behavior that traditional models, which tend to focus on rational decision-making and fixed job characteristics, often overlook. By recognizing the episodic and evolving nature of emotions at work, AET provides a more nuanced and realistic perspective on workplace dynamics. Ultimately, the theory highlights the critical need for organizations to manage employees' emotional experiences to support their well-being, motivation, and performance, making it a valuable tool for both researchers and practitioners in organizational behavior.

Affective Events Theory (AET) emphasizes that emotions experienced at work are not just incidental but are central to shaping employee attitudes, behaviors, and overall job performance. According to AET, specific workplace events—like receiving recognition, encountering conflicts, or meeting deadlines—trigger emotional reactions that directly impact employees' actions and decision-making. These emotional responses, whether positive or negative, influence motivation, job satisfaction, and relationships with others. By incorporating emotions into the study of workplace dynamics, AET provides a deeper and more complete understanding that complements traditional models focused mainly on cognitive processes in work behavior.

The Findings:

1. Workplace Events Trigger Emotional Reactions
2. Emotions Influence Attitudes and Behaviors
3. Affective Reactions and Judgment-Driven Outcomes Are Distinct
4. Personality Moderates Emotional Responses
5. Frequency and Intensity of Events Matter
6. Emotion Regulation and Coping Are Critical
7. Implications for Leadership and Organizational Culture (Thompson & Phua, 2012).

### **2.1.2 Equity theory**

Equity Theory was introduced in the early 1960s by behavioral psychologist John Stacey Adams, with his foundational work published in 1963. This theory has since become a fundamental idea in organizational psychology and motivation studies. Adams first presented Equity Theory in his article *Toward an Understanding of Inequity*. The theory suggests that individuals are motivated by a sense of fairness in the balance between their inputs (such as effort, experience, and skills) and their outputs (such as salary, recognition, and benefits) when compared to others. According to Adams, people who perceive this balance as fair tend to be more satisfied and motivated. Conversely, perceived unfairness can cause dissatisfaction and reduce motivation, leading employees to respond by lowering their effort, seeking to improve their rewards, adjusting their perceptions or comparisons, or even leaving the organization. The theory highlights that fair treatment boosts employee retention and performance, while feelings of unfairness can lead to higher turnover, absenteeism, and workplace conflict.

### **2.1.3 Herzberg's two-factor theory**

Frederick Herzberg, a psychologist, developed the two-factor theory of motivation—also known as the dual-factor or motivation-hygiene theory—in the 1950s after studying the responses of 200 engineers and accountants about their positive and negative job experiences. Herzberg proposed that certain job factors contribute to employee satisfaction, while different factors prevent dissatisfaction. He also argued that satisfaction and dissatisfaction are not simply opposites but are influenced by distinct sets of factors (Juneja, 2020).

### **2.1.4 Expectancy theory**

The Yale School of Management first introduced Expectancy Theory as a motivation theory in 1964, with Vroom expanding on it in 1995. This theory explains the cognitive processes individuals undergo when making decisions about their actions or choices. According to Expectancy Theory, people decide how to behave based on the expected outcomes of their actions. In other words, decisions are guided by what individuals believe will happen as a result. For example, an employee might work longer hours expecting a salary increase. However, the theory also emphasizes that the perceived likelihood of receiving such rewards influences decision-making. Employees are more likely to increase their effort if they are confident a raise is guaranteed, rather than merely hoping for one. Vroom's Expectancy Theory centers around three main components:

#### **Expectancy**

This refers to the belief that putting in effort will lead to achieving the desired level of performance. It answers the question, "If I work hard, can I reach the performance target?" Factors influencing this belief include past experiences, self-confidence, how challenging the goal is perceived to be, and the resources available.

#### **Instrumentality**

This is the belief that reaching a performance goal will result in a particular reward or outcome. It addresses the question, "If I perform well, will I be rewarded?" Factors that influence this belief include trust in the people who allocate rewards, the clarity of the reward system, and previous experiences with how rewards have been distributed.

## **Valence**

This refers to how much importance or worth a person assigns to the anticipated reward. It answers the question, "Do I care about the reward being offered?" This depends on the individual's personal needs, goals, and preferences.

Together, these components form the formula:

$$\text{Motivation} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$$

If any one of these components is absent or zero, the overall motivation will drop to zero as well.

### **2.1.5 Three-dimensional theory of attribution**

Attribution theory explains how people interpret their own actions as well as those of others. Among the various attribution theories, Bernard Weiner's Three-Dimensional Theory is prominent, suggesting that individuals try to understand the reasons behind their behavior. This theory focuses on human behavior, motivation, and the relationship between causes and effects. Weiner argues that the explanations people give for their actions can shape how they behave in the future. For example, when a student fails an exam, the reasons they attribute to their failure will impact their future motivation. Weiner emphasized that the nature of the attribution—such as bad luck or lack of effort—is more important than the specific cause itself. According to Weiner, three key dimensions of attributions can affect future motivation (Mark, 2019).

#### **1. Locus of Causality**

Internal: Cause is within the person (e.g., ability, effort).

External: Cause is outside the person (e.g., luck, task difficulty).

Example: "I failed the test because I didn't study" (internal), vs. "I failed because the test was unfair" (external).

#### **2. Stability**

Stable: Cause is consistent over time (e.g., intelligence, task difficulty).

Unstable: Cause is changeable (e.g., mood, effort).

Example: "I'm bad at math" (stable), vs. "I didn't try hard enough this time" (unstable).

### 3. Controllability

- **Controllable:** The person has the ability to influence the cause, such as the effort they put in or the study methods they use.
- **Uncontrollable:** The cause is outside the individual's control, like illness or natural ability.

**Example:** Saying "I didn't do well because I didn't prepare" reflects a controllable cause, whereas "I got sick the day before the exam" represents an uncontrollable cause.

## 2.2 Empirical Review

Weeraratne (2018) conducted a research on impact of employee's motivation on organizational effectiveness. This study aims to explore the connection between organizational success and employee motivation, along with the factors influencing motivation. Drawing from the research, a model was developed linking organizational effectiveness with key elements of employee motivation. From this model and existing literature, three hypotheses were formulated and tested based on prior studies and theories. Extensive research has shown that employee motivation is positively influenced by recognition and empowerment. As an organization increases its efforts in empowering and recognizing employees, their motivation to work is likely to grow. Furthermore, there is a positive relationship between organizational effectiveness and employee motivation.

Lu and Kittimanorom (2019) researched on compensation management and employee motivation of Kunming Haitian hotel. The purpose of this study was to examine compensation management, explore employee motivation at Kunming Haitian Hotel, and analyze the relationship between compensation management and employee motivation within the hotel. The research utilized a questionnaire as the data collection tool. The collected data were analyzed using frequency, percentage, mean, standard deviation, and Pearson's correlation coefficient. The sample consisted of 80 employees, predominantly female, aged between 26 and 35, mostly high school graduates, with 1 to 5 years of employment, and a monthly income ranging from 3,001 to 4,500 Yuan. Analysis of compensation management and employee motivation revealed an overall mean score of 3.65, indicating agreement on the importance of compensation management. Among compensation models, respondents ranked the strategic compensation model highest,

followed by the broadband pay model, and then the comprehensive compensation model. Regarding employee motivation, the overall mean score was 3.66, also indicating agreement. The motivational factors were ranked from highest to lowest as power, achievement, and affiliation. Hypothesis testing showed a strong positive relationship between compensation management and employee motivation at Kunming Haitian Hotel.

Adeoye (2019) examined compensation management and employees' motivation in the insurance sector: evidence from Nigeria. This paper aims to examine the relationship between compensation management and employee motivation in Nigeria's insurance sector. The study used a non-experimental design and collected data through questionnaires. Out of 250 questionnaires distributed, 213 were returned, with 212 (84.4%) deemed usable. Using Pearson's correlation coefficient, the analysis found a relationship between reward management and employee motivation, but it was a weak one. The findings indicate that compensation management has only a limited impact on employee motivation within Nigeria's insurance industry. Therefore, it is recommended that the remuneration packages for employees in this sector be prioritized by regularly reviewing salaries to ensure they are competitive with those in other parts of Nigeria's financial industry.

Gautam (2020) analyzed on comprehensive reward system, employee motivation and turnover intention: evidence from Nepali banking industry. This study aims to examine the key components of a comprehensive reward system, focusing specifically on the relationship between employee motivation and these reward elements. Additionally, it explores how incentive systems impact employee motivation by looking at employees' intentions to leave the organization. The research employed a descriptive-correlational design with a quantitative approach. Primary data were collected from 200 employees holding various positions across multiple banks. Responses were measured using a 5-point Likert scale. The hypotheses were tested through regression analysis, descriptive statistics, and Pearson correlation, with conclusions drawn at the 5% and 1% significance levels. The findings revealed that the essential components of a comprehensive incentive system include salary, benefits, work-life balance, performance recognition, career advancement opportunities, and empowerment. There was a strong positive relationship between these factors and employee motivation. Furthermore, the study found a

significant negative correlation between employees' motivation and their intention to leave the organization.

Dangol (2021) analyzed role of performance appraisal system and its impact on employee's motivation. The primary objective of this study is to understand the role of performance reviews and their impact on employees. The study focuses on specific goals: identifying challenges in evaluating employee performance, examining how the performance appraisal process affects employee motivation, and evaluating the influence of appraisers on staff motivation. A descriptive research design was employed, targeting a population of 120 employees from Nepal's service sector. Data were collected through structured questionnaires, supplemented by qualitative information related to the study's aims. The findings suggest that regular performance reviews enhance employee motivation. Performance appraisal ratings, when implemented effectively, can positively influence work performance and motivation. Moreover, if the appraisal process is based on accurate and current job descriptions, it has the potential to further increase employee motivation.

Lama (2021) analyzed on employee's motivation through performance management: a case study: Shree Nishchal Saving and Credit Co-operative Ltd. This thesis aims to examine how the performance management system at Shree Nishchal Savings & Credit Co-operative Ltd. influences employee motivation and performance. An exploratory research approach was adopted, utilizing both primary and secondary data sources. Secondary data included a review of existing literature, while primary data were collected through a mixed-method approach combining qualitative and quantitative techniques. Data gathering involved distributing questionnaires and conducting in-depth interviews with the company's manager and four employees. The findings indicate that financial incentives, opportunities for career growth, positive managerial relationships, constructive feedback, and recognition all play key roles in motivating employees. Additionally, the study revealed that the company's performance management processes affect these motivational factors.

Achim and Balan (2021) conducted a research on the importance of employee motivation to increase organizational performance. This study aims to understand the strategic importance of non-financial motivation within management practices. It is widely

recognized that the level of employee motivation significantly impacts an organization's overall performance and reputation. The study assumes that the concept of "motivation" and its general importance are well understood. However, motivation often remains a mystery to many employers, despite being extensively discussed in academic literature and at professional gatherings such as conferences, seminars, and internal meetings. Employee surveys conducted in large corporations consistently reveal a lack of motivation related to their perceived value within the company.

Lee and Raschke (2021) conducted a research on understanding employee motivation and organizational performance: Arguments for a set-theoretic approach. This conceptual paper aims to review the progress made in understanding employee motivation and organizational performance while offering recommendations for future research directions. It highlights existing gaps in theory development and suggests alternative approaches for investigation. Currently, motivation theory largely relies on traditional quantitative methods, such as structural equation modeling and multiple regression analysis. However, researchers are increasingly interested in exploring combinations and configurations of relevant factors to gain a more contextualized and holistic understanding of this complex social phenomenon.

Ahamed (2021) conducted a research on a study on employee motivation and its influence on the performance of the organization. The purpose of this essay is to examine the factors that drive high levels of organizational performance among employees. Supported by previous research, the findings reveal a positive correlation between organizational success and employee motivation. Studies indicate that elements such as recognition and empowerment significantly enhance worker motivation. When employees feel empowered and acknowledged, their motivation, as well as their individual performance and overall organizational effectiveness, tend to improve. However, dissatisfaction caused by repetitive tasks and high client demands can undermine this effectiveness, potentially leading to increased absenteeism and employee turnover, as workers seek better recognition and improved working conditions elsewhere.

Aryal et al. (2022) examined performance appraisal, job satisfaction and employee motivation in Nepalese commercial banks. This study examines the impact of job satisfaction and performance reviews on employee motivation within Nepalese

commercial banks. Primary data were collected through structured surveys featuring Likert-scale items to capture respondents' opinions. Out of the total sample drawn from 16 Nepalese commercial banks, 172 responses were received, yielding a 78% response rate. The study employed both descriptive and causal research designs. Multiple linear regression models were used to assess the influence of job satisfaction and performance appraisals on employee motivation, while the Pearson correlation coefficient was applied to analyze the relationships among the variables. The findings reveal a positive correlation between employee motivation, performance evaluations, and job satisfaction. Consequently, the study concludes that job satisfaction and performance reviews are key factors influencing employee motivation in Nepalese commercial banks.

Kalogiannidis (2022) conducted research on impact of employee motivation on organizational performance. This scoping review aimed to examine existing research on employee motivation and its impact on organizational performance within the public sector. The review focused on how employee motivation influences organizational outcomes through various factors such as workplace culture, management styles, employee characteristics, and reward and recognition systems. The analysis demonstrated a strong positive correlation between employee motivation and organizational performance. However, it also highlighted additional factors that affect employees' ability to perform at their best.

Fakai (2022) conducted a research on performance appraisal on employees' motivation in commercial banks of Sokoto State, Nigeria. The objective of this study was to examine the impact of performance management and objective production on employee motivation in commercial banks. Data were collected from 172 managers and staff members randomly selected from ten commercially licensed banks in Sokoto State. A descriptive survey design was employed, and participants completed an online questionnaire divided into three sections. The results revealed that objective production significantly influences employee motivation ( $p < 0.05$ ). Likewise, performance management was found to have a significant positive effect on employee motivation ( $p < 0.05$ ).

Kharabsheh (2023) researched on the impact of digital HRM on employee performance through employee motivation. The aim of this study is to examine the impact of digital HRM practices on employee motivation and how this motivation, in turn, influences

employee job performance—essentially exploring employee motivation as a mediator between digital HRM practices and job performance. The study focused on two specific digital HRM practices: digital performance appraisal and digital training. The findings revealed that digital performance appraisal significantly affects both employee motivation and job performance, while employee motivation itself has a significant positive effect on job performance. Consequently, employee motivation was found to partially mediate the relationship between digital HRM practices and job performance. The study concludes that employees who are aware of their performance levels are more motivated and thus tend to perform better in their roles.

Biswakarma and Kadayat (2023) analyzed performance appraisal system and employee motivation in international non-governmental organizations in Nepal. The purpose of this study is to investigate the performance evaluation system of international non-governmental organizations (INGOs) operating in Nepal and to examine how these performance appraisal systems influence employee motivation. A mixed-methods approach was employed, utilizing a structured questionnaire distributed to 300 employees, yielding 212 responses from six INGOs and input from five HR managers. The study focused on key aspects of the performance appraisal system, including the purpose of appraisals, appraisal standards, feedback processes, rating reliability, and assurance of employee motivation. The findings indicate that the objectives of performance appraisals, rater assurance, and rating reliability have a significant positive impact on employee motivation.

Maharjan (2023) examine the impact of performance appraisal system on employee motivation in life insurance companies in Nepal. This study examines how the performance appraisal methods used by Nepalese insurance companies affect employee motivation, which is the dependent variable. The independent variables include training and development, rewards and recognition, communication, motivation mechanisms, and feedback processes. The research is based on primary data collected from 219 respondents across 24 insurance firms using a structured questionnaire designed to meet the study's objectives. Regression models were developed to analyze the relationship, significance, and impact of the performance appraisal system on employee motivation within the context of Nepalese insurance companies. The results reveal a positive correlation between employee motivation and training and development, indicating that

increased opportunities for training enhance employee motivation. Similarly, rewards and recognition systems are positively correlated with motivation, suggesting that effective reward systems lead to higher employee motivation. Furthermore, communication is also positively linked to employee motivation, implying that improved organizational communication strengthens motivation. Additionally, there is a positive correlation between motivation mechanisms and employee motivation, indicating that stronger organizational motivation mechanisms foster higher employee motivation.

Berdicchia et al. (2023) conducted a research on disentangling the effect of perceived performance management system accuracy on intrinsic and extrinsic motivation. The purpose of this study is to examine how employees' motivation is influenced by their perception of the accuracy of performance management systems (PMS). Data were collected through questionnaires distributed to a sample of local government employees. The study employed a longitudinal design with two measurement waves (T1 and T2) spaced four months apart. The findings indicate that task uncertainty and employee involvement in decision-making significantly moderate the relationship between perceived PMS accuracy and extrinsic motivation. Additionally, perceived accuracy of the PMS is positively associated with both intrinsic and extrinsic motivation.

James et al. (2024) researched on compensation management and employee commitment. This study examined the relationship between compensation management and employee commitment at Ibom Power Company (IPC) in Ikot Abasi Local Government Area of Akwa Ibom State, Nigeria. A cross-sectional survey design was employed, and the entire population of 207 IPC employees was purposively selected for the study. Data were collected using structured questionnaires administered to the respondents. The collected data were analyzed using simple percentages and Pearson's product-moment correlation through the SPSS software package. The findings revealed that both pay-for-performance and skill-based pay have a positive and significant relationship with employee commitment at IPC. The study concluded that compensation management positively and significantly influences employee commitment. It recommends that organizations ensure fairness and consistency in their compensation management practices to foster a committed workforce.

Irwan et al. (2024) examined on the effect of compensation and motivation on employee performance at PT. This study aims to examine the effect of compensation and work motivation on employee performance at PT. Telkom, Ternate City. Using a quantitative approach, the research analyzes the relationship between the independent variables—compensation and motivation—and the dependent variable, employee performance. The study was conducted at the PT. Telkom Ternate City branch, with a population of 151 employees. A census sampling technique was applied, including all employees to ensure a comprehensive dataset. Primary data were collected through employee questionnaires. Data analysis involved descriptive statistics and inferential statistics, including tests for normality, multicollinearity, autocorrelation, and heteroscedasticity. Multiple linear regression analysis and hypothesis testing (F-test and t-test) were also performed. The results indicate that both compensation and motivation significantly affect employee performance at PT. Telkom, Ternate City, thus supporting the research hypothesis.

International and National article reviewed in this study are presented in Meta table also:

| Year | Source              | Topic  | Objectives  | Method   | Sample                            | Findings  |
|------|---------------------|--|---|--|-----------------------------------|---|
| 2018 | Weerar atne         | impact of employees motivation on organizational effectiveness | to identify the factors that affect employee motivation and examining the relationship between organizational effectiveness and employee motivation | The panel method with regression and correlation .             | 33 companies with 157 respondents | Empowerment and recognition have a positive effect on employee motivation. As empowerment and recognition within an organization increase, employees' motivation to work also improves. |
| 2019 | Lu and Kittimanorom | Compensation management and employee motivation of             | to investigate the compensation management, to study employees' motivation  | The study used frequency, percentage, mean, standard deviation | 80 Individual respondents         | The results of hypothesis testing showed a strong positive relationship between compensation  |

|      |        |  |   |   |  |  |
|------|--------|--|---|---|--|--|
|      |        | Kunming Haitian hotel  |   | and Pearson's correlation coefficient   |  | management and employee motivation at Kunming Haitian Hotel.   |
| 2019 | Adeoye | compensation management and employees' motivation in the insurance sector: evidence from Nigeria               | to explore the association between compensation and employees' motivation | the study employed a non-experimental design using questionnaires as a measuring instrument to gather information | 212 respondents as a sample  | The findings revealed that compensation management has a minimal influence on employee enthusiasm in Nigeria's insurance industry.   |
| 2020 | Gautam | comprehensive reward system, employee motivation and turnover intention: evidence from Nepali banking industry | To examine the effect of incentive systems on employee motivation         | the effect of incentive systems on employee motivation  | Descriptive correlation design using a quantitative methodology was used | Primary data were gathered from 200 employees. The study's findings identified salary, perks, work-life balance, performance recognition, career opportunities, and empowerment as the key components of a comprehensive incentive system. |
| 2021 | Dangol | role of performance appraisal system   | to ascertain the function of performance reviews and how they affect      | the function of performance reviews and how they affect   | Study used correlation and regression                                    | 120 workers selected as a sample. The study's results suggest that consistent performance reviews  |

|      |       |   |   |   |  |   |
|------|-------|---|---|---|--|---|
|      |       | and its employees impact on employee's motivation   |   | analysis  | sample   | enhance employee motivation. Performance appraisal ratings, in particular, are seen as an effective strategy for improving both work performance and motivation.  |
| 2021 | Lama  | employee's motivation through performance management: a case study: Shree Nishchal Saving and Credit Co-operative Ltd | to ascertain how Shree Nishchal Savings & Credit Co-operative performance | The study used primary data with combination of qualitative and quantitative research methods | 342 questionnaire distributed while 317 questionnaire are usable | Financial rewards, opportunities for advancement, positive interactions with management, constructive feedback, and expressions of appreciation all contribute to motivating employees. Furthermore, the findings indicate that the organization's performance management practices significantly influence each of these motivational factors. |
| 2021 | Achim | The   | to understand   | The   | 127  | The financial aspect  |

|      |                       |   |  |   |   |   |  |
|------|-----------------------|---|--|---|---|---|--|
|      | and<br>Balanc         | importance<br>e of<br>employee<br>motivation<br>to increase<br>organizational<br>performance  | the<br>importance<br>the<br>financial<br>motivation<br>the management<br>process   | strategic<br>of<br>non-<br>applied  | regression<br>models<br>are<br>applied        | respondents<br>as a<br>sample   | of motivation is<br>widely recognized<br>and preferred by<br>both employers and<br>employees.<br>However, this study<br>emphasizes and<br>advocates for the<br>implementation of<br>effective non-<br>financial motivation<br>strategies,<br>highlighting their<br>potential impact on<br>the internal climate<br>and sustained<br>performance of the<br>organization. |
| 2021 | Lee<br>and<br>Raschke | Understanding<br>employee<br>motivation<br>and<br>organizational<br>performance:<br>Argument<br>s for a set-<br>theoretic<br>approach | to articulate the<br>progress that has<br>been made in<br>understanding<br>employee<br>motivation and<br>organizational<br>performance | Multiple<br>regression<br>analysis,<br>structural<br>equation<br>modeling | 224<br>employees<br>considered as a<br>sample | Researchers use a<br>set-theoretic<br>approach, focusing<br>on combinations and<br>configurations of<br>relevant variables, to<br>complement<br>traditional<br>quantitative<br>analyses. To<br>advance current<br>understanding, this<br>study proposes<br>leveraging a set-<br>theoretic approach to |  |

|      |               |  |   |   |   |  |
|------|---------------|--|---|---|---|--|
|      |               |  |   |   |   | enhance employee motivation for improved organizational performance.   |
| 2021 | Ahamed        | employee motivation and its influence on the performance of the organization                 | To survive in this volatile and fierce market environment.                                    | Regression analysis                             | 15 companies with 317 respondents               | Absenteeism rates may rise, and employees might leave the organization to join competitors that offer better working conditions and greater recognition. Since individuals differ, motivation strategies should be tailored to each person's unique needs. |
| 2022 | Aryal et al.  | performance appraisal, job satisfaction and employee motivation in Nepalese commercial banks | To examine how job satisfaction and performance reviews affect employees' employee motivation | Using structured surveys with Likert-type items | 172 responses from 16 Nepalese commercial banks | The findings indicate a positive relationship between employee motivation, performance evaluation, and job satisfaction.   |
| 2022 | Kalogiannidis | Impact of employee   | to review the different studies   | Based on the                                    | 17 companies                                    | The review focused on how various  |

|      |            |   |  |   |   |   |
|------|------------|---|--|---|---|---|
|      |            | motivation on organizational performance. A scoping review paper for public sector          | about employee motivation and its impact on organizational performance                                       | Arksey and O'Malley framework                 | nies with 190 respondents   | aspects of employee motivation—such as rewards and recognition, management styles, workplace environment, and employee characteristics— influence organizational performance.                   |
| 2022 | Fakai      | performance appraisal on employees' motivation in commercial banks of Sokoto state, Nigeria | To examine the influence of employee motivation on organizational performance                                | Using Hausman test and fixed effects approach | 172 managers and staff members from ten Sokoto state-based commercial banks | The study aimed to examine how employee motivation influences organizational performance. Document analysis was employed as the method to gather the relevant information needed for the study. |
| 2023 | Kharabshah | impact of digital HRM on employee performance through employee motivation                   | To investigate the effect of digital HRM practices on employee motivation and hence employee job performance | Regression and correlation analysis           | 321 employees   | The results indicate that digital training significantly impacted both employee motivation and job performance; digital performance appraisal had   |

|      |                        |  |  |   |   |   |
|------|------------------------|--|--|---|---|---|
|      |                        |  |  |   |   | significant effects on employee motivation and performance appraisal; and employee motivation significantly influenced job performance.                           |
| 2023 | Biswakarma and Kadayat | Performance appraisal system and employee motivation in international non-governmental organizations in Nepal. | to investigate Nepal's international non-governmental organizations' performance evaluation system     | Used regression and correlation analysis                                  | 300 employees were used to gather data; 212 responses came from six INGOs | The findings revealed that performance appraisals, rater assurance, and rating reliability have a significant impact on employee motivation.                      |
| 2023 | Maharjan               | the impact of performance appraisal system on employee motivation in life insurance companies in Nepal         | To examine how Nepalese insurance companies' employee motivation is affected by their appraisal method | Study used correlation coefficient and regression with fixed effect model | 219 observations from primary data from 24 insurance firms                | The results demonstrate a positive correlation between employee motivation and training and development, indicating that increased opportunities for training and |

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|      |                   |  |  |   |                                     |  |
|------|-------------------|--|--|---|-------------------------------------|--|
|      |                   |  |  |   |                                     | development lead to higher employee motivation. Similarly, a positive correlation exists between employee motivation and rewards and recognition.  |
| 2023 | Berdicchia et al. | disentangling the effect of perceived performance management system accuracy on intrinsic and extrinsic motivation | To explore the effects of performance management systems' (PMS) perceived accuracy on employees' motivation. | the questionnaire distributed longitudinally over two measurement waves (T1 and T2) | 124 local government workers        | The results revealed that perceived accuracy of the performance management system (PMS) is positively associated with both intrinsic and extrinsic motivation. Additionally, participation in decision-making and task uncertainty positively moderate the relationship between perceived PMS accuracy and extrinsic motivation. |
| 2024 | James et al.      | compensation management and employee commitment  | To examine the relationship between compensation and employee's commitment                                   | the using simple percentage and Pearson's product moment                            | 207 employees of Ibom Power Company | The findings revealed that pay-for-performance has a positive and significant relationship with  |

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|      |              |   |  |  |   |   |
|------|--------------|---|--|--|---|---|
|      |              |   |  | correlation through SPSS package   |   | employees' commitment at IPC, and skill-based pay also shows a positive and significant relationship with employee commitment at IPC. |
| 2024 | Irwan et al. | The effect of compensation and motivation on employee performance at PT. Telkom in ternate city | To examine the effect of compensation and work on employee performance | normality, of multi-collinearity, autocorrelation, and heteroscedasticity tests, multiple linear regression analysis, and hypothesis testing | 151 employees from Telkom Ternate City branch | The study's findings revealed that employee performance is strongly influenced by both compensation and motivation.                   |

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### 2.3 Research Gap

Job satisfaction serves as an effective indicator of employees' psychological well-being. When employees receive recognition and appreciation, their morale improves, leading to increased productivity. Evaluating employee performance through incentives is essential. Despite the growing interest in employee job satisfaction, limited academic research has been conducted on this topic in Nepal. Organizations in Nepal often face high employee turnover, which hinders the achievement of business goals. The main cause of this turnover is dissatisfaction with one's job. To address this issue, organizations must identify and resolve the underlying factors affecting job satisfaction. Employees value both financial and non-financial rewards equally. According to Subedi and Chaudhary

(2014), social, external, and internal elements significantly influence job satisfaction. A survey among government workers in Nepal revealed that salary, benefits, supervision, career advancement opportunities, retirement plans, and additional perks were key concerns. The study concluded that employees' willingness to stay in an organization depends on a combination of financial and non-financial incentives.

Rehman and Lashari (2010) conducted an analysis using financial tools from microfinance organizations, whereas this study employed statistical techniques such as regression and correlation from commercial banks. Employee job satisfaction is influenced by various factors such as autonomy in tasks, the relevance of the tasks, a sense of empowerment, social advantages, and acknowledgment from the organization. Kumar (2023) explored the link between rewards, motivation, and performance in his research. Much of the existing research has been carried out in European and Asian countries. Within organizations, rewards play a key role in determining job satisfaction.

The primary objective of this study is to understand the influence of compensation and rewards on job satisfaction and employee happiness. According to Rehman and Lashari (2010), intrinsic rewards include task autonomy, task relevance, and task involvement. In contrast, Khawaja and Anwar (2012) investigated the effects of extrinsic rewards—such as salaries, bonuses, promotions, and fringe benefits—on employee satisfaction. This research explores how both intrinsic and extrinsic motivations relate to performance, offering insights for future studies on employee outcomes. Specifically, it examines compensation management and employee motivation within commercial banks in Nepal. In this study, employee motivation is treated as the dependent variable, while rewards, training and income, compensation, and recognition are the independent variables. A quantitative research approach was applied, using a descriptive and causal-comparative design. Data were collected through a structured questionnaire based on a five-point Likert scale from a sample of 400 respondents not previously included in earlier studies. Thus, this research aims to contribute new insights into compensation management and employee motivation in the context of Nepalese commercial banks.

## **CHAPTER- III**

### **RESEARCH METHODOLOGY**

The purpose of this study is to explore and assess the impact of employee motivation on productivity. By applying regression analysis in SPSS, the study identified the relationship between the independent and dependent variables.

#### **3.1 Research Design**

This study employed a combination of causal-comparative and descriptive research designs. The causal research design was used to analyze how rewards, training and income, compensation, and recognition influence employee motivation, while the descriptive design facilitated a comparative analysis of these components and their effect on performance.

#### **3.2 Population and Sample**

The study's population consists of all 20 commercial banks currently operating in the country. Out of 435 distributed questionnaires, 400 were completed and returned by the

selected bank respondents. A random sampling method was used to select participants from various job positions across the different banks for questionnaire distribution.

### **3.3 Nature and Sources of Data**

This study relied on primary data collected through a structured questionnaire based on a five-point Likert scale (ranging from “Strongly Disagree” to “Strongly Agree”). Given the use of a descriptive approach to explore the causal relationships among the variables, the findings are considered applicable for broader generalization. The questionnaire was distributed digitally via Google Docs using platforms such as email, Viber, and Facebook Messenger. Participants were under no pressure to provide favorable responses and were encouraged to answer honestly and independently. The study focused on employees of commercial banks located in the Kathmandu Valley.

### **3.4 Methods of Analysis**

The data analysis was conducted based on the nature and structure of the collected data. Various statistical tools were utilized to meet the objectives of the study. SPSS software was used to assist with coding, recording, and processing the data. The specific statistical tools applied in analyzing the findings are detailed in the following section.

#### **Descriptive Statistics**

Descriptive statistics are concise summary measures that provide an overview of a dataset, whether it's a sample or representative of an entire population. They are generally divided into two main categories: measures of central tendency and measures of variability (or dispersion). Mean, median, and mode represent central tendency, while variability is captured through standard deviation, variance, range (minimum and maximum), skewness, and kurtosis.

#### **Mean**

The arithmetic mean is the most commonly used and widely accepted measure for summarizing data for a single variable. It is calculated by dividing the sum of all values by the total number of observations. The mean reflects the average value of different variables over the study period.

$$\text{Mean } (\bar{X}) = \frac{\sum X}{N}$$

Where,

$\bar{X}$  = Sum of the variables 'x'

N = No. of Observation

### **Standard deviation**

Dispersion refers to how much individual data points differ from a central value. Standard deviation is a measure of absolute dispersion, increasing as the spread of data grows. Small standard deviations indicate high consistency and homogeneity within the data series, while larger values suggest greater variability. In this study, the standard deviation was calculated for variables such as earnings per share, dividend payout ratio, market value per share, retained earnings, dividend yield ratio, and price-earnings ratio.

$$\text{Standard Deviation (SD)} = \sqrt{\frac{\sum(X - \bar{X})^2}{n}}$$

### **Correlation analysis**

Correlation analysis is a statistical technique used to measure the strength and direction of the relationship between two variables. This study utilized simple correlation to calculate and analyze the correlation coefficients among various financial variables, which are then presented in a matrix format.

This study uses the following formula to compute the correlation coefficient between the two variables, X and Y.

$$\text{Correlation Coefficient (r)} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{n\sum X^2 - (\sum X)^2} \sqrt{n\sum Y^2 - (\sum Y)^2}}$$

Where,

n = No. of responses

X = Value of independent variables

Y = Value of dependent variables

### **Coefficient of determination ( $r^2$ )**

The coefficient of determination measures the strength of the linear relationship between two variables, where one is dependent and the other independent. In other words, it represents the proportion of variance in the dependent variable explained by the

independent variable. This coefficient ranges from zero to one, with a value of one indicating that there is no unexplained variation—that is, all data points lie exactly on the regression line.

### **Regression analysis**

Regression analysis shows the direction of change between the variables studied but does not indicate the extent of their relative movement. However, it helps in understanding the relative changes between variables. In this study, regression analysis has been conducted and evaluated for the variables involved. Employee motivation serves as the dependent variable, while incentives, pay, recognition, and training and income are the independent variables. Commonly calculated in multiple regression analysis are the multiple coefficient of determination, standard error of estimate, and the least squares method. The model with several regression equations is:

### **Model I**

This model analyzes how different factors influence motivation.

$$EM = \beta_0 + \beta_1 RE + \beta_2 TAI + \beta_3 COMP + \beta_4 REG + \dots + e_t$$

Where,

### **Dependent Variables**

EM = Employee Motivation

### **Independent Variables**

RE = Reward

TAI = Training and Income

COMP = Compensation

REG = Recognition

$\beta_0$  = Intercept

$\beta_1$  = Coefficient of reward

$\beta_2$  = Coefficient of training and income

$\beta_3$  = Coefficient of compensation

$\beta_4$  = Coefficient of recognition

$e_t$  = Error terms

### 3.5 Research Framework and Definition of Variables

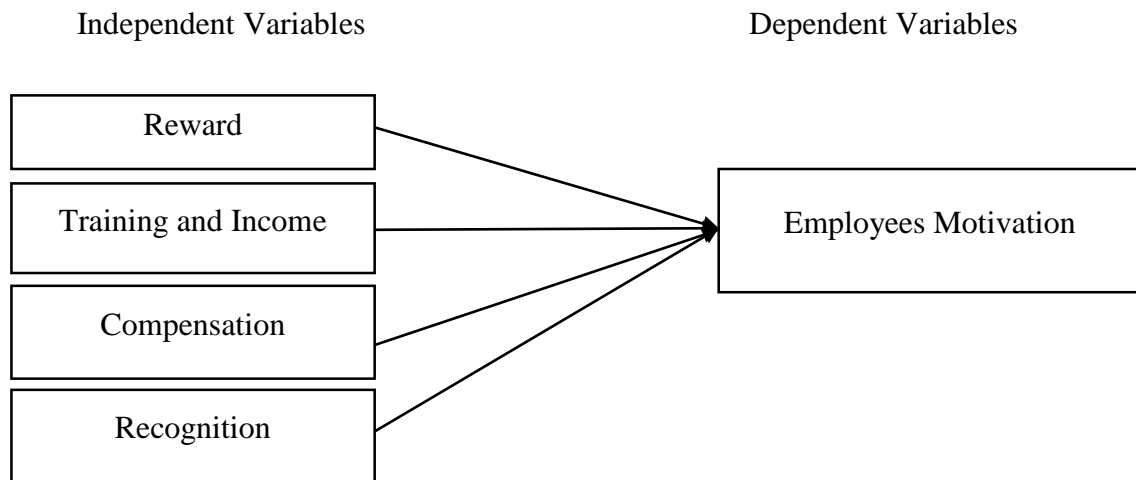


Figure 1

*Research Framework*

*Source:* Ali and Anwar (2021); Gautam (2020)

#### Definition of Variables

##### Reward

A reward is something given in recognition of effort, good behavior, or community service. It represents the benefits gained from performing or having that particular thing (Shahzadi et al., 2014).

##### Training and Income

It includes the psychological and emotional elements that encourage employees to engage actively, learn, and enhance their skills and knowledge during a training program. Motivation in training is essential for the effectiveness of employee development efforts and overall organizational growth (Khan et al., 2010).

##### Compensation

Commission plans, salaries, bonuses, and wages are all considered forms of compensation. Top-performing employees are aware of their worth and often expect competitive pay, especially when other employers seek to attract their skills. Generally, compensation refers to the payment given in return for work performed. Employee

compensation includes not only salary or wages but also commissions and any additional benefits or perks associated with the employee's role (Jebreel, 2015).

### **Recognition**

In general, recognition refers to acknowledging the existence, truth, or value of something and can be applied in many different contexts. Khan et al. (2010) define recognition as the awareness or acceptance of something as genuine or valid, as well as the acknowledgment of a claim as legitimate and worthy of attention.

### **Employee Motivation**

Motivation involves the internal or external influences that drive a person's behavior. The term originates from the Latin word *motivus*, meaning "a moving cause," which relates to the psychological processes that trigger motivation. Psychologists study these motivational forces to explain changes in behavior. For example, motivation helps explain why someone is more likely to open the refrigerator to look for food as the time since their last meal increases (Weeraratne, 2018).

## CHAPTER – IV

### RESULTS AND DISCUSSION

The steps of observation and analysis are essential parts of the research process. Observation involves organizing and systematically arranging the collected data. Analysis is performed to present financial information in tables or graphs, helping to identify areas for corrective action. This chapter will explore various aspects of employee satisfaction and its impact on work-life balance, ultimately providing recommendations for improvement.

#### 4.1 Demographic Profile of Respondents

Table 1

*Demographics Characteristics of Respondents*

| Respondent Character      | No. of Responses | Percentage |
|---------------------------|------------------|------------|
| <u>Gender</u>             |                  |            |
| Male                      | 136              | 34         |
| Female                    | 264              | 66         |
| Total                     | 400              | 100        |
| <u>Age</u>                |                  |            |
| Under 25                  | 8                | 2          |
| 26-35                     | 336              | 84         |
| 36-45                     | 40               | 10         |
| 46-55                     | 12               | 3          |
| Over 55                   | 4                | 1          |
| Total                     | 400              | 100        |
| <u>Occupation</u>         |                  |            |
| Manager                   | 12               | 3          |
| Officer                   | 64               | 16         |
| Worker                    | 280              | 70         |
| Other                     | 44               | 11         |
| Total                     | 400              | 100        |
| <u>Marital Status</u>     |                  |            |
| Single                    | 48               | 12         |
| Married                   | 328              | 82         |
| Widow                     | 24               | 6          |
| Total                     | 400              | 100        |
| <u>Year of Experience</u> |                  |            |
| Less than 5               | 12               | 3          |
| 5-15 years                | 96               | 24         |
| More than 15 Years        | 292              | 72         |
| Total                     | 400              | 100        |

| <u>Earning Per Month</u> |     |     |
|--------------------------|-----|-----|
| Up to Rs.25000           | 4   | 1   |
| Rs.25001- Rs.50000       | 80  | 20  |
| Rs.50001- Rs.75000       | 188 | 47  |
| Above Rs.75000           | 128 | 32  |
| Total                    | 400 | 100 |

*Source: Survey, 2024*

Among the 400 respondents, 34% were male and 66% were female, totaling 136 men and 264 women. The majority of participants (84%) were aged between 26 and 35, followed by 10% aged 36 to 45, 3% aged 46 to 55, 2% under 25, and 1% over 55 years old.

In terms of job titles, most respondents (70%) were workers, followed by officers (16%), other unspecified designations (10%), and managers (3%). Regarding marital status, 82% (328 respondents) were married, 6% (24 respondents) were widowed, and 12% (48 respondents) were single. When it comes to monthly income, 47% earned between Rs. 50,001 and 75,000, 32% earned above Rs. 75,000, 20% earned between Rs. 25,001 and 50,000, and 1% earned less than Rs. 25,000.

## **4.2 Descriptive Statistics**

Descriptive statistics are concise summary measures that offer an overview of a dataset, which can be either a sample or represent the entire population. These statistics are divided into two categories: measures of central tendency and measures of variability (or spread). Mean, median, and mode represent central tendency, while variability is captured through standard deviation, variance, minimum and maximum values, kurtosis, and skewness.

Table 2

*Descriptive analysis of Reward*

| Code                 | Particular   | Min  | Max  | Mean  | SD    |
|----------------------|--|------|------|-------|-------|
| RE1                  | Suggestion system acts as incentive for the employees in search of something useful to the organization. | 1.00 | 5.00 | 2.880 | 1.113 |
| RE2                  | Employees are given appraisal in order to motivate them to attend the training.                          | 1.00 | 5.00 | 3.202 | 1.012 |
| RE3                  | The incentive plans offer reduced turnover, reduced absenteeism, and reduced lost time.                  | 1.00 | 5.00 | 3.285 | 1.238 |
| RE4                  | The employees' motivation is positive outcomes of reward benefits.                                       | 1.00 | 5.00 | 3.097 | 1.207 |
| RE5                  | Incentive plans motivate employees for higher efficiency and productivity.                               | 1.00 | 5.00 | 2.762 | 1.072 |
| Overall mean and S.D |  |      |      | 3.045 | 1.128 |

*Source:* SPSS Output

Table 2 presents a descriptive analysis of both the individual items and the incentive income sub-factor. The variables were assessed through five statements. The descriptive analysis revealed an overall mean score of 3.045 with a standard deviation of 1.128, indicating that rewards are generally viewed positively in terms of motivation. Among the items, the third statement had the highest mean, suggesting that incentive programs effectively boost motivation by reducing absenteeism, turnover, and lost work time.

Table 3

*Descriptive analysis of Training and income*

| Code                 | Particular   | Min  | Max  | Mean  | SD    |
|----------------------|--|------|------|-------|-------|
| TAI1                 | The training sessions conducted in your organization is useful.                        | 1.00 | 5.00 | 2.945 | 1.127 |
| TAI2                 | Employees are given appraisal in order to motivate them to attend the training.        | 1.00 | 5.00 | 3.382 | .967  |
| TAI3                 | Due to training programs the employee's turnover is reduced in our organization.       | 1.00 | 5.00 | 3.632 | 1.168 |
| TAI4                 | The employees' performance is positive outcomes of training and incentives benefits.   | 1.00 | 5.00 | 3.202 | 1.308 |
| TAI5                 | Training helps to make higher productivity and financial returns for the organization. | 1.00 | 5.00 | 2.800 | 1.178 |
| Overall mean and S.D |  |      |      | 3.192 | 1.149 |

*Source:* SPSS Output

Table 3 provides a descriptive analysis of both the individual items and the overall training and income sub-factor. The variables were evaluated using five statements. The descriptive analysis yielded an overall mean score of 3.192 with a standard deviation of 1.149 for training and income.

This indicates that training and income are generally viewed positively in terms of their impact on motivation. The highest mean score on the third question suggests that motivational goals and activities can significantly enhance motivation.

Table 4

*Descriptive analysis of Compensation*

| Code                 | Particular   | Min  | Max  | Mean  | SD    |
|----------------------|--|------|------|-------|-------|
| COM1                 | Employees feel the importance of reward and rewards provided by the bank as a result of motivation appraisal.                      | 1.00 | 5.00 | 2.925 | 1.126 |
| COM2                 | From my point of view salaries system and additional benefits are fair and it is pushing me to improve my motivation appraisal     | 1.00 | 5.00 | 3.502 | .9419 |
| COM3                 | I see the 'end of service benefits' in the reward law is appropriate for all job categories securing their future thus motivating. | 1.00 | 5.00 | 3.652 | 1.206 |
| COM4                 | Training and income to work depends on comparison of justified compensation between you and others.                                | 1.00 | 5.00 | 3.420 | 1.236 |
| COM5                 | Indirect compensation (health insurance, end of service benefits, etc.) increases the efficiency and improves their motivation.    | 1.00 | 5.00 | 2.880 | 1.115 |
| Overall mean and S.D |  |      |      | 3.276 | 1.125 |

*Source:* SPSS Output

Table 4 presents a descriptive analysis of both the individual items and the overall compensation sub-factor. The variables were assessed using five statements. The descriptive analysis shows an overall mean score of 3.276 with a standard deviation of 1.125 for compensation, indicating that pay is generally viewed positively in relation to motivation. The third statement received the highest mean score, suggesting that reward policies are well-suited for all job types and positively influence motivation.

Table 5

*Descriptive analysis for Recognition*

| Code                 | Particular  | Min  | Max  | Mean  | SD    |
|----------------------|---|------|------|-------|-------|
| REG1                 | I think public praise, award ceremonies are more effectively                      | 1.00 | 5.00 | 3.010 | 1.135 |
| REG2                 | Employees are given appraisal in order to motivate them to specific achievements. | 1.00 | 5.00 | 3.470 | .9226 |
| REG3                 | Recognition in word was inequitably distributed                                   | 1.00 | 5.00 | 3.647 | 1.149 |
| REG4                 | The employees' motivation is positive outcomes of Recognition factors.            | 1.00 | 5.00 | 3.372 | 1.209 |
| REG5                 | I think one-on-one conversations, emails is more effectively.                     | 1.00 | 5.00 | 2.940 | 1.140 |
| Overall Mean and S.D |   |      |      | 3.288 | 1.112 |

*Source:* SPSS Output

Table 5 provides a descriptive analysis of both the individual items and the overall recognition sub-factor. The variables were evaluated using five statements. The descriptive analysis revealed an overall mean score of 3.288 with a standard deviation of 1.112 for recognition, indicating that motivation is positively influenced by acknowledgment. The third statement had the highest mean score of 3.647, suggesting that verbal recognition, despite being unevenly distributed, had a beneficial impact on motivation.

Table 6

*Descriptive analysis of Employee motivation*

| Code                 | Particular  | Min  | Max  | Mean  | SD    |
|----------------------|---|------|------|-------|-------|
| EM1                  | Intrinsic motivation (internal drive) much important compared to extrinsic motivation | 1.00 | 5.00 | 2.977 | 1.159 |
| EM2                  | I think motivation affects performance, both personally and professionally            | 1.00 | 5.00 | 3.470 | .9361 |
| EM3                  | I found some activities or goals particularly motivating                              | 1.00 | 5.00 | 3.625 | 1.195 |
| EM4                  | I have experienced a significant shift in motivation levels                           | 1.00 | 5.00 | 3.360 | 1.235 |
| EM5                  | I use some strategies to enhance my motivation  | 1.00 | 5.00 | 2.920 | 1.139 |
| Overall mean and S.D |   |      |      | 3.271 | 1.133 |

*Source:* SPSS Output

Table 6 shows a descriptive analysis of both the overall employee motivation sub-factor and its individual items. The variables were assessed using five statements. The

descriptive analysis indicates an overall mean score of 3.271 with a standard deviation of 1.133 for motivation, highlighting its strong and positive effect. The third statement had the highest mean score, suggesting that certain activities and goals significantly enhance employee motivation.

#### 4.2.1 Descriptive analysis of Variables

Table 7

*Overall Descriptive analysis*

| Variables           | Min  | Max  | Mean  | SD    |
|---------------------|------|------|-------|-------|
| Employee motivation | 1.00 | 4.40 | 3.271 | 1.133 |
| Reward              | 1.00 | 5.00 | 3.045 | 1.128 |
| Training and income | 1.00 | 5.00 | 3.192 | 1.149 |
| Compensation        | 1.00 | 4.40 | 3.276 | 1.125 |
| Recognition         | 1.00 | 4.20 | 3.288 | 1.112 |

*Source:* SPSS Output

Table 7 presents descriptive statistics for employee motivation, including the training and income components. These variables were assessed using four factors related to income and training, each rated on a five-point Likert scale. The overall mean scores are 3.045 for rewards, 3.192 for training and income, 3.276 for compensation, and 3.288 for recognition.

Similarly, the standard deviations for recognition, pay, training, and income are 1.112, 1.125, 1.149, and 1.128, respectively. Overall, employee motivation—considering compensation, training, rewards, and recognition—has a mean score of 3.271 with a standard deviation of 1.133.

#### 4.2.2 Correlation analysis

This part of the study examines the relationships among income, compensation, recognition, training, and motivation using correlation analysis.

Table 8

*Correlation between Dependent and Independent Variables*

| Variables              | Motivation      | Reward        | Training       | Compensation | Recognition |
|------------------------|-----------------|---------------|----------------|--------------|-------------|
| Motivation             | 1               |               |                |              |             |
| Reward                 | .202**<br>.000  | 1             |                |              |             |
| Training and<br>income | -.150**<br>.003 | .059          | 1              |              |             |
| Compensation           | .008<br>.866    | .059<br>.241  | .140**<br>.005 | 1            |             |
| Recognition            | .000<br>.995    | -.057<br>.256 | -.068<br>.177  | .027<br>.592 | 1           |

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

\* . Correlation is significant at 0.05 level (2-Tailed).

Source: SPSS Output

There is a significant positive correlation between employee motivation and rewards ( $r = 0.202$ ,  $P < 0.01$ ), indicating that rewards effectively motivate employees. Conversely, a significant negative correlation exists between employee motivation and training and income ( $r = -0.150$ ,  $P < 0.01$ ), suggesting that training and income do not contribute to motivation based on these results. Compensation shows a weak positive but statistically insignificant relationship with motivation ( $r = 0.008$ ,  $P > 0.05$ ), indicating it does not motivate employees. Lastly, the relationship between employee motivation and recognition is positive but also insignificant ( $r = 0.000$ ,  $P > 0.05$ ), implying that recognition does not motivate employees in this context.

#### 4.2.3 Effect of Reward, Training and income, Compensation and Recognition on Motivation

Table 9

*Model summary of Employee motivation*

| Model | R     | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1     | .311a | .097     | .088              | .48730                     |

a. Predictors: (Constant), RE, MOV, COM, INC

Table 10

*ANOVA Table*

|   | Model      | Sum of Squares | df  | Mean Square | F      | Sig. |
|---|------------|----------------|-----|-------------|--------|------|
| 1 | Regression | 10.060         | 5   | 2.515       | 10.592 | .000 |
|   | Residual   | 93.797         | 395 | .237        |        |      |
|   | Total      | 103.858        | 399 |             |        |      |

a. Dependent Variable: EM

b. Predictors: (Constant), RE, MOV, COM, INC

According to Table 10, the tested model is suitable for further analysis, as indicated by  $F = 10.592$  and a p-value of 0.000, which is less than 0.05. Additionally, the  $R^2$  value of 9.7% shows the extent to which changes in the independent variables—reward, pay, training, and recognition—explain variations in employee motivation.

Table 11

*Regression Coefficients*

| Model |                     | Unstandardized Coefficients |            | Standardized         | t      | Sig.      |
|-------|---------------------|-----------------------------|------------|----------------------|--------|-----------|
|       |                     | B                           | Std. Error | Coefficients<br>Beta |        |           |
| 1     | (Constant)          | 2.070                       | .293       |                      | 7.056  | .000<0.01 |
|       | Reward              | .248                        | .063       | .191                 | 3.962  | .000<0.01 |
|       | Training and income | -.143                       | .039       | -.176                | -3.630 | .000<0.01 |
|       | Compensation        | .011                        | .034       | .016                 | .321   | .748>0.10 |
|       | Recognition         | .217                        | .060       | .173                 | 3.589  | .000<0.01 |

a. Dependent Variable: EM

Source: SPSS Output

Table 11 shows the regression coefficients. The p-value for compensation exceeds 0.05, indicating it has no significant impact on employee motivation. In contrast, the p-values for recognition, income, training, and reward are all 0.000, which is below the 0.01 significance level. This indicates that rewards and recognition have a significant positive effect on employee motivation, while pay and training have a significant negative effect. Additionally, compensation does not significantly influence employee motivation, as its p-value of 0.748 is above the 10% significance threshold.

The significant coefficients for reward, training and income, compensation, and recognition have beta values of 0.248, -0.143, 0.011, and 0.217, respectively. This means

that motivation increases by 0.248 units for each unit increase in reward, decreases by 0.143 units with each unit increase in training and income, rises by 0.011 units for every unit increase in compensation, and grows by 0.217 units with each unit increase in recognition.

Table 12

*Summary of Results of Hypothesis*

| Variables           | Hypothesis  | P-Value | Results      |
|---------------------|---|---------|--------------|
| Reward              | H <sub>1</sub> : There is significant impact of reward on employee motivation.          | .000    | Accepted     |
| Training and income | H <sub>2</sub> : There is significant impact of training income on employee motivation. | .000    | Accepted     |
| Compensation        | H <sub>3</sub> : There is significant impact of compensation on employee motivation.    | .748    | Not Accepted |
| Recognition         | H <sub>4</sub> : There is significant impact of recognition on employee motivation.     | .000    | Accepted     |

### 4.3 Discussion

The data analysis supports the study's first objective by showing how compensation and training influence employee motivation. Respondents agreed with all statements related to rewards, remuneration, training, income, and recognition. In other words, they believe that fair evaluations of their skills and performance, combined with related incentives such as direct and indirect compensation, encourage them to enhance their productivity. This indicates that employees are strongly motivated.

Similarly, the second objective explores the relationship between employee motivation and behavioral bias factors, including reward, income, training, recognition bias, and compensation bias. Consistent with the studies by Okeke and Ikechukwu (2019) and Gautam (2020), these factors show a strong connection with employee motivation, particularly incentives, training, and salary. Training and income have a strong positive correlation with motivation, followed by rewards and remuneration. The multiple correlation coefficient indicates that five factors—reward, recognition, training and income, and compensation—explain variations in employee motivation. While training

and income negatively affect motivation, rewards and recognition have a significant positive impact. This contrasts with the conclusions of Gross et al. (2021) but aligns with findings by Bellmann and Hubler (2021). The ANOVA results from the regression model reveal no statistically significant relationship between employee motivation and the explanatory variables, which supports the findings of Fakai (2022) and Kellie (2018), but contradicts those of Weeraratne (2018) and Ali and Anwar (2021).

Finally, the last set of objectives examines how employee motivation is influenced by factors such as pay, rewards, training and income, and recognition. The regression analysis reveals that changes in these four independent variables—reward, training and income, compensation, and recognition—explain 9.7% of the variation in employee motivation. Consistent with the findings of Aryal et al. (2022) and Mulang (2022), compensation has a positive but statistically insignificant effect on motivation, indicating that a one-unit increase in pay corresponds to a proportional increase in motivation. Similarly, rewards, training, pay, and recognition all show positive and significant effects on employee motivation, meaning that increases in these factors lead to higher motivation. These findings align with those of Gautam (2020) and Chhapra et al. (2018), but contrast with the results reported by Adil et al. (2022) and Dangol and Manandhar (2020).

# **CHAPTER – V**

## **SUMMARY AND CONCLUSION**

### **5.1 Summary**

The study aims to analyze how pay, rewards, training, income, and recognition influence employee motivation. This chapter presents the key findings and offers a summary of the entire research. The investigation focused on factors affecting income and training. Chapter 1 introduced the study's objectives and provided an overview of market prices. It also discussed the organization, scope, and rationale behind the research. The primary goal of this study is to explore the relationship between factors such as reward, training, income, and recognition, and their effect on motivation within Nepalese banks. Specifically, the research seeks to evaluate the connection between elements influencing training and income.

Chapter 2 presents a review of theoretical research focusing on reward, training, income, compensation, and recognition as independent variables, with motivation as the dependent variable. This chapter also covers additional organizational incentives and explores various motivation theories. It includes a critical analysis of key topics, a summary of the literature, and identifies gaps that need further investigation. The main aim of this chapter is to examine the different factors influencing motivational variables.

Chapter 3 outlines the research framework, including the target population, sampling design, data collection methods and instruments, data processing, and presentation. The sample was randomly selected from commercial bank employees who met the eligibility criteria. To fulfill the study's objectives, a descriptive and causal comparative research design was utilized. Chapter 4 presents and analyzes the empirical findings related to factors influencing employee motivation, such as pay and recognition, training and income, and rewards. The data were examined using appropriate analytical, descriptive, and statistical tools, with relevant commentary and interpretations provided. This chapter also highlights the study's main conclusions.

Similarly, the study identified income, recognition, training, rewards, and pay as independent variables, with employee motivation as the dependent variable. The research employed descriptive statistics, including regression and correlation analyses. To

determine the relationships and effects of the independent variables on the dependent variable, regression and correlation analyses were performed using SPSS version 24.

## **5.2 Conclusion**

The results of this study offer a clear understanding of how employee motivation is influenced by monetary rewards, training, recognition, and behavioral biases. The analysis demonstrates that both financial incentives—such as income and compensation—and non-financial factors like training and recognition significantly contribute to boosting employee motivation. Employees view fair assessments, adequate pay, and opportunities for skill enhancement as essential factors that drive their productivity and commitment.

The examination of behavioral bias further highlights the strong connection between motivation and factors such as rewards, training, and income. Although previous studies show mixed results—some indicating positive effects while others reveal negative impacts—this research suggests that training and financial rewards can affect motivation either positively or negatively, depending on the context and how they are applied. Notably, this study found a significant negative relationship between training and income and employee motivation.

Furthermore, the regression analysis shows that variations in key motivators—reward, training and income, compensation, and recognition—account for a modest but measurable 9.7% of the variation in employee motivation. While some models indicate limited statistical significance, the general pattern supports earlier studies highlighting the crucial role of both tangible and intangible motivators.

In conclusion, the study finds that compensation, training, and recognition are key factors in boosting employee motivation; however, their impact depends largely on employees' perceptions and the way these factors are applied. To maximize effectiveness, organizations should adopt a balanced, customized approach to motivation that considers the unique needs and views of their employees.

## **5.3 Implications**

The research findings suggest that even small differences can significantly affect outcomes for different groups, indicating that what motivates one employee may not be effective for another. Based on these results, organizations should consider individual pay factors when aiming to develop and retain a satisfied and productive workforce.

Although banks tend to emphasize financial benefits, non-financial rewards should be given equal importance. It is advisable that employee performance be assessed based on rewards and motivational factors, with motivation serving as a key criterion for promotions. Employees need to trust that promotions are fair and unbiased. Moreover, promotion processes should minimize waiting times, establish transparent career paths, and be strictly merit-based. To support clear career development, banks should provide ample training and educational opportunities. Offering a mix of monetary and non-monetary incentives is essential to ensure employee satisfaction.

Banks should acknowledge and utilize their employees' genuine skills, provided the workload assigned is reasonable. Allowing bank employees the flexibility to set their own schedules and decide the most effective methods to complete tasks would greatly enhance their job satisfaction.

Future research could explore other variables such as employee age, length of service, and job role, potentially including qualitative assessments as well. This study concentrated only on financial recognition, so subsequent studies might investigate both monetary and non-monetary incentives to assess their relative impacts.

### **Policy Maker**

These are internal decision-makers—such as CEOs, HR Directors, and Board members—who are responsible for designing and executing compensation strategies within an organization.

1. Establish the compensation philosophy (such as pay-for-performance or aligning with market competitiveness).
2. Develop compensation frameworks that support organizational objectives and enhance employee motivation.
3. Ensure compensation is integrated with wider HR practices such as talent retention and employee engagement.

4. Impact national labor markets and shape minimum wage policies.
5. Foster fairness, sustainability, and competitiveness across the industry or national level.
6. Need to balance organizational objectives with broader social and economic priorities.
7. Must strike a balance between maintaining internal equity and ensuring external competitiveness.

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## Annex: Questionnaires

Dear respondent,

I am conducting this questionnaire survey for an academic research as required by the MBS program. The title of my research is "Compensation Management and Employee Motivation in Organization" I would like to state that this research is purely for an academic purpose and I am simply interested in your candid and honest opinion. I assure you that strict confidentiality will be maintained and the information furnished by you will be used only for the academic purpose.

Thanking for your Cooperation

Milan Budathoki

MBS student

Shanker Dev Campus, Kathmandu

### Part I

|  |  |
|--|--|
| Bank   |  |
| Department                                   |  |
| Gender                                       | a) Male      b)Female  |
| Age  | a)Under 25      b)25-35      c)36-45<br>d)46-55      e)Above 55                                    |
| Qualification(Highest Degree)                | a)+2    b) Bachelors    c) Masters   |
| Occupation: (Please tick)                    | a)Manager      b)Officer<br>c)Sr. Assistant    d) Jr. Assistant<br>e)Other if any (please specify) |
| Years of Experience                          | a) Less than 5      b) 5-15      c) More than 15   |
| Marital Status                               | a) Single      b) Married      c) Widow  |
| Year of joining the present organization(AD) |  |
| Earning per month                            | a)up to 25000      b)25001-50000<br>c)50001-75000      d)above 75000                               |

**Part II**

Below are several statements about you with which you may agree or disagree. Using the response scale below, indicate your agreement or disagreement with each item by choosing the appropriate number. Please give your responses as followings:

|                   |          |         |       |                |
|-------------------|----------|---------|-------|----------------|
| Strongly Disagree | Disagree | Neutral | Agree | Strongly agree |
| 1                 | 2        | 3       | 4     | 5              |

**Reward**

| Code | Particular   | 1 | 2 | 3 | 4 | 5 |
|------|--|---|---|---|---|---|
| RE1  | Monetary incentives have a favorable effect on worker motivation and output          |   |   |   |   |   |
| RE2  | Employees are given appraisal in order to motivate them to attend the training.      |   |   |   |   |   |
| RE3  | The reward plans offer reduced turnover, reduced absenteeism, and reduced lost time. |   |   |   |   |   |
| RE4  | The employees’ performance is positive outcomes of reward benefits.                  |   |   |   |   |   |
| RE5  | Incentive plans motivate employees for higher efficiency and productivity.           |   |   |   |   |   |

Source: Ali and Anwar (2021); Gautam (2020)

**Compensation**

| Code | Particular   | 1 | 2 | 3 | 4 | 5 |
|------|--|---|---|---|---|---|
| COM1 | Employees feel the importance of incentives and rewards provided by the bank as a result of performance appraisal.                                       |   |   |   |   |   |
| COM2 | From my point of view salaries system and additional benefits are fair and it is pushing me to improve my performance appraisal                          |   |   |   |   |   |
| COM3 | I see the ‘end of service benefits’ in the incentives law is appropriate for all job categories securing their future thus motivating their performance. |   |   |   |   |   |
| COM4 | Motivation to work depends on comparison of justified compensation between you and others.   |   |   |   |   |   |
| COM5 | Indirect compensation (health insurance, end of service benefits, etc.) increases the efficiency and improves their performance.                         |   |   |   |   |   |

Source: Ali and Anwar (2021); Gautam (2020)

### Training and Income

| Code | Particular   | 1 | 2 | 3 | 4 | 5 |
|------|--|---|---|---|---|---|
| TAI1 | The training sessions conducted in your organization is useful.                        |   |   |   |   |   |
| TAI2 | Employees are given appraisal in order to motivate them to attend the training.        |   |   |   |   |   |
| TAI3 | Due to training programs the employee's turnover is reduced in our organization.       |   |   |   |   |   |
| TAI4 | The employees' performance is positive outcomes of training and incentives benefits.   |   |   |   |   |   |
| TAI5 | Training helps to make higher productivity and financial returns for the organization. |   |   |   |   |   |

Source: Ali and Anwar (2021); Gautam (2020)

### Recognition

| Code | Particular  | 1 | 2 | 3 | 4 | 5 |
|------|---|---|---|---|---|---|
| REG1 | I think public praise, award ceremonies are more effectively                      |   |   |   |   |   |
| REG2 | Employees are given appraisal in order to motivate them to specific achievements. |   |   |   |   |   |
| REG3 | Recognition in word was inequitably distributed                                   |   |   |   |   |   |
| REG4 | The employees' performance is positive outcomes of Recognition factors.           |   |   |   |   |   |
| REG5 | I think one-on-one conversations, emails is more effectively.                     |   |   |   |   |   |

Source: Ali and Anwar (2021); Gautam (2020)

### Employee Motivation

| Code | Particular  | 1 | 2 | 3 | 4 | 5 |
|------|---|---|---|---|---|---|
| EM1  | Intrinsic motivation (internal drive) much important compared to extrinsic motivation |   |   |   |   |   |
| EM2  | I think motivation affects performance, both personally and professionally            |   |   |   |   |   |
| EM3  | I found some activities or goals particularly motivating                              |   |   |   |   |   |
| EM4  | I have experienced a significant shift in motivation levels                           |   |   |   |   |   |
| EM5  | I use some strategies to enhance my motivation  |   |   |   |   |   |

Source: Ali and Anwar (2021); Gautam (2020)

Thank you for your participation. Have a good day!

PAPER NAME

**COMPENSATION MANAGEMENT AND EMPLOYEE MOTIVATION IN ORGANISATION**

AUTHOR

**Milan Budhathoki**

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