

**THE EFFECTS OF MOTIVATION ON EMPLOYEE PERFORMANCE:  
A CASE OF AMI CLEARING AND FORWARDING AGENT COMPANY  
LTD IN TANZANIA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
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**CERTIFICATION**

The undersigned certifies that she has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation titled *"The Effects of Motivation on Employee Performance: A Case of AMI Clearing and Forwarding Agent Company Ltd in Tanzania"* in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA) of the Open University of Tanzania.

.....

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Date

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I, **Johari Sudi**, declare that the work presented in this dissertation is original. It has never been presented to any other University or Institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as original mine. It is hereby presented in partial fulfilment of the requirement for the Degree of Masters of Business Administration of the Open University of Tanzania.

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## ABSTRACT

The study aimed at assessing the effects of motivation on employee performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania. The following were the specific objectives of the study: To examine the effects of intrinsic motivation on employee performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania, to examine the effects of extrinsic motivation on employee performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania, to examine the relationship between motivation and performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania. A descriptive research design with a cross-sectional survey strategy was employed. A sample of 115 employees was selected by simple random sampling and purposive sampling. Questionnaires were used to collect primary data. Descriptive statistics, correlation and regression analysis techniques were used to analyse data. Results show that motivation has significant positive influence on employee performance. Intrinsic and extrinsic motivations have significant positive influence on employee performance. The findings show that there is high employee motivation in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. It was recommended that the transportation and logistics companies should undertake regular review of motivational strategies particularly considering opportunities of enhancing motivation among employees in order to effectively increase morale for employees.

**Keywords:** *Intrinsic Motivation; Extrinsic Motivation*

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**LIST OF ABBREVIATIONS**

EPC	Engineering Procurement and Contracting
FIFO	First in First out
HR	Human Resource
HRM	Human Resource Management
PDP	Performance Development Programme
SPSS	Statistical Package for Social Science
TPB	Tanzania Postal Bank

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

This chapter consists of background to the study, statement of the research problem, research objectives, and research questions, significance of the study and organization of the research.

#### **1.2 Background to the Study**

Because of the competition done globally and locally, many organizations become more resilient, adaptable and customer-focused to succeed. Moreover, within this change in environment, the Human Resource (HR) professionals are supposed to become a strategic partner, an employee sponsor or advocate, and a change mentor within the organization. In order to succeed, HR must be a business-driven function with a thorough understanding of the organization's big picture and be able to influence key decisions and policies (Armstrong, 2014).

The fast and mounting development of science and technology has brought about significant transformation into human lives. This caused the demand that individuals must improve their performance, within this change the human resource professional has to evolve to become a strategic partner, and a change mentor within the organization, in order to succeed, HR must understand the whole company and be able to influence key decisions and policies, in general motivation is an effective tool in the hands of managers for inspiring the work force and creating confidence in it.

By creating work force, management creates ‘will to work’ which is necessary for the achievement of organizational goals (Cole, 2014).

Moreover, the management should know that the main motive for a man to work is economic, so as to enable him or her physiological needs and support his or her family in ever increasing comfort. Thus what managers needed to do in order to motivate workers is to control and apply both positive and negative rewards (Armstrong, 2014). The role of motivation on employees work performance has been developed throughout the world during the era of human resource management as a tool which proposed to promote the organization efficiency and effectiveness, motivation play an important factor in employees job performance in any organization (Calder, 2016).

As a result, employee motivation has drawn more attentions as research topics for many scholars and practitioners (Calder, 2016). A lot of theories and approaches have developed in order to explain the nature of employees’ motivation in organizations such as human resource approach, Maslow’s hierarchy of needs theory (1943), Alderfer ERG theory (1969), Victor Vroom (1964) expectancy theory, Stacy Adams (2009) equity theory all these founders tried to explain the nature of employees’ motivation.

Motivation is the energetic strength which permit worker to take deed on his/her desires or goals (Patrick, 2018). It is revealed that in Ethiopia staffs have been in front of different challenges in particular on working environments, salaries and job

security. As a result of these, job performance in working place has been going down (Simons, 2016).

Motivation is the force that makes employees choose a particular job, stays with that job for longer period, and work hard. In other words, people exert efforts hoping that their needs will be satisfied (Kalim, 2014). Employee's motivation is very significant since the employees expect good working conditions, reasonable pay, fair treatment and being involved in decision making. These factors are not fairly given to employees in private sectors in Ethiopia (Patrick, 2018). These expectations vary from organization to organization. For the organization to resolve these challenges, an understanding of employees' motivation is required (Kalim, 2014). As noted by Thomson (2006) that extrinsic motivation such as money can highly motivates employees and therefore help to improve services delivery in private sectors.

However, Herzberg (1968) argues that, money is not a motivator, it is a hygiene factor. Furthermore, what is done to or for people to motivate them are of many types. Therefore, motivation is very essential issue that can raise morale of employees in an organization. Without motivation employees cannot deliver the required outputs (Adams, 2002). In view of the factors above the present study therefore, attempts to examine, the effects of motivation on employee performance a case of AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

### **1.3 Statement of the Problem**

Motivation is one of the vast challenges facing many private institutions (Armstrong, 2014). According to Patrick (2018), lack of motivation among employees is the



major factor of poor job performance in Ethiopia. For example, in AMI Clearing and Forwarding Agent Company Ltd in Tanzania poor services delivery is linked by lack of motivation among employees (Allan, 2016).

The employee's motivation is a key factor towards job performance and services delivery in any organization or institution. Motivation has been a hallmark of productivity and job performance in every organization. This situation has been a stumbling block towards provision of services by employees in Tanzania. By identifying this, several measures have been taken by the organizations to improve motivation to her employees such as training opportunities, seminars, salary increment as well as incentives like housing and transport allowances.

Subsequently of this situation, lack of adequate motivation was reported in Tanzania to influence poor employee's performance in working areas (Habte,2017). This is connected with low monthly salary and poor working environment in most of private offices which results to job dissatisfaction among employees and ultimately employees resign their employment.

Furthermore, empirical evidence by Habte (2017) and Hansson (2017) noted that most of employees in Tanzania are doing poorly due to inadequate motivation such as in-service training provided by their employers and also little salaries which are paid to them. Thus, this results to shifting of employees from one office to another. Many research studies have been done on the effects of motivation and organization performance but it was intention of this proposed study to assess the influence of motivation on employee performance in Tanzania as a case of AMI Clearing and

Forwarding Agent Company Ltd in Tanzania. In particular, the study examines intrinsic and extrinsic motivation available in AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

#### **1.4 Research Objectives**

This study has general and specific objectives.

##### **1.4.1 General Objective**

The general objective of this study was to examine the effects of motivation on employee performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

##### **1.4.2 Specific Objectives**

The following specific objectives support general objective

- i) To examine the effects of intrinsic motivation on employee's performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.
- ii) To examine the effects of extrinsic motivation on employee performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.
- iii) To examine the relationship between motivation and performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

#### **1.5 Research Questions**

- i) What is the effect of intrinsic motivation on employee's performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

- ii) What are the effects of extrinsic motivation on employee's performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.
- iii) What is a relationship between motivation and employee's performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

### **1.6 Significance of the Study**

This study makes a number of contributions to different organizations, policy makers, human resource managers, present employees and the future ones. The findings of the study is expected help local top management to understand motivation drives that influence employees perform better in their jobs. Furthermore, the findings of this study will help the managers/administrators to understand the needs of their employees and, hence maximize employee effectiveness and efficiency in order for the institutions/companies to gain a competitive advantage. Also, the study hopes to provide a concrete context for discussion about what can be done to ensure regeneration of employee's capability in delivering private services. The study will also help the researcher for practical fulfillment for MastersDegree and wide the knowledge of motivation matters to employees in working areas hence increase effectiveness and efficiency.

### **1.7 Scope of the Study**

The study was undertaken at AMI Clearing and Forwarding Agent Company Ltd in Tanzania as the setting. The study was conducted for six months.

### **1.8 Organization of the Study**

Chapter one presents the background to the study, statement of the problem, research

objectives, research questions and significance of the study. Chapter two provides literature review, while chapter three presents research methodology. Chapter four provides results of the study. Chapter five provides discussion, conclusions, recommendations and further research areas.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

This chapter presents the definition of the key terms, sources of motivation, theoretical orientation of the study, the empirical analysis of the study, and the conceptual framework of the study. The review of related literature focuses mainly on the employees' motivation and the effects of motivation on individual employee performance.

#### **2.2 Definitions of Key Terms**

##### **2.2.1 Motivation**

Motivation has been defined as an internal drive to satisfy an unsatisfied need (Saeed, 2016 in Saleem,2017, Obiefuna ,2014). Motivation is defined by Robbins (1993) as the “willingness to exert high levels of effort towards organizational goals conditioned by the effort's ability to satisfy some individual needs”. This implies that the satisfaction of individual needs contributes to the sets of behavior they exhibit in an organization. According to Butkus and Green (1999), motivation is derived from the word “motivate”, means to move, push or persuade to act for satisfying a need. Baron (1983) defines motivation in his own right. He says that “Motivation is a set of process concerned with a kind of force that energizes behavior and directs it towards achieving some specific goals.

Many writers have expressed motivation as a goal directed behavior. This objective nature of motivation is also suggested by Kreitner and Kinicki (2001) who put

forward that motivation represents “those psychological processes that cause the stimulation, persistence of voluntary actions that are goal directed”. In other terms, a motivated person has the awareness of specific goals that achieved in specific ways; therefore he/she directs his/her effort to achieve such goals (Nel et al., 2014).

### **2.2.2 Intrinsic Motivation**

Intrinsic motivation is defined as the doing of an activity for its inherent satisfactions rather than for some separable consequence. When intrinsically motivated a person is moved to act for the fun or challenge entailed rather than because of external prods, pressures, or rewards. The phenomenon of intrinsic motivation was first acknowledged within experimental studies of animal behavior, where it was discovered that many organisms engage in exploratory, playful, and curiosity-driven behaviors even in the absence of reinforcement or reward (White, 1959). Intrinsic motivation has been operationally defined in various ways, although there have been two measures that have been most often used. Basic experimental research (e.g., Deci, 1998) has rested primarily on a behavioral measure of intrinsic motivation called the “free choice” measure. In experiments using this measure participants are exposed to a task under varying conditions (e.g., getting a reward or not).

Following this period, the experimenter tells participants they will not be asked to work with the target task any further, and they are then left alone in the experimental room with the target task as well as various distractor activities. They thus have a period of “free choice” about whether to return to the activity, and it is assumed that, if there is no extrinsic reason to do the task (e.g., no reward and no approval),

then the more time they spend with the target task, the more intrinsically motivated they are for that task. This measure has been the mainstay through which the dynamics of intrinsic motivation have been experimentally studied. The other common approach to the measurement of intrinsic motivation is the use of self-reports of interest and enjoyment of the activity per se. Experimental studies typically rely on task-specific measures (e.g. Ryan, 1982; Harackiewicz, 1979).

### **2.2.3 Extrinsic Motivation**

Extrinsic motivation is a construct that pertains whenever an activity is done in order to attain some separable outcome. Extrinsic motivation thus contrasts with intrinsic motivation, which refers to doing an activity simply for the enjoyment of the activity itself, rather than its instrumental value (Ryan, 1998). For example, a student who does his homework only because he fears parental sanctions for not doing it is extrinsically motivated because he is doing the work in order to attain the separable outcome of avoiding sanctions (Sheldon and Kasser, 1995). Similarly, a student who does the work because she personally believes it is valuable for her chosen career is also extrinsically motivated because she too is doing it for its instrumental value rather than because she finds it interesting. Both examples involve instrumentalities, yet the latter case entails personal endorsement and a feeling of choice, whereas the former involves mere compliance with an external control. Both represent intentional behavior, but the two types of extrinsic motivation vary in their relative autonomy (Grolnick *et al.*, 1997).

Employees' work performance Performance is defined as the attained outcome of

actions with the skills of employees who perform in some situation (Statt,2004;Prasetya & Kato, 2017). According to (Khan *et al*, 2010) as cited by (Aries *et al*, 2016), employee's work performance has been defined as work performance in terms of quantity and quality expected from each employee while (Suhartini, 1995) describe employees' work performance as a mutual result of effort, ability, and perception of tasks. Good performance is step towards the achievement of organizational goal. Other scholars for example, Campbell (1990) defines employee performance as a behavior which consists of directly observable actions of a worker and also mental actions or products such as answers. In line with Yang (2014) and Bishop (1987) investigated employee performance and revealed that acknowledgment and recognition and reward of performance of employees direct the discrimination between employee productivity. Morale and productivity of employees is highly influenced by the effectiveness of performance of an organization and its reward management system (Yazıcı, 2008).

According to Ahmad, (2015) customer would not be satisfied until and unless employees are satisfied. Because, if employees are satisfied, they will do more work therefore ultimately customers will be satisfied. Employee performance is actually influenced by motivation because if employees are motivated then they will do work with more effort and by which performance will ultimately improve (Shafighi, 2017).

### **2.3 Theoretical literature Review**

Various motivational theorists such as Abraham Maslow's (1979) hierarchy of needs



which provided insight into personal behavior patterns have been extensively researched. Other influential research has been conducted by Frederick Herzberg (1993) who looked at work satisfaction, and Douglas McGregor (2008) whose theory x and y suggests management styles that motivate and de-motivate employees.

In order to understand what motivates employees and how employees should be motivated, content theories like Maslow's hierarchy of Needs theory, Mac Cleland's Need theory, Vroom VIE theory, Adam's equity theory, ERG theory, Hertzberg's two factor theory and modern theory of motivation were chosen as the most appropriate to be researched for the topic under review. Abraham Maslow's hierarchy of Needs theory and Mac Cleland's Needs theory forms the basis of this study under review.

### **2.3.1 Maslow's Hierarchy of Need Theory**

One of the better-known theories of motivation is Maslow's Need Hierarchy Theory. Maslow (1943) proposed that all individuals have as specific set of needs that need to be fulfilled over a course of lifetime. This is the broad theory on the development of human and its application is generally considered to be the adult years, thus the industrial application is that people strive to meet their needs in a work environment. Maslow arranged the needs in a hierarchical order and proposed that individual have five basic set needs; Physiological needs, Safety needs, Love needs, Esteem needs and Self-actualization needs.

The need that is unsatisfied at any given time is the need considered to be the most important. Initially the Maslow's research theory was cross-sectional design; recently

longitudinal studies have been used to support the cross-sectional studies. Maslow's theory has the relationship to work motivation; it is in this longitudinal study that examines the changing priorities of the needs as other needs reach an acceptable level of satisfaction (Laundry, 1985). Work motivational factors change over the period of time.

**Psychological need:** Psychological needs are literal requirements for human survival. Air, food and water are metabolic requirements for survival for all humans. An individual to satisfy these psychological needs is greater than the drive to satisfy any other type of need. These needs are satisfied through the wages and salaries paid by an organization Maslow (1943).

**Safety need:** With their physical needs relatively satisfied, the individual's safety needs take precedence and dominate behavior. In the absence of physical safety-due to war, natural disaster, family violence, childhood abuse etc. People may re-experience post- traumatic stress disorder or trans generational trauma. In the absence of economic safety- due to economic crisis and lack of work opportunity- these safety needs manifest themselves in ways as a preference for job security, grievance procedure for protecting the individual from unilateral authority, insurance policies, reasonable disability accommodations, etc. Safety and security needs include: personal security, financial security, health and well-being, safety net against accidents/illness and their adverse impacts.

**Love and belonging:** Human need to feel sense of belonging and acceptance, weather it comes from a large social group, such as clubs, office culture, professional

organizations, sport teams or small connections (family members, inmate partners, mentors, confidants). They need to love and be loved by others (Maslow, 1943).

**Esteem need:** According to Maslow (1943), all humans have a need to be respected and to have self-esteem and self-respect. Esteem presents the normal humans desire to be accepted and valued by others. People need to engage themselves to gain recognition and have an activity/ activity that give the person a sense of contribution, to feel self-valued, to be it in a profession or hobby.

**Self-actualization need:** Maslow (1943), describe that what a man can done must be, this form the basis of the perceived need for self-actualization. Maslow describes this desire to become more and more what one is, to become everything that one is capable of becoming. One can be achieved this not enough promotions but by mastering his/her environment and setting and achieving goals (Maslow, 1943).



**Figure 2.1: Maslow's Hierarchy of Need**

**Source:** Maslow (1943)

The study adapting Maslow's theory because the five basic set needs are the daily human needs which can motivate a person to work hard or to demoralize the ability of working hard in to his or her employer, no matter what the employer have as pleasing environment / attracting elements to assist employees to work.

### **2.3.2 McClelland's Need Theory**

David McClelland (1961) through his Needs theory portrays that any human being is controlled by three needs which are: Need for power, Need for Affiliation, and Need for Achievement. Basically, people for high need for power are inclined towards influence and control. They like to be at the center and are good orators. They are demanding in nature, forceful in manners and ambitious in life. They can be motivated to perform if they are given key positions or power positions. In the second category are the people who are social in nature. They try to affiliate with individuals and groups. They are driven by love and faith. They like to build a friendly environment around themselves. Social recognition and affiliation with others provide them motivation. People in the third area are driven by the challenge of success and the fear of failure. Their need for achievement is moderate and they set for themselves moderately difficult tasks. They are analytical in nature and take calculated risks. Such people are motivated to perform when they see at least some chances of success.

McClelland (1961) observed that with the advancement in hierarchy the need for power and achievement increased rather than affiliation. He also observed that people who were at the top, later ceased to be motivated by this drive. Since

McClelland's first experiments, over 1,000 studies relevant to achievement motivation have been conducted. These studies strongly support the theory in these three areas.

According to McClelland (1961), the presence of these motives or drives in an individual indicates a predisposition to behave in certain ways. Therefore, from a manager's perspective, recognizing which need is dominant in any particular individual affects the way in which that person can be motivated. The status of McClelland's theory is however questionable. It is unclear how some of the measures in this theory correlate with one another and how motives have been translated into goals.

Ackerman (2004) in Landy and Conte (2007) propose that motivation and performance can actually change over time since one's personality and cognitive abilities change with time; this theory is applicable in this study because it will reveal to identify the extent to which the organizational performance is linked with motivation.

### **2.3.3 Performance Development Programme Bonuses**

Performance Development Programme Bonuses are the bonuses which are offered by Management of AMI Clearing and Forwarding Agent Company Ltd in Tanzania to its staff after achievement of goals and targets outlined under the Performance Development Programme [PDP]. This programme has four main categories which are being considered during evaluation process which entails to know whether goals

and objectives have been achieved or not. Each category has major successes and achievements, notable innovations, main challenges, failures and emerging issues. The major categories of Performance Development programme are as outlined and briefly explained below.

#### **2.3.4 People Perspective**

This category is concerned mainly with staff of the company. Their performances are evaluated each month in relation to other categories. These are the main drivers and engine to achieve goals and targets of other categories. Some of the focuses on this category is to counsel employees identified as conman and poor performers to improve their behavior as well as rewarding employees who perform well on monthly basis. Rewarding employees tends to improve their work morale.

#### **2.3.5 Technical Aspects**

Major concerns under Technical Perspective is to reinforce an extensive array of equipment to support our operations including pipe-laying barges, crane barges, support vessels, AMI Clearing and Forwarding Agent Company Ltd in Tanzania EPC business, to undertake Engineering, Procurement and Construction projects as well as large scale complex Projects in the Energy, Industrial and Infrastructure sectors. These concerns are used by Company Management when evaluating Performance Development Programme targets.

#### **2.3.6 Customer Perspective**

Under customers' Perspective the main intention is provision of higher Quality services to company customers. Main targets under this Perspective includes

reduction of Customer Complaints, Increased number of clients, provision of timely and correct time sheets of suppliers and submission of the project on time.

### **2.3.7 Financial Perspective**

The key issues used during evaluation of Performance Development Programme in determining as to whether to issue Bonuses or not to company's staff includes timely billing and delivery, existing contract, Payment of creditors through First In First out (FIFO) Method, Sensitization of customers on timely payments of Bills, Improved Revenue collections though completion of the projects within the contract period as well as Sensitization of Interest waiving to customers with long time outstanding debts.

## **2.4 Empirical Literature Review**

Different researchers have made study concerning the effect of motivation on employee performance and came up with some findings that helped to draw conclusion as elaborated hereunder; Joseph (2015) conducted a study titled "The effect of employees' motivation on organizational performance", with the aim of ascertaining whether a motivated worker can yield better energy for the growth of the organization. After examining many related theories, the study recommended the provision of work atmosphere that is supportive of high productivity. This includes both extrinsic and intrinsic issues, especially the adoption of participative management technique.

The study by Akhtar *et al.* (2014) titled "Factors affecting employees' motivation in banking sector of Pakistan", was an empirical study aimed at locating the

relationship between different factors that motivate employees. Using multiple regressions, it was observed that all variable inherent in extrinsic and intrinsic factor have positive impact on employees' motivation.

Ganta (2017) conducted a study titled "Motivation in the workplace to improve the employees' performance". The findings of this study showed that most problems of staff motivation is being created by employers management style. The study therefore urged employers to understand their workers and try to adopt different motivational tactics to handle different workers based on their needs, both extrinsic and intrinsic.

In Tanzania, Rasa (2016) study on the effect of motivation factors on employee job performance in public health care facilities at Ilemela in Mwanza region using descriptive methodology and presented the following findings; there were low motivation among health workers, some employee was intrinsically motivated and some were poorly motivated using extrinsic motivators. This study is different from the previous as it was conducted in different area which is in Dar es Salaam region.

A study by Bushiri (2017) examined the impact of working environment on employee's performance using qualitative and quantitative methodology at Institute of Finance Management in Dar es salaam and came up with the following findings that there was positive relationship between working environment and employee's performance. This study is different from the previous study as it considers various factors of motivation instead of looking on single factor of working environment.



Mbogo (2019) studied on concentrated on impact of motivation on employee performance in public services in Tanzania in Ilala Municipality using Statistical Package for Social Studies and presented that there was positive relationship between motivation and employee performance where wage was identified as the most motivating factor. The study was different from this as it doesn't explore about factors of motivation.

Furthermore Mohamed (2019) conducted a study on the influence of motivation on job performance among primary teachers in public schools in Iligain Adis Ababa. He used descriptive design and analyze data using descriptive and inferential statistics. He used Statistical Package for Social Sciences to perform statistical operations. The findings showed that there was no significant relationship between motivation and teacher's job performance as teachers' performance is influenced by many factors. The study is different from Mohamed's study basing on target population which is from Iranda provision.

Maryam (2016) conducted a study to examine the effects of motivation on banking in Tanzania. She used a sample of 80 employees of National bank of Commerce in Tanzania. The findings of her study indicated that several factors are involved in the life of any organization; the most important of these factors include labor, machinery and Capital, among these factors, the most important and most effective is labor or human resources, because labor is the creator source for efficiency of machinery, capital, materials, and the other factors. Today, one of the major problems of

organizations is to develop techniques that bring the will and interest for success to employed personnel in the organization.

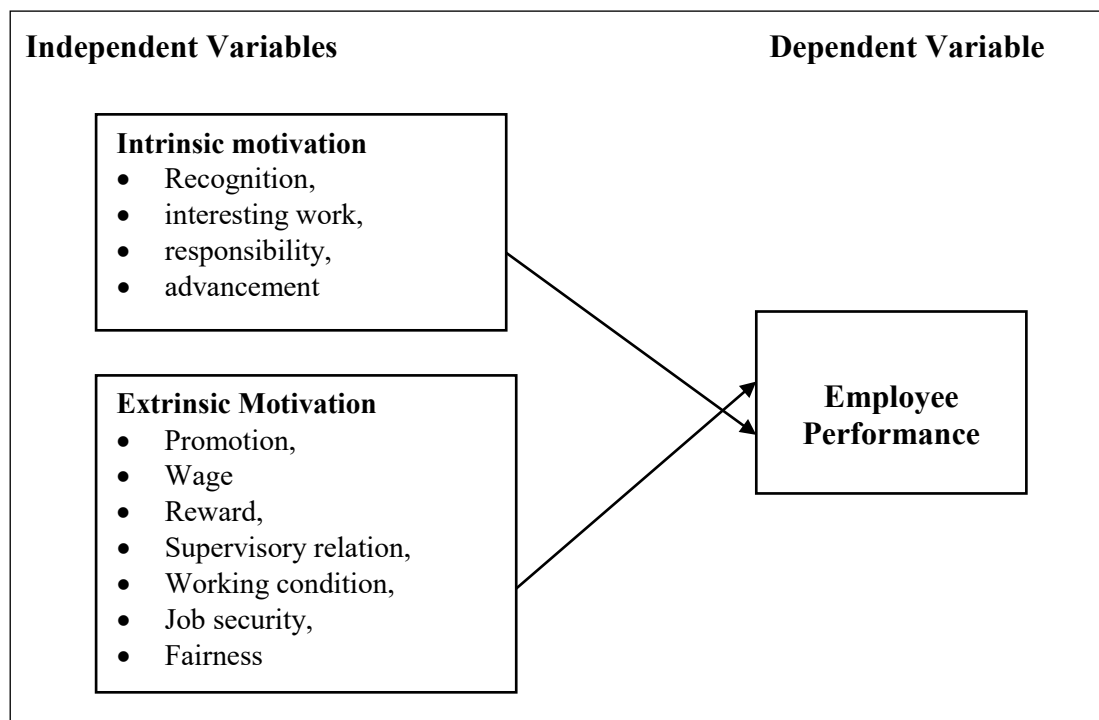
Mohamed (2018) conducted a study on the impact of employee motivation on job performance in Tanzania banking sector, he stipulated that excellent services provided by employees can create a positive perception and ever lasting image of the customers. However, motivation of employees plays a major role in achieving high level of satisfaction among its customers. His findings showed that motivational packages to employees of Tanzania Postal Bank (TPB) caused the bank to perform well. Moreover, the study insisted that salary increment has an impact on job performance, training, team working and good working conditions are among of the factors that motivate employees to work and facilitate performance.

Jagero *et al.* (2017) researched on the relationship between motivational strategies and Employee's Performance in Courier Companies in Dar es Salaam, Tanzania. The objective of the study was to assess the employee's performance in courier companies in Dar es Salaam. The study stipulates that employees are very crucial and expensive resource to any organization. The study found that motivation has the direct impacts on employees' performance. The study proved that motivation of employees helps to increase morale of working.

## **2.5 Conceptual Framework**

It is a diagrammatic presentation of variables to be studied in hypothetical relationship between and among the variables (Smyth, 2004); therefore, it shows the

relationship between dependent and independent variables. Conceptual framework shows hypothetical view on the impact of motivation on individual employee performance, as a case study of AMI Clearing and Forwarding Agent Company Ltd in Tanzania.



**Figure 2.2:** Conceptual framework

**Source:** Researcher, (2022)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Overview**

This chapter presents research methodologies used in the preparation of research dissertation. It describes the study area, research design, sample and sample size, sampling procedures, data collection methods, validity and reliability as well as data analysis plan for data presentation.

#### **3.2 Research Philosophy**

Saunders, Lewis and Thornhill (2009) state that research philosophy is related to methods regarding knowledge development; it focuses on the researcher's views of the world. The three most common research philosophies are positivism, realism and interpretivism. In this study, a pragmatic philosophy will be adopted since it assists researchers to optimize the use of mixed methods methodology during data collection as well as data analysis.

#### **3.3 Research Design**

According to Aaker *et al.* (2002) research design is detailed blue print used to guide a research study towards its objectives. By this definition, a research design detailed plan of work done to achieve the research objectives. A descriptive design was employed so as to describe and explain conditions of the present study by using many subjects and questionnaires to fully describe a phenomenon. The reason behind of using this kind of design is because it provides information about a particular

subject that would not be possible to acquire through another type of experimentation as it focusses on and gather in depth information about a specific person, group, community or event (Kothari, 2006).

### 3.4 Study Area

The research was conducted at AMI Clearing and Forwarding Agent Company Ltd in Tanzania. This study area was chosen because it is one among the private institution that can be accessed easily by the researcher. Also, it is because there is allegation that AMI Clearing and Forwarding Agent Company Ltd in Tanzania is not performing better because employees are not motivated. Thus, this study was carried out at AMI Clearing and Forwarding Agent Company Ltd in Tanzania to testify the facts.

### 3.5 Target Population

Population is a group of individuals, objects or items from which measurement are taken (Tromp, 2006). The study population involved 161 staff from AMI Clearing and Forwarding Agent Company Ltd in Tanzania. The target population was as shown in table 3.1.

**Table 3.1: Population**

<b>Department</b>	<b>Population</b>	<b>Sample</b>
Transportation Managers	10	5
Normal staff	151	110
<b>Total</b>	161	115

**Source:** Researcher (2022)

### 3.6 Sampling Procedures and Sample size

The study used a survey population of 161 employees from AMI Clearing and Forwarding Agent Company Ltd in Tanzania to obtain the sample size.

#### 3.6.1 Simple Random Sampling

The study used two types of sampling techniques. Simple random sampling and purposive sampling. Simple random sampling technique was used to select operational staff. Simple Random Sampling is a specific type of probability sampling method that relies on data collection from population members without bias. In this type of sampling technique each member has equal chance of being chosen. This means that each normal staff has equal chance of being chosen to be a respondent. The researcher prepares paper tags written YES and NO. Those who selected YES were included in the sample.

#### 3.6.2 Purposive Sampling

The study selected all key informants based on their role of providing insight information that was to be provided by other respondents. The researcher through this technique was able to obtain enough information about the phenomenon under the study from 5 key informants who are transportation managers.

The researcher used Slovinc's formula shown below to calculate an appropriate minimum sample size from survey population.

$$n = \frac{N}{1+Ne^2} = \frac{161}{1+161(0.05)^2} = \frac{161}{1+161 \times 0.0025} = 115$$

Whereby;

$N$  is the minimum sample size

$N$  is survey population

$e$  is error at 95% confidence interval

Based on the calculation from the formula, minimum sample sizes of 115 respondents were selected.

### 3.7 Variables and Measurement Procedures

#### 3.7.1 Dependent Variable

Dependent variable of the study was employee performance. It was measured by using a 4-item measurement scale adopted from Kuvaas (2006) as shown in Table 3.2. The perception of each item of the measurement scale was examined by having respondents providing a rating on a five-point rating scale. The five-point rating scale ranged from 1 = strongly disagree (SD); 2 = disagree (DA); 3 = neutral (N); 4= agree (A); and 5= strongly agree (SA).

**Table 3.2: Employee performance measurement scale**

Items on the employee performance measurement scale	Perception indicators
How would you rate your overall work performance compared to your peers with the same experience doing work similar to yours?	Score from 5-point rating scale
How would you rate your overall performance compared to your peers with the same qualifications doing work similar to yours?	Score from 5-point rating scale
How would you rate the quality of your work compared to that of your peers' doing work similar to yours?	Score from 5-point rating scale
How would you evaluate your productivity level compared to that of your peers' doing work similar to yours?	Score from 5-point rating scale

**Source:** Adapted from Kuvaas (2006)

### 3.7.2 Independent Variables

The independent variables of the study included intrinsic motivation and extrinsic motivation as detailed explained in the following subsections. These items were grouped into two dimensions of motivation; intrinsic and extrinsic motivation.

**Intrinsic motivation:** According to Herzberg (1959), motivation can be intrinsic and extrinsic in which the former emanates from the content of job and the latter is related to the organisation. Therefore, Table 3.3 represents a list of items under intrinsic motivation. This sub-dimension contains five items. A five-point rating scale was used to record employees' agreement to each of the statement, where; 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree.

**Table 3.3: Intrinsic motivation scale items**

Variable	Item of measurement
Recognition	Management/supervisor loyalty to employees is very high (item 1)
Responsibility	I feel I am involved in my job in this organization (item 2)
Interesting work	My work in this organization is interesting (item 3)
Carrier development	I am provided with opportunities for career development in this organization (item 4)
Job enrichment	Job is enriched every time making it not monotonous (item 5)

**Source:** Constructed from Kuvach (1995)

**Extrinsic motivation:** Extrinsic motivation was measured by using seven-items of the motivation scale. Table 3.4 presents the list. Again, a five-point rating scale was used to capture employees' level of agreement with each statement where, 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree.



**Table 3.4: Extrinsic motivation scale items**

Variable	Item of measurement
Wage	My organization offers me good wages (item 6)
Reward	I am fully appreciated for a job well done here (item 7)
Promotion	I am provided with opportunities for promotion in this organization (item 8)
Fairness	I feel there is tactful disciplining in this organization (item 9)
Supervisory relation	My supervisor helps me with my personal problems (item 10)
Working condition	Working conditions in this organization are generally good (item 11)
Job security	My job is secure with in this organization (item 12)

**Source:** Constructed from Kavach (1995)

**Demographic variables:** Demographic characteristics were assessed including age, sex, marital status, education and job experience. These were mainly used for the purpose of understanding the nature of the sample used in the study. The following in Table 3.5 are demographic characteristics and measurements used.

**Table 3.5: Demographic characteristics of respondents**

Demographic variable	Measurement indicators
Age	Years since the respondent was born
Sex	1=male, 2=female
Marital status	1=single, 2=married, 3=other
Education	1=diploma or lower, 2=bachelor, 3=above bachelor
Job experience	Years spent by the respondent in AMI Clearing and Forwarding Agent Company Ltd in Tanzania as employee

**Source:** Constructed from Kavach (1995)

### 3.8 Data Collection methods

#### 3.8.1 Primary Data

Data collection techniques refer to securing information from individual for survey research purpose (Kothari, 2004). Primary data that were collected from the staff and transportation managers. The primary data were collected from the field survey using questionnaires and interview schedules. The questionnaires comprised 5 likert scale questions. This formed the basis of the analysis of the study. The researcher went to

the various departments within AMI Clearing and Forwarding Agent Company Ltd in Tanzania and hand the questionnaires to the various respondents.

### **3.8.2 Secondary Data**

The secondary data was sourced from the audited reports, books, transportation reports and materials available at libraries.

## **3.9 Research Instruments**

### **3.9.1 Questionnaires**

A questionnaire is a formatted set of questions that is drawn up to meet the objectives of the study (Kothari, 2004). Questionnaires were used to collect primary data. Data was collected from 115 respondents. Questionnaires were distributed to respondents who were working within AMI Clearing and Forwarding Agent Company Ltd in Tanzania. Because the study used questionnaire method to collect primary data, the researcher used administered technique to collect data. Respondents were asked questions and then the researcher filled in the respondents in the questionnaire. The questionnaire comprised 5 Likert scale questions.

### **3.9.2 Oral Interview**

This method was administered through face to face with 5 transport managers of AMI Clearing and Forwarding Agent Company Ltd in Tanzania. During the interview, probing questions were applied to get deeper information from respondents. This method was useful as it helped in collecting the required information and to understand different people's perception on the topic under study and was suitable for intensive investigation (Kothari, 2004).

This was done by conducting 5 face to face interviews with AMI Clearing and Forwarding Agent Company Ltd staff. The researcher interviewed respondents in order to find out what they do feel or think about the impact of motivation on individual employee performance and this made it easier to compare answers further helping to inform the study. The tool also permitted the researcher to ask more complex and follow up questions which was not possible in the questionnaires. The interviews helped the researcher to take account of nonverbal communications.

### **3.9.3 Documentary Review**

In this study, documentary review as a method of data collection was employed. Various documents were used to obtain relevant information about the study. In this method, the study was composed by documentary review, news reports from different sources such as internet and newspapers, reviewing related literature such as journals, previous studies, website referencing, and other relevant documents. This method was used in order to help the researcher to obtain enough and relevant information about the study from various relevant documents on the impact of motivation on individual employee performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

## **3.10 Validity and Reliability of Research Instruments**

### **3.10.1 Validity**

According to Hoy (2008), validity is the extent to which a measure actually taps the underlying concept that it supports the measure. Also, he defined validity as the degree to which measuring devices can measure what the researcher intended to

measure. In this study to ensure validity of tools the supervisor reviewed the questionnaires before such tool were administrated to the respondents, to see whether the questions were well organized, have a clear instruction to guide the respondents, and free ambiguity concepts.

### **3.10.2 Reliability**

According to Phelan and Wren (2005) reliability is an extent to which the assessment produces consistent results. To test the reliability of the measurement scales, a scale test was carried out to generate Crobach alpha ( $\alpha$ ) using SPSS software. The value of reliability test ranges from 0 to 1 specifying the degree of internal consistency of items using Cronbach's Alpha. The larger the value of Cronbach's Alpha, the higher the degree of internal consistency of the measurement scales, and vice versa. The acceptable values of alpha are supposed to be at least 0.70 which justifies internal consistency (Nunnally & Bernstein, 1994; Bland & Altman, 1997; DeVellis, 2003).

### **3.11 Data Processing and Analysis**

Questionnaires were inspected and items were coded and data entered into SPSS computer software data sheet before descriptive and inferential data analyses. The continuously measured variables – gender, age, education, marital status and years' job experience – which was measured in ratio (scale) was re-grouped and re-coded in ordinal level of measurement in form of group intervals (age group and interval of years' job experience) in order to present them in the table of frequency.

Total and mean scores were computed for each scale item across respondents.

Thereafter, descriptive statistical analysis was done through SPSS software to reveal intrinsic motivation and extrinsic motivation of AMI Clearing and Forwarding Agent Company Ltd in Tanzania and level of employee performance. Also, demographic characteristics of the respondents were presented by descriptive statistics including means, standard deviations, frequencies and percentages. These appeared in form of frequency tables. Through descriptive statistics, the output of employee performance computed from employee performance measurement items was presented using means and standard deviations.

To assess the influence of motivation on employee performance, simple linear regression model (Equation 1) was used. The total scores of individual respondents were computed from motivation measurement items (Table 3.3) and then entered into the regression model and the independent variable. Also, total scores of individual respondents were computed from five (5) employee performance measurement and thereafter entered into the linear regression model as the dependent variable. The model therefore regressed the total scores of the employee performance scale on the total scores of the motivation scale so as to examine the influence of motivation on employee performance. The following is simple linear regression model presented as equation 1.

$$Y_i = \beta_0 + \beta_1 X_1 + \epsilon_i \dots\dots\dots \text{equation 1}$$

Whereby;

$Y_i$  = Staff work performance which is possibility of the employee to perform well  
(total scores from 5 employee performance measurement items).

$X_1$  = total motivation (total scores from 12 motivation measurement items).

$\beta_1$  = Coefficient of  $X_1$

$\beta_0$  = Constant term

$\epsilon_i$  = Error term.

When testing hypothesis of this study by using simple linear regression model presented as equation 1, alternative hypothesis (H1) accepted if  $\beta_1$  is significant ( $\beta_1 \neq 0$ ) at 5% level, otherwise is rejected. Acceptance of H1 confirms that motivation has significant influence on employee performance.

Moreover, the influence of intrinsic motivation and extrinsic motivation on employee performance was examined by using multiple linear regression models. The total scores of individual respondents computed from 5 intrinsic motivation measurement items (Table 3.4); total scores of individual respondents computed from 7 extrinsic motivation measurement items (Table 3.5); and total scores of individual respondents computed from 5 employee performance measurement items (Table 3.2) were entered into the regression model. Then, employee performance total scores were regressed on total scores of intrinsic motivation and extrinsic motivation in a multiple linear regression model which is presented as equation 2.

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon_i \dots \dots \dots \text{equation 2}$$

Whereby;

$Y_i$  = employee performance which is possibility of the employees to perform well  
(total scores from 5 employee performance measurement items).

$X_1$  = total intrinsic motivation (total scores from 4 intrinsic motivation measurement items).

$X_2$  = total extrinsic motivation (total scores from 7 extrinsic motivation measurement items).

$\beta_1$  and  $\beta_2$  = Coefficient of  $X_1$  and  $X_2$  respectively.

$\beta_0$  = Constant term

$\epsilon_i$  = Error term.

### **3.12 Ethical Considerations**

For ethical requirements in the conduct of the study respondents were informed that the study was for academic purpose and that they were under no worry to respond to the questionnaire. The respondents were asked to participate voluntarily and were assured anonymity and confidentiality on the information given. In order to avoid plagiarism, all sources of information were acknowledged.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1 Overview**

This chapter presents and discusses results with regard to study objectives. It covers results and descriptions of the demographic characteristics of the respondents, reliability analysis and justification, level of staff work performance, levels of intrinsic and extrinsic motivation of employees at AMI Clearing and Forwarding Agent Company Ltd in Tanzania as well as results. The effects of motivation as well as that of intrinsic motivation and extrinsic motivation on employee performance were assessed. The chapter ends with discussion of the results.

#### **4.2 Demographic Characteristics of Respondents**

The study assessed the age, sex, marital status, education and job experience of employees. The descriptions of respondents' demographic characteristics appear in the following sections 4.2.1, 4.2.2, 4.2.3, 4.2.4 and 4.2.5.

##### **4.2.1 Age**

The findings indicate that most (72.1%) of the respondents were belonging in the age group of 31-40 years, followed by those (38.4%) who are in the age group of 41-50 years (Table 4.1). A few of the respondents (4.5%) belongs to the age group of 51-60 years. The minimum and maximum age of respondents was 30 years and 60 years.



#### **4.2.2 Sex**

According to the distribution of sex results show that majority of the respondents were males (66.9%) while 33.1% of the respondents were females.

#### **4.2.3 Marital Status**

Married respondents constituted the majority of the respondents (73.9%) of survey participants, followed by respondents who are still single (21.7%) (See table 4.1). Other marital status composing widows and divorce constituted only 4.4% of the respondents.

#### **4.2.4 Education Level**

There was a variation of level of education among the respondents as shown in Table 4.1. The study revealed that most of the respondents had bachelor degree (46%). Other respondents had level of education below (27%) and above (27%) bachelor degree. However, none of the respondents identified to be possessing non- formal education since all of the survey participants had attended school. The survey of job experience revealed that majority (43.5%) of the respondents worked in AMI Clearing and Forwarding Agent Company Ltd in Tanzania for 11 to 20years (Table 4.1). On the other hand, 38.3% of employees spent at most 10 years while working at AMI Clearing and Forwarding Agent Company Ltd in Tanzania and the rest (18.2%) of employees had at least 21 years job experience. The minimum years' job experience was 3 years and the maximum years' job experience was 34years. The average years of job experience of the job who participated in the survey was 14 years.

#### **4.3 The Level of Staff Work Performance in AMI Clearing and Forwarding Agent Company Ltd in Tanzania**

The level of employee performance was examined by the mean score calculated from mean employee performance scores across respondents. The study found the mean score of 2.37 having a standard deviation of 1.01 as shown in Table 4.2 This mean score explains an overall level of employee performance in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. The mean score identified is less than the mean score of the 5-point rating scale which is 3.0. A score less than 3.0 indicate low performance. Therefore, the findings imply that there is low employee performance among AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

#### **4.4 Motivation Level among AMI Clearing and Forwarding Agent Company Ltd in Tanzania Employees**

Motivation of employees of AMI Clearing and Forwarding Agent Company Ltd in Tanzania was assessed by identifying perceptions of employees towards motivations. The study assessed the level of intrinsic motivation, extrinsic motivation and overall motivation among employees. The level of intrinsic motivation was assessed 4 item measurement scales regarding to responsibility, interesting work, carrier development and recognition in response to perceptions of employee participated in the study.

Based on findings in Table 4.2, the mean score for intrinsic motivation obtained was 3.6 having a standard deviation of 0.85. The findings justify that there is high level of

intrinsic motivation in AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

On the other hand, extrinsic motivation was assessed by using 7 item measurement scales focusing on seven extrinsic motivation variables. Perceptions of employees with regard to seven item measurement scales were examined. The findings in Table 4.3 indicate that there is high level of employee's extrinsic motivation (mean score=3.4, SD=0.74).

The overall motivation was assessed by using perceptions of employees with regard to 11 item measurement scale adopted from Kavach (1995) as shown in Table 3.3. The findings in Table 4.3 show that there is high overall motivation among employees in AMI Clearing and Forwarding Agent Company Ltd in Tanzania (mean score=3.5, SD=0.76).

**Table 4.1: The level of motivation of employees**

<b>Variable</b>	<b>Mean</b>	<b>SD</b>
Intrinsic motivation	3.6	0.85
Extrinsic motivation	3.4	0.74
Overall motivation	3.5	0.76

**Source:** Field Data, 2022

#### **4.5 The relationship between Motivation and Employee Performance**

The study assessed relationship between motivation and employee performance of AMI Clearing and Forwarding Agent Company Ltd in Tanzania The study examined the effects of intrinsic motivation and extrinsic motivation on employee performance

as well as effects of overall motivation on employee among AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

#### **4.5.1 The Influence of Intrinsic and Extrinsic Motivation on Employee Performance**

The effects of motivation on employee performance were examined through regression model. In the regression model, intrinsic motivation was examined as total scores of 4 item scales (Table 3.4) measuring individual employee perceptions pertaining to responsibility, interesting work, carrier development and recognition motivation. The extrinsic motivation was measured by using total scores of individual employees' perceptions regarding 7 item measurement scales of extrinsic motivation (Table 3.5) regarding to wage, reward, promotion, fairness, supervisory relation, working condition and job security. Also, in linear regression, performance of employee was entered as the total scores of 5 item scale measuring employee performance (Kuvaas, 2006) with regard to perceptions of AMI Clearing and Forwarding Agent Company Ltd in Tanzania. The multiple linear regression analysis was used to examine the effects of intrinsic and extrinsic motivation on performance of employee.

The findings showed that intrinsic motivation and extrinsic motivation explained employee work performance by 13.1%. Moreover, findings in Table 4.4 indicate that F statistics is significant ( $F=8.540$ ,  $p<0.001$ ) and this implies that the regression model is a significant fit to the data. On the other hand, the study found that intrinsic motivation has positive significant influence on employee performance is ( $\beta_1=$

0.341,  $p=0.022$ ) as results presented in Table 4.3. However, extrinsic motivation found to have no significant influence on employee performance at AMI Clearing and Forwarding Agent Company Ltd in Tanzania.

**Table 4.2: Influence of intrinsic and extrinsic motivation on employee performance (n=115)**

Variable	B	S.E.	T	p value	VIF
Intrinsic motivation	0.341	0.148	2.313*	0.022	1.937
Extrinsic motivation	0.090	0.105	0.853	0.396	1.937
Constant	18.917	1.924	9.831***	<0.001	

$R^2=13.1\%$ , \*\*\*F-Statistics = 8.540, \*\*\*Significant at  $p<0.001$ , \*Significant at  $p<0.05$

Source: Field Data, 2022

#### 4.5.2 The Influence of Overall Motivation on Employee Performance

The effect of overall motivation on employee performance was assessed by using simple linear regression. involving average of the total scales for motivation adopted from Kavach (1995) (Table 3.3) against total employee performance measured by sum of scores of 5 item measurement scales as adopted from Kuvaas (2006) presented in Table 3.2. Findings in Table 4.4 reveal that F statistics is significant ( $F=19.801$ ,  $p<0.001$ ) which implies that the regression model is a significant fit to the data. On the other side, the study found that overall motivation has positive significant effects on performance of employees ( $\beta_1= 0.201$ ,  $p<0.001$ ) as shown in Table 4.5. Overall motivation explained the occurrence of performance by 14.9%. Therefore, increase in overall motivation has impact by increasing employee performance.

**Table 4.3: Influence of overall motivation on employee performance (n=115)**

Variable	B	Standard error	T	p value
Overall motivation	0.201	0.045	4.45***	<0.001
Constant	19.73	1.798	10.976***	<0.001

R<sup>2</sup>=14.9%, \*\*\*F-Statistics = 19.801, \*\*\*Significant at p<0.001

**Source:** Field Data, 2022

#### 4.6 Hypothesis Testing

The study had null and alternative statements of hypothesis as states below:

*Null hypothesis (H<sub>0</sub>):* Motivation has no influence on employee performance.

*Alternative hypothesis (H<sub>1</sub>):* Motivation has positive influence on employee performance

The study used simple linear regression model to test these hypotheses. Based on outputs of simple linear regression analysis, motivation was found to have significant positive influence on employee performance in AMI Clearing and Forwarding Agent Company Ltd in Tanzania ( $\beta_1 = 0.201$ ,  $p < 0.001$ ). Therefore, the study rejects the null hypothesis and confirms the alternative hypothesis which stated that motivation has positive influence on employee performance.

##### 4.6.1 Test of Autocorrelation Assumption - Durbin–Watson Test

A Durbin–Watson test of correlation among the residuals usually reveals to us a substantial autocorrelation (Green, 2003). Field (2009) posits that, with the Durbin–Watson tests whether adjacent residuals are correlated. He suggests that the test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are

uncorrelated. A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation.

It is therefore reasoned that, the statistic values of Durbin-Watson (d) should not be less than 1 or greater than 3 and definitely not approximately 2, thus, the recommendable values should range between 1.5 and 2.5 (Field, 2005; 2009; Green, 2003; Statistics Solutions, 2013b). With the results in Table 4.13 it was found that the Durbin-Watson value 'd' was 1.503, which lays between the two acceptable values of  $1.5 < d < 2.5$ . Therefore, it can be assumed that there were no first order linear auto-correlation errors in the multiple linear regression data, implying that the regression model was correctly specified with uncorrelated variables and allegedly enhancing its accuracy.

**Table 4:4: Measure of Autocorrelation assumption – Durbin-Watson Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.874 <sup>a</sup>	.728	.745		3.13425	1.503

a. Predictors: (Constant), Intrinsic motivation, Extrinsic motivation

b. Dependent Variable: Staff work performance

#### **4.6.2 Test of Multicollinearity Assumption on Independent Variables**

Table 4.7 gives the results of the test of multicollinearity assumption. Multicollinearity is the extent to which a variable can be explained by the other variables in the analysis (Black & Babin, 2010). The presented results below give two values: Tolerance and Variance Inflation Factor (VIF). According to Pallant

(2007) tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the Model and the other value given is the VIP (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance).

Various recommendations for acceptable levels of tolerance and VIF have been published and presented in the literature with cut-off points for determining the presence of multicollinearity. Most commonly, a value of more than .10 i.e. 0.1 for tolerance has been reported to suggest the possibility of multicollinearity and the value of not above 10 as the maximum level of VIF.( Kutner, et al 2005; Pallant, 2007, 2013;Field 2000, 2009; Green 2003) More simply put, as a rule of thumb, a tolerance value of less than .10 and the VIP values above 10 would be a concern here or the larger the value of VIFthe more “troublesome the multicollinearity of the variables. (Gujarati, 2004; Hair Jr. et al. 2010; Pallant, 2009) As per the results below, the tolerance value for each independent variable is greater than 0.1; thus, it indicates that there was no violation of the multicollinearity assumption. This is also supported by the VIP threshold which is well below the cut-off of 10 thus indicating no concern with multicollinearity; thus, all variables will be retained.

**Table 4.5: The Results of the Test of Multicollinearity assumption Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Leadership	.296	2.535
	Staff involvement	.159	5.657
	Staff training	.178	5.159

a. Dependent Variable Employee Performance



### 4.6.3 Test of Homoscedasticity Assumption

Homoscedasticity usually depicts a situation where the error term in the relationship between the independent and dependent variable is the same across all values of the independent variables (Statistics Solutions, 2013a). On the contrary, heteroscedasticity i.e. the violation of homoscedasticity is present if the size of the error term differs across values of an independent variable. Green (2003) highlights that it is useful to be able to test for homoscedasticity and if necessary, modify our estimation procedures accordingly so as to avoid violating the assumption since it may pose potentially severe problems for inferences based on least squares.

Most scholars allegedly, consider the White test as the commonest test for heteroskedasticity (Carter Hill, Griffiths, & Lim, 2011; Green, 2003; Gujarati, 2004; Gujarati & Porter, 2010). Moreover, they infer that to measure heteroscedasticity with White Test, the calculated (expected) Chi-square value and observed (critical) chi-square value are compared by this formula:  $NR^2 \sim \chi^2_{df}$ ; where  $NR^2$  = is the calculated (expected) chi-square value,  $N$  = is the sample size (observed number of individuals),  $R^2$  = is R-square (coefficient of determination),  $\chi^2$  = is the critical chi-square value at chosen level of significance and  $df$  = is the degrees of freedom (number of regressors).

As a rule of thumb, whenever calculated chi-square value is greater than the critical chi-square value at a chosen level of significance, the hypothesis of homoscedasticity is then rejected in favour of heteroscedasticity. Conversely, if the calculated chi-square value is less than the critical chi-square value then there is no violation of the

assumption of homoscedasticity. In this light, as from the data analysis (Table 4.13),  $R^2 = 0.728$  and  $N = 115$ , thus the calculated chi-square value is given by  $NR^2 = 0.728 \times 115 \rightarrow 83.72$  whereas, the critical chi-square value at a 0.05 level of significance and a  $df = 114$  is 83.72. The results show that the critical (observed) chi-square value exceeds the calculated chi-square value at a chosen level of significance (0.05), so the conclusion is that there is no exhibition of heteroscedasticity problem in the model as suggested in Green, (2003), Gujarat, (2004), Gujarat and Porter,(2010) and Carter Hill, et al (2011).

#### **4.6.4 Test of Normality Assumption**

The assumption of normality is of great importance in many aspects of statistical inference, essentially, for constructing confidence intervals or statistics for testing hypothesis as well as in establishing reference intervals for variables. (Binder & Roberts, 2009; Carter Hill et al 2011; Greene, 2003; Royston, 1991) Ghasemi and Zahediasl (2012) highlight that the assumption of normality should be checked for many statistical procedures, i.e. parametric tests, because their validity depends on it. However, Öztuna, Elhan and Tüccar (2006) and Field (2009) argue that, a careful consideration should be given to normality and other requisite assumptions, for when properly applied, these assumptions help in drawing good, accurate and reliable replica of reality. The Kolmogorov-Smirnov and Shapiro- Wilk test were used for testing normality. The Sig. value (p-value) of more than .05 indicates normality i.e. normal distribution (Elliott & Woodward, 2007; Field, 2000; 2009; Greene, 2003; Pallant, 2007; Pallant, 2013; Tabachnick, & Fidell, 2007).

The results of the Shapiro-Wilk statistics show the  $p < .001$  (.000) which is lower than the 0.05 level of significance and so inferring that the test was significant. This is quite common in larger samples as Pallant (2013), Field (2000, 2009), Elliott & Woodward (2007) and Hazra and Gogtay (2016) observe. They further deduce that, with large sample sizes (say  $n > 100$ ), the violation of the assumption of normality often does not deviate enough from normality to make a substantive difference in the analysis. This assumption often holds even when the sample is not so large but say is over 30. In other words, with large samples the parametric procedures can be used even though the data are not normally distributed. The results also agreed with the views of Tabachnick and Fidell, (2007) and Gujarati (2004) who underscored the fact that, if the sample size is reasonably large, we may be able to relax the normality assumption as it is enough to suggest normality of sampling distributions of means. It is therefore stressed that, there is no reason to expect distortion of results due to failure of multivariate normality. The Kolmogorov-Smirnov and Shapiro- Wilk statistics were tabulated in Table 4.7 below.

**Table 4.6: Tests of Normality**

Variables	<u>Kolmogorov-Smirnov<sup>a</sup></u>			<u>Shapiro-Wilk</u>		
	Statistic	df	Sig.	Statistic	df	Sig.
Intrinsic motivation	.158	115	.000	.856	115	.000
Extrinsic motivation	.139	115	.000	.862	115	.000
Employee performance	.193	115	.000	.839	115	.000

a. Lilliefors Significance Correction

To further meet the assumption of normality, Skewness and Kurtosis tests were also applied. Tabachnick and Fidell (2007) observed that skewness has to do with the symmetry of the distribution; a skewed variable is a variable whose mean is not in

the center of the distribution; but kurtosis has to do with the peakedness of a distribution; a distribution is either too peaked (with short, thick tails) or too flat (with long, thin tails). They posit that, a variable can have significant skewness, kurtosis, or both. A distribution is normal when the values of skewness and kurtosis are zero, however, the values for skewness (asymmetry) and kurtosis ranging between -2 and +2 are considered acceptable for accurate interpretation and as a proof for normal univariate distribution.(George &Mallery, 2010; Gravetter &Wallnau, 2014; Field, 2007; 2009) According to the results above, normality of both four variables was altogether validated as all skewness and kurtosis' values were ranging between -2 and +2 as illustrated in Table 4.9.

**Table 4.7: Skewness and Kurtosis Tests of Normality statistics**

Descriptive statistics		Statistic	Std. Error
Intrinsic motivation	Std. Deviation	5.217	
	Skewness	-.564	.187
	Kurtosis	-.845	.373
Extrinsic motivation	Std. Deviation	6.113	
	Skewness	-.719	.187
	Kurtosis	-.421	.373
Employee performance	Std. Deviation	6.241	
	Skewness	-.930	.187
	Kurtosis	.015	.373

**Source:** Field data (2022)

#### 4.7 Discussion of Findings

The objective of the study was to assess the effects of motivation on employee performance of AMI Clearing and Forwarding Agent Company Ltd in Tanzania. The study found that there is high performance among employees shown by most employee having morale and desire of increasing efforts. Moreover, the study

findings show that there is high employee motivation in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. Employee motivation increases morale and builds loyalty among them to their organization which at the end of the day contributes to the delivery of quality services to citizens.

Motivation demonstrated positive significant influence on employee performance. Similar findings were reported by other studies such as Kosiet *al.* (2005), Samad (1995) and Ming (2005) that motivation have significant influence on employee performance. In specific, intrinsic motivation also found to have positive significant influence on employee performance. This means that increase of overall motivation particularly intrinsic motivation increases employee possibility in making decision towards increasing productivity. The findings of this study regarding influence of intrinsic motivation on employee performance is partly congruent to survey results revealed by Samweli & Chipunza (2009) which found that intrinsic motivation have significant influence on employee performance in public and private sector. On the other hand, findings of this study differ from Samweli & Chipunza (2009) since their study was also found extrinsic motivation as a strong predictor of employee to perform well. The findings of this study are also in contrast with studies by Kinner & Sutherland (2001) and Maertz & Griffeth (2004) which reported extrinsic motivation as a strong determinant of employee performance.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Overview**

The study assessed effects of motivation on employee performance in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. A descriptive research design with a cross-sectional survey strategy was adopted. A sample of 115 employees was selected in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. Questionnaires were used to collect primary data from the sampled respondents. Descriptive statistics, correlation and regression analysis techniques were used to carry out the analysis according to the study's objectives. This chapter presents summary of findings and conclusion. It also provides appropriate recommendations including general recommendations and suggestions for further research.

#### **5.2 Summary of the Main Findings**

Summary of findings covers results on employee performance, motivation in AMI Clearing and Forwarding Agent Company Ltd in Tanzania and role of motivation on employee performance. The study found that there is high work performance in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. Moreover, there is high motivation in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. Overall motivation found to have positive significant influence on work performance in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. In specific, intrinsic motivation also found to have positive significant influence on employee performance.

### **5.3 Conclusion**

The general objective of the study was to assess the effects of motivation on employee performance of AMI Clearing and Forwarding Agent Company Ltd in Tanzania. In order to assess the main objective, three specific objectives were used; to examine the effects of intrinsic motivation on employee performance in AMI Clearing and Forwarding Agent Company Ltd in Tanzania. The findings indicated that most respondents agreed that intrinsic motivation variables such as recognition, job enrichment, interesting job, responsibility, and career development affects their performance. To find out the effects of extrinsic motivation on employees' performance, the findings revealed that extrinsic motivational variables such as good working condition, salary, wages and bonus, promotion, rewards, fairness and job security positively affects Staff work performance. To find out the relationship between motivation and employee performance the findings on this specific objective revealed that the motivated employees lead to the increased work performance. A higher percentage of the respondents agreed that both intrinsic motivation and extrinsic motivation can lead to better performance.

### **5.4 Recommendations**

Based on objectives and findings, the study presents general recommendations and suggestions of further research.

#### **5.4.1 General Recommendations**

The AMI Clearing and Forwarding Agent Company Ltd in Tanzania management should effectively continue enhancing motivation of their personnel. If motivated,

employees are most likely to have high morale of work and demonstrate loyalty to the service they offer. Therefore, motivation may help the employees to curb effectively the effect of reducing work morality.

#### **5.4.2 Suggestions for Further Research**

The study is suggesting another research to assess the influence of motivation on organizational performance of private and public organizations. Relationship between employee motivation and organizational performance was not covered by the current study. Carrying out this proposed research will add very useful information which can assist these organizations to review its policies regarding how to raise morale of employees hence enhancing them to perform well and increase on organizational performance.



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## APPENDICES

### APPENDIX I: QUESTIONNAIRE

#### Part 1: Introduction

Dear Respondent, my name is **Ms. JohariSudi** a Master of Business Administration student at the Open University of Tanzania. I am carrying out a research on “**The effects of motivation on employee performance a case study of AMI Clearing and Forwarding Agent Company Ltd in Tanzania**” as a part of the requirement for the award. I have sampled you as a person suitable to provide the information required. I request you to spare part of your valuable time to fill this questionnaire. The information you provide will be treated ethically with the degree of anonymity and confidentiality it deserves.

#### Part 2: Questionnaires- Personal information

Please tick the appropriate response of your choice.

1. Sex: 1. Male 2. Female
2. Age: .....
3. What is your marital status?
  - (i) Married [ ] (iii) Widowed [ ]
  - (ii) Single [ ] (iv) Divorced [ ]
4. Education level
5. How many years you have been spent in AMI Clearing and Forwarding Agent Company Ltd inTanzania?
  - a. 1-10 years ( ) b. 11- 10 years ( ) c. Above 21 years ( )

#### Part 3: Employee motivation

Please read each statement and, then circle one of the five numbers against it. The number you choose to circle should be the number that represents the extent to which you agree with what the statement is saying about you and your job, where:

1 = Strongly Disagree (SD); 2 = Disagree (D); 3 = Neutral (N); 4=Agree (A);  
5=Strongly Agree (SA).

Statements	SD	D	N	A	SA
1. I feel I am involved in my job in this organization	1	2	3	4	5
2. My job is secure with in this organization	1	2	3	4	5
3. My supervisor helps me with my personal problems	1	2	3	4	5
4. My organization offers me good wages	1	2	3	4	5
5. My work in this organization is interesting	1	2	3	4	5
6. I feel there is tactful disciplining in this organization	1	2	3	4	5
7. I am provided with opportunities for promotion in this organization	1	2	3	4	5
8. I am provided with opportunities for career development in this organization	1	2	3	4	5
9. Working conditions in this organization are generally good	1	2	3	4	5
10. Management/supervisor loyalty to employees is very high	1	2	3	4	5
11. I am fully appreciated for a job well done here	1	2	3	4	5

Source: Adopted from Kovach (1995)

#### Part 4: Working Performance

On the scale from 1 to 5 rate the following statements as they relate to your working performance. (1= very low, 2 = low, 3= moderate, 4= high, 5 = very high)

SN	Issues	1)	(2)	3)	4)	5)
12	How would you rate your overall work performance compared to your peers with the same experience doing work similar to yours?					
13	How would you rate your overall work performance compared to your peers with the same qualifications doing work similar to yours?					
14	How would you rate the quality of your work compared to that of your peers' doing work similar to yours?					
15	How would you evaluate your productivity level compared to that of your peers' doing work similar to yours?					

*Thank you for your time and co-operation.*



**MANAGEMENT QUESTIONS: INTERVIEW**

1. How does the motivation packages available influence employee's performance?  
.....
2. What kind of Motivation package available for your employees?
  - (a) .....
  - (b) .....
  - (c) .....
3. How does motivation retain yourself and your relationship with your company?
  - (a) .....
  - (b) .....
  - (c) .....
4. As a manager how does PDP Bonuses influencing your work performance?
  - (a) .....
  - (b) .....
  - (c) .....
5. How does PDP Bonuses associate with your employees' job performance?
  - (a) .....
  - (b) .....
  - (c) .....

***Thank you for your time and co-operation.***

**APPENDIX II: RESEARCH CLEARANCE LETTER****THE OPEN UNIVERSITY OF TANZANIA*****DIRECTORATE OF POSTGRADUATE STUDIES***

P.O. Box 23409  
Dar es Salaam, Tanzania  
<http://www.openuniversity.ac.tz>



Tel: 255-22-2668992/2668445  
ext.2101  
Fax: 255-22-2668759  
E-mail: [dpgs@out.ac.tz](mailto:dpgs@out.ac.tz)

**Our Ref: PG202085857**  
**Director,**  
**AMI Clearing and Forwarding Co. Ltd**  
**Head Office**  
**P.O. Box 32432**  
**Dar es Salaam**

**Date:** July 3rd, 2022

**RE: RESEARCH CLEARANCE**

The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1<sup>st</sup> March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1<sup>st</sup> January 2007. In line with the Charter, the Open University of Tanzania's mission is to generate and apply knowledge through research. To facilitate and simplify the research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and Technology, to both its staff and students doing research in Tanzania.

With this brief background, the purpose of this letter is to introduce to you Ms Johari Sudi, Reg. No: PG202085857 pursuing a Master of Business Administration (MBA). We hereby grant this clearance to conduct research titled "*The Effects of Motivation on Employee Performance: A Case of Ami Clearing and Forwarding Agent Company Ltd in Tanzania*".

She will collect her data in your area from 5<sup>th</sup>, July 2022 to 15<sup>th</sup>, August 2022. In case you need any further information, kindly do not hesitate to contact the Deputy Vice-Chancellor (Academic) of the Open University of Tanzania, P. O. Box 23409, Dar es Salaam. Tel: 022-2-2668820. Lastly, thank you in advance for your assumed cooperation and facilitation of this research academic activity.

With kind regards,

**Prof. Magreth Bushesha**  
**DIRECTOR OF POSTGRADUATE STUDIES**

## APPENDIX III: ACCEPTANCE NOTIFICATION

Scientific Research Publishing  
[www.scirp.org](http://www.scirp.org)



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**Author(s):** JOHARI SUDI AND LILIAN MACHA

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