

Effect of Intrinsic Motivation on Employee Performance: A Case of Cooperatives in Kageshwori Manohara Municipality

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Abstract

Intrinsic motivation is one of the major tools to enhance employee performance in every sector. However, there has been less study regarding the case of the cooperative. Thus, the research study aims to investigate the effect of an intrinsic motivation scheme on employee performance in Kageshwori Manohara. The study's specific objectives are: to identify the various types of non-monetary incentives and to find the effects of non-monetary incentives on employee performance. Alderfer's ERG (Existence, Relatedness, and Growth) theory is used as a theoretical reference. Employee performance is taken as the dependent variable and intrinsic motivation as the independent variable, where intrinsic motivation is represented by recognition and career development. Data collection is done with the help of a structured questionnaire distributed among 120 students, out of which 104 students were taken as the final sample size. The research design embraced in the study consists of descriptive, relational, and casual research designs. Various tools used for data analysis were mean, median, standard deviation, correlation, and regression. The study concluded that career development and recognition have a positive and significant relationship with employee performance. Further, the study showed that cooperative employees are happy and satisfied with intrinsic motivation practices of their cooperative.

Keywords: employee performance, recognition, career development, intrinsic motivation

1. Background of the problem

Employee performance plays an inevitable role in every organization for its growth and sustainability (Azar & Shafiqhi, 2013). The high performance of employees depends on

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what kind of reward policies an organization offers. Reward policy is one of the most important human resource practices for increasing employee motivation, and several methods have been used to improve employee performance (Bari, Arif, & Shoaib, 2013). The organization provides intrinsic rewards to increase employee motivation, which will, in turn, increase the performance of employees, and the result will be the enhanced productivity of the organization. Kazi, Baloach, Khan, and Mehwish (2019) investigated how employee performance affects long-term organizational growth and sustainability. Effective intrinsic rewards can change a person's attitude in the workplace, bringing a positive change in the environment and enhancing employee performance (Tahir, 2014). Intrinsic rewards are beneficial for employee recognition, which is a motivating tool for employees and leads to increased work engagement (Simon & Marisa, 2003). According to Akter and Zeb (2012), intrinsic incentives such as recognition, learning opportunities, challenging work, and career advancement are effective tools in motivating workers, which in turn, increases their performance.

Intrinsic rewards provide workers or employees with a strong sense of security and job stability. When employees realize that their job is secure and stable, they work harder to gain more recognition and respect. Hence, they are entirely motivated and inspired by their inner self. Offering non-monetary rewards to employees can boost organizational performance to the highest level (Heyman & Ariely, 2004). The use of non-monetary incentives is a low-cost method of motivating employees to perform well on the job, which also has a significant impact on employees' perceptions of the workplace's reward climate (Khan, Shahid, Nawab & Wali 2013). Non-financial rewards are regarded as cost-effective methods of compensating employees, attracting, motivating, and retaining employees (Reiss, 2012).

Armstrong and Mursil (1994) observed that non-financial rewards must focus on the fulfilments of self-actualization needs that the majority of people possess, which include achievement, recognition, influence, personal growth, training, and career development. Non-monetary rewards are also the major tools for motivating employees to be engaged with the organization, leading to better employee performance. Despite several prior studies conducted to observe the impact of intrinsic motivation on employee performance, these studies majorly focused on the banking and entertainment sector only. These contemporary research studies identified intrinsic motivation as one of the major motivating tools in the banking sector. However, in the case of cooperatives, there are limited studies regarding the role of intrinsic motivation towards employee performance, which were also done in developed countries only. Hence the findings cannot be generalized in developing countries like ours. Therefore, this study attempts to shed light on this issue and explore the effect of non-monetary incentives on employee performance in cooperatives in Kageshwori Manohara. The research is aimed at answering the following question.

- How do recognition and career development impact cooperatives employees' performance in Kageshwori Manohara municipality?

2. Objectives of the study

The previous research papers on the effect of intrinsic motivation on employee performance were found to have paucity in terms of the coverage of overall sectors. It was found that

the most sectors covered in previous research papers were the banking and entertainment sectors. The studies in cooperatives sectors were found neglected especially in the context of developing countries. Hence, this research paper has attempted to measure the effect of intrinsic motivation on employee performance of cooperatives of Kageshwori Manohara municipality. The specific purposes of the study are:

- To investigate the relationship between recognition and career development and cooperatives employees' performance in Kageshwori Manohara municipality; and
- To determine the impact of recognition and career development on employee performance in cooperatives in Kageshwori Manohara.

3. Literature survey

A literature survey is a summary of previously published works on a specific topic. It provides an overview of current knowledge, allowing you to identify relevant theories, methods, gaps in existing research, past debates on the issue, past problems, the current status of research on the topic, and so on. Literature reviews serve as the foundation for research in nearly every academic field. It provides a solid foundation of knowledge on the subject.

Alderfer (1969) reformulated Maslow's theory and proposed that there are three basic needs: Existence (nutritional and material requirements like pay and conditions.), Relatedness (need for meaningful social relations, relationships with family and friends, and at work with colleagues) and Growth (need for developing one's potential, the desire for personal growth and increased competence) This theory suggests that some people would rather have non-monetary incentives in the workplace, such as training programs, career development, social activities, public praise, and so on, than monetary incentives. Alderfer's theory emphasizes the need for organizations to find ways to meet employees' needs for belonging through social activities within the organization, recognize employees, encourage their participation in decision-making, and provide opportunities for development and autonomy in the workplace. ERG theory supports the notion that non-monetary incentives are required for employee motivation.

Bari, Arif, and Shoaib (2013) indicated that career development plans, freedom, employee valuation, learning programs, an open and comfortable work environment, and good supervisory relationships all positively impact employee attitudes and performance in the workplace. Similarly, Kazi, Baloach, Khan, and Mehwish (2019) discovered that career development positively impacts employee performance. It is suggested that positive influences on employee attitudes would improve employee performance and create a pleasant work environment. Based on these reviews, the following hypotheses are formulated:

H₀₁: There is no significant relationship between career development with employee performance in cooperatives.

H₀₂: There is no significant role of career development on employee performance in cooperatives.

Kefay and Kero (2019) explored the link between non-monetary incentives (job promotion, recognition, training, and development) and employee motivation. Data collected from 272

professional employees of a commercial bank show that promotion and training have a strong positive relationship with employee motivation. And recognition had a moderately positive relationship with employee motivation at work. Likewise, Adom, Ayttey, Boateng, and Alex (2020) researched the effects of non-monetary incentives on employee performance. This study aimed to identify different types of non-monetary incentives and determinants of employee performance. Non-monetary incentives had a strong significant positive relationship on employee performance at Zenith Bank but only a moderately positive relationship at ADB. Based on these reviews, the following hypotheses are formulated:

H_{03} : *There is no significant relationship between recognition with employee performance in cooperatives.*

H_{04} : *There is no significant role of recognition on employee performance in cooperatives.*

Waqas and Saleem (2014) investigated the impact of monetary and non-monetary rewards on employee engagement and firm performance. Employee engagement is required for high business returns because highly engaged employees will put forth their best efforts in organizations, and organizations will grow over time. The findings revealed that both monetary and non-monetary incentives could boost employee engagement.

Yousaf, Latif, Aslam, and Saddiqui (2014) found various factors that influence employee motivation, which can be divided into financial and non-financial rewards. Although financial rewards are important for employee motivation in third-world countries such as Pakistan, the importance of non-monetary incentives cannot be overstated.

Jeni, Mutsuddi, Das, and Momotaj (2020) studied the impact of rewards on commercial bank employee performance in the Nokhali region. The study's goal was to look into and analyze how Bangladesh's banking sector rewards system aids employees in learning new skills. The goal was to determine which aspects of the reward system are the most effective and which aspects can be improved and enhanced to improve employee satisfaction. This study shows that incentives have an impact on employee performance in the banking industry. The findings show that incentive systems significantly impact employee attitudes toward work. Thus, the research framework of the study is depicted in *Figure 1*.

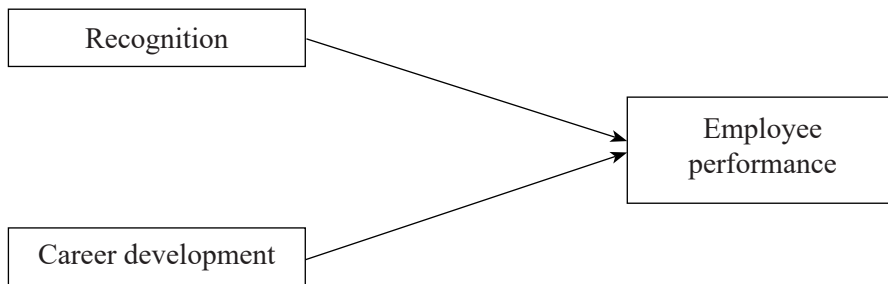


Figure 1. Research framework of the study

A research framework is a foundation for a research study. It presents the relationship between dependent and independent variables. Intrinsic motivation refers to behavior derived from

internal rewards such as recognition, career development, training, job security, working environment, and so on. The dependent variable was employee performance, defined as the outcomes of a series of activities and efforts by employees in the organization. From the research framework, the study aimed to determine the effect of selected variables, namely, recognition and career development, on employee performance.

Recognition explains the appreciation to employees for their level of performance, as well as their success or influence in achieving a goal (Robbins, 2005). Employee motivation is influenced by important and major factors such as recognition. Individuals prefer to share their success with others and need to be recognized within the organization. Using recognition effectively will be an efficient way of increasing success and allowing employees to feel involved in the corporate culture. Recognition is one such reward required by all employees, regardless of their hierarchy level within the organizational structure. Employees also believed that daily recognition of their efforts motivates them to keep up the good work.

Career development is defined as a process to reach your desired future. Career development is a process in which individuals plan a series of possible jobs in an organization over time with suitable skills to acquire the positions as there is an opportunity (Kazi, Baloach, Khan, & Mehwish, 2019). Career development is a factor that affects the motivation and performance of the employees (Yousaf, Latif, Aslam, & Saddiqui, 2014). There is a great role in career development when it comes to employee performance. Individuals who have just started their careers are anxious to grow and learn fast they prefer to perform well so that they can unlock new opportunities. Suppose employees are offered opportunities for developing their careers by adapting skills, technologies, and competencies essential for performance improvement and competencies essential for performance improvement and promotion. In that case, they will feel valued and motivated.

Employee performance is defined as the outcomes of a series of activities and efforts by employees in the organization, and it can be seen in some aspects such as job satisfaction, loyalty, career paths, and levels of involvement or responsibility in work (Zuriekat, Salamah, & Alrawashdeh 2011). Employee performance is measured by what an employee does and does not do. Employee performance includes output quality and quantity, presence at work, accommodating and helpful nature, and output timeliness. Employee performance is influenced by motivation because if employees are motivated, they will work harder, and their performance will improve as a result.

4. Research methodology

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information applied to understanding the problems. This section of the research explains the method used to collect data to understand the impact of intrinsic motivation on employee work performance. The first section includes a description of the research design used in the study. The second section is about the population and sample of the research, and the third section is about the nature and source of data used in the research.

Research design is a preparation of circumstances for gathering and exploring data in an approach that combines their association with the purpose of the study (Kothari, 2004). This study employs a quantitative research design. The study was conducted to investigate and analyze the impact of intrinsic motivation on employee work performance. To address the various issues raised in this study, descriptive, relational, and casual research designs were used. The primary goal of descriptive research was to describe, explain, and validate results. This research design was carried out to ascertain and describe the characteristics of the variables under consideration. The relational research design was chosen for this study to determine if there is a relationship between intrinsic motivation and employee performance. Further casual research was conducted to determine the extent and nature of the cause-and-effect relationship between variables. The study investigates how changes in independent variables affect dependent variable.

The study's target population was the cooperatives' employees in and around the Kageshwori Manohara municipality area. Samples were gathered from various cooperatives. The questionnaire was distributed in a convenient way to collect the sample for the study. Total 120 questionnaires were distributed within four days from 23rd September to 26th September, 2021. Out of the 120 distributed questionnaires, 110 filled-up ones were collected, and 104 were found to be complete and usable. According to the Department of cooperative (2021), the number of employees currently employed in Kageshwori Manohara is 192, which serves as the population for this study. Hence, the required sample size is 97 by assuming a margin error of ± 7 percent as per the suggestion by Yamane (1967). However, 104 valid samples were used in the study.

Primary data was gathered by using questionnaires. A set of structured questionnaires was designed for the collection of data. Respondents have been asked to complete and return the questionnaire as soon as possible. The questionnaire was divided into two sections: general questions and research questions. The general question was used to collect demographic information such as age, gender, work experience, and academic qualifications, among other things. The research questions were designed to elicit information based on the research topic. The study extracted three items on recognition developed by Kefay and Kero (2019), and employees' performance was assessed using three items taken from the study work of Bishop (1987). The questionnaire was made based on a five-point Likert's scale method ranging from 1 strongly disagree to 5 strongly agree, and there are other questions like yes/no question and rank in order question. The questionnaire contains questions about intrinsic rewards as well as employee performance. In addition, secondary data from textbooks, journals, and online resources were used in the current study to review the existing literature and develop the questionnaire.

5. Presentation and analysis of the data

Various statistical tools were applied in this study. The statistical tools used in this study to analyze the data are frequency, percentage, bar diagram, cross-tabulation, mean, median, mode, standard deviation, variance, correlation, and regression analysis. Descriptive analyses were conducted to present the basic information of the employees. Correlation analysis was performed to understand the relationship between independent

and dependent variables. Similarly, regression analysis is done to know the impact of intrinsic motivation on employee performance.

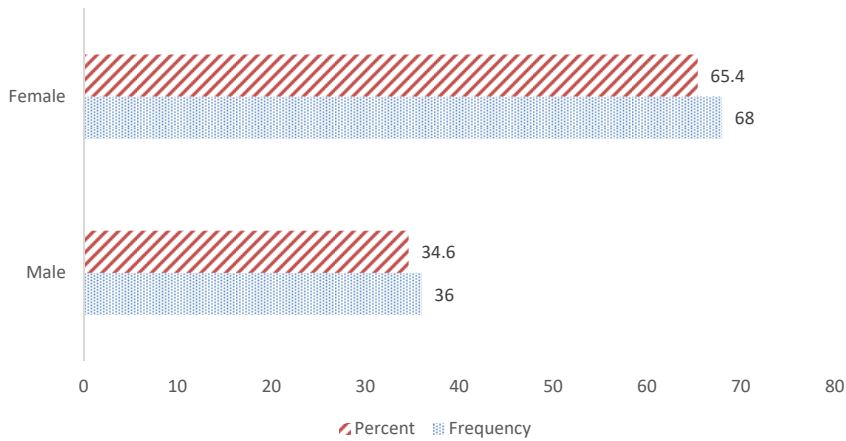


Figure 2. Gender of the respondents

In this study, the respondents were requested to express their responses in various ways. There were many types of questions like yes or no questions, rank in order questions, and Likert scale. A 5-point Likert scale was used to capture the perceived relevance of factors, with five indicating strongly agree and one indicating strongly disagree with the statement. To ease the descriptive analysis of the study, the replies obtained from these respondents were sorted, collated, and examined. The personal information of the respondents like age group, gender, academic qualification was also collected. The primary data collected from the questionnaire were entered in excel and later calculated using SPSS software. The calculated data were edited in excel and used in this study.

Figure 2 clearly shows that the majority of the respondents were female. There were 104 respondents for the study, of which 68 were female, and 36 were male. The percentage of female respondents was 65.40 percent, whereas male respondents covered only 34.60 percent of the total respondents.

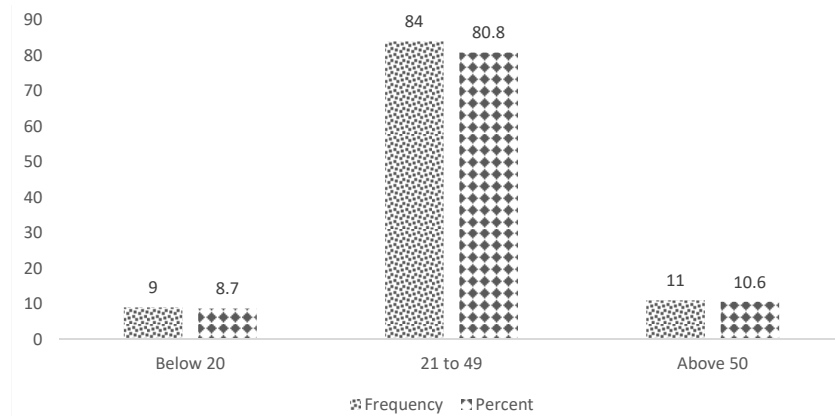


Figure 3. Age group of the respondents

The *Figure 3* shows respondents' profiles on the basis of strata of age group category. Out of the total respondents, 9 respondents are 20 years and below, 84 respondents are between 21 to 49 years, and 11 respondents are above 50 years. *Figure 3* shows that 8.7 percent belong to 20 years and below, 80.8 percent belong to the 21-49 age group, and the rest 10.60 percent are above 50 years.

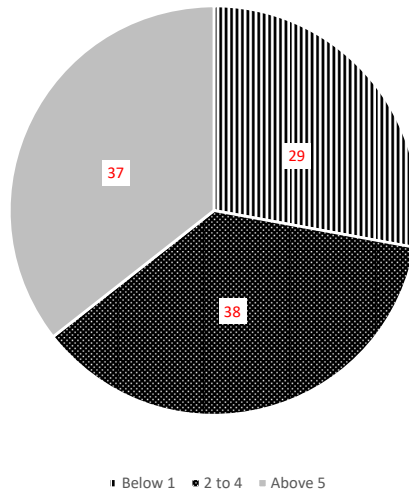


Figure 4. Work experience of the respondents

Figure 4 is a representation of the work experience of the respondents in the study. The result cleared that out of 104 respondents, 29 respondents have 1 year or below experience, 38 respondents have 2 to 4 years, and 37 respondents have experience of above 5 years.

Table 1
Descriptive statistics for all samples

Variables/Statistics	N	Mean	Median	STD
Recognition	104	3.79	4.00	0.77
Career development	104	3.66	4.00	0.88
Employee performance	104	3.91	4.00	0.67

Table 1 summarizes the result of descriptive statistics of the variables under study. The table depicts the descriptive statistics mean, median, and standard deviation of the variables under the study of all sample respondents. *Table 1* reveals the descriptive status for the whole sample. It is found that mean for the dependent variable: employee performance to be highest among other variable with a mean of 3.91 followed by recognition with a mean of 3.79, career development with a mean of 3.66. Similarly, the median values for recognition, career development, and employee performance are equal to 4.00. The standard deviation is highest for career development with the value of 0.88, and the employee's performance has the lowest standard deviation with the value of 0.67.

Table 2
Relationship between variables for all samples

Variables		Recognition	Career development	Employee performance
Recognition	Pearson Correlation	1		
	Sig. (2-tailed)			
Career development	Pearson Correlation	.547**	1	
	Sig. (2-tailed)	(0.001)		
Employee performance	Pearson Correlation	.465**	.409**	1
	Sig. (2-tailed)	(0.001)	(0.001)	

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

Table 2 characterizes the correlation analysis of the variables under study which is conducted for the whole sample. As shown in the table, the correlation for all samples between employee performance and recognition is observed to be positive and significant at a 99 percent confident level with a correlation coefficient of 0.465. Similarly, the relationship between employee performance and career development is found to be positive and significant at a 99 percent confident level with a correlation coefficient of 0.409. Here, the p-value is less than 0.01, which is 0.001, so the null hypothesis is rejected. Therefore, there is a significant relationship between employee performance, recognition, and career development. It means employee performance is positively associated with recognition and career development.

Table 3
Impact of variables for all samples

Coefficients ^a	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F	Sig.	Adjusted R ²
	B	Std. Error	Beta					
(Constant)	2.166	0.306		7.074	0.001			
Recognition	0.299	0.089	0.344	3.345	0.001	16.835	0.001	0.235
Career development	0.167	0.078	0.22	2.142	0.035			

^a Dependent Variable: Employee performance

As shown in *Table 3*, employee performance is used as a dependent variable and recognition and career development as independent variables. After introducing all the variables under study, the impact of recognition is found to be positive and significant at a 99 percent confidence level. The confidence with 0.299 of recognition shows that recognition influences employee performance in the cooperatives. The impact of career development is found to be positive and significant at 99 percent confidence level with the confidence of 0.167. R² equals 23.50 percent, which shows a 23.50 percent variation in employee performance due to recognition and career development.

6. Findings and discussion

The study's main objective is to explain the different determinants affecting employees' performance in cooperatives. The study aims to examine the relationship and impact of the independent variables: recognition and career development, with the dependent variable, employee performance. It uses various quantitative statistical tools and techniques to determine the effect of intrinsic motivation on employee performance such as descriptive, correlational, and causal research design. For this purpose, the primary data were systematically collected and analyzed in order to derive knowledge from them. The data was collected through a structured questionnaire and analyzed using mean, median, mode, standard deviation, variance, correlation, and regression. Based on the data analysis, the main findings of the study are as follows:

- The relationship between employee performance and recognition is positive and significant at a 99 percent confidence level with the correlation coefficient of 0.465 which means recognition influences the performance of employees in cooperatives. The relationship between employee performance and career development is found to be positive and significant at a 99 percent confidence level with a correlation coefficient of 0.409, indicating that career development positively influences the performance of employees in cooperatives.
- The impact of recognition is found to be positive and significant at a 99 percent confidence level, which shows that recognition influences employee performance in the cooperative. The impact of career development is found to be positive and significant at a 99 percent confidence level, i.e., increase in career development leads to an increase in employees' performance in cooperatives.

The results revealed that career development and recognition have a positive and statistically significant relationship with employee performance and also have a positive impact on career development and recognition on employee's performance. The study findings are consistent with Bari, Arif, and Shoaib (2013) and Kazi, Baloach, Khan, and Mehwish (2019), who observed that career development is used to simulate a high level of performance. The result also corroborates with the findings of Adom, Ayttey, Boateng, and Alex (2020) who stated that non-monetary incentives represented by recognition have been found to be an effective tool in motivating workers and, consequently increasing their performance.

7. Conclusion

The study demonstrated the relationship between employee performance and its determinants. This study concluded that career development and recognition have a positive and significant relationship with employees' performance in the cooperative. Employees place a great role in different rewards given by their employers and this has a significant impact on their performance. It is true that employees work for money. However, they want to be recognized for their efforts, demonstrate their creativity, and advance their careers. As a result, organizations should place a greater emphasis on intrinsic motivation. The reward is more important for the benefit of the employee's

performance in any nature of business, organization, and institution. Human performance is commonly linked with intrinsic motivation, and motivation can be concerned with rewards. This study illustrated that intrinsic motivation affects the performance of employees in a financial institution (cooperatives).

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