

# **THE IMPACT OF COMPENSATION ON EMPLOYEE'S PERFORMANCE WITH A MEDIATING ROLE OF MOTIVATION**

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**NATIONAL UNIVERSITY OF MODERN LANGUAGES  
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**THE IMPACT OF COMPENSATION ON EMPLOYEE'S  
PERFORMANCE WITH A MEDIATING ROLE OF  
MOTIVATION**

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## THESIS AND DEFENSE APPROVAL FORM

The undersigned certify that they have read the following thesis, examined the defense, are satisfied with the overall exam performance, and recommend the thesis to the Faculty of Management Sciences

Thesis Title: The impact of compensation on employee's performance with a mediating role of motivation

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This thesis has been read by me and has been found to be satisfactory regarding content, English usage, format, citations, bibliographic style, and consistency, and thus fulfils the qualitative requirements of this study. It is ready for submission to the Faculty of Advanced Integrated Studies and Research for internal and external evaluation.

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## **DEDICATION**

I dedicate this research to my parents and specially to my father who is a real source of motivation and inspiration to me , not because he is my father rather because of his conduct , honesty, dedication towards his profession and way of living . No doubt due to special blessing of ALLAH and prayers of my parents today I am able to complete this study.

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Thank you all very much!

## **ABSTRACT**

### **Title: The Impact of Compensation on Employee's Performance with a Mediating Role of Motivation**

Compensation is extremely essential for the employee performance. For that reason it is highly essential for the company too. The main purpose of this study is to investigate the effect of compensation on employee performance. A questionnaire was prepared to gather the data associated to compensation, employee performance and motivation. The data was collected from different Pakistan Telecommunication Company Limited (PTCL) sectors of Pakistan. Total 300 questionnaires were circulated out of which two hundred ninety two questionnaires were backed. The rate of response was 97%. The collected data were examined in SPSS 21 version. For the analysis of data various analytical and descriptive methods were used. We used correlation analysis for the purpose to test the relationship between and among the variables. We used regression analysis to know the impact of independent variable upon the dependent variable. For the purpose to examine the consistency of the data we used descriptive statistics. For mediation analysis we used Preacher and Hayes model. It is originated from various outcomes that compensation has positive effect on the performance of employee. Results from current study investigate that compensation plays a very important role toward the employee's performance in Pakistan Telecommunication Company Limited (PTCL) sectors of Pakistan. Future directions and limitations are also discussed in the study.



**Keywords: Compensation, Employee Performance and Motivation**

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## ABSTRACT

**Title: The Impact of Compensation on Employee's Performance with a Mediating Role of  
Motivation**

Compensation is extremely essential for the employee performance. For that reason it is highly essential for the company too. The main purpose of this study is to investigate the effect of compensation on employee performance. A questionnaire was prepared to gather the data associated to compensation, employee performance and motivation. The data was collected from different Pakistan Telecommunication Company Limited (PTCL) sectors of Pakistan. Total 300 questionnaires were circulated out of which two hundred ninety two questionnaires were backed. The rate of response was 97%. The collected data were examined in SPSS 21 version. For the analysis of data various analytical and descriptive methods were used. We used correlation analysis for the purpose to test the relationship between and among the variables. We used regression analysis to know the impact of independent variable upon the dependent variable. For the purpose to examine the consistency of the data we used descriptive statistics. For mediation analysis we used Preacher and Hayes model. It is originated from various outcomes that compensation has positive effect on the performance of employee. Results from current study investigate that compensation plays a very important role toward the employee's performance in Pakistan Telecommunication Company Limited (PTCL) sectors of Pakistan. Future directions and limitations are also discussed in the study.

**Keywords: Compensation, Employee Performance and Motivation**

## **CHAPTER-1**

### **INTRODUCTION**

## **1.1 Background**

At the present century, the major concern of the business is to enhance its income and purchaser fulfillment. In order to accomplish this goal, the organizations regularly send our staff for awareness sessions as they are important assets of their business. In every organization compensation is the main essential instrument for motivation and superior employee's performance. Successfully planned compensation format can be utilized to encourage employees and enhance their performance. In this study compensation is one of the main reasons due to which the employees wish to work out hard to achieve the objectives of the organization. The purpose of this thesis is study the impact of compensation on employee's performance. Furthermore, to find out whether motivation plays a mediating role in influencing this relationship or not. The relationship among compensation, motivation and employee performance are explained in this section.

In recent time, compensation plays a very important role in every organization. In government and private region, compensation is the most important instrument for employee's motivation (Ajmal et al, 2015). Regardless of the reality that there is a differentiation between public and private employees with observation to job characteristic or aspect that motivates them, there survives regularity in conditions of compensation (Chatzopoulou, Vlachvei & Monovasilis, 2015). In this study compensation is used as an independent variable (Hameed et al, 2014).

The compensation format is a method utilized to encourage employees so as to fluctuate job feelings for the advantage of an organization (Nagabhaskar, 2015). For employee motivation, compensation is a successful part for every organization. In accumulation, successfully planned

compensation format can be utilized to encourage employees and increase employee's performance (Safiullah, 2015).

Employee performance is the manner which business decides whether employee job outcomes are in line with the whole business objective or not. But before that employees must be skilled and capable to bring forth these results (Pright, Naham & Milliams 1996). Organization trainings increase employee competency and loyalty that as an outcome boost the whole employee performance (Sayhen & Prayrem, 2002). Employee performance is used as a dependent variable in this study (Hameed et al, 2014).

In a further study, Oklia et al, (2008) recognized that training, right performance appraisal, satisfactory compensation, job responsibilities, working condition, and job security motivate employees to convey optimize performance.

Human resources are an input to the production of the organization. The study referred to the Hawthorn studies. Elton Mayo changed and managed this method of opinion from 1924-1932. Different experts suggested that human resources are the assets. Some specialists declared that human resources are not assets. They are the major and effective parts for any organization. Additionally, studies establish that employees are not convincing only by cash. Employee behavior is associated to their needs (Dickson, 1973).

Steers & Porter, (1987) highlighted that motivation is a phase that varies employee's way of working condition. Allscheid & Cellar, (1996) declared that in order to be excellent in everything in the place of work, the only necessary capacity is motivation. So, this is the capacity which is necessary to do any type of task. Furthermore, Anne et al, (1994) defined motivation as a procedure that describes, manages, and maintains certain behaviors. He further suggested that every employee has different needs and wants. It means that the motivation aspects are totally

dissimilar from one to another. On the basis of this concept, a number of various theories of motivation should be utilized to aware of approximately all needs of employees. Numerous theories are discussed in the study to simplify what forces change the motivation.

For instance, Hislop, (2003) recognized motivation is a type of power which pushes employees to perform things as a result of the person wants being fulfilled. So they have the encouragement to accomplish and continue with the task. In this study motivation is used as a mediator variable (Gungor, 2011).

Motivated employees are highly desired and necessary in our rapidly varying workplaces and market place. It will help out organizations to survive by performing the task and work therefore employees will be more successful. Depending on their capability and quantity of work done by putting the accurate employees in the accurate situation, can produce good results and can enhance their capability. They use their skills and capabilities more repeatedly. As a result this will guide them to focus on the organization goals (Yongsun, Barbara, and Christy, 2002).

Human resources play an important role in the consumer perception about the business. Organisation expend huge amount of wealth to get purchaser loyalty. But they forget the employee's motivation. Customers interact with the workers and carry out business image in their mentality through the behavior. So business should be moving their concentration toward the motivation of employee. At this time of globalization organisations face rivalry in the marketplace, if organisation could not effectively encourage their employee. Organisation did not survive in competitive surroundings of business (Ahmad, 2012).

In this thesis different theories of motivation like Maslow need theory, Herzberg two factor theories of need, Alderfer three party theory of need and David McClelland's acquired need theory is used. We follow one theory of need that is called Herzberg two factor need theory.

These investigators gave their observation associated to person needs. And person needs play a vital role to encourage the human resources of every organization. Anyim, (2012) and Chintaloo & Mahadeo, (2013) follow these need theories of motivation. These theories help out how to encourage the organization employees. According to Herzberg two factor theory of need if organization fulfills intrinsic need and extrinsic need of their workers as a result the performance of employee easily enhance.

## **1.2 Problem Statement**

Compensation plays a vital role in all public and private organizations (Chingong, 2010). In the current era of rivalry, businesses are more emphasizing on the human resource management. Successful managers are those who are able to manage their employees in an efficient manner. Compensation is the most important and most efficient way in this perspective. The importance of this idea and research done on this topic in the context of developing countries like Pakistan is very limited in scope and practice. Compensation plays their roles in enhancing the motivation level of an employee while performing his responsibilities. This study will tend to focus on taking motivation as a third variable and examine the whole relationship. We always have to observe in mentality that human resources are not encouraged only by cash and worker actions are also associated with their needs. Every organization faces the challenges of worker retention, high cost of recruitment, guidance, increasing rivalry, enhanced rules, and regulation by the government and high speed of technological development; as a result, employee feels de motivated and overworked. This study aims to provide prudent solutions to overcome this problem and to provide proper justifications (Nabi et al, 2017).



### **1.3 Research Questions**

- Is there any type of relationship between compensation and employee's performance in the context of developing countries like Pakistan?
- Is there any type of relationship between compensation and motivation?
- Is there any type of relationship between motivation and employee's performance?
- Does motivation play a mediating role in influencing the relationship between compensation and employee performance?

### **1.4 Objective of Research**

- To find out the relationship between compensation and employee's performance.
- To find out the relationship between compensation and motivation.
- To find out the relationship between motivation and employee's performance.
- To analyze how the motivation acts as a mediator in influencing the relationship between compensation and employee's performance.

### **1.5 Significance of Research**

Compensation is one of the best key factors inside an organization which provides many advantages to the organization. The importance of this portion of research is to develop knowledge for both the organizations and researcher about various motivational levels of employees in the organizations. This research also provides the organization with different

motivational level of phenomena which they can utilize in the future when motivating, along with a recommendation as to what form of motivational ways they should utilize in the future. Also depending on the outcome, it may emphasize further issues the organization may have which are affecting employee motivational level adversely. Furthermore, this research will be helpful to contemplate various prevalent compensation structures in Pakistan and how it affects the relationship between motivation and employee's performance.

## **CHAPTER-2**

### **LITERATURE REVIEW**

## **2.1 Compensation**

Compensation is the remuneration employees obtain for their services or giving to an organization. Compensation packages have relationships with work motivation and employee performance is the reality in the present literature positions. Studies observe how compensation influences motivation and employee's performance. Different studies concentrate on the association among compensation and employees performance with a mediation of motivation (Salisu, Chinyio & Suresh, 2016).

Normally, compensation is all type of financial income and profit for employee's hard work. Based on Pilkohick, Mewsan, and Hergat (2011), compensation can be defined as financial returns, physical services and profit given to the employees as component of the employment agreement. Hameed et al, (2014) is used compensation as an independent variable.

Compensation is extremely essential for the employee performance. For that reason it is highly essential for the company too. Compensation is the procedure of providing economic value to workers for the job they performed. Compensation are used for the purpose to diminish turnover, they hire a very high skilled employees and persuade company loyalty. Compensation can be including basic pay, overtime, bonuses, journey allowance, store options, checkup grant, commissions, and earnings distribution. A current study performed that twenty percent employees plan to change their present positions in at least 5 years. Worker retention is the important part of organizational life. The execution of compensation strategies has seen significant development over the last numerous years. Frye, (2004) performed different types of study that show +ve correlation between compensation and employee performance. He suggested that compensation strategies play a vital role in hiring experienced employees. Collins & Clark, (2003) stated that the majority of the organization performance based compensation is used to

recompense the employees. Brown et al, (2003) suggested that performance based compensation definitely effect employee's performance. Huselid, (1995) declared a significant correlation between compensations and performance of employee. Wright & Lockett, (2003) argued that a successful human resource management strategy and compensation method increase employee's work efficiently and effectively. Teseema & Soeters, (2006) specified a significant relationship between compensation and performance of employee. It is essential that manager view compensation observation in a positive way. Compensation practices deeply affect recruitment of employee and employee turnover.

Holt, (1993) stated compensation are the advantage that employee obtain in the type of salary and wages etc to enhance the performance. It is the part of change between & among the employee and proprietor as a results employee agreement. For future perspective worker pay is the essential part of living. Compensation gets from work done on the behalf of people receiving the service. From the employee perception compensation is the main and very essential element of currency flow. It is generally equal to half of currency flow of the organization. However this is more than half in the service zone. It is the major key to catch the attention of worker and encourage employee to enhance the performance by Ivanceikh and Glueck, (1989).

He declared mostly personality that receiving upper level education they are not fulfilled their jobs and return. Therefore those organizations are minimizing to that challenges. For the purpose to minimizing these hurdles organisation properly prepared compensation plan to maintain and encourage the employees as well. Various universities objectives create their profits and compensation packages to catch the attention of employee as possible while some employees think their capabilities to identify that if they do well the pay can be enhancing. In

further suggested that compensation affects decision making process of employee. It continues the organizations and responsibility of different types of worker (Bratian and Gold, 1995).

According to Ivancevch & Glueck, (1989) compensation, employee guidance and other advantages packages has increases the performance. Furthermore positive results of employee normally enhance the attraction and performance. The employee opinion of the organization benefits rule. If employees pay are fixed as an end result high work quality and quantity done. Henman & Schwab, (1987) suggested that organization pay openly influences the employee return furthermore employee match up to their pay available in another organization. Mitchall & Holton, (1993) declared that people continue ore leave the business more causes. They fulfilled with their job promotional chance and work environment.

Compensation is the main key of motivation. Humans are naturally liable to do better when they observe they will obtain satisfactory pay from their hard work. People use effort for various motives. In the current competitive economic surroundings joined with the customer society have made compensation possibly. This is the main essential factor of motivation. For some necessary wants & needs the majority people are encouraged by cash.

Amstrong, (2008) declared any type of compensation the most understandable external remuneration. It gives the encouragement that the majority people want. Denisi and Griffins, (2008) defines “compensation is the returns that company provides to persons for their willingness to do different tasks inside the company”.

Armstrong, (2009) declared that compensation is the remuneration that organisations offered to their workers. The conversation of compensation and concentration of the particular company will be the same. Management compensation implement a "Total Rewards" highlights the significance of the consideration of all characteristics of remuneration in accordance with the

overall design of incorporated human resources to gain work motivation. Mathis & Jackson, (2011) suggested that there are two kinds of reward. The intrinsic reward comes to the first. Come extrinsic reward from the second and last. Intrinsic rewards are indicated mental and social parts like accomplishment of targets. The extrinsic rewards are those rewards that indicate outside of person for example working condition. Compensation consist extrinsic rewards that the company gives rewards for job completed and the accomplishment of the performance created. This study observes how compensation influences motivation and employee's performance. Compensation plays very important function in this study.

According Nawawi et al, (2011) various three types of compensation like direct, indirect compensation and incentives. These types are discussed the following:

1. Direct Compensation

This kind of compensation is the remuneration that is paid regularly by the time limit fixed for example salary and wages. Wages and salaries are indicated as a payment in the shape of cash.

2. Indirect Compensation

This form of compensation is offering the remuneration and additional benefits for employees beyond the salary and wages fixed, either in cash. For example holiday allowance and other holiday allowance etc. In additionally it can be include healthiness insurance, trip and others.

3. Incentives

This is the rewards given to employees for the purpose to encourage and produce high work output. It is not stable. It is not specified to workers at any time. In simple words it is the kind of profit that given to those employees who their work good and excellent. Compensation is the

reward given company is prepared in different forms. Dessler et al, (2013) declared that there are two kinds of payments. The direct financial payments come to the first. Indirect financial payments come from second and last. The examples of direct financial payments are wages, salaries, incentives and commissions. Insurance are the example of indirect financial payments. There are two main methods that prepared direct financial payments. The first one is salary enhances based on time. The second one is salary raises based on performance. Indirect financial payments are only performance based.

Rival, (2015) suggested that there are main four elements of compensation. These are discussed the following:

a. Salary

It is the payment in the shape of cash collected by workers as a result to put power and mentality in accomplishing the targets of the organization. Furthermore it can be considered as permanent imbursement obtained by an individual from the company.

b. Wage

This is direct financial imbursement given to workers hourly based worked only. For example quantity of goods manufactured and quantity of services offered.

c. Incentive

This is a direct pay given to workers for the purpose to enhancing performance. It is another type of wages. It is also called performance based compensation.

d. Indirect compensation

This is a payment offered under the organizations rule to increase the happiness of workers. Allowance, insurance and retirement fund is the examples of this kind of component. There are

two main philosophies of the compensation. The first one are called rights philosophy. The second one is called performance philosophy (Mathis & Jackson, 2011). Right philosophy thinks that the persons who have worked more than the years. It will get rewards with little concentration of performance. Philosophy of performance involves that compensation are returned in shape of performance. Employees create satisfactory result will increase the level of their compensation and unimportant performance. Rewards management observes the formulation and execution strategies to reward equally to worker in accordance with the value allotted to the company. There are different objectives of rewards management. These are the following (Armstrong, 2010):

1. Rewards refer to what the companies are agreeing to give.
2. Remuneration to workers the value produced.
3. This is the accurate thing to communicate the correct info about the significance of how to perform and the end outcome.
4. Increasing performance culture.
5. Encourage workers and enhance the commitment.
6. Facilitating people to improve the workers quality according to the requirements of the company.
7. Construct a significant relationship with the worker.
8. Pressures remuneration practices with company targets.
9. Giving reasonable remuneration for workers if firm think they are worked fairly.
10. Apply equal reward system according to what they perform to the organization.
11. Regular decisions that payment is not prepared in complete and without distinguishing between one individual & another person at a various time.



12. It is a visible method that workers know how rewards work and affects them.

Gomez et al, (2012) declared compensation is the main cost in every organisation. Several developed firms it counts sixty percent of the whole cost. On the other hand, it is still higher in various service organizations. This means the efficacy which compensation is assigned. It can make a major distinction in achieving or losing the competitive advantage. He declared that build up an excellent worker compensation plan is essential for all organization. Further declare that improperly build up compensation plan may outcome to a remuneration rate. This is too high hence uncompulsory expenses. Minimum pay may guarantee lower worker quality and high turnover of worker. At the similar time intrinsically unequal wage rates diminish employee confidence. And cause continuous criticizes from the workers. Nelson and Spitzer, (2003) declared that relationship is the main key portion of every compensation plan that survives between performance and compensation. Successful management compensation in every firm will catch the attention, encourage and maintain competitive employees by Decenzo et al, (2007). Amstrong (2008) further declared that the main purpose of reward mgt is to encourage worker and gain their comitment.

Dessler, (2008) recognized that some portions effect the design of every compensation plan for example authorized considerations, union pressures, organization rules, competitive tactical objective and finally interior and exterior equity. Completely know how companies establish compensation plan for our employee. One wants to seem how compensation plans of employee are classified. Some parts utilized to decide the compensation plan & the method of increasing the compensation plans.

Dessler, (2008) suggested that compensation is divided into two main kinds of approaches. The first one is called job based approach. The second one is called skill based approach. Job based approach are generally used in compensation plan. Gomez et al, (2012) recognised the plan suppose that jobs are extremely well defined, e.g. a cashier. The works in this job is completed by people who are granted to do well. In the above plan every part of jobs are not equally essential for firm. The marketplace puts larger value on several jobs. Large amount of pay are the essential jobs. Denisi & Griffin, (2008) declared that it is a pay for knowledge. They illustrate the compensating employees for learning particular information. He defines “job based approach is the pay that given to person for the jobs they are allotted”.

Milkovich et al, (2013) recognised that skill based approach is the second one supposes that employees cannot be rewarded for the jobs they performed. But for the purpose to how they are able doing many tasks. The larger the variety of job associated skills one enjoys the more they are rewarded. They declared that skill based pay are returns to workers for gaining skills. They suggested that this is given to person for all the abilities they have been confirmed and they are using a specific skills to work well.

Different specialists observe that several of the advantages of job based pay are easiness of understanding and management. This offers workers a more knowable technique of pay. Building it simple to budget and plan for increases every time. This approach rewards workers who continue with the boss for a long time. And there is minimum space for wrongness within work titles since pay is prepared by the job. It decreases the possible for unfair pay practices. Another hand job based pay suggests small space for growing up and pay mobility for workers who no need for promotion. There is small encouragement to get new abilities. Several people also get discouraged when they do at an upper level. And observe colleagues acquire similar pay.

Higher ranking workers struggle for inspiration of various companies. They are the high end of the pay timetable. It can go no more regardless of performance. This arrangement also gives to sometimes controversial organization politics. Because workers think the only way to acquire ahead is to work their way up the corporate ranking.

Skill based approach are those rewards for staff who learn innovative abilities and attain new information. Active workers normally choose for this approach. It provides them a cause to focus on career growth. This kind of reward also gives to those employees who desire to do at a higher stage. Organizations pay for information and expertise development, they contribute to a universal increasing of performance across every job. On the -ve side of this approach, the competitiveness inside job ranks may reason clash among classmates and co-workers. Colleagues think hurted or superior near one another specifically where one creates additional money doing related tasks. One can also think low paid and lower valued if they are not given the similar as someone performing the matching job at a challenging company. This approach may also cost the person and organization more in conditions of time and cost further training to build up skills and create extra wealth.

Gomez et al, (2012) recognised that organization utilizes job or skill based compensation plan. The major purposes of the plan are to accomplish organisation goals. On the basis of that plan is build up to fit the organizations distinctive feature and location. Decenzo et al, (2007) further suggested that through compensation plan organisations catch the attention, encourage and maintain capable employees.

Gomez et al, (2012) declared that when deciding a plan for compensation varios key aspects to be thinking in every organization. The first aspect of compensation plan is called internal equity. And the second one is called external equity. It refers the view of the plan to be

reasonable inside the firm and relative to what other company are paying. For example the payment is fixed or changeable, the plan of pay is for performance or for relationship, all worker are treated similar or treated in a different way, the plan encourage with financial grants and employee compensation information easily reached to workers.

Amstrong, (2008) suggested that there are five steps involve in deciding a well compensation plan. The first one is called salary analysis. The second one is called job assessment. The third one is called combining same jobs into pay ranks. The fourth one is called costing every pay rank and the last one is called modification pay charges. Dessler, (2008) recognised that salary analysis are performing a survey of what other owner are offering for similar jobs. This helps out make sure there is exterior equity. Amstrong, (2008) further declared that salary analysis is called benchmarking. It is the procedure of classifying the charges of pay in the marketplace for similar jobs. It updates decisions on rank of payment inside the organization. An excellent salary analysis provides exact wage charges for correct jobs. Salary analysis can be prepared formally like written questionnaire or informally via utilize of cell phone, internet surfing and advertisement in newspaper. Salary analysis published by consulting companies, specialized relations and government representative can also help.

Amstrong, (2008) declared that job assessment is an organized procedure of defining the relation attraction. It is the volume of jobs inside an organization in arranges to create interior relationships. It gives a reasonable rank structure, ranking jobs and pay relations. Dessler, (2008) suggested that the assessment involves matching, the effort requisite, duty, and abilities and this help out make sure there is interior justice. The procedure finally outcomes to a pay hierarchy as the jobs that need superior educations, more duties and difficult jobs are given more extremely than jobs with smaller obligations. Amstrong, (2008) further recognised that job assessment do

not directly decide the rank of pay. And this is on the basis of investigation of jobs, which guide to the construction of work descriptions.

Dessler, (2008) suggested that combining same jobs in to pay ranks are the procedure of rotating job assessment outcomes to pay ranks. Pay ranks includes a jobs of approximately the same complexity or significance as recognized by job assessment. Further explain that costing every pay rank is the method of structuring a remuneration curve. This kind of remuneration curve indicates the connection between employment value and the remuneration given for the job. Modification pay charges, this entails build up pay series.

Amstrong (2008) suggested that pay ranks and arrangements are main branch of a reward plan. If this plan is well devised and retained as a result they give a valid designed frame inside an organization. They facilitate the organization to decide where jobs must be located to accomplished equal pay opportunity. It represents how the procedure of observing, controlling and the execution of pay plan. A rank structure can provide as an average through which the organization speaks career and payment chances available to workers.

Qureshi & Sajjad, (2015), suggested that compensation effect on the enhancement of worker performance. Studies carry out on employees in Saudi Arabia to clarify the positive connection between compensation and performance of the employee. He further declared that giving better compensation as a result the employee's performance is also getting better. Xu et al, (2014) recognised that how the compensation affects on performance of workers in terms of experience and capability. The results indicated that compensation of employees of all levels of experience and expertises have an impact on the performance of workforce. Study in Indonesia conducted Ward, (2015), PT Garuda Milky Artha also present the equal result that is compensation effect on worker performance. Taif, (2015) suggested that the compensation PT

PLN also illustrated a +ve impact on workforce performance. Sarwar et al, (2011) carry out a case study in a college, Pakistan trying to construct a research about aspects that persuade the performance of fresh workers. There are different factors like personally work, shortage of relationships, lack of interactions between workers and inconsistency career opportunities that shows low effect to performance of new workforce among another's. The third matter about the aspects of work satisfaction. There are two aspects of work satisfaction. The first one are called good work satisfaction. The second one is called poor work satisfaction. Both are affects the performance of workforce.

Armstrong, (2005) suggested that managing of compensation is an essential part of human resource management approach to productivity enhancement within the company. It deals with the planing, execution and maintenance of compensation structure that is common to the development of organisation team and the performanc of individual's. Management of compensation is related with the formation and execution of strategies and procedure. The purpose of this is to compensate people practically, rightly and every time according to their morals inside the company. Hewitt, (2009) recognised that managing of compensation is the name recommends, implies having a compensation format. The workers who carry out better are remunerated more than the normal performing employee. This kind of persuades employees to effort hard in organize to get a lot of moneys. Armstrong & Brown, (2005) declared that arrangment of compensation are an important branch of human resource management approach to handling individual. It supports the accomplishment of business goal. This is a strategic within the common sense that it deals with longer term problem relating to how worker should be appreciated for what they desire to attain.

Amstrong, (2005) suggested that managing of compensation are developing a very good employment connection and mental contract. This implements an overall compensation approach. It recommends that there are a lot of directions in which worker can be remunerated. Bob, (2001) and Anyebe, (2003) recognised that management of compensation are based on a well spoken philosophy. It is a set of thinking and leading principles that are consisted with the values of the firm. This suggests the reality that if human resource mgt is spending human capital in a reasonable way. It is good to recompense people in different method accordingly to their roles. He declared that remuneration is the centre portion of the service agreement. After it this is the major motive that why individuals work. It consists of both internal and external outcome of the employment by the company. In related sample he suggested that compensation is a return in substitute between the workers and themselves. Inside the organisation it is the right of employees. This is the reward for a job which well completed. Workers pay does not only depend on the jobs they perform. Organisation fluctuate the paid amount according to differentiations in performance of the person. The whole organisation differentiates the employee's traits like safety, education levels and abilities. This compensation is defined as it is the total rewards offered to workers in return for their service. The overall aim of compensation is to attract, maintain and encourage employees. At the same time compensation is contained of both changeable and unchanging elements. It is the best combination of this fundamental to successfully control the location of employees' performance.

Namasivagam & Zhao, (2007) recognised the link between motivation and performance of worker affects by compensation. Managing of rewards and motivation was initiated a good and encouraging relationship. If company presented incentives to our workers were be changed, as a result there would be a matching change in happiness and motivation. Danish and Usman,

(2010) suggested that at the same time the periodic pay increments, various allowances, incentives and other returns on regular and particular periods maintain their self confidence high and build them more inspired.

Chandan, (2005) declared that the impact of compensation is clarified by a lot of well-known theories of motivation. This theory is based on the idea that attitude and performance of a worker is not a meaning of internal thoughts, outlooks and opinion but is answered to nature of the result of such behaviour. The importance of a particular behaviour is probably going to arise within the future. On the basis of this direct relation of behaviour is the inner running of employees. Management can study and classify this kind of relationship. And struggle to change and get manage more attitude. This is so essential for manager and owner to know the reality. Compensating the worker will definitely get better employees performance. This is compulsory for constant motivation in organize to fast way the enhancement of worker performance.

He observed the theory of Maslow based upon two kinds of assumptions. The first human have a lot of needs that are dissimilar in natural world. Range from social needs at the lower rank. And the basic needs at the higher rank. The 2<sup>nd</sup> one these form of needs arise in the hierarchy. The lower rank needs should be fulfilled before high level needs start. This theory gives us management awareness. Workers are encouraged by a wide shape of needs. Management must offer a chance to persuade this type needs by generating a physical and theoretical work setting, as a result individuals are going to be persuaded to attain company goal. This means to facilitate an organisation to accomplish its aim by improved worker performance. These are the needs that effectively and efficiently remunerate our employees. On the other hand this varies from basic needs (Chandan, 2005).



Vroom's expectancy theory of motivation by compensation are based on different kind of assumption. Man is normal individual. And it will struggle to maximise his money. This approach thinks that inspiration to work is powerfully determined by a person observation. A confident type of attitude will guide and gives a positive result. It is an essential if a worker think that his or she will be effectively remunerated. Various employees will get a lot of remuneration by work done hard. This can be to determine the truth that compensation show stronger connection with performance of workers. This theory suggested three aspects which are the following. The expectancy comes to the first. Instrumentality comes from second. Come valence to the third and last. Expectancy observes an individual's opinion of the possibility that a result from a particular accomplishment. If employees work hard as a result his/her will get better productivity. And it can be absolutely obtain a lot of compensation. Less individual's performance cannot be expecting to boost of our compensation. Instrumentality associated to someone belief and hope that he/she will guide to a specific most wanted reward. The employee work hard in organize to raise our performance. So they will positively get the desired reward by enhanced of compensation. Valence is the importance that a person gives to his or her preferred reward. It cannot be ready to work hard to better performance but for the purpose what his or her desires. Company owner must convince about worker and the payment packages in organize to encourage the employees at the end result rise of performance.

## **2.2 Employee Performance**

Different kinds of concept of employee performance are explained after compensation. Performances are divided in to two kinds. These are the following. The organisational performance comes to the first. Come employee performance from the second and last.

Employee performance are also called job performance. Organization measured job performance regularly and personally. This will show a small number of various choices.

UK branch of Labour (1994) defined high performance work structure as a structure of jointly emphasizing practices that generate many directions to build up employee ability, to support human being and organizational aim, and to distribute information critical to solve difficulties. In current studies of high performance job structure, concentrate on the information distribution; decision delegation and job enhancement that are offering workers with opportunities for contribution in decision build up and improvement.

Nalwon (1984) and Rawler (1987) highlighted that employee participation increase the employee loyalty and fulfillment and directly persuade the employee performance for the advantage of business. The performance of human being is optimizing by the high participation of workers. Earlier studies recognized a well-built and significant relationship among compensation, motivation and the performance of employees. After examining that business improvement is significantly associated with organization performance. This type of study will observe whether better motivation is associated with capability improving, work participation, worker reward, and employee assessment.

Earlier literature (Kingpong, 2016) specify that if accurate people are hired for the accurate job, offered appropriate guidance and skillfulness development seminars when and where required, realize their performance and compensate them consequently, they will be liable to demonstrate satisfied actions. If the worker is happy from our job, he or she will struggle to develop his performance and hard work to accomplish organization objectives that are the major fear of the business. Employee performance is used as a dependent variable in this research (Hameed et al, 2014).

The feedback of any business and its stability depends on their key possessions, workers and the competency of the boss to be capable to build an encouraging atmosphere for their employees. Furthermore, this is a challenge for the boss to carry on their group and workers motivated and fulfilled. That is why all bosses have to be conscious about the wants and necessities of worker (Adbone, 2011).

The most important aim of the business is to create the profits from public who are thinking absolutely near the work and encourage unhappy human resources in organize to accomplish a successful position for business and employee (Ahmad & Hussain, 2010).

Kostiuk & Follmann, (1989) suggested that the majority organisations performanc is measured by supervisory rankings. This kind of data is not practical. They are highly personal. Bishop, (1989) declared that a good number of jobs an objectively measure of output but does not survive. He recognised that the regularity of worker performance is best when the work environment is secure. But in practice line of work setting are not constant. This builds even harder to evaluate performances without bias.

Perry & Porter, (1982) and Bishop, (1989) suggested the problem of objective evaluating. He further declared the problem constantly increases. The majority owners believe they can rank the output of their workforce, and that it is completed in an ineffective manner. This is not possible, but only expensively to gain objective information regarding worker's effort.

Various specialists suggested that an individual's personality plays a lot of particular role in work performance. This is too much complicated to understand the impact of personal characteristic on performanc. Those forms of approximates are inaccurate who declared that can interpret them are unacceptable. Kostiuk and Follmann, (1989) recognised that personality differentiation look to be very essential in the connection with performance.

Breaugh, (1981) suggests in his study there are various four aspects that measured workers performanc. These are the following, quality of work done, quantity, dependability and information about our job. He planned the method in which the majority of employers can rank their workers output.

Hunter, (1986) declared that learning the work is the key instrument to job performanc. Common cognitive ability expects learning. As a result general cognitive capability is the key interpreter of job performance. Capacity and information about the job shows work performance. It assigns to manage the level of workers performanc. This is the simplest and very useful correct way by measuring of worker performance. He recognised that employees with high quality abilities and satisfactory skill are double helpful after several years as a result learning the job is definitely a key to performanc. He additionally suggested that management ratings based on capability provide a lot of objective aspects.

Hunter, (1986) suggested that high objectivity of this thoery and kind of evaluating job performanc is based on manager ratings. Bishop, (1989) recognised that the ranking of managment are generally rejected because of individual goal. Griffin et al, (1981) accomplished in their study that there are a small number of true options to be utilized to evaluate job performanc. In the investigation of Umstot, Bell, and Mitchell, (1976) one alternative is used. That is to say get job performanc as the average number of items produced per hour for one day. He declared that there are a lot of various aspects to measure performance independently but they have extra to perform with output. For example job performanc is use as “the number of items produced divided by total time of worked”.

Performance appriasal is the mostly used method to check the employee feedback. We test quality of performance of the worker through performance appriasal. We used performance mgt

system to check out the results of employee. There are different steps involve in performance mgt system. These steps are the following. 1. Company goal are accomplished or not; 2. Date by date performance; 3. Specialize growth; 4. Get incentives or not. In most suitable words further highlighted that employee assessment is an organized way in person performance. Performance can be checked through these various aspects. For example information about job, quality and quantity of productivity, management capabilities, daily records, self efficacy, collaboration, decision maker, Day by day works and daily attendance. Previous performance of worker is not focus on present performance.

Vans cotter, (2000) suggested that high workers performances guide the company. It contains larger opportunities for that employee who has less performanc. Campbell, (1993) highlighted that “Performance is associated to that organization hires the individual to perform well”. Ilgen and Schneider, (1991) recognised that performanc is not just connected to the actions but it is also engages judgment and assessment process. Campbell, (1993) further declared that the activities that can be observed and measurable are revealed as performanc. Frese, (2002) specify that most companies want highly feedback of its employees as a result that company can collect their targets and can capable to accomplish the competitive benefit. Borman and Motowidlo, (1993) distinguish between work and performanc. Work associated to the individual capabilities through which worker doing activities which is given by the technological interior. Performance not related to the technological core characteristics but it concerns about the company mental and social environment in that group accomplish its goals. It involves actions like help out human being a dependable part of the company. Smither, (1998) declared that performance assessment highlights on the performanc variables not on individual qualities. Kane, (1995) suggested that performance must be measured in term of the job related activities.

Murphy, (1991) highlighted that investigating performance through individual characteristics has various weaknesses. Jankoz, (2004) recognised that the validity and reliability of characteristic based performance assessment are better than as the perception of superior bureaucrat maybe biased. Squires & Adler, (1998) assessment based on qualities of worker has small value. Malos, (1998) suggested that fair judgment is based on work related activities not characteristics of peoples. Workers must think that in performance assessment there is huge chance for them (Weick, 2001). Gilliland & Langdon, (1998) further highlighted that without justice the performance evaluation structure, rewards, and improvement generate -ve effect.

Stewart and Brown, (2011) recognised that the performance is to see the person contributions provide to organizations in empowering them. Nawawi et al, (2011) declared that performance is the outcome of implementation of a job, both of physical and non-physical. Whereas Rival, (2004) illustrates performance is the mission of motivation and the capability to complete a task. Based on these explanations, we conclude that the performance of employees is the person contribution to the company. Human resource handle a target for both physical and non physical which have a level of willingness and a certain stage of capacity. The responsibility of inspiration in performance can be reviewed in the following formula:

**Performance = capability x Understanding of duty x Motivation x Environment**

Therefore, in organize to do well workers need first to have the information and abilities that are necessary for the job. Then, they should be aware of what they are essential to perform and have the inspiration to increase effort to do accordingly. And final, workers want to work in a situation that allocates them to carry out the mission, for example by assigning satisfactory resources (Mitchell, 1982). The multiply symbol in the equation highlights the significance of

motivation. If motivation is equal to nil, even the most capable employee will not convey. Similarly, a talented and highly encouraged worker can achieve excellent performance despite having various knowledge space (Landy & Conte, 2010). An excellent example for the latter situation is a fresh employee or trainee, who joins the company totally motivated to work, yet lacks abilities and practice. The motivation to study and build up will rapidly balance the weaknesses.

Jurkiewicz, Massey & Brown, (1998) highlighted that the effects of inspiration do not discontinue with performance. In the group of encouraged workers there are lesser work mistakes, fewer rates of moral harms, less workforce turnover and minor levels of absentees. Motivated workers are more committed to their companies and illustrate less insubordination and objection. Robison, (2010) declared that motivated workers think less tension, enjoy their job, and as an outcome have superior physical and psychological fitness. MAN forum, (2009) recognised that they are also more creative and quick response to consumers, as a result indirectly giving to the long time achievement of the organization. In short, encouraged workers are the best asset of every organization.

Pulakos, (2009) suggested that successful performance management are an essential instrument for worker motivation and best performance. On the other hand, this is not a sufficient situation for successful performance management. The main problem of every performance mgt system is how significantly it taken and how enthusiastically it is utilized by directors and workers. He highlighted that performance management is an excellence, coordinating and promoting to generate value for consumer as an outcome of economic value formation to proprietors. The increase of performance management is very visibly, which is why performance management must be sighted inside a firm. It is an instrument to develop on worker

motivation for superior performance. Cokins, (2009) declared that well organized management of performance needs a strong focus on the performance area. Capturing the requirement is the component of the work description inside an organization. On the basis of evaluating and increasing performance you have a complete ability of what is the need of the job. It is the firm for reviewing and enhancing performance inside an organisation. When it is shortening, the result is an absent connection in assessing worker performance. This is possible of developing on the employee performance inside the company. Furthermore, there is the absent linkage in evaluating employee's performance in relation to other classmates in the similar work description.

Mathis & Jackson, (2011) suggested that successful performance management system should perform:

1. Create an understandable goal according to expectations of the firm.
2. Produce performance information to workers.
3. Classify environments of achievement and growth needs.
4. Documentation of workforce performance records.

Otley, (1999) highlighted that there are two main kinds of the performance in organisation. The first one is called organisational performance. The second one is called job performance. Otley, further discussed organizational performance is focused to the performance of workers, job performance and other mechanism like location of the company. The differentiation between organizational and job performance is clear. An organization that is doing better is the one that is effectively getting its goals. In simple words, performing good is the individual who affect a suitable plan. Job performance is the single conclusion of an employees work. Moreover, high job performance is the capability of the worker himself. The



worker must be competent to provide a superior result and also have a high output (Hunter, 1986).

Ramlall (2008) recognised that a better employee performance is essential for the organization. Company success is dependent on the human resources creativeness and commitment. Griffin et al, (1981) declared that superior job performance and output development are essential in stabilized our wealth. It means of superior living environments, high remunerations, enhance in the accessibility of goods for utilization. He further discussed that in general study of person worker performance is significant to society.

Griffin et al, (1981) highlighted that worker construction and worker job performance looks to be related. For example, in the U.S performance in various cases is measured as the number of commodities formed. On the other hand, output is related with creation oriented conditions like income and turnover. Performance is associated to effectiveness or opinion oriented conditions like supervisory scoring and target achievements.

In all organization, the decisions to raise, maintain or discharge a worker have to be prepared on a normal base. These decisions were prepared through favoritism, where individual interactions inside the organization had a huge effect on workers promotion and sacking result. At present personal relations are still important though, numerous organizations are analytically assessing employee's performance in organize to enhance output and boost our earnings. Perry & Porter, (1982) suggested that performance of various workers possibly will be evaluated despite the shortage of accessibility of common accepted criterion.

Performance measurement is described as “the regular measurement of the results and efficiency of services,” this involves the stable measurement of improvement towards correct result. This is a primary part of any efforts at managing for outcomes. A consumer modified

process that focuses on enhancing profits and diminishing -ve cost for customer's services and plans. When performance is not measured as a result utilizing of information will be misled and not good result will be possibly pursued. Various specialists saying “nonsense in waste out” gives a lot of confidence. Hatry, (2006) declared that performance measurement suggests general information. It can be used for decision building purpose both for management and for all stages of workers. Performance evaluation system tool can be suit for every kind of team. This instrument is used for planned direction, routine base operation of a company, scheduling, executing and changes (Andersen and Fagerhaug, 2002).

The usual procedures of organisational performance are money and bookkeeping. Currently it has developed a new kind of systems which have a lot of role. The first one are called financial events. Financial events are an instrument that utilized to manage the financial resources of company in organizes to sustain organization goals. The 2nd one is called financial performance measure. Financial performance measures performed as indicators to achievements beside main company goals. The third one are called incentive given. They also offer incentive to our workers for future attainment. Furthermore, they were giving a gap of the history. They were thinking for the purpose to persuading aspects for the coming targets. The benefits of the financial and accounting measures are reviewing performance. It is truth that cost based and reverse zone seeming offers small motivation (Manzoni and Islam 2009).

This is an older proverb you cannot power it to drink by taking a horse and throw in the water. It drinks only if feeling thirst, therefore with employee. They will perform what they desire to do. Performance is the function of capability and motivation, therefore:

- Job performance =f (capability) (motivation)

Capability depends on qualification, practice and guidance. And its development is a short and long procedure. In further words motivation can be enhanced rapidly. There are various choices and an unskilled manager cannot still know where to initiate some things. There are different seven strategies for motivation and employee performance improvement.

1. Significant and high hopes
2. Successful rules regulation
3. Treating worker faithfully
4. fulfilling human resources wants
5. Setting job associated targets
6. Reformation jobs
7. Job performance base incentives

These are the necessary strategies, though the combine in the last technique will be different from place to place. Basically, there is a space between a person's real status and some wanted status furthermore the manager tries to diminish this gap. As a result motivations are also decrease and control this space. It is encouraging others in a particular technique towards goals specially declared by the motivator. Physically, these targets as also the motivation method must match to the company policy of the firm. The motivational scheme must be modified to the location and to the company.

Capabilities are successfully understood to complete and up to date work description for the situation. It must be aware of the work description. Performance assessment procedure normally takes place on the yearly basis however it can schedule more regular way. It is highly depended whether it is categorized as an expert employees. It's also including labour agreement, contract

establishment procedure. Manager plays great role in the worker performance it's provide response. Individual relations in the firm has big impact on the promotion and more firing decisions where personal relationship are more still significant today. Various organisation try to systematically evaluate staff performance to enhance the output. There are different methods used to judge the outputs of the organisation such as:

1. Manufacture calculation
2. Employees records
3. Judgmental techniques

There are various constraints on performance like:

1. Shortage of suitable tools and abilities
2. Load of job is high
3. Unsatisfactory working location
4. Lacking more bookkeeping hold
5. Absentees of workers
6. Unsatisfactory schedule of managers
7. Unclear goals of the company
8. Inadequate announcement inside the firm
9. Stress from colleagues to incomplete work
10. Shortage of capability to get things completed more

Ramlall, (2008) suggested that every managers want to encourage our employees to do best inside the organization because company success depend upon it. It is only the present study that established a very +ve correlation between motivation and job performanc. The relationship

between motivation and employee performance are explained first in this section. After that this will be cleared how workers will be persuaded to carry out well by internally and externally. It shows that there are a number of options for inner and outer motivation. Extrinsic aspects will not guide to enhance in worker motivation.

Filley et al, (1976) suggested and give the opinion that motivation and performance comes from human relationships theory. For a long time period the correlation between employee motivation and work performance has been studied. Vroom, (1964) declared that previous study is not successfully generating a direct relationship between these concepts. It looks like these factors act and control each other. Petty et al, (1984) evaluated the fifteen studies about this perception. Vroom, (1964) applied in his study and added further twenty latest studies. They concluded that worker motivation and performance are definitely related. The outcomes of their research show that the relationship among compensation, motivation and employee performance is more reliable than in previous study. He highlighted that when we added satisfaction, good connections are created with motivation and performance. Herzberg, (1959) used the word satisfaction in our study. He suggested that at the job when intrinsic aspects are present, satisfaction is arising as a result boost in worker motivation. He recognised that work performances are depending on the person level of motivation. The motivation levels of individuals are based on both internally or externally. Brass, (1981) declared that sure job characteristics are compulsory in generating the correlation between worker motivation and superior performance.

Griffin et al, (1981) suggested that when good job characteristics are offered inside the company, workers are well encouraged and finally enhance the performance. This kind of concept refers to particular features that can be utilized to express various tasks. Hackman & Oldham, (1976) recognised that five job characteristics, which are based on Herzberg's theories. These

characteristics are the following, the first one are called ability variety. Task identity comes to the second. The third one are called task significance. Comes self efficacy to the forth one. The feedback comes to the fifth and last. The conclusion of this study indicates that workers who doing well on this five kind of characteristics, it will illustrate high motivation and performance. He highlighted that workforce can be well inspired by the plan of their work done. He declared that employee can be persuaded to carry out best by offering certain internal and external aspects.

Hackman & Oldham, (1976) suggested that five job characteristics can convey the employee to three “critical mental states”. The first one are called work of significance practiced. Come work of practiced duties for outcomes to the second. Information of the real results of work activities comes to the third and last. He recognised that the three serious mental states will guide to higher motivation and performance. They further also declared that growth needs force of the worker relation. Workers who have a higher want for individual development will answer a lot of positive to a job high in encouraging potential than workers with a lesser need for growth. This kind of growth need has a reasonable effect on this connection. Furnham et al, (1998) suggested this concept. He highlighted that personality vary in to how employees reply to internal and external values. Introverts extrinsic aspects are more essential. Extroverts are internally encouraged by conclude to our study. Introverts are fewer persuade than constant persons and carry out to a lesser work done. Gray, (1975) imagined and survive the relationship between personality and performance.

The accurate relation between motivation and performance is not currently defined. Petty et al, (1984) argue that this kind of link is circular. It begins by a higher performanc causing satisfaction. They further declared that when satisfaction will be arising by the employee carry

out well a specific task. The employee is encouraged to struggle to perform best in the coming time by inner satisfaction. Hackman & Oldham, (1976) recognised the outcome of person reinforcing round of work motivation and self created satisfaction. This will pend one of the three mental stages that is no longer offer. The interior satisfaction will occur when employee are no longer morals finally the result an excellent performance. This study is based on internal dynamics. They suggested that enhance in extrinsic features does not means to boost in performance. Some good researcher declared that the self supporting circle can be work done for outer of individual.

The link between worker motivation and performance observe to be rounded by concluded finally. Raise the employee's motivation to struggle for the purpose to execute well in the upcoming time by superior performenc. This relation can be influenced by offering chances for high gains on the five job characteristics. Specific extrinsic aspects can be changing this kind of relationship by several other studies. The employee can be required to have the capabilities to do well as illustrated in this section. He declared that organisations likely to be present both internal and external motivators. The majority tasks worker execute in their work by suggested Amabile, (1993).

### **2.3 Motivation**

After the employee performance the concept of motivation is clarified. It looks that motivation can be imagined in a lot of various methods. For example several researchers struggle to prepare motivation but all planned different estimates. About this topic and numerous theories were designed which deeply control organisational behaviour by conducted many study. For exemplar two factor theory of motivation is used currently. Herzberg was single and first

individual who differentiated between internal and exterior motivation by suggested Staw, (1976). And that difference could explain and therefore help encouraging employees. The introduction of various kinds of theories and several definitions will be declared jointly in this chapter. But more significantly a division between inner and outer motivation is prepared. This partition is also supportive to simplify the link between the motivation of employee and performance.

Herzberg, (1959) recognised that the first question comes to the mind. That is why managers want to encourage our employees? This is a since for the survival of the firm by Smith, (1994). He highlighted and includes this concept it is essential for every company managers to study, know and deal successfully to our employees. The same as persuaded workers are compulsory to give permission to organisation individual for doing well in the coming period. She suggested that dissatisfied employees are liable to use small effort in our jobs. It avoids the place of work as much achievable. They exit the company and generate minimum of work done. Lindner, (1998) declared that in the case of persuaded of employees. They facilitate to continue the organisations. It wills quickly changing the workplaces. Lindner also argues Bowen & Radhakrishna, (1991) recognised that the complex role of managers is to inspire employees continuously. Various viewpoints of motivation are expressed in this section.

Forgas, Williams & Laham, (2005) suggested that the word motivation arise in the early eighteen hundred & eighty's. Previous time period the word "will" was utilized by specialists when talking about effort and motivated individual behaviour. Kreitner, (1995) declared that motivation is utilized to be supposed as a unit that bound individual to act. Recently a lot of researchers planned different kind definitions of motivation. Motivation is defined as it is the mental procedure that provides behaviour function and route. Buford, Bedeian and Lindner,



(1995) highlighted that a favoritism to do in a purposive way to accomplish an exact desires. It is an internal force to persuade a dissatisfy need by recognised Higgins, (1994). Bedeian, (1993) suggested that this is the self control to get something. Mitchell, (1982) stresses that there are several disagreements about the significance of various components within the definition of motivation, there is compromise about some basic goods. That is motivations are an individual event. It is expressed as a person planned. It is very complicated. The aim of motivational theories is to imagine behaviour. He declared that motivation is related to accomplishment. This is the interior and outer forces that control ones variety of act. The word motivation does not the attitude of itself. Definitely this is not a performance. In this connection, he suggested his personal definition of motivation as it is the level that a person desires. It decides to connect in confident particular behaviours.

It is cleared that company mangers want to encourage workforce to attain the attractive results for the firm. It is finalized that Herzberge and Maslow are the first researchers in this study and their theories are also used currently for individual. These theories explain various kind of motivation concept. They are valuable for the division of inner and exterior motivation.

Bulkus & Green, (2009) declared that the word motivation is derived from the word “motivate”. It means a shift, go forward or convince to continue for satisfying an ends. Kalimullah defined as it is a set of path concerned with a child of power that enhances worker performance and straight to achieve a number of exact goals (Kalimullah, 2010).

Halepota, (2005) recognised that motivation is described as a member of staff energetic contribution and commitment to accomplish the approved conclusion. Paletopa further recommend that the perception of motivation is summary because various plans construct

various outcomes at various periods. Furthermore there is no particular plan that can generate certain favourable outcome every time.

Antomioni, (1999) highlighted that the quantity of hard works for which workers are ready to locate in their job, believe on the level to which they think their motivational wants will be fulfilled. Furthermore, persons become de-motivated if they think something in the business check them from attaining excellent results.

The definition of motivation of Greenberg & Baron, (2003) is assumed in this study. This type of definition is more sensible and uncomplicated when thinks the human being and his performance. He defined motivation is a set of procedures that produce, straight, and retain person behaviour to accomplish our goal. In this study motivation is used as a mediator variable (Gungor, 2011).

Bassett-Jones & Lloyd, (2005) suggested that there are two types of observations of the person early study in to motivation of employee. The first observation concentrate on Taylorizm, which observed public as essentially sluggish and work as a result held that these set of workers can simply be encouraged by outside encouragement. A hawthorn finding is the second and last observation that workers are encouraged to work better for “its personal purpose” as for the societal and financial profit. This form of inspiration with this school was on the inside encouragement.

Urichuck, (2002) declared that persuaded employee will enhance the competency and accomplish its mission, target, and objectives of the business. This will also connect all to make a physically powerful organizational tradition. Furthermore, motivated workers will think as having a strategic joint venture with the business and their commitments and faithfulness will enhance from date to date (Anne et al, 1994). Moreover, Runtub & Roome 1998), based on their

study about “satisfy workforce build productive workers” originate that when worker thoughts enhanced by five percent, purchaser happiness jumped by one point three percent, and the income enhanced by 5%. As a result, encouraged employees generally construct more than others and thus the customer happiness enhance.

Deci & Ryan, (1985) defined that a firm whose workers have less motivation is totally fail to both interior and exterior challenges. Workers are not departure the further mile to sustain the company solidity. Unbalanced firms finally less perform.

Ludivine, (2011) suggested that organization wants to inspire their employee and continue them encouraged in organize to get the efficiency and to assure their competitiveness. Some time employee, who are specified duties, think motivated and perform their most excellent and work solid consequently.

Mansoor, (2008) furthermore observes that motivation is building up the location where human resources will be inspired and consequently work with their complete effort. Therefore, company should encourage their staffs to increase productivity and accomplish the firm's dream (Philip, Yu-Fang & Liang-Chih, 2007).

He suggested that workers promise toward their firms will increase their happiness which in turn will advantage the organization. Furthermore, Rachel et al, (2010) declared that satisfy and confident employees are essential to the business efficacy. Moreover, Hislop, (2003) recognised that organization successions concentrate on motivated worker; they can build up all the differentiation in the business capability not to just continue to exist but also to accomplish something.

While Khodov, (2003) and some specialists suggested that organization who expend capital on encouraging their employees is misuse of wealth. However the majority of them agreed that

the expend capital is accomplished in a short time by the encouraged workers. Furthermore, Meyer, Becker and Vandenberghe, (2004) declared that skilled workforce are those who generate the outcome of the organization. They are the stamina of any business as a result achieves organization development.

Jonathan, Christine & Yvonne, (2002) suggested that employee motivation and their loyalty are very important for the work output. They will do with their complete potential and with high worth. Michael and Crispen, (2008) declared that encouraged employees offer the competitive benefit that the business looks and superior worker performance help out the business to accomplish superior output.

They further expressed that better motivation contains a straight cause in getting better productivity during superior effort and probably innovation. Further declared that motivation guides to a fruitful with superior performance worker who does the most excellent at work. Secure time period and try to perform extra than what is necessary. Workforce can be a precious source to the organization. This is a big model to pursue by others.

### **2.3.1 Popular theories of motivation**

Rynes et al, (2004) suggested that motivation of employee is a wide area of research. Earlier study has been performed by Maslow, (1943) & Herzburg, (1959), who were creators at their topic. Various definitions have been compiled. For example Herzburg definition of employee motivation is doing a job associated achievement as you desire to (Herzberg, 1959). Mitchell, (1982) declared that difference of opinion took place about the important of certain features, but compromise is in the reality that motivation is a person procedure. The aim of motivational theories is to expect performance that expressed individual awareness and talented.

Wood et al, (2004) recognised that there are numbers of observations of fictitious celebrities linking to motivation and motivational theories. Content theories are concerned with how employees seek out to persuade their different needs in their working location. These theories are building particularly to show the role of motivation in powerful staffs to accomplish certain tasks. Content theories provide a guideline to know regarding employee's needs and the items which are compulsory for inspiration.

There are three main acceptable models of motivation. The first one is called Maslow hierarchy needs model. The second one is called Herzberg two factor models. The last one is called Alderfer hierarchy need model. Each and every one are broadly accepted and latest research constructs on the ideas offered in these three models. There are various theories that struggle and help out to clarify motivation. Specialists have been searching the area of motivation for more centuries. He made great improvement for clarifying motivation which can be executed in to the place of work. There are different theories that verified and allowed by world. These theories are the following.

- Maslow hierarchy need theory
- Herzberg two factor need theory
- Alderfer's hierarchy of need theory
- David McClelland acquired need theory

### **2.3.1.1 Maslow needs theory**

The complete name of Maslow is Abraham Maslow. In April 1908 he was born at Russia. City Collage of New York he studied law. Maslow shifted to Wisconsin after married. He studies at the University of Wisconsin. He studied the field of psychology. He received his BS, MS, and

Ph.D degrees in 1934 from Wisconsin University. He realized his theory in 1943. The name of this theory is called Abraham Maslow hierarchy needs theory. In 1954 he offered his motivation model. The main idea of this model is that there are five levels of person needs. All level to be satisfied before somebody could be encouraged by upper level aspects. The “motivation to work” produced by Maslow. This possibly offered in the ground of organizational behaviour and management. Understanding of latest way workers job behaviours are shows how persons are motivated. In this theory the best concept of individual needs in firms has been proposed. Maslow was a medical psychologist. Based on own judgment he introduced his theory, which is called Maslow need theory. He further suggested that if people growing in location in which our needs does not meet, they will be doubtful to function as stable individuals. This concept was soon useful to organizations to highlight the idea. Furthermore if workers obtain their needs on the job, as a result he/she will not successfully leaving the firm. Particularly Maslow suggested that there are five kinds of human needs that started in a hierarchical way. It means that these needs are produced in a particular order from lower to higher. The lowest level need must be satisfied before the next order need is generated and vice versa. In a motivation point of opinion if you seem, Maslow further suggests that a need cannot be totally meet up, but that is approximately satisfied as a result does not give longer persuade. Maslow further declared that you want to identify where someone is on the hierarchical way in organize to encourage his or her. After that you must to think on meeting that individual’s needs at that stage (Robbins, 2001). Maslow recognised that, you would not be capable to inspire someone with positive response if their basic needs are not satisfy. This builds common sense if you apply it to the place of work. If somebody does not obtain a sufficient amount to place food on the table for his/her children, he or she is not going to good job. He further suggested that there are total five needs to persuade a

human. The first are physiological. Come safety to the second. The social comes from third. The fourth are called self esteem. Come actualization to the fifth and last. These are explaining the following.

#### **2.3.1.1.1 Physiological needs (Basic needs)**

Anyim, (2012) declared that physiological needs is essential for a human being. Motivating power is including it. It is called basic needs of people. This are called feel need. This type of need creates basic stress which is shown by every body's. Eating somewhat to diminished this kind of stress.

Chintaloo & Mahadeo, (2013) further suggested that this needs fundamentally is fulfilled the necessary need of person. This type is called biological needs. Maslow recommends that when an individual satisfy the basic needs of employee then go to the next stage accordingly. The examples of this kind of need are food, clothes and sleeping etc. These forms of needs are associated to survival of human being. These are normally physical needs like eating, dressing and sleeping. The shortage of these types of needs can be disturbing human body. Physiological needs are thinking to be the main essential and meet first. Basic needs are the bottom of the triangle. It consists of the lowest order need. This contains the need to persuade the fundamental biological forces like food, air and water. Maslow recognised that firms must give workers with a pay. It allows them to afford satisfactory living environments. The validation is that every hungry worker will hardly be capable to make much of any involvement to his company.

#### **2.3.1.1.2 Safety needs**

Safe haven and protection is that the safety wants of person. The instance of this type of want is security, stability and dependency. During this a person's being wants independence from nervousness rule & regulation and organizes. This sort of want is additionally known as

security wants. For examples the staff in a very personal firm demands that the organization should be providing their work security, health safety and promoting protection. And nowadays personal corporations conjointly offer the selling security and physiological state set up, and emergency enjoyment and accident cover's remuneration. This class of want is to safeguard against totally different threats. If a person's safety wants square measure fairly consummated, their security wants get priority and management behavior. Within the lack of physical security because of battle, natural disaster, family violence, folks could expertise job troubling pressure disorder. The absence of economic safety because of monetary crises and absence of labor probabilities, these safety wants can clear itself in ways that like preference for post security. This protection style of wants occupies the second level of wants. If basic wants square measure consummated then started safety wants. They see the necessity for a secure operating location free from any pressures or issues. Companies offers these want by providing staff with safety operating tools for instance wellbeing insurance procedures and hearth protection etc. The validation is that staff operating in Associate in nursing surroundings freed from damage performs their jobs without concern of destruction.

#### **2.3.1.1.3 Belongings needs**

This kind of needs is also called social desires. It involves love and belongings. Generally guy's wants love and care. These types of needs can be satisfying by communication with co-worker and classmates. Friendship, manners of love and family unit etc are the examples of this kind. This indicates the 3rd level of needs. If safety requirements are satisfied then start this form of needs. Belonging needs refer to the want to be associated. It is the desired to be respected and accepted by other public. To gather these needs firms persuade workers participation in social events.



Good quality relationships with employees enhance the satisfaction level of workers. For supporting the team work and accomplishing the company target the managers force the staffs that to works done in groups.

It reveals the requirement of social facet of the one who has to assume accepted by teams in his clan, work, relationship and contacts. Maslow steered that, individual desires area unit feeling and have the sense of happiness. This would like have been accepted among social teams in life they select to belong themselves. This kind of variety teams perhaps massive or tiny. Many massive teams comprise faith cluster, co-workers, skilled firms and games team. Whereas tiny teams carries with it love relationship, components of the family, colleagues and shut friend.

#### **2.3.1.1.4 Esteem needs**

This type of needs is also called selfish needs. A guy needs self respect and esteem of other in this regard. The examples are reputation, status, celebrity, authority and recognition etc. Esteem kind shows the 4th level needs. It consist the need for self value and appreciation of others. Companies establish awards banquets to recognise different accomplishments.

These kinds of needs are not easy to convince in some businesses. The boss of organization should be correspondingly treating their workers. The workers can give respect the policies of the firm. The staff members also respect each other. Achievement and self-belief is the examples of these needs.

Individual have a want to think respected. This consists of the need to cover self respect. This kind of needs shows the typical human want to be accepted and respected by others. A person generally involves themselves in a job to get respect. These activities provide the individual a sense of identification.

#### **2.3.1.1.5 Self actualization needs**

This type of needs is the top level need. Every staff wants self awareness, improvement and wish to be capable to perform great. The examples of this form of needs are honesty, approval of facts, creativity and problem solving etc. Maslow suggested that the purpose of this need is to find out pure situation to accomplish fulfillment. Srivastava, (2005) further recognised that this rank of needs is the wish to accomplish everything. It can be able and to become the most that individual can be capable. This kind of needs indicates the final level. It is at the peak of the monogram. This indicates to all the need that individual is able of person to build up ones fullest latent. The validation here this kind of workers represents the important assets of the firm.

Greenburg and Barone, (2003) suggested that the majority study on the use of need theory. They originates that lower rank managers are capable to persuade only our shortage needs. Top managers are competent to persuade both their scarcity and development needs.

Shiply and Kiely, (1988) declared that need satisfaction is a feeling that is completely achievable for an employee to be fulfilled with his/her want. It is not be encouraged the turnaround of which holds similarly correct. Therefore, the words satisfaction of need and motivation are not the same. Both types of needs are significant or insignificant effect on motivation.

In 1943, Maslow suggested that person have an interior need convincing them in the way of self fulfillment and individual control. Maslow further highlighted that there are five stages of needs. Once we to persuade a need at one position of the hierarchy as a result have an effect on our feeling. This stage their attitude begins to diminish. We currently put additional power for the need at the next phase up the hierarchy.

Firstly, persons are encouraged by physiological needs. This type of need makes the essential need for human life. It consist clothing, food and protection. When person are thirsty and do not have water, they are more persuaded to achieve this form of needs because these kind of needs are a large control on their behaviour. When persons satisfied about this form of needs as a result they go for 2nd stage of need. Safety needs come at the second level. At this level it is an essential need for human. It is observe and communicated in the protection of the workers healthiness. Social needs came at the 3rd stage. When worker think secured his work. He/she will capture the rules of the firm serious as a result an excellent friendship, love and intimacy will be created. Self esteem is the fourth stage needs of the hierarchy. This kind of needs is the second last level by Maslow. It means the respect to be accepted and appreciated to someone. Self actualization needs is the final level needs by Maslow. The self actualisation was build up into what a person is to be capable to do something.

- **Management applications of Maslow theory of need**

Greenburg and Barone, (2003) declared that the most significance of Maslow's theory lies in the useful suggestions. It is used for all managment of firms. The justification after the theory is the reality that it is capable to recommend how managers can build their workers become self confident. Self efficated staffs are likely to work done at their highest innovative potential. As a result it is essential to build workers gather this phase by facilitating meet their need. Firms used different types of strategies to accomplish this stage. These are the following:

1. Recognise worker's achievements: This type of strategy is the main ways to build them fulfill their respected needs. This can be getting in the shape of rewards. He further study and declared that the rewards are given to workers who build up different techniques of enhancing the satisfaction of consumer's. They suggested awards are successful at increasing

esteem simply when visibly linked to preferred attitudes. Rewards are a common method to gather this requirement.

2. Offer financial safety: This is an essential kind of security need. Therefore businesses to encourage their workforce need to build them economically protected by connecting them in profit distributing of the organisation. AT, T. & Wang suggested that fifty percent of their workers expected economic outplacement services to support jobless workers in saving new jobs.
3. Give chances to socialize: This is the main important aspects that maintain workers think the courage of working as a group. When workforce performs as a group as a result they enhance their performance.
4. Support a healthy workforce: Organisations can help out in caring their workers basic needs by giving encouragement things to maintain them well both in healthiness and psychologically. He further study and recognised that workers are offered to insurance returns with health daily life. Additional payments are providing to individuals with danger way of life for example smoking.

- **Criticisms of Maslow theory of motivation**

Maslow suggested that if human resource grow up in surroundings in which their desires are not fulfill, as a result they would be unlikely to perform something. Study investigating Maslow theory has helped the difference between the deficiencies and development needs. It showed that not all individual is capable to persuade their top level needs in the job. Further outcomes declared that top level managers of the firms are competent to fulfill both their

development and scarcity needs. Lower rank managers are competent to fulfill their scarcity needs only. Greenberg and Baron, (2003) recognised that Maslow theory does not get a big agreement of maintain with respect to particular concept it offers. This form is theorised to be particularly successful in reciting the attitude of persons who are very high in development need. Workers who are various kind of suggestion of enhancing their development does not realise any basic response to their jobs.

Centers and Bental, (1966) declared that among a range of the work population in Los Angeles, posted “environment aspects, height and wants affects workforce needs”. Graham & Messner, (1998) suggested that three main criticisms of content and process theories are the following. (i) There is limited experimental data to maintain their conclusions (ii) they suppose workers are the same (iii) all are not the motivation theories only, but several are relatively of job fulfillment.

Graham and Messner, (2000) quoted that this is the important need theory of motivation. He further declared that there are various assumptions about workers. These are the following: (a) all workers are the same (b) all locations are the same (c) there is just one most excellent path to gather needs. Basset-Jones and Lloyd, (2004) suggests that this theory is a common and it is the outcome of workers. It get satisfy needs. Unfulfillment needs are not gathered.

On the other hand the important criticism of the need theory, I think that. This theory are a major input in the area of organizational behavior and management particularly in the field of worker motivation. In currently the merger of need theory and the job location are an outcome of the contributions prepared by Maslow.

### **2.3.1.2 Herzberg two factor theory**

The complete name of Herzberg is Fredrick Herzburg. He was an American psychologist. In 1923 he was born. He died in 2000. From City Collage of New York Herzberg obtained his bachelor class degree. From the University of Pittsburg he completed his graduation degree. He was a managment professor. At Case Western Reserve University he builds the Industrial Mental Health Department. Herzburg was a famous psychologist. He was focusing on management. He wrote a lot of books relating to the idea. In 1959 he introduced a motivation theory. The name of this theory is called two factor theories. Hersburg discussed there are two factors of this theory. The first one are called motivator factor. The second one are called hygien factor. Herzburg highlighted that the aspects can also be motivators or hygien, but cannot be both at the similar period. This is also called motivation hygiene theory. He added several essential aspects to the models offered by Maslow & Porter. In simple words, he changed these theories then criticized it. Currently this is the main and most excellent thoery of motivation. As a result, the Herzberg theory of need is used in this study because it is widely known as one of the most important theories on motivation aspects. It has both practical and theoretical results.

Herzburg stated that workers would not be fulfilled only by gathering lower stage needs. In reality, achieving basic remunerations and having a suitable working location would not effectively create the employees success. For that reason, concentrating on this theory, workforce try to get high rank needs accomplishment referring to their psychological minds similar to appreciation, development, and upper responsibility. Herzberg, (1966) further suggested that job enhancement and creates to plan the responsibilities to build up opportunities for individual achievement, person development & respect.

Herzburg two factor theories consist of hygiene and motivator aspects which have been shown to be successful on the enhancement of employee's performance. Philosopher declared

that motivator factors are necessary to used top capability level to encourage the workforce to perform their jobs well. Furthermore, hygiene aspects are compulsory to guarantee that the worker is not disappointed. In simple words, the writer argued that the aspects leading to work satisfaction (motivator) were different to those leading to job dissatisfaction. As a result, he improved this kind of theory to simplify these outcomes. Hersberg give their named to satisfier factors as a motivators and dissatisfier as a hygien. The cause of applying the "hygiene" is that these aspects are protection ones which are essentially to set separately from dissatisfaction. They do not provide satisfaction to someone.

Herzberg authorized that various people have several opinions to responsibilities. For example, when somebody does his/her job on requirement, that form of action can head to movement. On the further hand, if an individual fixes on working because he/she desires it, instead of a need, one can be validated to be encouraged. Furthermore, when a workforce wishes to perform a task, a high chance survives that the performance could be achieved in the most excellent way and it would not be well-done by the individual who executes because of the want (Herzberg, 1968).

The purpose for dividing motivator and hygien factors is that Hersberg originate that the aspects leading to satisfaction are too much dissimilar from the dissatisfaction. These two approaches cannot only be examined as opposites of another.

Additionally, Herzberg declared that there are two various perceptions of human needs are accessible. The first one is basic requirements which can be fulfilled by financial components and cash such as, to purchase some necessities like food and shelter or using money on physical care. The second one is some types of psychological desires to grow and get better; and the need is fulfilled by behaviors which cause the persons development. These aspects decide the

satisfaction and dissatisfaction factors which are not separate from the job, but are relatively exterior dynamics.

Herzberg further suggested that the punishment, risk or providing incentive can force employee to perform duty. On the other hand, they have temporary effects the motivating aspects, which conclude if there is fulfillment or not, are inside to the work; and do not occur from link incentives and support.

Generally, if company executives apply and give concentration to the motivation hygiene theory, they will be capable to offer hygiene dynamics to set apart the worker from dissatisfaction. Additionally, they can give external aspects to the work to build the workforce fulfilled in their work locations.

In accumulation, to conclude the conversation over the theory, Hersberg declared that job improvement is mandatory for internal inspiration. It is the element of a permanent management procedure. Public can identify how much their firm respect them, and capable to judge their personal confidence. Further, Herzberg thinks that the studied aspects are the most important powerful satisfaction force. He further suggested that with the help of motivation they persuade the worker to work better and accomplished organisation goal. Basically motivators can enhance the interior happiness. Hygien factors can now improve the exterior happiness. In this view, several studies against that of Hersberg theory declared that the two factor result is examined because it is common for persons to identify satisfaction and bane dissatisfaction on outer dynamics. Additionally, work satisfactions are not essentially involved a high persuasion or productivity stage. Generally, Herzberg's theory has been commonly applied in spite of its requirements. In reality, its long-term value is that it gets that the true motivation develops from inside an individual. He declares that people having two types of needs.



Fredrick Harzberg suggested the aspects that resulted in work fulfillment are different from the aspects that effect work satisfaction. Work satisfaction is not the opposite of job dissatisfaction but are hygien factors. It is an exterior factors for example organisation policies, working environments, controlling and worker benefits. If these factors are removed or filled may be making dissatisfied worker, but not essentially motivating. Fredrick Herzberg further declared that there are two types of human needs. These are the following:

**2.3.1.2.1 Motivator Factors**

The first factor of two factor theory is motivator factor. Motivator factor are those factor which related to inside of person. This factor is recommended by Fredrick Herzburg. Growth, achievement, promotion, feeling of responsibility, works itself and recognition is cause satisfaction. Motivator factors are called intrinsic factors and also called satisfying factors.

**2.3.1.2.2 Hygien Factors**

The second factor of Herzburg theory is hygiene factor. Hygiene factor are those factor which related to outside of person. This factor is written by Fredrick Herzburg. Company rule, managment, pay, administrative policeis, job security, status, personal life and working situations are source dissatisfaction. Hygiene aspects are called extrinsic factors. In simple words it is also called dissatisfying factors.

**Table: Motivator (intrinsic) and Hygiene (extrinsic) Factors**

<b>Motivator Factors (Intrinsic)</b> <b>(Leading to satisfaction)</b>	<b>Hygiene Factors (Extrinsic)</b> <b>(Leading to dissatisfaction)</b>
<ul style="list-style-type: none"> <li>• Enlargement</li> <li>• Accomplishment</li> </ul>	<ul style="list-style-type: none"> <li>• Business policy</li> <li>• Supervision</li> </ul>

<ul style="list-style-type: none"> <li>• Promotion</li> <li>• Feeling of responsibility</li> <li>• Work itself</li> <li>• Recognition</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration</li> <li>• Working situation</li> <li>• Job safety</li> <li>• Relationship with boss</li> <li>• Status</li> <li>• Administrative policies</li> <li>• Personal life</li> </ul>
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Source: Herzburg, 1968

The Herzberg, (1959) two factor theory is associated to the motivation theory of Maslow's, (1943). The name of Maslow theory is hierarchy of needs. Maslow suggested that there are five sets of dynamics. These are the following. The first are called physiological need. Come safety to the second. The social comes from third. The fourth are called self esteem. Self actualization comes to the fifth and last need. He further declared that "we are motivated by the desire to achieve or maintain the various conditions upon which these basic satisfactions rest and by certain more intellectual desires". When the first basic needs are fulfilled after that "higher sort of need" has to be satisfied. Maslow differentiates between lower and upper order needs. Physiological, safety and social is including to the lower order. Esteem and self actualisation are the last and consist of the high rank needs. He recognised that low sort of needs can be persuaded in organize to follow higher category motivators beside the lines of person fulfilment. In (1970) he suggested that the five needs vary in kind of motivation. For example self efficacy is internal growth of what is previously in the individual, or a lot of correctly of what is the person itself. Person actualisation is totally not something exterior that a human being needs for healthiness

declared by Maslow, (1943). For example “a tree needs water”. He further highlighted that the lower sort of desires as being more external and the higher stage of needs are a lot of interior.

In reality Maslow, (1943) theory is redefined by Herzberg, Mausner & Snyderman, (1959) into two classes. These are the following. The first are called hygienes. The motivators come to the second and last. Staw, (1976) suggested that this is one of the first try to build the differentiation between inner and outer motivation. Salancik & Pfeffer, (1977) recognised that satisfaction and dissatisfaction does not be treated as converse from one another. He further expressed that the motivator aspect of Hersberg are very associated to the higher order needs in Maslow thoery.

### **2.3.1.3 Alderfer three party hierarchy of needs**

Greenberg & Barone, (2003) suggested that five needs documented by Maslow. Alderfer declared three needs which are called E.R.G theory. Maslow thoery indicates that needs to be started from low to top order. Alderfar theory shows that the needs could be initiated in at all sorts. Alderfar approach is much easier than others. Alderfar states that survive three major needs as opposite to five proposed by Maaslow. This basic human needs consist of the following. The 1<sup>st</sup> one is called existence. Come relatedness to the second. The growth comes from third and last. These Alderfar needs not essentially begined in any particular order and may be started at any time. Alderfar further recognised that existence desires matches to Maslow basic and security needs. Relatedness is the same to Maslow social needs. Finally growth is equivalentents to Maslow esteem and self actualization needs. Alderfer three party theories are strongly related to Masllow theory of needs. This theory (Aldarfer) is also called ERG needs theory. It consists of need for existence, relatedness and growth. The word ERG stands for:

E= denotes needs for existence.

R = represents relatedness needs

G = stand for growth needs

According to Cronje et al, (2003) Alderfar's theories represent a modification of Maslow's five-level hierarchy. Further suggested that Alderfers theory, there are main three person needs i.e. existence needs, relatedness & growth needs. These are the following:

#### **2.3.1.3.1 Existence need (Physiological & Security needs)**

The hunger, thirst, salaries, profits and working environments is the examples of existence needs. These needs are also called primary needs. It is some time called necessary requirement. Existence, relatednes and growth are the needs that relate to an individuals essential material. Existence needs which are the similar as Maslow's basic and safely needs.

#### **2.3.1.3.2 Relatedness need (Social or Belonging needs)**

This kind of needs known that employee does not include a single unit but must be bound in a transaction with the person location, receptance, considering and factors that affect the relationship procedure. This kind of needs is related to a person's want for interpersonal relationship. It is similar to Maslow's social needs.

#### **2.3.1.3.3 Growth need (Esteem & Self-Actualization needs)**

This form of needs mean that individual finds the way to accomplish what they desire and be what they perform be. These relate to the want of a person to build an innovative contribution same to Maslow esteem and self actualization needs. The Alderfer theory does not subscribe to a strict hierarchy of needs while Maslow maintains that a lower stage need must first be fulfilled before a higher order need. According to the ERG theory, all three need types can change behaviour at the same time. The Alderfar theory also suggests that an individual is repeatedly discouraged in our efforts to persuade existence, growth and relatednes needs because

it is the most important encouraging force. This kind of needs force the person to satisfying a lower level need.

#### **2.3.1.4 David McClelland Acquired Needs Theory**

In 1961 he recognized three needs that workforce necessitate to be satisfied and encouraged in the place of work done suggested by Ryan and Deci, (2000). Cronje et al, (2003) state that McClelland identifies three types of needs. The first one is called need for achievement. Come affiliation to the 2<sup>nd</sup>. The power come from the third and last. These can be explaining the following.

##### **2.3.1.4.1 Need for achievement**

The word need for achievement means that the desire to achieve some complex thing. The worker with high need of accomplishment struggle and do the most effective to attain difficult goals. For achievement individual taking duties is a quality of the need. This is the desire to achieve and set the complex targets. It is the want to do extremely well in relative to situate standard. The need for achievement is defined by the following. This is the desire to get done some difficult thing. It is the human idea that control and arranges physical objectives. It is the challenger and represses others to enhance self efficacy by the successful work out of capacities.

##### **2.3.1.4.2 Need for affiliation**

Need for affiliation means they want to join in social activities and relations with others. The one that includes a high want for affiliation is folk's homeward-bound quite task homeward-bound. The will and wishes of constructing relationships with folks is there. This can

be the requirement to be like and accepted by others. Folks with the requirement attempt for relationship, like co-operative state of affairs instead of competitive things and need relationship relating a high degree of common affection, folks with upper want for affiliation like better to pay longer retaining social link connexion teams etc. Individual with a high scale of want aren't successful managers as a result of they're going to realize it tough to form selections without fear regarding the feeding of others or being dislike by others.

**2.3.1.4.3 Need for power**

Need for power suggests that the desire to change, manage and persuade others. Those people who have a need for power to executive and convey orders to workers. This is the hate to have impact, to be unfair and to manage others. They also have the desire to train and persuade others to achieve. They love to work. It concerned with discipline and self esteem. The requirement for control has both -ve and +ve respect. The negative side is cleared in a winner's get all mindset. For example "if I win you you go down". The positive wall is focused on achieving group targets. It helps others to gain the reaction of capability.

**2.3.1.5 Comparison of four theories of motivation**

<b>Maslow need hierarchy theory</b>	<b>Alderfer ERG theory</b>	<b>Fredrick Herzburg two factors theory</b>	<b>David McClelland's acquired needs theory</b>
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Self actualization	Growth	Motivators	Power
Esteem	Relatedness		Achievement
Social			
Safety	Existence	Hygiene	Affiliation
Physiological			

Source: Dunford, 1992

### 2.3.2 Different Employee Motivation Techniques

There are three main approaches that motivate employees. These are the following:

#### 2.3.2.1 Job Enlargement

Job enlargement is the first method of workers motivation. Job enlargement occupies increasing the work of a worker that has them performing extra work of a same nature to what they already carry out. This may be allocating them to complete the task instead of presently component of it, e.g., packaging the goods as well as built-up them. This procedure ideally eliminates the dullness out of the job by diminishing the sameness out of duties and allowing them to complete the all process, furthermore enhancing their duties.

#### 2.3.2.2 Job Enrichment

This is the second approach of employee motivation. It is an effort to provide employees more power over their duties. It offers further responsibility for design, implementation, and output. The employee supposes different role previously carried out by other staff. About the model of job enrichment Hackman & Oldham's, (1976) suggested that jobs can be made further encouraging by enhancing these steps: capability variety (the number of various abilities required by the job), duty identity (job level creates something significant), task importance (work

advantage), independency (the level to which the person has choice in choosing how to do), and feedback (the employee level gets continuing).

### **2.3.2.3 Job Rotation**

Job rotation is the third approach to encourage employee. It is an exercise whereby each worker learns numerous operations in built-up process and rotates during every set of period. It is an essential suggestion for organization learning. There are two steps involve in this approach. The first when workers rotate, the firm collects information about different jobs. The second with no rotation, the company gets only straight information about one match. The information obtains about this one match is especially acceptable.

### **2.3.3 Motivation of employee too much essential for performance**

Managers want to find innovative directions in which constantly maintain their workers. Motivation is very essential for all firms due to the profits that it is capable to get. These benefits are the following:

#### **2.3.3.1 Human capital managment**

An organisation can accomplish its complete potential only by making utilize of all the economic, physical and person that it has. With the help of these resources employees obtain motivated to achieve their goals. This method, the enterprise starts to reproduce as every person is performing their most excellent to accomplish their responsibilities.

#### **2.3.3.2 Gather own targets and help out an worker stay motivated**

Motivation can help an employee accomplishment his/her personal targets. It facilitates the self growth of a person. Some time ago that employee meets several initial targets, they



recognize the clear connection between effort and outcomes, which will additional encourage them to maintain at a high stage.

#### **2.3.3.3 High worker satisfaction**

Employee satisfaction is an essential for all organization. This one aspect can guide towards development. In the lack of an encouragement plan, staffs will not ready to accomplish their goals. Therefore, managers should seek to allow them through promotion chances, rewards, or discouragements in case of ineffective workers.

#### **2.3.3.4 Increasing worker efficiency**

A workers effectiveness level is not correlated to his capabilities and educations. In organize to gather the most excellent outcomes; worker needs to have a wonderful balance between capacity and willingness. With the help of motivation this balance can accomplished and can be guide to enhance the productivity, poorer operational costs and the whole efficiency level.

#### **2.3.3.5 High chance of achieving organization's goals**

There are different aspects that company applied to achieve his targets. These are the following:

- There is an accurate resource managment
- The work atmosphere is a supportive
- All workers are directed by their aims
- Through motivation goals can be accomplished if collaboration and management level are satisfied

#### **2.3.3.6 Better team union**

An appropriate work location focused on cooperative relations is very important for a company's success. It can get stability and benefits, but workers will also adapt more changes easily as a result in the firm's advantage.

#### **2.3.3.7 Employee stability**

From company point of view stability of the workforce is very essential. The worker will stay faithful to the project only they gather a sense of involvement inside the organization. The capabilities and effectiveness of employee can be utilized in their personal advantage, but also in the profit of the firm. This may cause a sincere public picture inside the marketplace which can attract capable and qualified persons into the business.

#### **2.3.4 Intrinsic vs Extrinsic motivation**

There are various structures and theories that concentrate on inspiration of workforce. A few of the most common are rapidly review below. While every one is based on high-quality research and have several level of general applicability. Nobody is the complete doctrine on inspiration. In reality, few motivation perceptions are common. On the other hand, one idea that is recognized by all structures that concentrate on motivation is that there are two intrinsic and extrinsic aspects. Motivation can be categorized in two main kinds. These are the following. The intrinsic motivation comes to the first. It is also known as internal motivation. The extrinsic motivation is the second and last. It is also known as external motivation. The two motivations differ in the resource of stress or satisfaction that boosts all of them. Amabile, (1993) suggested the following:

- Persons are intrinsically encouraged when they observe satisfaction, concentration, fulfillment of interest, self appearance, or own challenge in the job.

- Human are externally inspired when they connect in the employment in organize to attain various target that is a component from his own work.

#### **2.3.4.1 Intrinsic motivation**

This is a kind of motivation that appears from inside of person. It comes from the personal satisfaction and educational accomplishment that we gain from performing specific thing. Person who love song, their inspiration to observe the tool, go to focus classes etc, are the example of intrinsic motivation. In today's work location this type of motivation is very important. Study indicates that it is a key aspect in performance and invention. At a personal stage, intrinsic motivations build your work satisfying. It is the most important reason for choosing to stay on a job. It facilitates to maintain your pressure level down. Csikszentmihalyi, (1975) further suggested that very high levels of this kind of motivation are marked by such strong attention and participation in the work. By such a wonderful equivalent of task difficulty with ability level, that people knowledge some type of psychological "flow," a sense of joining with the activity they are performing. This form of motivation comes out from person happiness. It not engages working on actions for the sake of exterior rewards. It necessitates the feeling of inside satisfaction in the activity. This can be observe as a control that performing activities with no exterior encouragement. Amabile, (1993) further declared that employees are intrinsically inspired when they seek out fulfillment, self appearance and concentration in the work.

She suggested in her study that workers can be intrinsically or externally motivated. She recognised that her present jobs which are simply exterior motivated. Pure internally persuaded jobs are insufficient. Deci, (1972) highlighted that worker can be encouraged for the purpose to execute best. It can gain satisfaction from a superior performance.

Various expert researchers suggested that five job characteristics are inner motivators. They are planned in this method. Herzberg, (1959) theory declared that only intrinsic aspects can show to boost motivation. Exterior factors cannot change motivation. They can simply cause demotivation when not present on the job. Deci, (1972) recognised that there are two necessary dimensions to encouraging workforce internally. Designing the goals is the first that are exciting. The 2nd are also known as self sufficiency. It assign task to our workers to speak several things in decisions making which are interrelated to them. He suggested that workers think capable if they gain response. This shows improvement in our jobs. It suggests directions for enhancement. He declared that the difficulty of the workers can be matching his or her capacity. Interior motivation cannot be real unless the task is attractive in some level. This task occurs from various varieties. These are the following. The first include ability variety. Come job identity to the 2<sup>nd</sup>. The task significanc come from third and last. He further recognised that the five job characteristics is a confident work that is compulsory in organize to create high inner persuasion and superior performance. He recommends that difficult jobs can be more essential than self-sufficiency. He suggested that internally motivating works are that which include both.

He further expressed that for a superior performance, a firm have be capable to offer high attain on the five job characteristics. The company does not be successful in this. The rotation of performanc and motivation are not longer being supporting. When a firm cannot suggest the correct characteristics for an excellent performance, an individual will not gain internal fulfillment and motivation to execute well in the coming period.

Ramlall, (2008) suggested that the kind of personality of a worker also have a role in the employees rank of inner motivation. It is associated to the level of loyalty of an employee. He recognised that interior motivation of workers by differentiating three kinds of orientation about

work. The first include a job. A career comes to the second. The 3<sup>rd</sup> are also known as a calling. A job has the low level of dealing. This is generally externally motivated. A calling represent the upper rank. It is the mixture of high interior and exterior motivation. He declared that the branch of what circles a job into a calling. This kind of condition is called flow. In simple word flow have a mediating role. He classified flow as the whole combination of activity whose faces interconnect rightly with ones capability. He further expressed that the capabilities a worker needs to have able to do. He suggested that knowledge the work is the input to job performance. Capacity is a key interpreter of performance. They declared that those workers who practice flow are more useful as compare to other. Additionally he expressed that if the personality of the individual is in line up with the firm. This will generate high intensity of happiness as well as superior productivities.

#### **2.3.4.2 Extrinsic motivation**

This is a type of motivation that arrives from things that are external the human being. For example person encouraged to work hard at the organization because you seem for a promotion. This is a form of extrinsic motivation. Respect, cash, reputation, competition or matter accomplishment are the examples of this type Deci, (1975). Deci & Ryan, (1985) recognised that extrinsic motivations are works the opposite of intrinsic motivation. This kind if motivation gets place when persons think encouraged by something outer of the work like offered incentives and other benefits. In common, these philosophers recommend that, when strong exterior motivators are put to work, internal inspiration will turn down.

This is the converse of interior motivation. It observes the moving out of an act in organize to accomplish exterior rewards. The resource of external motivation is a form of person physical situation. There are various rewards like work benefits, high pay and promotion that

guides to exterior inspiration. Deci, (1972) further declared that this form of motivation as capital and oral remuneration, influenced outside of an individual. While inner inspiration is mediate within the individual. A human being can be internally encouraged to perform a job effectively. If there is no understandable reward for the said job done as a result the task are underperform. He recognised that workers can also be internally or externally inspired or still both.

It is clear that interior and exterior motivators apply in a various way to someone's. Vroom, (1964) specifies that several workers focus on internal results while other are concentrate on external outcomes. He suggested that persons are high in intrinsic persuasion look to a favor difficult cognitive duty. It can self control our attitudes. Therefore, providing incentives, resolving outer targets, will perform a little bit, as a result they are high in exterior inspiration. For workers that are high in internal motivation are highlighted. It can be located on the attracting environment of the mission. These are support of self set targets. He declared that introvert is more externally convinced. Extroverts are more internally encouraged. On the other hand, it does not only look that peoples are differently encouraged. Inner and exterior motivations also have cause on both.

The difference between internal and external motivation is clear. A researcher suggests that these two kinds of motivation also have an impact on one another. Deci, (1972) states that in several cases exterior enthusiasm can minify interior inspiration. He declares that if wealth is managed properly, it means interior motivations are occur. This result will not arise if the capital is equally dispersed. He replies to this conversation by recognising that this kind of work done in the opposite of inner motivation. This can be showing a highlighting impact. He declared that the external inspiration is capture care. The interior motivation can guide to high stages of fulfillment and performance. He went further to suggest in his study that all internal and external

values can persuade workers to carry out our relevant work done. Additionally inner and outer motivations will totally different effects on workers.

Amabile suggested there is present various jobs that are only exterior persuaded. She recognised that hygiene aspects cannot cause motivation. As a result it is expected that those factors are not causing superior performances by when taking Herzberg, (1959) theory. She declared that a totally boost in external aspects will not show to enhance in performance. There are various exterior and internal factors which can guide to give best performances.

Amabile, (1993) expressed that external inspiration is not a logically accepted element of work done. They are the future to manage the performance of the work. For examples secured rewards, honors, serious response, deadlines, observation and specifications on how work requirements to be completed. A simple external task is doing formal performance analysis of workers. This is a task which is hardly intrinsically encouraged. She suggested that a human being is externally persuaded can be illustrated as a worker who observes his work direction as “a job”. This category of staff executes his job for the purpose to gain salary at the last of the month.

Herzberg, (1959) declared that money is a widely investigated extrinsic motivator. This make as an exterior factor. It is not identified as causing inspiration in the place of work done. Current study resulted in a very significant proof that maximum pay directly changes employee performance. He recognised that worker turnover is costly for a company. Firms training, recruiting and can pay high incentives diminish and stop that turnover costs. He expressed that pay is the most essential dynamic of motivation. He further finished that job aspirants looked to think that salary is the very essential element of everybody. He suggested that lower wages to market equality can still reduce worker output. He declared that the word money enhance

internal motivation. He verified in our study that if compensation are not equally offered. This reduces inner inspiration. If payments are provide equivalently to our worker as a result superior performance.

Perry & Porter, (1982) suggested this not simply give the impression that pay enhance the performances. Superior loyalty of the manager and well work safety can get the similar outcomes. They concluded in our study that a high commitment increases worker performance. They recognised that overall commitment to firms is unrelated with employee performance. He declared that when firms providing a best work safety to our staffs as a result will boost performance. They draw conclusion that offering the lesser protection to our worker wills smaller number responsibilities the individual to do well. He expressed that work defense are very expensive for every company if they base on short-term workforce. They suggested that manager start by concentrating on pay structure and safety before on the five internal job characteristics. He recognised that the supporting round of performance is suitable to salary, commitment to manager and job protection. One of these aspects a superior performance is created, which causes fulfillment for the worker as an outputs in a higher inspiration to carry out well in the prospect.

In conclusion, it can be acknowledged that human resources can be internally and externally encouraged to perform particular job. Deci, (1972) further suggested that interior and exterior motivation can maintain one another. Additional in several times external motivators can minify internal persuasion. Various investigators recognised that not every person is consistently encouraged. Various workers are more internally and others are more externally inspired (Furnham et al, 1998). For motivating of employees both intrinsic and extrinsic motivators are very essential (Herzberg, 1959). He further declared that managers not only focus on the



essential aspects. Saiyadain, (2009) suggested that managers want to think hygien and motivator factors to encourage workforces.

### **2.3.5 Different strategies of employee motivation**

Cronje et al, (2003) suggested that employees require being better inspired not only to develop organisational success but also to offer a good quality of life for all workers. Job design, job rotation, job enlargement and job enrichment, intrapreneurial incentives, training, job satisfaction, incentives, empowerment and participation, rewards methods, job management and create a culture of change are the various motivational strategies to improve the motivation of organisation staff. These are discussed the following in details:

**2.3.5.1 Job design:** This is the first strategy of employee motivation. Workers set high values on jobs that give satisfaction are challenging, provide development, and will allow satisfactory achievement chances. Works can be redesign to create them more fruitful by utilizing different types of method like job rotation, job enlargement and job enrichment etc.

**2.3.5.2 Job rotation:** This is a kind of strategy that allows workers to shift through a selection of jobs, function and sectors. It involves offering workers with a cycle of job coursework in various useful areas of the firm. This type of strategy helps staffs to get an overall appreciation of the organisation's goals. It enhances their understanding of dissimilar organisation tasks. It builds up a network to develop employees' difficulty solving and decision making abilities. This strategy facilitates skills acquisition, salary growth and promotion.

Despite its advantages, it is important to note that job rotation generate a short term perception on problems and solutions in employees. Employee's fulfillment and motivation negatively affected because they get it complex to build up useful specialties and they do not use sufficient time in single position to collect a difficult task.

**2.3.5.3 Job enlargement:** This type of strategy focuses on increasing an employee's duties and responsibilities. It occupies to adding some challenges and new tasks to a workers present job. This can include particular project coursework's or investigating new techniques to serve consumers. Jones & George, (2003) suggested that it is enhancing the quantity of various tasks in a certain job by varying the distribution of labour. The idea behind this is that by rising the range of tasks performed by a workforce will cause a drop in boredom and fatigue and should increase motivation. Job enlargement may also have the same negative effects that can be caused by job rotation of possible lack of proficiency and specialty. However the benefits may be maximized by managing time on each particular responsibility.

**2.3.5.4 Job enrichment:** It allocates jobs to become more attractive and challenging by including new and more complex tasks and giving a worker more responsibility. Additional factors to think are variable work schedules, flexible work timetables, work distributing and telecommuting.

**2.3.5.5 Intrapreneurial incentives:** Innovative ideas from workers can be developed inside the organisation with the economic support of the organisation. These kinds of programmes are known as entrepreneurship. It persuades employees to come up with new suggestion and ideas.

**2.3.5.6 Training:** Learning chances can be a strong motivational power because they are important to person development. Noe et al, (2006) declared that this kind of strategy is the designed effort by an organisation to help workforces' learning of work correlated competences. These competences consist of knowledge, abilities and attitude that are significant for successful job performance. A company's individuals provide the logical capital necessary to allow the firm to effectively compete inside its industry. In organize to guarantee that the organisation's intellectual capital is retained, training is essential.

**2.3.5.7 Job Satisfaction:** Noe et al, (2006) suggested that this is a satisfying feeling that outcomes from the observation that one's job fulfils or gives for the fulfillment of one's significant job values. There are three main characteristics of this strategy. These are the following:

- First, it is a function of ethics defined as what an individual aware and unconsciously needs to achieve.
- Second this explanation emphasizes that various workers have various views of which values are essential. This is significant in determining the personality and level of their job satisfaction.
- The third main characteristic of this strategy is observation that is various individual may observe the similar condition in a different way. Therefore there are three elements of this kind of strategy like values, perceptions and importance. Noe et al, (2006) add that employee will be fulfilled with their works as long as they identify that their jobs gather their essential values.

**2.3.5.8 Incentives:** Cronje et al, (2003) suggested that incentives are broadly used to take results in organisations. It varies from money, shares, earnings sharing, overseas trips, additional benefits, awards and certificates.

**2.3.5.9 Empowerment & participation:** Cronje et al, (2003) declared that this is a compulsory strategy of raising the inspiration rank of employee. It is the procedure of facilitating workforces to set their personal goals, makes decisions, and solve problem inside their field.

**2.3.5.10 Reward methods:** Firm rewards system is a necessary management instrument that motivates workers (Cronje et al, 2003). Reward is directly related to the motivation expectancy theory and the impact of the reward system on thoughts and employees behaviour

should be fully studied. Employee benefits are part of the reward system. Firms may give employee benefits to maintaining the workers to enhance the performance of employee. Nel et al, (2004) suggested that the reward method is the opening step for the company as a result in lower employee turnover, lesser absence and superior relationships.

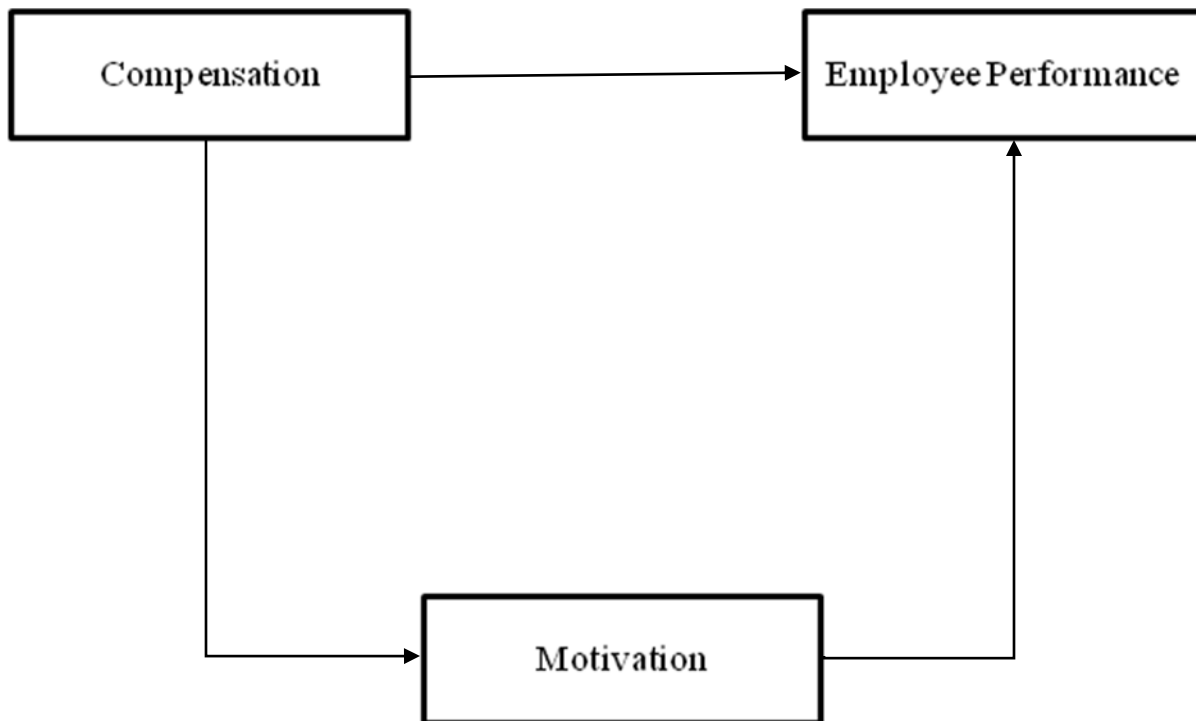
**2.3.5.11 Job management:** Nel et al, (2004) declared that it is a cycles of jobs that pursue a hierarchy of levels, responsibility and position. Job management is the direction that workers identify and follows in organize to accomplish his or her goals. Workers will be better encouraged if they are individually involved in decision making about achievable job opportunity open to them. These guides to a better motivated labor force and workers will have been authorized in person helped by an organisational job management team to face difficulties and build decisions that benefit both the individual and the organisation. The main aim of job management is to match the worker's desires, capabilities and goals with the present or future needs of the firm. It is planned to guarantee that the company placed the accurate employees in the correct position at the proper time as a result gives the employees opportunity of accomplishing personal fulfillment in the job.

According to Nel et al, (2004), the execution of an effective job management programme can get several advantages for both the company and the employee and includes the following:

- The capability of the company to get competitive advantage inside the national and international context as a result of the protection of the organisation's thinker capital
- The firm would reject the negative effects
- Increased the satisfaction level of worker and motivation
- Decline employee's turnover

**2.3.5.12 Create a culture of change:** It is suggested that encouraging individual to work in the twenty first century by spending motivational theories visualized in the 1800s to 1900s in on likely being wholly effective. The focus for the new century is on quality, customer service and the capacity of the workforce to change.

## 2.4 Conceptual Framework



### 2.4.1 Independent Variable

In the above conceptual framework compensation is an independent variable. Compensation is the remuneration employees obtain for their services or giving to an organization.

### 2.4.2 Dependent Variable

In the above conceptual framework employee's performance is used a dependent variable. Employee performance is the manner which business decides whether employee job outcomes are in line with the whole business objective or not.

### **2.4.3 Mediating Variable**

In the above conceptual framework motivation is a mediator variable. Motivation defined as the set of procedures that produce, straight, and retain person's behaviour towards accomplishing some goal.

## **2.5 Research Hypotheses**

Hypothesis is based on literature review. So in the light of above literature review the following hypotheses are made.

**H1:** There is a significant positive relationship between compensation and employee's performance

**H2:** There is a significant positive relationship between compensation and motivation

**H3:** There is a significant positive relationship between motivation and employee's performance

**H4:** Motivation is significantly mediating the relationship between compensation and employee's performance

## **CHAPTER-3**

### **RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research is a type of procedure that gather, analysis and interpretation of data is carried out to understand a phenomenon and to find a solution to the problem (Leedy & Ormrod, 2001). Research gives to the addition of new knowledge by pushing the boundaries of the prevailing knowledge by writing, reading and assessing, etc. And by checking and testing the development of the available knowledge. Research is the organized procedure of identifying a problem situation, making a hypothesis for the problem, collecting data for solving the problem, assessing and analyzing the collected and collected data and finally preparing and presenting the data conclusion.

According to Sekaran, (2003), Research is a method of finding the result to a problem after a detail and a complete study and analysis of the various dynamics related to the research. In today challenging world, all business organizations face the problems that need to be addressed in time to compete with competitors and to stay on the market. For this purpose, business research is very important and of vital important. Business research means a systematic and organized effort to investigate a specific problem in the work environment that requires a solution is called business research. As for as the research methodology section of the research, this part is mainly concerned with the different mechanism of data collection and different sort of statistical tools used in this research study.

### **3.2 Data sources and data types**

#### **3.2.1 Sources of data**

The strategy for information gathering is a focal point of the study. Data is gathered from the diverse sources. To get most recent learning about the study we need to utilize both logical

and methodological ways. So the approach for information accumulation is focused around emulating two sorts like:

- Primary data
- Secondary data

### **Primary Data:**

Primary data is gathered by

- Discussion and consultation with the PTCL employees
- Questionnaire

### **Secondary Data:**

Secondary data is collected by

- Annual reports
- Information from PTCL website
- Employee relational manual

### **3.2.2 Types of data**

- Primary Data
- Secondary Data

## **3.3 Sample Plan**

Sample plan include the following,

### **3.3.1 Target Population**

Tatham, (1998) found from his study that to get better and correct statistical and meaningful results, at least one hundred questionnaire data is essential. Sanders et al, (2009) found that as many as sample size someone can use in the research the better it is, as the large



sample truly represent the population. Target population of the study is Pakistan Telecommunication Company limited (PTCL) khyber pakhtunkhwa, Pakistan. While PTCL Peshawar, KPK, Pakistan was serve as a target sample for this study. Total 300 questionnaires were circulated out of which 292 questionnaires were backed. The rate of response was 97%.

### **3.3.2 Sample Size**

For this research sample size is 300 selected from the target population.

### **3.3.3 Sampling technique**

For this study convenience sampling method was used for the collection of data because it is easy to access them. Convenience sample is a kind of non probability sampling technique where the sample is taken from a group of people easy to reach. This kind of sampling is also called availability sampling (Kazombiaze, Rippon & Indermun, 2014).

## **3.4 Data collection techniques**

The data accumulation is the most important phase of any research. There are a lot of methods like observation, group discussion, survey method and questionnaire available for the collection of the data. Sanders et al, (2009) found that questionnaires are mostly used method. He further declared that questionnaires are usually sent through mails or handed over personally to the respondents. This research will be quantitative in nature. A closed ended questionnaire will be used for collection of the primary data. The questionnaires consist of two parts. The First section includes five socio demographic questions including; gender, marital status, age, education level and name of the organization. At the second section, there are 28 statments which decide the choices of workers about compensation, employee performance and motivation. This statement will be graded a five point likert scale. These scales are “Strongly Disagree” (1), “Disagree” (2), “Neutral” (3), “Agree” (4), “Strongly Agree” (5) (Ahmad et al,

2010). W.Karl, (2005) viewed that five likert scales is being used in most of the social sciences researches to know about the employees behaviors. Burn and Onald, (2008) observed that five likert scales has choice from strongly-agree to strongly disagree to identify respondents feeling in correct manner. Construct of all questionnaires will be adopted that were previously validated by other researchers.

S.No	Construct of Questionnaire	Authors	No.of items
1	Compensation	<ul style="list-style-type: none"> <li>• Nas, 2006</li> <li>• Mwangi et al, 2014</li> <li>• Kaplan, Elbir and Taspinar, 2006</li> </ul>	10
2	Employee's performance	<ul style="list-style-type: none"> <li>• Kaplan, Elbir and Taspinar, 2006</li> <li>• Al-Ghamdi and Verhulp, 2011</li> </ul>	10
3	Motivation	<ul style="list-style-type: none"> <li>• Kaplan, Elbir and Taspinar, 2006</li> <li>• Al-Ghamdi and Verhulp, 2011</li> </ul>	08

### 3.5 Data Analysis Plan

This is a descriptive study and will take the shape of a survey research. The quantitative tools used to analyze the data. Mediation analysis was carried out by the procedure recommended by Preacher and Hayes. Statistical package for social sciences (SPSS) 21 version, descriptive statistics, correlation and regression was used for analysis of the data.

### **3.6 Checking instrument reliability**

According to sekaran (2003) reliability is as follows: The measure of reliability shows the degree to which a variable is bias (free from errors).Reliability calculates the reliability of the research instrument. To check the reliability of the questionnaire an Alpha of Cronbach is often used in research in the field of social sciences (Din, 2016).

Liu, Zumbo & Wu, (2010) said about the Alpha of Cronbach, that it is the reliability and internal consistency measure to verify the reliability and consistency of the questionnaire. It is the prominent indicator of reliability used in behavioral research and social sciences. He further suggested that alpha test is the essential test in social sciences. Nunnaly, (1978) carried out a study in which he indicated that the acceptable reliability coefficient used in the literature for the research is 0.7, but lower than 0.7 is sometimes also acceptable. He further initiated that for good results the test value should be 0.7. But most statistical experts think that 0.6 is also acceptable and above any if is strongly accepted. He added in his study that a reliability coefficient. To carry out the research study if the Alpha value of Cronbach is greater than 0.5 percent, this means that the data is reliable when collected on the instrument (Cronbach's, 1951).

## **CHAPTER-4**

### **DATA ANALYSIS AND FINDINGS**

## 4.1 Data Analysis

This chapter is covered the reliability analysis, correlation analysis and regression analysis of the study. Data analysis is the procedure of systematically pertaining statistical and reasonable methods to describe, shows and evaluate the data. Descriptive statistics are performed to achieve the nature of the research and also to know demographic, social, economic, income and other characteristics of respondents of the research (Nachmias, 1992). Nachmias, (1992) suggested that descriptive analysis for such research for the purpose of analytically summarizing and categorizing data to convert it into understandable form. Such analysis is usually based on the classification and percentage of research data. Descriptive statistics help out to describe, explain and review the data in a significant way.

### 4.1.1 Demographic statistics of respondents

Table 1 Gender wise distribution

Gender	Frequency	Percent	Valid percent	Comulative percent
Male	190	65.1	65.1	65.1
Female	102	34.9	34.9	100.0

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Total	292	100.0	100.0
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**Explanation (Table 1)**

In the above table shows the male and female respondents contribution in collected data. The frequency of male respondents is 190. The percentage of male respondents is 65.1. The frequency of female respondents is 102. The percentage of female respondents is 34.9. The results indicated that male respondents are more than female respondents.

Table 2 Martial status wise distribution

Martial Status

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	Frequency	Percent	Valid Percent	Cumulative Percent
Single	58	19.9	19.9	19.9
Married	234	80.1	80.1	100.0
Total	292	100.0	100.0	

---

**Explanation (Table 2)**

In the above table shows the martial status wise distribution of the respondents in collected data. The percentage of single respondents is 19.9. The percentage of married respondents is 80.1. The results indicated that married respondents are more than the single respondents.

Table 3 Age wise distribution

Age

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	Frequency	Percent	Valid Percent	Cumulative Percent
21-30	99	33.9	33.9	33.9
31-40	105	36.0	36.0	69.9
41-50	88	30.1	30.1	100.0

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Total	292	100.0	100.0
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**Explanation (Table 3)**

In the above table shows the age wise distribution of the respondents in collected data. The respondents having age of 21-30 making 33.9 percent. The respondents having age of 31-40 made 36 percent. The respondents having age of 41-50 making 30.1 percent. The results shows that the respondents having age of 31-40 are more than others respondents.

Table 4 Education wise distribution

Education	Frequency	Percent	Valid Percent	Cumulative Percent
Bachelors	58	19.9	19.9	19.9
Masters	163	55.8	55.8	75.7
MS/M.Phil	71	24.3	24.3	100.0
Total	292	100.0	100.0	

**Explanation (Table 4)**

In the above table shows the qualification wise distribution of respondents in percentage. As it is shown the respondents having the qualification of bachelors are 19.9 percent. The respondents including the qualification of master degree holders are 55.8 percent. The respondents covering the qualification of MS/M.Phil degree holders are 24.3 percent. So the results indicated that the master degree holders are larger than others degree holders.

**4.1.2 Reliability Analysis**

For the purpose to check the reliability of questionnaire, Cronbach's alpha is used in this study.

## Compensation

Table 5 Reliability Statistics

Cronbach's Alpha	No. of Items
0.853	10

### Explanation (Table 5)

The above outcomes of the reliability indicate that alpha value of the variable compensation is 0.853 which is with a suitable range. For the reliability purposes total ten items are investigated. The alpha value of the variable compensation included in the study should be greater than 0.70. Below table shows the result of Cronbach's alpha and the number of items indicates the number of questions associated with variable. From the below results it is clear that the data is consistent and can be used for additional analysis.

## Employee Performance

Table 6 Reliability Statistics

Cronbach's Alpha	No. of Items
0.946	10

### Explanation (Table 6)

The above result of the reliability shows that alpha value of the variable employee performance is 0.946 which seems with in a satisfactory range. At this time for the reliability purposes total ten items are studied. The table demonstrates the result of Cronbach's alpha and the number of items indicates the number of questions associated with variable. The present scale value of the variable suggests that this is acceptable and could be used for further analysis.

## Motivation

Table 7 Reliability Statistics

Cronbach's Alpha	No. of Items
0.762	8

### Explanation (Table 7)

The above table of the reliability shows that alpha value of the variable motivation is 0.762. The Cronbach alpha value of the variable is within the feasible range. For the reliability purposes total eight items are observed. The given table illustrates the result of Cronbach's alpha and the number of items indicates the number of questions associated with variable. The scale value of the variable suggests that this is reliable and could be applied for further analysis.

### 4.1.3 Descriptive Statistics

Summary of descriptive statistics of the data as shown in the table 8 represents that it included the numbers (N), minimum, maximum, mean and standard deviations values of different variables of the study. These descriptive statistics represents the consistency of the data.

Table 8

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Compensation	292	4.30	5.00	4.7110	.19429
Employee Performance	292	4.50	5.00	4.7582	.14749
Motivation	292	4.25	5.00	4.7205	.20422



Valid N (list wise) 292

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**Explanation (Table 8)**

The above table represents the result of the mean and standard deviation of the data. In the questionnaire different questions are asked from Pakistan telecommunication company employee about compensation, employee performance and motivation. The number (N) represents the number of respondents which is 292. The minimum indicates the minimum value of the data. The maximum indicates the maximum value of the data. The value of mean of the variable compensation is 4.7110 and standard deviation is 0.19429. The value of mean of the variable employee performance is 4.7582 and std.deviation is 0.14749. The value of mean of the variable motivation is 4.7205 and standard deviation is 0.20422. The maximum value of mean is 4.7582 and minimum is 4.7110. The maximum value of standard deviation is 0.20422 and minimum is 0.14749, which shows that the standard deviations of all the variables are not very high and are acceptable.

**4.1.4 Correlation Analysis**

This kind of analysis is to know the strength and path of association between the variables of the study. In simple words correlation analysis shows the relationship between and among the variables. The correlation value actually lies between +1 and -1. The nearer the value to 1 represents the stronger correlation between the variables. The nearer the value to -1 indicates the weaker correlation between the variables.

Table 9 Correlation Statistics

Correlations

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	Employee		
	Compensation	Performance	Motivation

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	Pearson Correlation	1	.182**	.447**
Compensation	Sig. (2-tailed)		.002	.000
	N	292	292	292
	Pearson Correlation	.182**	1	.050
Employee Performance	Sig. (2-tailed)	.002		.393
	N	292	292	292
	Pearson Correlation	.447**	.050	1
Motivation	Sig. (2-tailed)	.000	.393	
	N	292	292	292

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

### Explanation (Table 9)

The given table is the evidence of correlation analysis showing the results of the variables of this study. Pearson correlation indicates the correlation between and among the variables. The sig. (2-tailed) represented the p-values. The number (N) indicates numbers of respondents which is 292. The value of compensation and employee performance is 0.182 with p-value is 0.002 which is significant at 0.01 that shows positive correlation. The value of compensation and motivation is 0.447 with p-value is 0.000 which is significant at 0.01 that shows positive correlation. The value of motivation and employee performance is 0.050 with p-value is 0.393 which is insignificant at 0.01.

### 4.1.5 Regression Analysis

This type of analyses has been used to know the effects of independent variables on dependent variables. According to Sekaran (2003), the regression analyses are used to show the effect between dependent and independent variables included in the study. Moreover, in a

regression model there could be one or more independent variable, which indicates the impact on the dependent variable of the study. In a simple words regression analysis show the effect between and among the variables. In more suitable words regression analyses shows the effect of dependent and independent variables.

#### 4.1.5.1 The impact of compensation on employee performance

Table 10 Regression Statistics

Model Summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Change Statistics				
					R <sup>2</sup> Change	F-Change	df1	df2	Sig. F Change
1	.182 <sup>a</sup>	.033	.030	.14529	.033	9.881	1	290	.002

a. Predictors: (Constant), Compensation

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.209	1	.209	9.881	.002 <sup>b</sup>
	Residual	6.122	290	.021		
	Total	6.330	291			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Compensation

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.109	.207		19.881	.000
	Compensation	.138	.044	.182	3.143	.002

a. Dependent Variable: Employee Performance

**Explanation (Table 10)**

The tables show the results of regression analyses. Regression analysis is utilized to understand the effect of independent variable upon the dependent variable. The impact of compensation on employee performance (EP) is checked first. According to the co-efficient of determination (R-square) shows that how many changes incurred in dependent variable due to changes in independent variable. The  $R^2$  value is 0.033 (Model summary table) which shows that 3.3 percent changes in dependent variable (Employee performance) are brought by the independent variable (compensation). The F-value shows the overall significance level of the data. The model to be statistically significant should have F-value 4 or above. The F-value is 9.881(ANOVA table) suggests that the model of this research is highly significant. According to the beta value, it tells us about represent unit's change in independent variable cause how much change in dependent variable. The value of beta is 0.182 (Coefficient table) meaning that one unit change in independent variable (compensation) will bring about 0.182 unit change in dependent variable (Employee performance). The t-value is 3.143 (Coefficient table) suggest that independent variable (compensation) is statistically significant and has positive significant effect on dependent variable (Employee performance). The critical value of t-test should be 2 or above. The p-value shows the significant and insignificant results of the data. The p-value is 0.002 (Coefficient table) suggest that independent variable (compensation) is statistically significant and has positive significant effect on dependent variable (Employee performance). If the t-value is greater than the p-value it means that the model to be statistically significant. At the same time as if the t-value is less than the p-value it shows that the model to be statistically insignificant. In the above table the t-value (Coefficient table) is 3.143 and the p-value (Coefficient table) is

0.002 that show significant results of the model. The rule of thumb of p-value is 0.05 (5%) or less. This relationship is supporting the H1, thus, it is found that H1 is accepted.

#### 4.1.5.2 The impact of compensation on motivation

Table 11 Regression Statistics

Model Summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Change Statistics				
					R <sup>2</sup> Change	F-Change	df1	df2	Sig. F Change
1	.447 <sup>a</sup>	.199	.197	.18303	.199	72.271	1	290	.000

a. Predictors: (Constant), Compensation

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.421	1	2.421	72.271	.000 <sup>b</sup>
	Residual	9.715	290	.033		
	Total	12.136	291			

a. Dependent Variable: Motivation

b. Predictors: (Constant), Compensation

Coefficients<sup>a</sup>

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	2.509	.260		9.636	.000
	Compensation	.469	.055	.447	8.501	.000

a. Dependent Variable: Motivation

**Explanation (Table 11)**

The above tables are showing the effect of independent variable (compensation) upon the dependent variable (motivation). According to the co-efficient of determination (R-square) shows that how many changes incurred in dependent variable due to changes in independent variable. The R<sup>2</sup> value is 0.199 (Model summary table) which shows that 19.9 percent changes in dependent variable (motivation) are brought by the independent variable (compensation). The F-value indicates the overall significance level of the data. The model to be statistically significant should have F-value 4 or above. The F-value is 72.271 (ANOVA table) suggests that the model of this research is highly significant. According to the beta value, it tells us about represent unit's change in independent variable cause how much change in dependent variable. The value of beta is 0.447 (Coefficient table) meaning that one unit change in independent variable (compensation) will bring about 0.447 unit change in dependent variable (motivation). The t-value is 8.501 (Coefficient table) suggest that independent variable (compensation) is statistically significant and has positive significant effect on dependent variable (motivation). The rule of thumb of t-test should be 2 or above. The p-value shows the significant and insignificant results of the data. The p-value is 0.000 (Coefficient table) suggest that independent variable (compensation) is

statistically significant and has positive significant effect on dependent variable (motivation). If the t-value is greater than the p-value it means that the model to be statistically highly significant while if the t-value is less than the p-value it shows that the model to be statistically insignificant. In the above table the t-value (Coefficient table) is 8.501 and the p-value (Coefficient table) is 0.000 that show significant results of the model. The rule of thumb of p-value is 0.05 (5%) or less. This relationship is supporting the H2, thus, it is found that H2 is accepted.

#### 4.1.5.3 The impact of motivation on employee performance

Table 12 Regression Statistics

##### Model Summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Change Statistics				
					R <sup>2</sup> Change	F-Change	df1	df2	Sig. F Change
1	.050a	.003	-.001	.14756	.003	.731	1	290	.393

a. Predictors: (Constant), Motivation

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.016	1	.016	.731	.393b
	Residual	6.314	290	.022		
	Total	6.330	291			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Motivation

Coefficients<sup>a</sup>

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	4.587	.200		22.921	.000
	Motivation	.036	.042	.050	.855	.393

a. Dependent Variable: Employee Performance

**Explanation (Table 12)**

The above tables the impact of independent variable (motivation) upon the dependent variable (employee performance) is analyzed. According to the co-efficient of determination (R-square) shows that how many changes incurred in dependent variable due to changes in independent variable. The R<sup>2</sup> value is 0.003 (Model summary table) which shows that 0.3 percent changes in dependent variable (Employee performance) is brought by the independent variable (motivation). The F-value represents the overall significance level of the data. The model to be statistically significant should have F-value 4 or above. The F-value is 0.731 (ANOVA table) suggests that the model of this research is insignificant. According to the beta value, it tells us about represent unit's change in independent variable cause how much change in dependent variable. The value of beta is 0.050 (Coefficient table) meaning that one unit change in independent variable (motivation) will bring about 0.050 unit change in dependent variable (Employee performance). The t-value is 0.855 (Coefficient table) suggest that independent variable (motivation) is statistically insignificant and show insignificant effect on dependent variable (employee performance). The model to be statistically significant should have t-value 2 or above. This relationship is supporting the H3, thus, it is found that H3 is rejected.



#### 4.1.6 Preacher & Hayes model

Preacher & Hayes, 2018 model 4 was used to know the mediation effect of motivation on the relationship among compensation and employee performance. Both direct and indirect with overall impact is indicated in the below models. The relationship between dependent and independent variable are to be carefully observed before the development of mediation impact.

##### 4.1.6.1 Direct effect

Table 13

Effect	SE	T	P	LLCI	ULCI
0.1509	0.0490	3.0763	0.0023	0.0544	0.2474

##### Explanation (Table 13)

By taking compensation and motivation as an independent variables and employee performance is dependent variable as shown in table 13, both of them indicates positive and significant impact on employee performance. The beta value is 0.1509 and p-value is 0.0023, which shows high significant relationship with dependent variable of the study. The value of LLCI is 0.0544 and ULCI is 0.2474 does not contain zero value which also indicates significant results of the study.

##### 4.1.6.2 Indirect effect

Table 14

Motivation as	Effect	Boot SE	Boot LLCI	Boot ULCI
Mediator	-0.0131	0.0198	-0.0538	0.0237

### **Explanation (Table 14)**

In the above table the indirect relationship between compensation and employee performance is indicates insignificant relationship through the mediation of employee's motivation. You need both values of LLCI and ULCI either positive or negative. Motivation shows no mediation effect because the value of LLCI (-0.0538) and ULCI (0.0237). These results are found consistent with the result obtained by Preacher and Hayes. This relationship is supporting the H4, thus, it is found that H4 is rejected.

### **4.2 Findings**

It is originated from various results that compensation has positive impact on performance of employee. It is verified from correlation analysis that all the variables have positive relationship to each other. Further correlation analysis reveal that the variable motivation and employee performance is show insignificant results of the data. Regression analysis shows that all the independent variables have significant and positive impact on performance of employee. Further the results of regression analysis represent that motivation has not same impact on employee performance. Further results of the regression analysis suggest that the impact of motivation on employee performance is statistically insignificant. Descriptive analyses also indicate that all the independent variables have positive impact on performance of employee. Preacher and Hayes model reveal that motivation does not mediate the relationship between dependent and independent variables. Results from present study investigates that compensation plays an essential role toward the employees performance in Pakistan Telecommunication Company limited (PTCL) sectors of Pakistan.

The summary of the findings of the research are given in table 15.

Table 15

<b>S.No.</b>	<b>Hypotheses</b>	<b>Status</b>
01	There is a significant positive relationship between compensation and employee's performance	Accepted
02	There is a significant positive relationship between compensation and motivation	Accepted
03	There is a significant positive relationship between motivation and employee's performance	Rejected
04	Motivation is significantly mediating the relationship between compensation and employee's performance	Rejected

## **CHAPTER-5**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 Conclusions**

In this thesis different theories of motivation is used. We follow one theory of need that is called Herzberg two factor need theory. These investigators gave their observation associated to person needs. Person needs play a vital role to encourage the human resources of every organization. They follow these need theories of motivation Anyim, (2012) and Chintaloo & Mahadeo, (2013). These theories help out how to encourage the organization employees. According to Herzberg two factor theory of need if organization fulfills intrinsic need and extrinsic need of their workers as a result the performance of employee easily enhance. Compensation is very essential for the performance of the employees. Therefore it is highly important for the organization too. The main purpose of this study is to measure the effect of compensation on employee performance. A questionnaire was prepared to gather the data related to compensation, employee performance and motivation. Convenience sampling technique was used in this study for data collection. The data was collected from different Pakistan Telecommunication Company Limited (PTCL) sectors of Pakistan. Total 300 questionnaires were circulated out of which 292 questionnaires were backed. The collected data were analyzed in SPSS 21 version. Various analytical and descriptive methods were utilized to analyze the data. It is concluded from various results that compensation has positive impact on performance of

employee. It is confirmed from correlation analysis that all the variables have positive relationship to each other. Further correlation analysis reveal that the variable motivation and employee performance is show insignificant results of the data. Regression analysis shows that all the independent variables have significant and positive impact on the performance of employee. Further the results of regression analysis indicate that motivation has not same impact on employee performance. Further results of the regression analysis suggest that the impact of motivation on employee performance is statistically insignificant. Descriptive analysis also represents that all the independent variables have positive impact on performance of the employee. Preacher and Hayes model reveal that motivation is not mediated the relationship between dependent and independent variables. Current study is used to examine the impact of compensation on performance of employee's in Pakistan Telecommunication Company. The present results of the study investigates that compensation plays an important role toward the employees performance in Pakistan Telecommunication Company Limited (PTCL) sectors of Pakistan. Results from current study recommend that if Telecommunication Company encourages their staff's by using compensation as a result the employee's performance automatically enhanced and company easily accomplish their targets. Further results declared that the compensation in Pakistan Telecommunication Company can significantly influence the performance of employees. We can clear that if top managment put their concentration upon compensation of workers then it will best toward a positive change in employee's performance.

## **5.2 Recommendations**

It is clear from the findings that compensation has a positive role in enhancing the employee's performance, so Pakistan Telecommunication Company put their focus upon

compensation to achieve the desired goals. Research context was limited to Pakistan Telecommunication Company Limited (PTCL) sector of Peshawar, while the future study can be extended to various sectors of different cities to find more significant results. Small number of respondents has been chooses for this thesis so a similar study should be conducted by raising a sample size. The time period of my study and data resources are very limited if we have appropriate resources and time, we can do our study much deeply and can analyses each and every aspect that affect the compensation and the motivation of employees toward superior performance. This study examined only three variables like compensation, employee performance and motivation, while other variables can also be utilized for further study to find a clear idea about the performance of employee's. This study will tend to focus on taking motivation as a third (mediator) variable and examine the whole relationship, while the future research can be taking motivation as a moderator variable. In this thesis taking motivation as a mediator variable, while the future study can be taking motivation as an independent variable and employee performance a dependent variable.

### **5.3 Limitations of the Research**

The major limitations of this study are that this thesis only covers the Pakistan Telecommunication Company Limited (PTCL) sector of Khyber Pakhtunkhwa. Another limitation is that it eliminates many variables of compensation due to lack of time. Funds were also another limitation. Apart from these limitations this study may give insights to the managers to increase the performance of the employee of their subordinates.

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