



# The Effect of Organizational Culture on Employee Motivation: In the Case of Selected Ethio Telecom Branches in Addis Ababa City

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**Abstract:** *This study aims at measuring the effects of organizational cultures on employee motivation at selected Ethio Telecom branch found in Addis Ababa city across all employee found in selected branch, which have total population of 117 are selected due to small size of population by focusing on three cultural dimensions: hierarchy, market, and adhocracy. The research designed and distributed questionnaire to collect data from all employees and used different seconders source. The analysis methods of the study used were descriptive statistics like table and diagrams and inferential statistics like correlation and standard multiple regression analysis was carried out in order to establish the relationship and influence between the independent variables (i.e. hierarchy, market, and adhocracy) and the dependent variable (employee motivation). The findings reveal that hierarchy culture, characterized by structured processes, strong leadership coordination, and stability, has the most significant influence on employee motivation. Market culture, emphasizing competition and goal achievement, also contributes positively, albeit to a lesser extent. Adhocracy culture, associated with innovation and creativity, exhibits the weakest influence, highlighting a workforce preference for stability over risk-taking and experimentation. The study concluded that hierarchy, and market, cultures have significant influence in employee motivation. However, adhocracy culture does not have influence employee's motivation. In order to motivate employees, it is recommended that the organization should create clear communication, well-defined roles, and effective leadership coordination are essential. Moreover, by introducing supportive practices, such as stress management programs, performance recognition, and team-building activities, can create a healthier balance between competitiveness and employee well-being.*

**Keywords:** Employee Motivation, Hierarchy Culture, Market Culture, Adhocracy Culture **Introduction.**

Organizational culture plays a critical role in the performance of any company or business. It enables organizations to prioritize their goals and structure themselves to achieve them. A well-defined organizational culture acts as a springboard for employees to derive the synergy needed to meet organizational objectives (Mugenya, 2020).

Positive organizational culture enhances motivation, as employees are naturally drawn to workplaces that align with their values and beliefs, where their efforts are recognized and rewarded. This type of culture not only increases employee satisfaction but also fosters a higher level of engagement and performance (Wubetu, 2021).

Culture within an organization refers to the shared perceptions and meanings held by its members. It shapes how employees view the organization, creating a collective understanding that transcends individual backgrounds or ranks (Sokro, 2012). This shared understanding has a profound impact on the success of the organization, as it directly influences employee motivation, which is the driving force behind effort, perseverance, and goal achievement (Santoso & Moeins, 2019).

Motivation can be described as a process that stimulates, directs, and sustains behavior. It is an internal condition that drives individuals toward particular goals, helping them focus their efforts and energies on achieving organizational objectives. Without motivation, employees are less likely to fully apply their abilities, which may hinder the overall performance of an organization (Santoso & Moeins, 2019).

The importance of organizational culture lies in its ability to shape employee culture and provide structure for motivational elements. The culture of the company is essential to fostering employee motivation (Sakina, Said, and Ali, 2016). Organizational culture and the special resources it provides to inspire workers to foster teamwork and boost efficiency at work, claim (Weerasinghe, 2017). According to the study, firms should collaborate to address employees' motivating demands by modifying labor regulations, and there should be significant coordination between the needs of employees and those of the hierarchy.

The study conducted by (Wubetu, 2021) using data from Ethio telecom managers and experts, investigated the impact of organizational culture on employee motivation. The results indicated that hierarchy culture is the most important and prevalent type of culture in Ethio telecom, followed by market, adhocracy, and clan cultures. Among these, adhocracy culture was the most widely favored. However, no statistically significant correlation was shown between market and hierarchy cultures and employee motivation. The study also demonstrated a statistically significant link between employee motivation and adhocracy and clan cultures. In general, there aren't many researches looking at the relationships between Ethiopian employee motivations and organizational culture. More precisely, this study attempts to close the knowledge gap on the impact of organizational culture on employee motivation in Ethiopia's public sector. No prior research has looked at this link. Organizations vary in their organizational cultures' contexts and characteristics; hence it is important for businesses like Ethiopian Telecom to research the connection between employee motivation and organizational culture.

## **I. REVIEW OF RELATED LITERATURE**

### **Organizational Culture**

Various academics have provided definitions of organizational culture, some of which are as follows: organizations to comply norms, values, and regulations of societies to be an accepted member of this society and secure social and consequently financial survivability. Organizations consist of individuals who introduce their own value preferences

into the organization, which represents the “way people select actions, evaluate people and events, and explain their actions and evaluations” (Dauber, Fink, & Yolles, 2012) thus shape organizational culture to a certain extent. Finally, add that tasks, which need to be achieved by an organization, shape their cultural values as well (Dauber, Fink, & Yolles, 2012).

A pattern of common staff attitudes, actions, and ways of doing and thinking about the company could be considered organizational culture. These values, beliefs, and the like are acquired, shared by all or any, and transmitted by and through personnel of the business. "Organizational culture refers to a system of shared meaning, is a more comprehensive definition (Wubetu, 2021)

The foundation of organizational culture is the deeply ingrained values and beliefs shared by all members of the workforce, as well as an awareness of what the firm stands for, how to support it, and why it is beneficial to it (Wubetu, 2021).

### **Organizational Culture and Employee Motivation**

Social standards that implicitly specify what behaviors are appropriate and unacceptable within the confines of an organization make up organizational culture. Within an organization, organizational culture is not always the same in every department. Different groups inside the organization may create their own sub-cultures, even though a range of norms will permeate the entire organization. In their study on public organizations, (Panagiotis, Alexandros, & George, 2014)

Reiterating earlier research on the beneficial relationship between organizational culture and employee motivation, (Mahamadou, Fall, & Giraud, 2020) highlighted the importance of employee motivation as a major motivator for companies looking to boost productivity, satisfaction, and loyalty. According to (Sinha, Priyadarshi, & Kumar, 2016) motivation levels are influenced by several cultural contexts. In order to enhance person organizational fit and boost motivation, leaders must establish inclusive cultures within the company that accommodate many culture types where various people consider themselves appreciated and represented.

Motivational strategy should aim to increase the effective contribution of members of the organization in achieving its objective. Motivation strategy will refer to the performance of management and reward system and in particular to the type and scale of financial incentives which are to be provided. But it will also be concerned with other which should yield favorable attributes including job design participation joint objective settings career development and any other process relating to the individual needs to achieve and maintain a sense of personal wealth and importance. Motivation is also affected by the quality of leadership in an organization therefore the selection, training and development of effective leaders should be part of strategy (Armstrong, 2011).

### **Motivation**

People's motivation to pursue a particular goal depends on situational incentives and personal preferences as well as interactions between these two factors. Ideally, the motivational and volitional regulations of behavior take turns

during different behavioral phases and are separated from each other in a clear way. They both ensure in their own way the functional optimization of goal selection, goal striving, and goal realization (Heckhausen, & Heckhausen, 2018). Motivation is a set of attitudes and values that influence an individual to achieve a specific thing according to the individual's goals. Motivation of work as force in the person that impact the intensity, direction and perseverance of one's voluntary behavior to do the job and encouragement in a person to do or do an activity or task as best as possible in order to achieve achievements. Motivation means a condition that encourages or moves a person to do a job or activity done to achieve his goals (Aliyyah, Prasetyo, Rusdiyanto, Endarti, Mardianah, Winarko & Tjaraka, 2021).

In the workplace, hierarchical (control) culture is the most usual and prevalent framework. This cultural style is predicated on the idea that an organization's ability to function smoothly is essential to its success. Therefore, a control culture's long-term objective is to guarantee efficiency, predictability, and stability. research, there is no meaningful correlation between employee motivation and the current hierarchical culture among Ethiopian telecom managers and staff. Market (competitive) culture: this kind of culture views the outside world as hostile rather than aligned with the company's values. Consumers choose carefully within the value. The company needs to put more effort into projecting competence. Adhocracy (create) culture: This kind of culture aims to foster creativity, adaptability, and flexibility in an environment where excess knowledge, ambiguity, and uncertainty are commonplace (Panagiotis, Alexandros, & George, 2014).

## II. RESEARCH DESIGN AND METHODOLOGY

### Research Design

The study aimed to investigate the effect of organizational culture on employee motivation at selected Ethio Telecom branches in Addis Ababa. Thus the study adopted both descriptive and explanatory research method. The explanatory research design in this study provides accurate and valid representation of the effect of organizational culture on employee's motivation; (such as effective hierarchy culture, market culture and adhocracy) on employee's motivation at selected ethio telecom Branch's in Addis Ababa City explained by using inferential analysis which allowed the study to make predictions about a population based on a sample

In this study, the target population comprised 117 employees of Ethio Telecom working at selected branches in Addis Ababa. The selected branches included Gurd Shala, Wosan, Kotebe 02, and Kotebe branches. Censes was used to select the respondents, and all 117 employees were chosen due to the small size of the population.

### Instruments of Data Collection

A questionnaire with standardized questions was distributed to managers, supervisors, non-managers, clerical staff, and system controllers. The questionnaire was designed to gather comprehensive data on employee perceptions of



organizational culture and its effects on motivation. The first section collected demographic information, which included gender, age, educational level, marital status, and work experience. This data aimed to contextualize the participants' responses and provide a comprehensive understanding of the sample population.

The second section focused on the relationship between organizational culture and employee motivation. Participants were asked to rate various statements that described different aspects of organizational culture on a scale from 1 to 5, where 5 indicated strong agreement and 1 indicated strong disagreement. The statements were categorized into three cultural types: hierarchy, market, and adhocracy.

### III. Data Analysis Method

Descriptive Analysis focused on summarizing and describing the main features of a dataset. It provided a straightforward overview of the data through measures such as mean, and standard deviation. Inferential analysis allowed the study to make predictions about a population based on a sample. It involved correlation, and multiple linear regression analysis

#### Demographic Characteristics of Respondents

The demographic data highlights key characteristics of the sample population, which can significantly influence the interpretation of employee motivation and organizational culture perceptions.

Demographic Variable		Frequency	Percent
<b>Gender</b>	Male	51	46.36
	Female	59	53.64
	Total	110	100.00
<b>Age</b>	<25	17	15.45
	25-35	48	43.64
	36-45	33	30.00
	>46	12	10.91
	Total	110	100.00
<b>Education Level</b>	Certificate	24	21.82
	Diploma	36	32.73

	BA/BSC	39	35.45
	MA/MSc/MBA & above	11	10.00
	Total	110	100.00
<b><i>Years of Work Experience</i></b>	<1 Year	9	8.18
	2-3 Years	27	24.55
	4-5 Years	52	47.27
	>6 Years	22	20.00
	Total	110	100.00

The sample is slightly skewed towards females, who constitute 53.64% of the workforce, while males account for 46.36% as shown on Table. The balanced gender distribution reflects Ethio Telecom's inclusiveness in recruiting both men and women.

The workforce is predominantly young to middle-aged, with nearly 74% of employees aged between 25 and 45 years. This reflects a dynamic workforce that may be receptive to new ideas and technology but also values career stability. The smaller proportion of employees above 46 years might indicate a focus on recruiting younger talent or a potential lack of long-term retention.

The high proportion of employees with diplomas and bachelor's degrees suggests a well-qualified workforce capable of handling technical and operational roles. The relatively low percentage of employees with postgraduate degrees may indicate limited availability of roles requiring advanced expertise or fewer incentives for pursuing higher education.

The high percentage of employees with 4–5 years of experience suggests a stable workforce with moderate tenure. Employees with more than 6 years of experience form a significant minority, indicating some level of retention but also potential challenges in long-term career growth.

### **Correlation Matrix**

The correlation coefficient between hierarchy culture and motivation is .75, indicating a strong positive relationship as shown on Table below. This suggests that in organizations where hierarchy culture is prominent, employee motivation tends to be high. Hierarchy culture typically emphasizes structure, clear roles, policies, and formalized processes. Employees in such environments might feel secure and clear about their responsibilities, which can enhance their motivation.

Variable	Motivation	Hierarchy Culture	Market Culture	Adhocracy Culture
Motivation	1.00			
Hierarchy Culture	.75	1.00		
Market Culture	.61	.66	1.00	
Adhocracy Culture	.44	.51	.54	1.00

The correlation coefficient between market culture and motivation is .61, reflecting a moderately strong positive relationship. Market culture is characterized by a focus on competition, achieving goals, and rewarding high performance. Employees in organizations with a strong market culture are often motivated by clear targets, recognition, and tangible rewards for success.

The correlation coefficient between adhocracy culture and motivation is .44, showing a moderate positive relationship as shown on Table Adhocracy culture emphasizes innovation, flexibility, creativity, and risk-taking.

### Multiple Linear Regression Analysis

The R-value of .781 indicates a strong positive correlation between the predictors (Hierarchy, Market, and Adhocracy Cultures) and the dependent variable (Employee Motivation). The R-Square value of .61 reveals that 61% of the variance in Employee Motivation can be explained by the three independent variables combined as shown on Table below. This is a substantial amount of explained variance, suggesting that the cultural dimensions assessed play a critical role in shaping employee motivation. The Adjusted R-Square of .591 is slightly lower than the R-Square, accounting for the number of predictors in the model and indicating that the predictors collectively provide a robust explanatory framework for Employee Motivation. The Standard Error of Estimate of .32 implies that the average deviation of observed Employee Motivation scores from the predicted scores is relatively low, further supporting the model's reliability.

### Coefficients<sup>a</sup>

Unstandardized Coefficients		Std. Error	Standardized Coefficients	t	Sig.
Model	B		Beta		
1	(Constant)	1.25		8.33	.00

HC	.55	.10	.58	5.50	.00
MC	.28	.09	.31	3.11	.00
AC	.15	.08	.80	1.88	.062

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.781 <sup>a</sup>	.610	.591	.322

The provides detailed insights into the individual contributions of each cultural dimension to Employee Motivation. The constant value of 1.25 represents the predicted Employee Motivation score when all cultural dimensions are at zero. While this value has limited practical interpretation, it serves as a baseline for understanding the influence of the predictors.

The unstandardized coefficient ( $B = .55$ ) indicates that for every one-unit increase in Hierarchy Culture, Employee Motivation is predicted to increase by .55 units, holding all other variables constant. The standardized coefficient (Beta = .58) confirms that Hierarchy Culture is the strongest predictor of Employee Motivation among the three variables. The  $t$ -value (5.50) and associated  $p$ -value ( $p < .001$ ) show that this relationship is statistically significant. This finding underscores the importance of structured environments, strong leadership coordination, and stability in enhancing motivation. Employees may feel more secure and focused when clear rules and procedures are in place, enabling them to perform effectively. For organizations like Ethio Telecom, emphasizing a hierarchy-based approach could lead to higher employee engagement and productivity. Therefore, the null hypothesis which states hierarchy organizational culture does not significantly influence employee's motivation is rejected and the alternative hypothesis is accepted.

The unstandardized coefficient ( $B = .28$ ) suggests that a one-unit increase in Market Culture is associated with a 0.28-unit increase in Employee Motivation. The standardized coefficient (Beta = .30) highlights a moderate influence. The  $t$ -value (3.11) and  $p$ -value ( $p = .002$ ) indicate a statistically significant relationship. Market Culture's focus on results-oriented practices and goal accomplishment contributes to motivation by aligning employees' efforts with measurable outcomes. However, its influence is less pronounced compared to Hierarchy Culture, possibly because excessive emphasis on competition and performance metrics might not resonate equally with all employees. Thus, the null hypothesis which states market organizational culture does not significantly influence employee's motivation is rejected and the alternative hypothesis is accepted.



The unstandardized coefficient ( $B = .15$ ) shows that a one-unit increase in Adhocracy Culture corresponds to a .15-unit rise in Employee Motivation. The standardized coefficient ( $Beta = .18$ ) indicates the weakest influence among the three predictors. Although the  $t$ -value (1.88) approaches significance, the  $p$ -value ( $p = .062$ ) suggests that the relationship is not statistically significant at the 0.05 level. Adhocracy Culture's emphasis on innovation, creativity, and experimentation may not strongly motivate employees in the context of this organization. This could be due to a preference for stability and structured environments, as suggested by the stronger influence of Hierarchy Culture. While innovation is important, it may need to be balanced with clear processes and tangible goals. Therefore, the null hypothesis which states adhocracy organizational culture does not significantly influence employee's motivation is accepted.

#### IV. Conclusions

The study demonstrates that organizational culture significantly influences employee motivation at Ethio Telecom, with each cultural dimension; hierarchy, market, and adhocracy, playing distinct roles. The findings underscore the following key conclusions:

Hierarchy culture is the most influential factor driving employee motivation, with its emphasis on structure, stability, and clear leadership. Employees thrive in an environment where roles and processes are well-defined, contributing to a sense of security and direction. Market culture, characterized by a focus on competition and goal achievement, positively affects motivation but to a lesser extent than hierarchy culture. While it aligns employees' efforts with measurable outcomes, excessive emphasis on competition may create stress for some employees.

However, in the study adhocracy culture, which fosters innovation and creativity, has the weakest influence on employee motivation. This reflects a preference for structured and predictable environments over risk-taking and experimentation among the workforce.

The combined influence of hierarchy, market, and adhocracy cultures explains a substantial portion of the variance in employee motivation (61%). This underscores the importance of aligning cultural practices with organizational goals to enhance motivation effectively.

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