



ADDIS COLLEGE

SCHOOL OF POSTGRADUATE PROGRAM

DEPARTMENT OF PROJECT MANAGEMENT

**THE EFFECTS OF MOTIVATION ON EMPLOYEE
PERFORMANCE: THE CASE OF COMMERCIAL BANK OF
ETHIOPIA AT JEMO –MICHAEL AND AYER TENA
BRANCHES**

PREPARED BY: GETAHUN AYELE

AUGUST, 2025

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PREPARED BY: GETAHUN AYELE

ADVISOR: BIRUK TIBEBU

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By:
GETAHUN AYELE

Approved by Board of Examiners

_____	_____	_____
Advisor	Signature	Date
_____	_____	_____
Internal Examiner	Signature	Date
_____	_____	_____
External Examiner	Signature	Date
_____	_____	_____
Chair Person	Signature	Date

CERTIFICATE

This certifies that the thesis conducted by **Getahun Ayele** on the subject of " **The Effects Of Motivation on Employee Performance: The Case of Commercial Bank of Ethiopia At Jemo –Michael And Ayer Tena Branches**" is entirely original with the Degree of Masters Science In Project Management . As a College adviser, I have given him all the necessary comment and suggestions through the paper work.

Signature

Date

BIRUK TIBEBU

Advisor

DECLARATION

This is to declare that the thesis entitled “**The Effects Of Motivation on Employee Performance: The Case of Commercial Bank of Ethiopia At Jemo –Michael And Ayer Tena Branches**” is my own work and has never been submitted to any other institution for any other degree or certification. The assistance and support I received during the course of this investigation have been properly acknowledged.

GETAHUN AYELE

	_____	_____
Name of Student	Signature	Date

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Table of content

Content	Page
ACKNOWLEDGEMENTS	i
TABLE OF CONTENT	ii
LIST OF TABLES	iv
ACRONYMS AND ABBREVIATIONS	v
ABSTRACT	vi
CHAPTER ONE	1
INTRODUCTION.....	1
1.1. Background of the Study	1
1.2. Statement of the problem	4
1.3. Objectives of the study	6
1.4. General objectives of the Study.....	6
1.5. Specific objectives of the Study	6
1.6. Research Questions	7
1.7. Scope of the Study.....	7
1.8. Limitation of the Study.....	7
1.9. Significance of the Study	8
1.10. Organization of the Study.....	8
CHAPTER TWO	9
REVIEW OF RELATED LITERATURE	9
2. Introduction.....	9
2.1. Theoretical Review.....	9
2.1.1. Definition and Concept of Motivations	9
2.1.2. Types of motivations.....	10
2.1.3. Employee performance	18
2.1.4 Research Gap	32
2.2 Conceptual Framework.....	33
CHAPTER THREE	34
RESEARCH METHODOLOGY	34
3.1 Introduction	34
3.2 Research Design	34
3.3 Research approach.....	34
3.4 Population and Sampling Design	35
3.4.1. Target Population.....	35
3.4.2. Sampling Technique and sample size determination.....	35
3.5 Source and Instrument of Data Collection	36

3.6 Research Procedures.....	37
3.7 Data analysis Methods.....	37
3.7.1. Descriptive statistics	37
3.7.2. Inferential statistics	37
3.7.3. Correlation analysis	37
3.7.4 Regression analysis.....	38
3.8 Reliability and validity of Research Instruments	38
3.8.1. Reliability.....	38
3.8.2Validity	38
3.9 Ethical considerations.....	39
CHAPTER FOUR.....	40
DATA ANALYSIS AND INTERPRETATION.....	40
4.1 Respondent rate.....	40
4.2 Demographic Characteristics of Respondents	40
4.3 Descriptive Analysis Result.....	42
4.3.1 Pearson Correlation Analysis	47
4.3.2 Regression Analysis.....	49
CHAPTER FIVE	56
SUMMARY, CONCLUSION AND RECOMMENDATION.....	56
5.1 Summary of the Findings.....	56
5.2 Conclusion	56
5.3 Recommendations.....	58
5.4. Limitation and Suggestion For Further Research	59
REFERENCES	60
APPENDIX.....	65

LIST OF TABLES

	Page
Table 1. Demographic Characteristics of Respondents	41
Table 2: Employee responses the current motivational practices.....	43
Table 3: Employee responses on Effects of Motivation.....	44
Table 4: Employee response on Challenges of Employee Motivation.....	45
Table 5 : Employee response on Intervention Strategies.....	46
Table 6: Correlations analysis.....	48
Table 7: Regression value of coefficient	50
Table 8: ANOVA.....	50
Table 9 Multi-Collinearity Statistics.....	52
Table 10: Regression Analysis.....	54

ACRONYMS AND ABBREVIATIONS

CBE: Commercial Bank of Ethiopia

MBO. Management by Objectives

Abstract

This study investigates that effect of motivation on employee performance within selected branches of the Commercial Bank of Ethiopia (CBE). As organizations strive to improve productivity and achieve strategic goals, understanding the role of motivation becomes crucial in enhancing employee engagement, Satisfaction, and overall performance. The research employees a mixed- method approach, combining quantitative surveys and qualitative methods to gather comprehensive data from employees working in various branches. The primary objective is to identify key and motivational factors that influence employee behaviour and performance. Such as intrinsic and extrinsic rewards, work environment, leadership styles, and career development opportunities. The findings aim to provide valuable insights in to how motivational strategies can be optimized to boost employee morale and productivity. Thereby contributing to improved organizational effectiveness. The study also discusses implications for management practices and human resource policies, offering recommendations for fostering a motivating wok environment that supports both employee welfare and organizational success.

Key words: motivation, performance, challenges, intervention mechanism

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

An essential role is played by human resources in every organization. This aids the organizations to achieve their set goals and objectives. Good work conditions help employees develop their skills and keep them productive, boost their morale, maintain their competency level in an organization (Bakker et al., 2011). A lot of agents such as the working environment, development opportunities, and job security can affect the performance of employees. However, the most crucial agent which impacts the employee's performance is their motivation (Hafiza et al., 2011).

Motivation is one of the most important factors affecting human behaviour. Motivation not only affects other cognitive factor like perception and learning but also affects total performance of an individual in organization setting. This is the reason why managers should attach great importance to motivation in organization (Prasad, 2005).

Motivation seems to be one of the most important tools for retaining employees and increases productivity. Organizations design motivation systems to encourage employees to perform in the most effective way and attract potential candidates. One of many ways to motivate employees is to give rewards and incentives for good performance (Memmott and Growers, Motivation is among crucial factor towards increasing the performance so as to achieve organization goals. Low motivation or complete lack of motivation at any organization within Ethiopia or across the world leads to high employees' 2012). Inefficiency, turnover, fraud, corruption, absenteeism, and indiscipline at work are some factors that affect the performance of employees; however, one that consistently stands out is employee motivation which has been the focal point for various researchers over the past decades (Jensen et al., 2018). An essential aspect of success in an organization is the motivation of employees. With the absence of motivation, there is no gain or a little result (Boamah, 2014). According to Batam (2016), an organization's success is largely dependent on the level of its employees' motivation. When there is no motivation, there is no attainment of better results. Batam (2016) revealed that employees that are satisfied turn out to

be more productive, committed, and creative to their employees. Managers can motivate their employees to help the organization by the reinforcement of positive behaviours and retention of employees (Uzonna, 2013). Also, motivation allows employers and their subordinates to be responsible and be productive in going about their everyday businesses that will a long run aid in the team-building of the employees in the organizations (Osei, 2011).

Management should extend good workable environment and use different strategies and skill to motivate workers to be more efficient and to have higher performance and job satisfaction. If workers are motivated and satisfied in their job; they will exert high effort to the organization goal and try to be creative by developing new mechanism of doing their job to improve their performance. Management should also maintain good and sustainable performance using different extrinsic and intrinsic motivation factor. The challenge for today's management is to administer motivational programs which will encourage employees to improve their work performance and productivity. Managers of companies in the financial services industries are therefore adopting various kinds of motivational packages not only to retain employees but also help them to achieve competitive advantage in the all market.

Despite the induction of modern technologies to facilitate smooth workflow, employees as an integral part of the organization, make up the most decisive workforce (Jennifer, 2013) for the reason that firm's performance or optimal productivity is completely the reflection of their enthusiastic efforts exerted forth in the course of achieving the intended business and corporate objectives. Aluko (2014) urges that in order to achieve or enhance high level of productivity, managers need to perpetuate seeking ways of ensuring their staff stay motivated. Lack of motivation hinders sustainable success results in low morale staffs performing way far from up to the standards.

Certain problems of inadequate motivation emanate from individual differences in personality, behaviour or outlook. The situation is characterized by strong desire to avoid failure but the motive to produce positive results may be too weak. This could produce a general resistance to achievement oriented activity that should naturally be overcome by other extrinsic modes of motivation. On the other hand, managements and working environments in a given firm also contribute substantial influences on staff's motivation. Lack of well-designed organizational

structure, consistent salary scale, recognition, relevant training and other attractive incentives are the Achilles' heel of poor human resource management in which employees often manifest themselves through lack of enthusiasm or premature surrender (Bryans, 2005).

Employee motivation affects productivity and a poorly motivated labour force will be costly to the organization in terms of lower productivity and performance, excessive staff turnover, increased expenses, frequent absenteeism and a negative effect on the morale of colleagues (Elton, 2017). It is a well-known fact that the success of an organization largely depends on the quality of its human resource, irrespective of the industry within which it operates (Deci, 2013). It is with this in mind that leaders and managers must strive to ensure that their workforce is motivated and therefore productive. Motivation is seen as one of the most important factors in issues related to human resources management (HRM) and organizational behaviour management (Nelson & Quick, 2013).

Motivating employees for better performance encompass these critical factors: employee engagement, organizational vision and values, management acknowledgment and appreciation of work well done, and overall authenticity of leadership (Siyeli, 2017). Theories of job performance offer that motivation is a key determinant of performance. The role of motivation in the work context has been studied to understand what causes employees to work hard, to do well, or more specifically what causes the arousal, direction, and persistence of voluntary actions that are goal directed. It is therefore imperative that managers understand what motivates employees and also how to motivate them effectively (Deci, 2013).

Despite all these apparent cumulative problems of motivation considerably affect the overall productivity, concerned managements necessarily pursue means of ensuring and promoting continuous efficiency that would be geared towards the accomplishment of the desired organization goals and objectives. However, other than striving for adapting contemporary human resource management practices in terms of assuring the wellbeing of employees and creating conducive work environment, managers are negligent on identifying which intrinsic or extrinsic factors affect employee's motivation to enhance productivity. Such managerial dilemmas are often evident in most financial institutions characterized by inducting new workforce frequently due to substantial attrition of experienced and skilled employees.

Ethiopian financial institutions, banks and insurances in particular, are characterized by high employee turnover (more 12% attrition) and switch over to other similar companies (Ermias, 2017). Private Banks is especially in stiff competition of snatching experienced employees by offering relatively more attractive compensations and benefit packages. Nonetheless, banks compete in a similar fashion rather than identifying which motivational factors influence their respective staff to be loyal and more productive. The human resource management system of CBE cannot be said to be different in any way.

The underlying issue in CBE is that the active structure under implementation is failed to exceed the required employee productivity even though very attractive and persuasive incentives and compensations were incorporated on to different salary scales. It actually ends up with satisfying and motivating them for considerably short period (Temesgen, 2016) but the depth or intensity of its effect on their productivity is still foggy. Such human resource management limitations often emanate from inability to understand the factors that motivate employees and have significant effect on the overall productivity. Thus, the main purpose of this study is to assess the effect of employee motivation on employee performance by taking the selected branches of CBE as a case study.

1.2. Statement of the problem

The motivation of employees is a crucial step in an organization to make sure its workers are satisfied with the working conditions they find themselves in. The inner desire of every employee is developed with motivation and promotes effective and efficient working amongst employees (Boamah, 2014).

Today organizations can easily change their material needs, goods and services to other organizations or to other countries. But the only one resource which is not easily exchangeable is human resource. So we can say that human resources are the very important or most competitive asset of any organization that cannot be exchangeable. Human resource or human asset means the workers /staff members or the employees of any organization. So motivation is the main factor that affects the human resource of the organization.

Motivation can be taken as any influence that retrieves, directs, or maintains individual's goal oriented behaviour (Estes, 2016). It refers to the inner driving factors that cause an individual to

behave in a certain manner and act in a specific way. Organizations are usually very enthusiastic to achieve their goals and objective through integrating their well-motivated employees with other relevant resources. Provision of attractive compensation, conducive work environment, or create room for proper training and career advancement escalates employees' moral and motivation to discharge their duties and responsibilities even sometimes beyond firm's expectation (Lin, 2017). Demotivated or not properly treated employees, to the contrary, are prone to fail to discharge their duties effectively and efficiently resulted in low productivity. Now a day, such managerial issues have become more prominent in private business firms and same holds true for banking institution in Ethiopia.

CBE is known for their provision of attractive compensations and benefit packages to survive against the severe competition. Offering higher salaries, medical insurances, educational fees, low-interest long-term loans and continuous job promotion are some of the incentives provided by CBE. However, employees are usually complaining regarding the monotonous nature of transactional tasks and tending to switch over or divert to other industries. It has an apparent implication that is other motivational factors that influence their job satisfaction which in turn adversely affect employee dedication and productivity. According to Zerihun (2017), the overhead costs of banks in Ethiopia are dramatically escalating due to high salary and employee benefit expenses. Spending for employees reaches around 40% of their gross profit on average but still suffering from achieving annual sales target due to lack of employee's self-motivation resulted in low productivity.

Some organizations have been known to experience a high staff turnover despite offering above average salaries (Thomas, 2012). This clearly shows us that salaries and bonuses is not the only way that an organisation can motivate employees. Moreover, different individuals in the working force are motivated by different determinants. It is important for leaders in any organisations be it managers or even supervisors to get to know what motivates different employees, and not think that a one-size-fits-all approach (George & Jones, 2013).

Effective human resource management practices have the ability to create firms that are more intelligent, flexible, and competent than their rivals (Rawashdeh, 2012). To do so, organizations in banking industry need to recognize the importance of motivation for their employees"

productivity enhancement. Appropriate planning and implementation of organizational policies, strategies and practices concentrating on recruiting, hiring and motivating employees facilitates firms' productivity to attain their business objectives. The effectiveness of its strategies and practices substantially depend on the extent to which its employees' motivation and satisfaction are accurately understood

Thus, an accurate understanding of motivational factors in the workplace is more than maximizing the profitability of a given company but sustainably acquiring the most valuable assets - the loyal employees (Armstrong, 2011). In these regards, present researches are conducted to evaluate the factors that affect the employee's performance in financial institutions in Ethiopia (Shimelis, 2014; Kassye, 2018; Melese, 2016). Their findings identified poor skilled labour, lack of knowledge and managerial incompetency as the major reasons accounted for poor performance. However, the role of employee motivation on employee performance is the area overlooked. Thus the basic aim of this study is to fill the gap by assessing the motivational practices taking the selected branches of CBE as a case study.

1.3. Objectives of the study

1.4. General objectives of the Study

The general objective of the study is to assess the motivational practices at Jemo-Michael and Ayer Tena branches of CBE.

1.5. Specific objectives of the Study

The specific objectives of the study are:

1. To evaluate the current motivational practices of commercial bank of Ethiopia at Jemo-Michael and Ayer Tena branches.
2. To identify the effects of motivation on employee performance of commercial bank of Ethiopia at jemo-michael and Ayer Tena branches.
3. To examine the challenges related to employees motivation.
4. To forward intervention strategies for enhancing motivation commercial bank of Ethiopia at Jemo-michael and Ayer Tena branches.

1.6. Research Questions

The research questions are:

1. What are the current motivational practices commercial bank of Ethiopia at Jemo-Michael and Ayer Tena branches?
2. What are the effects motivation practices on employee performance commercial bank of Ethiopia at Jemo-Michael and Ayer Tena branches?
3. What are the challenges of employees' motivation commercial bank of Ethiopia at Jemo-Michael and Ayer Tena branches?
4. What are the intervention strategies for enhancing motivation at commercial bank of Ethiopia at Jemo-Michael and Ayer Tena branches?

1.7. Scope of the Study

Methodologically, only employees at CBE are being considered because researcher overlooked the effect of motivation on employee performance in CBE rather than private ones. More specifically, only permanent and active employees who are entitled for different human resource development benefits at selected branches will be considered to gather survey data.

The scope of this study is geographical limited to Addis Ababa the place where the selected branches of the CBE found. Conceptual scope of the study also merely focuses on the theories that state influence of employees' motivational practices on employees' performance. In this regard, a number of organizational measures have been taken to rectify and promote employees' productivity but the overall motivational practices of the human resource department, in alignment with its strategic objectives, is the most important issues to be addressed.

1.8. Limitation of the Study

This study is not totally free of limitations. There might be some problems that might limit the study which include: some customers might be found it difficult to spend some time to answer the questionnaires and the other limitation of the study might be the study participants' willingness and flexibility to allocate sufficient time for the interview because of their busy schedules.

1.9. Significance of the Study

The findings of the study used to refine the motivations practices used by the human resource managers of the bank. The finding of this research is very important for the bank to prepare new strategy to manage their human resource properly and to know the performance of their employees. Other Banks especially the private banks in the Ethiopia will get benefit from the study. The study will provide these banks with important information regarding human resource management practice, which they can use, develop effective strategies. Apart from management, this research will also provide the base for the other researcher to study more on effects of motivation on employee performance. Moreover, it might be useful to future researcher to save cost and time in order to generate the similar research.

1.10. Organization of the Study

This study is organized into five chapters. The first chapter deals with background information, Statement of the problem, objective of the study, significance of the study, scope and limitation of the study. The second chapter deals with review of literature. The third chapter discusses with the methodology used. The fourth chapter contains data presentation, analysis and discussions of the results. The last chapter of this paper consist of the summary of major findings, conclusion, and recommendation of the part of the research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2. Introduction

This chapter presents literature review on effects of motivational practice on organizational performance at the selected branches of Awash Bank. It includes concept and definitions of key terms, theoretical literature review which gives detailed information on the relevant theory to the study, empirical literature review which reviews various studies similar to the current study, research gap and conceptual framework.

2.1. Theoretical Review

2.1.1. Definition and Concept of Motivations

Motivation refers to the ways in which urges, drives, desires, aspirations, strivings, or needs direct, control or explain the behavior of human beings (McFarland, 1974). Also Prasad, 2005 defined “Motivation as the complex forces starting and keeping a person at work in an organization. Furthermore Robbins and Coulter, 2005 defined Motivation as “The process that accounts an individual willingness to accept higher level of effort to each organizational goal conditioned by the efforts ability to satisfy some individuals need”. Motivation always pushes someone to act and continues him in the course of action already initiated”.

In the other way round motivation is described as an invisible force that pushes people to behave in a certain way (Pinder, 2008). An author of this definition believes that it has some features that make it better than other definitions. Firstly, it is not general as many other definitions, it presents motivation in close relation to work and careers. His definition is intended to apply behavior such as joining or leaving a company, being punctual, respecting or not respecting supervisor’s orders, inventing better ways to perform a job and accepting relocation to another place.

Motivation is the forces that energizes, direct and sustain behavior. It can be intrinsic where behavior is affected by factors that may arise from work itself and are self-generated or extrinsic, which occurs when things are done or for people to motivate them (Armstrong, 2012).

From the above definitions concept of force seem to be a key element in defining motivation as it makes the definition consistent with other authors work and allows the idea that motivation level could be weak or strong depending on circumstances

2.1.2. Types of motivations

2.1.2.1. Intrinsic Motivations

Intrinsic Motivation refers to individual motivation stimuli that are coming from within. A desire to perform a specific task because its results are in accordance with his belief system or fulfil a desire and therefore importance is attached to it. Our deep rooted desires have highest motivation power (Prasad, 2005).

There are three forms of intrinsic motivation. In the first form people engage in activity for its own sake since they find the activity itself as a source of joy and satisfaction. Example: can be hobbies that one chooses to pursue in the work context fulfilling an interesting task. The second form is activities which are tedious and unexciting but their accomplishment is a source of pressure. For instance meeting a deadline at work brings a sense of achievement. Third form is about compliance it state that it is a matter of compliance with standard for their own sake that propels people to act.

These standards may be ethical standards, commitment to group members, and desire to act according values of material or fairness procedure (Frey and Osterloh, 2002).

2.1.2.1.1. Employee wellbeing

In most organizations, the concept of an employee's well-being has become a very significant issue. Nowadays, the growing dependability on the whole market forces puts substantial pressure on salary earners and the work force regarding the delivery of goods and services. And hence, it has overwhelmingly affected the health, safety and well-being of the workforce in general. From this point of view, the wellbeing of an employee can't be undervalued for the fact that employees have similar needs whether physical or emotional and their needs may vary in terms of welfare, security and health in a way that enables them to cope with life. Because employees invest a great deal of their time and lives at work, they rely much on their organizations for support in meeting the demands mentioned above. And thus, many international business firms realize the

necessity for a healthy workforce because they are critical in improving an organization's productivity level and fiscal performance. In this regard, most organizations take a serious action to improve the welfare of their workforce by carrying out different health and productivity programs.

In general, for health and well-being programs to work effectively, an organization has to develop a smooth and good relationship with their workforce and has to also make sure that both the issues that may be considered as personal to the staff and their relations are properly accommodated. Some of the things considered as personal include welfare packages, health related behaviours, financial status and their work experience. Another point so demanding to realize here is the attitude of the work force as it presents some hint on how to get the maximum return on health and productivity investments. Baas (2009) states that several evidences are available which indicate that the health and wellbeing of the employees is highly interwoven with their levels of productivity and the health of the nation's economy where by employers have the understanding of the significance of wellbeing programs. And hence, they are more focused on finding the best ways to enhance their wellbeing by executing different health protection and benefit promotion programs.

2.1.2.1. Relationship with staff

The concept of „relationship with the staff“ describes the bond between employees of the same level in an organization's chain where one has no authority over the other. Employees who have direct support from their colleagues are more productive and have a friendly working environment as well. A point made to corroborate this fact was by Cummin (2010) who explained that employees who have a favourable and honest attachment with their colleagues are often better-off and productive in the work area. Even at times when employees feel their work is stressful, a co-worker's support becomes so essential in lessening this stress.

Mayo (2012) added that the support that is obtained from a colleague is so fundamental in boosting the productivity level. It is true that the relationship among workers and their superiors in regards to support has rarely been given a due attention. But it is something which has to be regarded as a critical thing because the impact it puts on the productivity level is so big. Likewise, Altinoz (2012) suggested that good relationships among staff members are so helpful

in minimizing work stress and encouraging harmony. Furthermore, he added that the availability of a reliable relationship among the workers and their colleagues ensures job satisfaction, and this can be implemented through organized social interactions. In addition to the above definitions, Hoobler (2006) underlines the point that a relationship of this kind among the employees paves the way for flexibility in work scheduling and divisions of workload. The reaction among the staff members also has a significant influence on determining their behaviours regarding the productivity level. And as a result of this, employees who have a good relationship and feel good working with their colleagues, especially, in team work are highly productive because they are more devoted and motivated than those who work with no good relationship at all. That is they work more efficiently and effectively being responsible for their organization's success

2.1.2.2. Extrinsic Motivation

Extrinsically motivated behaviors are behaviors' that are external to the activity. These behaviors' include such things as compensation, work conditions, welfares, safety, etc. These behaviors are determined by the organizations they work in. Eventually, motivated behaviors force employees to work hard for additional hours so that they get benefits associated with it. Even though the employees are interested in such work, it is the extra advantages which compel them to work, George (2012). As per Ryan's (2000) detailed description deals with the behavior which is displayed to get basic or social benefits and avoid criticism. As an example, if an employee who works in a guest house as a receptionist, he/she understands well that working hard and with commitment provides with him/her with more benefits or promotion even from extra working hours. But he/she doesn't get any satisfaction. So, the reason he/she is motivated to work harder is because of the incentives.

As Ryan (2000) once again pointed out, business firms use a good pay as a means to inspire their workforce to perform better by improving organizational achievement. Many employers have realized the concept that in order to stay viable, the performance of the employee is so significant and critical in creating a positive impact on the overall success of the business. From this point of view, it is assumed that the performance of the workforce is essential both to growth, strength and enlargement of the business and for the personal achievement of the

employee as well. In conclusion, extrinsic motivation which comes out from outside the person or from the things external to the work or activity itself, influences the behavior, performance and productivity in a better way

2.1.2.2.1 Work Environment

Most businesses restrict the pace at which they improve the productivity levels of their work force to skill acquisition. The environment where an employee works plays a significant role in affecting the growth level of an organization. Akinyele (2010) suggested that around 80% of the issues related to productivity in most organizations emanate from the employee's working environment. A conducive environment ensures the wellbeing of employees which will steadily inspire them to live up to their responsibilities with a high spirit and confidence which will later be transformed into a higher level of productivity. Because businesses are vulnerable to risks and uncertainties, the strength of an organization to successfully withstand the challenges by seasonal dynamic economic nature will depend on how effectively and efficiently it uses its human resource. Brenner (2004), on the other hand, suggested that the capacity of any workforce to share information within an organization is more or less productive in a well-organized work environment. In addition, the comfort level which has a variable nature in connection with the work environment projects the degree of satisfaction and productivity levels of the work force. The main reason for this is that the productivity levels will not be efficient if the conditions of the working environment are more preferable, as better working environment increases productivity. Another point by Rohun (1992) considers firm's working environment as an entirety, meaning that it incorporates all forces and activities along with the other present and potential determinant factors that challenge the worker's productivity and performance levels.

In short, entirety is the total interconnection between employees and the environment they work in. However, unhealthy environments, according to kyko (2005), may turn responsible and naturally talented employees into irrational and unreliable ones. He mentioned a number of factors which create unhealthy or unfavourable work environments that result in the decrease in productivity level of the employees and the organization in general. These factors include: lack of transparency in management, managers with partiality, administrative policies, working conditions, interpersonal affiliations and compensation.

Effective management of environment and sustaining it requires that the environments are preferable, impressive, inspiring, resourceful which can possibly make the worker feel a sense of pride and purpose in their jobs_ Brenner (2004). Businesses limit the rate at which they enhance the productivity levels of their workforce to skill acquisition. The kind of work place or environs where a worker operates also affects the level at which such an organization may flourish. Akinyele (2010) suggested that about 80% of productivity concerns are as a result of the nature of a worker's environment in most organizations. A favourable work setting guarantees the well-being of workers which invariably will encourage them to apply themselves to their responsibilities with a high level of morale which may transform into higher productivity (Akinyele, 2007). Businesses are prone to risks and uncertainties as such the capacity of an organization to react effectively to the challenges posed by present-day dynamic nature of economic conditions will to a large extent be determined by how well an organization can effectively and efficiently use the human capital at its disposal.

Brenner (2004) affirmed that the capability of an organization's workforce to share information throughout the system is subject to the state of their work environment. Workers are likely to be more productive in a well-structured work environment. Furthermore, the quality of comfort which varies in terms of the work environment also predicts the degree of contentment as well as productivity level of workforces. This is because the productivity levels of the workforce would not be optimal, if the states of their work environments are not conducive. Better work environments augment worker's productivity. Kohun (1992) described an organization's work environment as an entirety. That is, it encompasses all forces, activities including other significant elements that are presently or potentially challenging the worker's productivity and performance levels. It is the summation of the interrelationship existing between workers and the surroundings in which they operate.

However, in toxic environments, responsible and talented workers can be transformed into irrational and unreliable workers as a coping strategy (Kyko, 2005). He cited several elements that constitute a toxic work environment therefore causing a decrease in productivity of employees and the organization as a whole. These elements are lack of transparency in management, biased managers, administrative policies, work conditions, interpersonal affiliations and compensation. Managing and sustaining a work environment effectively

demands making sure the surroundings are conducive, attractive, acceptable, resourceful, and motivating to the workforce thereby giving workers a sense of pride and purpose in the jobs they perform (Brenner, 2004).

2.1.2.1.2. Compensation

The term compensation talks about the amount of money and benefits that employees get from their organizations in exchange for their contributions they make (Hamidi, 2014). It basically fulfils material, social and psychological needs of the employees and is more related to financial satisfaction (Lumley, 2011). Employees receive several benefits in different forms like wages, salaries, pays, etc. but many employees who have a good education level, sufficient skills and experiences lose satisfaction from their jobs and salary programs causing a high rate of turnover and low productivity. And hence, organizations provide them with compensation programs aimed at minimizing the turnover and inspiring them. This means that compensation motivates employees to make better performances and high productivity levels.

The other form of compensation is „Fringe benefits“, which is mainly concerned with securing quantity life cycles, providing them with a certain level of safety and financial security taking their family relations into account. The most common“ Fringe benefit“ forms are retirement or pension plans, medical insurance coverage, education reimbursement and time-off. Fringe benefits are compensations that are given to employees in a different form because of the status they have in the organization as members (Mattias, 2003). Overtime is the payment made over and above the normal salary and wage rates where the employees are paid for their extra working hours (Tyson, 1999).

Moreover, organizations provide employees with company housing or house rent allowances to enable them to meet their basic needs as an accommodation when they are on duty. Some accommodations owned by the organization are provided to senior employees but other organizations reimburse rent payments. More importantly, in order to avoid the decline in employee productivity level, it is so demanding that employees are provided with health and safety packages, security and adequate working conditions (Hamidi, 2014). Ryan (2008) also states that the costs that come along with compensating employees in wages, payments and other forms of benefits are an immense and increasing part of operational expenditures but it has to be

understood that production level may drop if organizations are not able to make payments and benefits available to employees as required. In short, employees become more hard working and productive when their performance is based on a satisfactory pay. Even though the compensations for employees affects the productivity, there are other factors that may increase the outcome with negligible or no cost to organization at all.

Employees also give credit to validation if they are to be productive i.e. they have the desire to be appreciated for their performance as such their jobs are valuable and their contribution to the success of the organization is important. It is true that compensating employees adequately helps a lot but the compensation shouldn't necessarily be made financially, and the reason is that just thanking them is also like they are appreciated. Concerning validation, employees are most likely productive when they visualize they are fit in the big picture. Employees also want to be considered as a central part of the organization. They want to grasp every part of the operations which they think is suitable for their ambitions and dreams because this may provide them with the opportunity to exhibit their capability and skill in the fields other than the areas of their specialization. They don't only want to know that their managers are willing to listen to their voices but they also want them to let them take part in decision making processes (Lake, 2000).

2.1.2.1.3. Training and Career Development

Bassani (2004) states that training and career development in the field of management is the area concerned with structural activities aimed at improving the performance and productivity levels of the work force. It is also considered as a way of obtaining the applicable skills and qualifications by the employees that are necessary for the growth and success of the organization. Similarly, Mathis (2003) suggested that it is so important to train and upgrade employees steadily so that they can effectively live up to their responsibilities. The logic behind this is that employees who are trained and upgraded enough with the relevant educational qualifications and skill are in a position to provide a huge pay off apparent in their loyalty to the organization, sound knowledge and understanding of operations, improved productivity levels and their contributions to the overall stability and future success of the firm.

The principal objective of involving employees in training is to bring about a result that endures and can be sustained even after the training activity or program it. The main emphasis of this

concept is on taking precise decisions and commitments which deal with incorporating new acquired skills and ideas in the work area. It denotes the organizational persistent effort and dedication in continuously improving the performance level and the satisfaction of its employees with different methods of skill acquisition and educational programs. Currently, most companies have applied extensive and diverse forms of these applications that range from trainings related specific skilled jobs to the long term career growth. Nowadays, training and career development are being used as an official corporate function key tool to implement policies that help in the achievement of an organization's vision, mission, goals and objectives.

In addition, a number of business firms, large or small, have acknowledged the significance of training and have included continuous learning and other practices related to training and career development as a means of supporting the progress of their employees and as means of securing highly skilled employees as well. The significance of continuously upgrading their skills and qualifications through training has been massively accepted and considered as a requirement of employment opportunities and ensuring the profitability and the future success of organizations while boosting the right kind of working culture in such a way that it keeps continuous learning. As Batrom (2000) suggested training and career development enables businesses to attract a pool of competent potential replacements for employees who are interested in leaving or retiring from active duty or who are requested to take a position with more responsibilities.

It is also helpful in ensuring the human resource required to sustain commercial growth and expansion. Moreover, he suggested that training can speed up the use of advanced technologies even in small businesses in such a way that it makes it easily suitable for the fast dynamic and continuously emerging competitive global arena. Training is also helpful in uplifting the work spirit, effectiveness, efficiency and the level of the employee's productivity. What is more, most organizations or employers have come to realize that employees value educational and tuition assistance benefits. These programs are considered to be important in employee retention and recruitment. The program basically includes partly or the whole expenses in regards to formal educational courses (Mathis, 2003).

An organization is also able to reduce undesirable employee turnover costs related to staffing and

training by effectively making use of the budget allocated for the advancement of new inexperienced workers in retaining skilled and experienced employees. Employees are likely to be inspired to raise their level of productivity if opportunities are available for career development either through formal education or skill acquisition programs. This paves the way for the improvement of the employee's skills and talents by appreciating their ambitions and the quality they add to the firm. And hence, it is so crucial to take into account that at times a well-planned training program can be taken as an increase in pay.

Benefits of this kind are regarded as practical since it satisfies the workers and increases productivity and is not as such costly in comparison with the increase in pay (Harrison, 2001). Eventually, through sufficient training, employees can evaluate and get from those opportunities which are available for progress in the organizational order. This practice satisfies the employee's psychological needs as they are opportunities important for individual's advancement, greater roles, and responsibilities and social status. Promotion opportunities have the possibility to bring about job satisfaction when they are taken fairly.

2.1.3. Employee performance

An effective performance management action is an important tool for employee motivation for optimal performance. However, it is not an enough condition for effective performance management (Meseret Haile 2015). The most important issue with any performance management system is how critically it is taken and how devotedly it is used by managers and employees. Pulakos (2009) Performance management is all about perfection, synchronizing, upgrading to create value for and from customer with the result of economic value creation to stockholders and owners.

The expansion of performance management is clearly very large, which is why performance management must be viewed within an enterprise as a tool to improve on employee motivation for high performance. Cokins (2009) efficient management of performance requires a strong apprehension of the performance domain. That is, apprehending the obligation and projects that are part of the job description within a company or organization. Once you have a full skill of what the job requires, you have the basis for assessing and enhancing performance.

This is the foundation for assessing and improving performance within a company. When this is

lacking, the outcome is a missing link in evaluating employee performance and the possibility of improving on the employee performance within the organization. Moreover, there is also the missing link in assessing employee's performance in relationship to other colleagues in the same job description Robert (2003).

A good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment Cokins (2009) Good job performances and productivity growth are also important in stabilizing our economy; by means of improved living standards, higher wages, an increase in goods available for consumption, etc. Pulakos (2009). Pulakos also argue that therefore research of individual employee performance is important to society in general.

Employee production and employee job performance seems to be related; e.g. in the U.S. performance is in some cases measured as the number and value of goods produced. However, in general productivity tends to be associated with production-oriented terms (e.g. profit and turnover) and performance is linked to efficiency or perception-oriented terms (e.g. supervisory ratings and goal accomplishments).

According to Hunter and Hunter (1986) crucial in a high job performance is the ability of the employee himself. The employee must be able to deliver good results and have a high productivity. Hunter and Hunter (1986) also argue that this is something the organization can know at forehand; they can select employees with the required abilities or they can recruit those employees themselves. Of course the latter is more time consuming, but can obtain better results in the end Hunter (1986).

However, job performance is more than the ability of the employee alone. Herzberg (1959) and Lindner (1998) refer to the managerial side of performance. According to Herzberg (1959) performance is: let an employee do what I want him to do. This implies that the organization's hierarchy and task distribution are also critical for a good employee performance. Lindner (1998) adds to this statement by arguing that employee performance can be perceived as "obtaining external funds".

According to Vroom (1964) an employee's performance is based on individual factors, namely: personality, skills, knowledge, experience and abilities. Many researchers agree that job

performance is divided in those five factors (e.g. Hunter, 1986). Some researchers even argue that a person's personality has a more specific role in job performance Lindner (1998) . However, according to various researchers, it is not what performance exactly means, but how it is composed and how it is measured Otley (1999). Vroom's (1964), Hunter & Hunter's (1986), Hunter's (1986), etc. results are evident. Namely, Job performance can be divided in personality, skills, knowledge, experience and abilities. Some researchers even argue that personality has a more specific role in job performance. However, according to Bishop (1989) and others, job performance contains a problem; namely the measurement of performance.

2.1.3.1. Employee Performance Measurement

According to Porter and Lawler (1968), as cited in Chen and Silverthorne (2008), there are three types of performance measurement. The first one is measure of production rates or outcome rates. The second type of measure is evaluating one person performance by other person. The third type of measures is self-appraisal and self-evaluation. Appraisal is the process of assessing employee's performance against with the predetermined goals (Decenzo & Robbins, 2010). According to CBE employees are measured by early reporting to work, staying on the job delight to customers, respect amongst colleagues and loyalty to the bank to achieve the predetermined and cascaded goals of the bank.

2.1.3.2. Performance Appraisal

Decenzo et al. (2010), Performance appraisals must communicate and know how well an employee's done the predetermined goals. It is advisable to have two way communications in setting goals as well as in performance measurement between the employees and the management because this process by itself affects the motivation of an employee's.

Staffs of an organization need to know as how well they do their job and willing to get feedback in order to ensure as they are performing towards the organizational goal. The evaluation of staffs assists the organization to grow, fill the gap, to facilitate training and development programs for the staffs. Performance appraisal is the process of assessing an employee's performance relative to the predetermined goals (Dessler, 2013

2.1.3.2.1 Absolute Standards

It is the process of measuring employee's performance relative to the predetermined goals. It is related to a condition that employees are compared to a predetermined goals and their evaluation is free from other staffs in a work group (Decenzo, et al. 2010). Absolute standard also called the old method for performance appraisal of staffs. There are different appraisal methods that included in absolute standards such as the graphic rating scale, the checklist, critical incident appraisal, forced choice and behaviourally anchored rating scales.

2.1.3.2.2 Relative Standards

In this approach the employees are compared relative to other employee's performance. It is relative standards measure rather than absolute measure. There are also different appraisal methods that included in relative standards such as group order ranking, individual ranking and paired comparison.

2.1.3.2.3 Outcomes/Objectives

Employees are assessed on how well they achieve a particular objective that has been predetermined as important organizational goal. This approach is also called Management by Objectives (MBO). Management by objectives is a process that changes organizational objectives in to employee's objectives (Decenzo, et al. 2010). There are four points that are common to MBO such as time bound, participative decision making, specific goals and performance feedback.

Theory about motivation and its effects on employee performance

Several theories on employee motivation have been developed by researchers. The theories have centred on financial and nonfinancial incentives. An incentive is something which stimulates a person towards some goal. It activates human needs and creates the desire to work. Thus, an incentive is a means of motivation. In organisations, increase in incentive leads to better performance and vice versa. Man is a wanting animal, he continues to want something or other. He is never satisfied. If one need is satisfied, the other need arises. In order to motivate the employees, the management should try to satisfy their needs. For this purpose, both financial and non-financial incentives may be used by the management to motivate the employees. Financial

incentives or motivators are those which are associated with money. These include wages and salaries, fringe benefits, bonus, retirement benefits, stock option etc. Non- financial motivators are those which are not associated with monetary rewards. They include intangible incentives like satisfaction, self-actualization and responsibility

Motivational theories can be classified under three broad categories according to Stoner and Freedman (1989). These are content theories, process theories and reinforcement theories. Each of these perspectives sheds light on how motivation influences work performance. Even though much research has been conducted on the field of motivation and many researchers and writers have proposed theories on the concept and its role in enhancing employees' performance in every organization, some of these models have been widely used and accepted by today's organisations leaders. This discussion on the motivational theories explains the fact that the concept of employees' motivation has been a critical factor addressed by previous authors as what determines the core competence of every organization in achieving a competitive position. The personality – based perspective of work motivation within which Maslow need theory of motivation and Herzberg theory falls will provide the main support and serves as a foundation for this research and in the process determines a ranking order of factors that motivates employees. The Maslow and Herzberg theories formed the basis for this study

2.1.3.3. Expectancy Theory

Expectancy theory states that motivation will be high when people know what they have to do to get reward, expect that they will be able to get the reward and expect that the reward will be worthwhile. The concept of expectancy was originally contained in the Valency-instrumentality expectancy (VIE) theory formulated by Vroom (1964). Valency stands for value, instrumentality the belief that if we do one thing it will lead to another, and expectancy is the probability that action or effort will lead to an outcome.

Motivation is only when a clearly perceived and usable relationship exist between performance and outcome, and the outcome is seen as a means of satisfying needs. This explains why extrinsic financial motivation, for example, an incentive or bonus scheme works only if the link (line of sight) between effort and reward is clear and the value of the reward is worth the effort. It also explains why intrinsic motivation arising from the work itself can be more powerful than

extrinsic motivation; intrinsic motivation outcomes are more under control of individuals, who can place reliance on their past experience to indicate the extent to which positive and advantageous results are likely to be obtained by their behaviour. This theory was developed by Porter and Lawler (1968) into a model that follows Vroom's ideas by suggesting that there are two factors determining the effort people put into their jobs: first the value of the rewards to individuals in so far as they satisfy their needs for security, social esteem, autonomy, and self-actualization and the second the probability that rewards depend on effort as perceived by individuals-in other words, their expectations about the relationships between effort and reward. Thus, the greater the value of set awards and the higher the probability that receiving each of these rewards depends on effort, the greater the effort that will be expended in a given situation. But as Porter and Lawler (1968) emphasize, mere effort is not enough. It has to be effective effort if it is to produce the desired performance. The two variables additions to effort that affect task achievement are:

1. Ability – Individuals' characteristic such as intelligent, knowledge, skills.
2. Role perceptions- what individuals want to do?

These are good from the viewpoint of the organization if they correspond with what it thinks the individual ought to be doing. They are poor if the views of the individual and the organization do not coincide.

According to Vroom, people choose the behaviours that they expect will maximise the payoff. When this theory is applied to pay, an employee must believe that greater effort will increase performance, increase in performance will lead to more pay and more pay is the reward that the employee wants most.

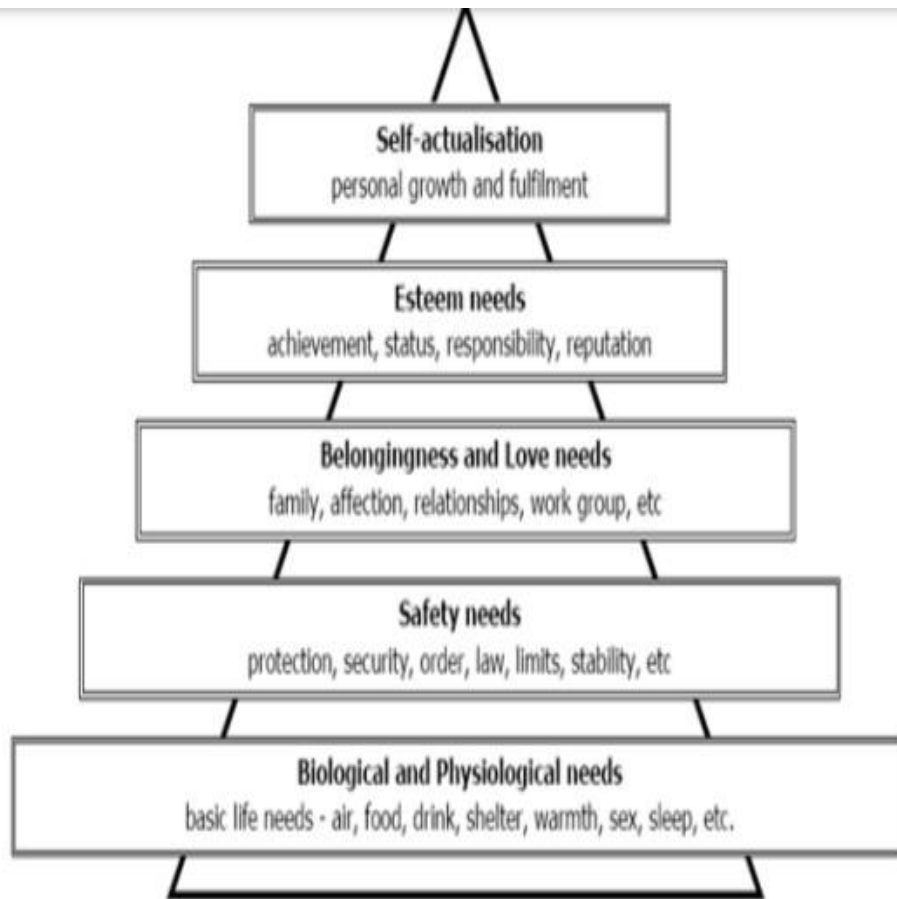
2.1.3.4. Maslow Theory of Motivational Factors

Maslow (1943) suggests that human needs can be classified into five categories and that these categories can be arranged in a hierarchy of importance. These include physiological, security, belongings, esteem and self-actualization needs. According to him a person is motivated first and foremost to satisfy physiological needs. As long as the employees remain unsatisfied, they turn to be motivated only to fulfil them. When physiological needs are satisfied they cease to act as primary motivational factors and individual moves "up" the hierarchy and seek to satisfy security

needs. This process continues until finally self-actualization needs are satisfied. According to Maslow the rationale is quite simple because employees who are too hungry or too ill work will hardly be able to make much contribution to productivity.

Maslow's theory says that need can never be fully met, but a need that is almost fulfilled does not longer motivate. According to Maslow you need to know where a person is on the hierarchical pyramid in order to motivate him/her, then you need to focus on meeting that persons needs at that level (Robbins, 2001). According Greenberg and Baron (2003) the five needs identified by Maslow corresponds with the three needs of Alderfer's ERG theory.

Whereas Maslow theory specifies that the needs be activated in order from lowest to highest Alderfers theory specifies that the needs can be activated in any order. His approach is much simpler than Maslow's. Alderfers theory specifies that there exist three main needs as opposed to five mentioned by Maslow. This human basic needs include existence, relatedness and growth. These needs according to Alderfers need not necessarily activated in any specific order and may be activated at any time. According to him existence needs, needs corresponds to Maslow's physiological needs and satisfy needs, relatedness needs corresponds to Maslow's social needs and growth needs corresponds to esteem and self-actualization needs by Maslow. These needs are divided into deficiency needs (physiological, safety, social needs) and growth needs (esteem self-actualisation needs) as seen in Figure 1 and explained below:



2.1.3.5. *Diagram: Abraham's Maslow*

Physiological needs are the need at the bottom of the needs hierarchy and include the lowest order need and most basic. This includes the need to satisfy the fundamental needs such as food, air, water and shelter. According to Maslow, organisations must provide employees with a salary that enable them to afford adequate living conditions. The rationale here is that, any hungry employees will hardly be able to make much of any contribution to his organization by Maslow (1943). Esteem

Safety needs, this occupies the second level of needs. Safety needs are activated after physiological needs are met. They refer to the need for a secure working environment free from any threats or harm. Organizations can provide these need by providing employees with safety working equipment example health insurance plans, fire protection etc. The rationale is that employees working environment free of harm to do their jobs without fear of harm.

Social Needs: This represent the third level of needs. They are activated after safety needs are met. A social need refers to the need to be affiliated that is (the needed to be loved and accepted by other people). To meet these needs organization encourages employees' participation in social events such as picnics etc.

Esteem Need: This represents the fourth level of needs. It includes the need for self-respect and approve of others. Organizations introduce awards, banquets to recognise distinguish achievements.

Self-actualisation: This occupies the last level at the one top of the needs hierarchy. This refers to the need to become all that one is capable of being to develop one's fullest potential. The rationale here holds to the point that self-actualization employees represent valuable assets to the organisation human resource. Most research on the application of need theory found that although lower-level managers are able to satisfy only their deficiency needs on the job, managers at the top level of organizations are able to satisfy both their deficiency and growth needs Greenberg & Baron, 2003). This view was supported by Shipley and Kiely (1988), they argued that as "need satisfaction is an attitude, and that is perfectly possible for a worker to be satisfied with his/her need, but not be motivated the reverse of which hold equally true. Hence, need satisfaction and motivation are not synonymous and both need fulfilment can have negative as well as positive influence on motivation.

2.1.3.6. Herzberg's Motivation Theory

Herzberg's motivation hygiene theory is divided two different categories of factors affecting the motivation to work. The first category is labelled as motivation factors, and second category is labelled as hygiene factors. The basic assumption theorized by Herzberg is that the presence of hygiene factors prevent employees from feeling unhappy (dissatisfied) with their job. Hygiene factors include extrinsic factors like technical supervision, interpersonal relations, physical working conditions, salary, company policies and administrative practices, benefits. The maintenance of hygiene factors therefore only ensures that employees are not feeling unhappy or frustrated with their job. In comparison, motivation factors include intrinsic factors such as achievement, recognition and status, responsibility, challenging work and advancement in the organization, which are factors that can potentially make employees happy with their job and

motivated to excel at work. Therefore, Herzberg's motivation theory emphasizes that only motivation factors have the potential of increasing job satisfaction. Compared to these motivation factors, hygiene factors can only be used to prevent dissatisfaction and thus not be used as incentives to create satisfaction.

An employee may therefore very well be satisfied with his/her overall working conditions, but not especially motivated to work and perform to his/her full potential. This distinction between the different effects of motivation factors and hygiene factors seems somewhat static and inflexible and later research has pinpointed flaws in the Herzberg's motivation theory. For example, Maidani (1991) conducted research based on Herzberg's motivation hygiene theory, which showed new interesting insights into the validity of Herzberg's theory and its rather normative approach. In short, the research conducted by Maidani concluded that both intrinsic motivation factors and extrinsic hygiene factors can influence overall job motivation. This stands in contrast to the original terminology of Herzberg, where only motivation factors were theorized as factors increasing job satisfaction and motivation'

Presently there appears to be some agreements that the crucial thread that distinguishes employees motivated behaviours from other behaviour is that is goal directed behaviour, Bandura (2003) argues that the core of motivating individuals lays in the goal directed aspect of behaviour. Jones suggested "motivation is concern with how behaviour gets started, is energised, is sustained, is directed, is stopped and what kind of subjective re-action is present in the organization while this is going on. The Jones statement can be converted into a diagram which shows the employee motivational process as it influences performance.

Bandura (2000) established that the process of employee motivation begins because of tension within drives or needs of an employee. Next there is a search within the company or groups or within employee to fulfil his/her desires. When the employee is satisfied with his financial motivation he redefines his desires and needs and the process is initiated again. These groups of researchers were over the years divided into what was later labelled the content and process.

Bassett-Jones and Lloyd (2005) suggests that the "content theorist led by Herzberg, assumed a more complex interaction between both internal and external factors, and explored the circumstances in which individuals respond to different internal and external stimuli. On the

other hand, process theory, where Vroom (1964) was the first exponent considers how internal factors available to a person results in different behaviours. From the focus point of these two groups, one could observe that the process theories attempt or try to understand the thinking processes an individual might go through in determining how to behave in a workplace. The primary focus was on how and why questions of motivation, how certain behaviour starts, developed and sustained over time

2.1.3.7. Content (Needs) Theory

This theory focuses on the content of motivation in the shape of needs. Its basis is the belief that an unsatisfied need creates tension and a state of disequilibrium. To restore the balance, a goal is identified that will satisfy need and a behaviour pathway is selected that will lead to the achievement of the goal and the satisfaction of the need. All behaviour is therefore motivated by unsatisfied need.

2.1.3.8. Process Theory of motivation

There three points that emerge from this model. First, people have a multiplicity of needs depending on themselves and the situation they are in. Second, they can select all sorts of goals and actions to satisfy those needs. Third, while people can observe their behaviour they cannot be certain of the needs and goals that motivated it. It is unwise to assume that any one approach to motivation will appeal to all affected by it. Motivation policies must recognize that people are different (Armstrong, 2009).

2.1.3.9. Douglas Macgregor's Theory X and Theory Y

In his 1960 book, the human side of enterprise, Douglas McGregor proposed two theories by which to view employee motivation. He avoided descriptive labels and simply called the theories Theory X and Theory Y. Both of these theories begins with the premise that management's role is to assemble the factors of production, including people, for the economic benefits of the firm. Beyond this point, the two theories of management diverge.

2.1.3.10. Theory X

Theory X assumes that the average person:

- ✚ Dislikes work and attempt to avoid it
- ✚ Has no ambition, wants no responsibility and would rather follow than lead ✚ Is self-centred and therefore does not care about organizational goals.
- ✚ Resists change
- ✚ Is gullible and particularly intelligent.

Essentially, Theory X assumes that people are lazy and work only for money and security.

2.1.3.11. The problem with Theory X

Drawing on Maslow's hierarchy, MacGregor argues that a satisfied need no longer motivates. Under theory X the firm relies on money and benefits to satisfy employees' lower needs and once those needs are satisfied the source of motivation is lost. Theory X management styles in fact hinder the satisfaction of high level needs. Consequently, the only needs in their work is employees can attempt to satisfy their higher level needs in their work is by seeking more compensation, so as it is quite predictable that they will focus on monetary rewards. While money may not be the effective way to self-fulfilment, in a Theory X environment it may be the only way. Under Theory X, people use work to satisfy their lower needs, and seek to satisfy their higher needs in their leisure time.

MacGregor makes the point that a command and control environment is not effective because it relies on lower needs as levers of motivation, but in modern society those needs already are satisfied and thus no longer are motivators. In this situation, one would expect employees to dislike their change etc., thus making Theory X a self-fulfilling prophecy. From this reason MacGregor proposed an alternative Theory Y (Desimone and Harris, 1998).

2.1.3.12. Theory Y

Theory Y makes the following general assumptions:

- ✚ Work can be as naturally as play and rest.
- ✚ People will be self-directed to meet their work objectives if they are committed to them
- ✚ People will be committed to their objectives if reward are in place that address higher needs ✚ such as self-fulfilment.
- ✚ Under these conditions, people will seek responsibility.
- ✚ Most people can handle responsibility because creativity and ingenuity are common in the population.

Under these assumptions, there is an opportunity to align personal goals with organizational goals by using the employees own quest for fulfilment as the motivator by Desimone and Harris (1998).

Effect of motivation on employee performance

The best way to make the staff hard worker and enjoying the job is motivation. Companies in this dynamic and competitive world are attempting to consistently develop and motivate their staffs to assist in achieving high performance with various motivational packages. (Shahzadi, Javed, Pirzada, Nasreen, & Khanam, 2014). Even though, employees with specific, measurable, attainable, realistic and time bounded what we called smart objectives, the required skills and experience they are not perform their best without adequate motivation.

Mullins et al. (2006), Companies success is highly dependent on its employees motivation level whether they are experienced or not, professional or not their motivation to exert maximum effort and abilities that directed to the organizational goal is the bottom line of organizational success. Therefore, to delight the customer first companies are expected to delight their staffs which leads to customer satisfaction and delight which is the base for today's business survivability. The challenge for today's management is to motivating their employees consistently to provide excellent service beyond the customer expectations which is the secret of

most successful companies in our competitive world (Shahzadi et al. 2014).

Empirical Review of the Study

There are numerous studies conducted on issues related to employee motivation, job satisfaction and also performance both employee and also organizational performance. Something that motivates or satisfy one person may not motivate or satisfy the other.

The research made on the impact of employee motivation on organizational performance; these were conducted by two researchers Nadema & Majed, (2015). The study was made on Hayat University at Iraq aimed on analysing the drivers of employee motivation to high levels of organization performance. In the research the impact of employee motivation on organizational performance are explained or researched by five independent and one dependent variable. The independent variables are empowerment, job enrichment, leadership, promotional opportunities and reward factors and the dependent one is organizational performance. As a result the researchers concluded that when these motivation factors are not obtained, employees have a tendency to express their dissatisfaction through poor performance and non-commitment to their actions.

Boamah Richard (2014) conducted a study on the effect of motivation on employees' performance in education directorate examined the effect of motivation on employees to identify factors that motivate employees; to determine the employees' performance and to assess the effect of motivation on the employees' performance. The study has exposed that promotion and opportunity for advancement are the main motivation factors and the study has also naked that motivation level is low in the area of wages and salaries. It was recommended that Ghana Education Service should consider as a matter of necessity, the need to make upward adjustment in wages and salaries which will go a long way to reduce the high incidence of labour turnover.

Patcharak (2002) has also conducted a study on employees of Saint Paul hotel. The title of the study was assessment of motivation. The motivating variables such as salary, job security, flexible hour, advancement, work environment and benefit were used to execute the study. The result indicated that these factors had significance and positive relationship with work motivation. Especially salary and work content had strong relationship with work motivation.

A study by Elshaday (2016), pointed out that Hafiza, Shah, Humera Jamsheed (2011) indicate

there is significant and positive relationship between extrinsic rewards and employee motivation but organizations are not offering right amount of financial rewards (extrinsic rewards) to their employees. Pay is a significant factor which affects employee motivation.

A study by Ali and Mohammed (2012) pointed out that there is positive impact of financial rewards on employee's motivation and satisfaction and Ovidiu-Iliuta (2013) conduct a study on relation of employee motivation and organizational performance. Both researchers are researched on motivation but the first related to satisfaction and the second related to organizational performance. Ali and Mohammed revealed that, financial rewards lead to employee's motivation. It is also discovered that new entrants in to an industry are highly motivated and the working conditions, environment and superior's behaviour plays a vital role in determination of their satisfaction level. On the other hand Ovidiu-Iliuta (2013) shows that employee participation and empowerment do not only enhance efficiency, growth, and innovation but they also increase employee motivation and trust in the organization. If employee feel respected for their work and are involved in decision making, their enhanced enthusiasm and motivation will lead to a better productivity and loyalty.

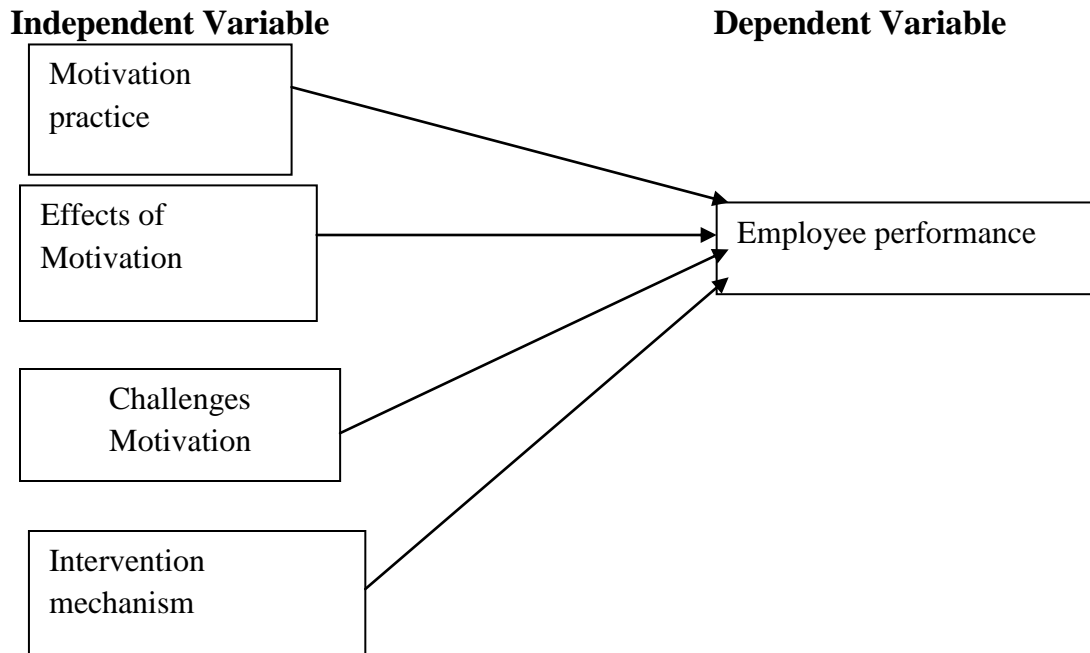
Kahn (2010) researched on the influence on payment, recognition, promotion on employee work motivation. The final result shows that there is strong relationship between reward and employee motivation. This study has greatly contributed in revealing the fact that different tactics and policies would have different motivational impact on varied people.

2.1.4 Research Gap

Various theoretical and empirical studies have been done in Ethiopia and outside of Ethiopia mainly exploring on effect of motivation on employee performance. However regardless of endeavor in human resource practice still there challenges in general practice including the effects of human resource management practice on organizational performance. The planned study will focus on effect of motivation on employee performances at the selected branches of CBE with further intention to determine the challenges facing effects motivation practice that have not been researched before to fill the identified gap.

2.2 Conceptual Framework

Conceptual frame work is defined as an abstract idea or a theory used to develop new concepts or to reinterpret existing ones (Kothari, 2004). It gives the relationship between the dependent and independent variables. After screening previous researches conducted globally, regionally and locally about the effects of motivation on employee performance, a research framework is developed. This framework contains the effects of motivation on employee performance.



Source: Researcher, 2025

The above Figure 1 shows the proposed conceptual model for the research. The independent variables are motivation practice, effects of motivation, challenge of motivation and intervention mechanisms while the dependent variable is employee performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research methodology based on the effects of motivation practice on organizational practice at the selected branches of the CBE. Therefore, it involves research design, population of the study, sample and sampling techniques, types of data, data collection methods, data validity and data reliability, data analysis and ethical issues.

3.2 Research Design

Research design is a general plan for the collection and analysis of data (Robert & Richard, 2008). It is the blueprint for satisfying research objectives and answering research questions (John, 2007). It assures that the research is pertinent to the problem and that it uses economical procedures.

The research design for this study both descriptive and explanatory research design to evaluate the relationship between the effect of motivational factors and employee performance. The reason behind using descriptive study design is that the researcher has no control the variables rather than only report what will happen in the area where the research is conducted. According to Kothari (1990), the major purpose of descriptive research is to describe the state of affairs as it exists at present. This study will use descriptive analysis that describes the effect of motivation on employee performance. Descriptive research design employed for detail description of the findings displayed in tables. The study also will use explanatory research design, to explain understand, predict and control the cause and effect relationships between variables.

3.3 Research approach

The approach to this research incorporates both quantitative and qualitative methods. A combination of qualitative-quantitative approach to the research adopted based on the nature of the information that needed to be explored and the expectations about the most effective methods to have such information from respondents.

It is obvious that using the combination of two methods is an acceptable methodology in the

social sciences research (Saunders, 2009). In the same vein, (Margolis, 1987) argues that the criterion for accepting knowledge claims is not adherence to a method, but evidence in the knowledge generating process

Quantitative research approach is the systematic and scientific investigation of quantitative properties and phenomena and their relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression if an attribute that describe an individual and in the case non quantifiable, qualitative approach is used. It is used predominantly as a method of describing and categorizing events (Creswell, 2006).

3.4 Population and Sampling Design

3.4.1. Target Population

According to Creswell (2014), a population refers to the sum of individuals, incidences, events and phenomena bearing certain common observable features. The population therefore, is the entirety of individuals, items and incidences that conform to a given specification (Robon, 2004; Creswell, 2014). It is upon the population that the research obtains the individuals or items to include in the study as the sample. It is also on the population that the researchers postulates, applies or generalizes the results of the study (Blanche, et la, 2002; Creswell, 2014).

The population for the current study will comprise of the current employees of the two branches CBE. For this study, the population will consist of 96 employees from the selected branches of CBE. This population deemed the most suitable in providing information regarding the effects of motivation practice on employee performance. It is from this population that the researcher will select a sample of participant to conduct the study.

3.4.2. Sampling Technique and sample size determination

According to (Sekaran, 2003) sampling is “the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements.” Sampling essentially involves a system of selecting a population

representation from the general population depending on the objective of the study, availability of money, time, and effort in gathering research data (David, 2005). Or Sampling is the process of choosing smaller and more manageable number of study units from a defined study population. Based on this definition, we may define sampling as a way of identifying, selecting, and gathering data from the individuals that will represent population in order to attain the purpose of research with the proper utilization of money, time, and effort. The samples are drawn from the total collection of all members or population about which this study wishes to draw conclusions.

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important features of an empirical study in which the goal is to make inferences about population from sample (Barlett, 2001).

In short, in choosing research participants, the researcher will use purposive sampling technique for selecting bank branches and study participants because, the target population is small so the researcher will use census method and also to ensure that samples adequately represent the study population. Therefore, the sample of the study 96 employees

3.5 Source and Instrument of Data Collection

There are two sources of data namely primary and secondary data which can be used for research analysis. In this study, primary data are preferred to use for having advantages of getting fresh and detailed first hand data along with their relevancy for specific study. Thus, it is collected from employees of CBE accordingly. But secondary sources such as different scholarly articles reviewed to comply and articulate the related literature review. The survey questionnaire contains two parts. The first part describes the demographic profile of the respondents including their gender, age, education level, and work experience. The second part of the questionnaires is designed to collect data relating to the assessment of the effects of human resource management practice on organizational performance. This section consists of the dependent variable organizational performance with three point independent variables such as human resource planning, compensation management and planning and development. The questionnaires prepared by Likert Scales ranging from strongly disagree to strongly agree. The value assigned are 1 =strongly disagree, 2 = disagree, 3 = no opinion, 4 = agree, 5 = strongly agree.

3.6 Research Procedures

Saunders, et al., (2014) defines research procedures as the detailed steps that are taken by a researcher to be able to conduct a study. For this study, the researcher will seek a letter of introduction to conduct the study. The letter forwarded to the human resources management at CBE. After the approval has been granted, a pilot test conducted using fifteen questionnaires on selected employees of CBE bank. The selected staff in the pilot will not take place in the actual study. The pilot test used to determine the validity and reliability of the study instrument. Equally, the findings of the pilot of the study used to review and adjust the questionnaire before actual study is carried out. Questionnaires distributed to respondents using face to face contact at the selected bank. Returned questionnaires checked for completeness and consistency.

3.7 Data analysis Methods

The data that gained from the questionnaires analyzed and interpreted using statistical package for social science (SPSS, 21). As result, descriptive and inferential analyses conducted by employing different methods. In descriptive, statistics used. In inferential, Cronbach's Alpha test takes place to assure reliability of the items. Regressions and correlation analysis also used to analyze the impact and the relationship between the dependent and independent variables.

3.7.1. Descriptive statistics

The demographic profile of the respondents analyzed using descriptive statistics with frequency and percentage (Marczyk, 2005). They summarized and be presented using tables

3.7.2. Inferential statistics

The second part of questionnaire developed contains five point Likert scale questions under the three selected variables of motivation factors that affect employee performance. The relationship between the independent variables (employee wellbeing, compensations, work conditions training and development) and the dependent variable (employee performance) analyzed using correlation and regression analysis.

3.7.3. Correlation analysis

Correlation is perhaps the most basic and most useful measure of association between two or

more variables. Expressed in a single number called a correlation coefficient (r), correlations provide information about the direction of relationship (either positive or negative) and the intensity of relationship. Furthermore, tests of correlation provide information on whether the correlation is statistically significant (Marczyk, 2005).

3.7.4 Regression analysis

Regression and correlation are closely related. Both techniques involve the relationship between two variables, and they both utilize the same set of paired scores taken from the same subjects. However, whereas correlation is concerned with the magnitude and direction of the relationship, regression focuses on using the relationship for prediction. In term of prediction, if two variables are correlated perfectly, the knowing the value of one score permits a perfect prediction of the score on the second variable. Generally, whenever two variables are significantly correlated, the researcher may use the score on one variable to predict the score on the second (Robert Ho, 2006).

3.8 Reliability and validity of Research Instruments

3.8.1. Reliability

To evaluate the research instruments, reliability is one of the major criteria. Reliability estimates the consistency of the measurement or simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects (John, 2013). Reliability is essentially about consistency. For this study, Cronbach's alpha is used to assess the internal consistency of variables in the research instrument. Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale; it represented as a number between 0 and 1. According to Zikmund (2010) scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability. Thus, the Cronbach's alpha score of .70 or higher is considered adequate to determine reliability. But if the result of the Cronbach's alpha for this study's instrument is found to be below 0.7, the questions with alpha values below the threshold would be removed

3.8.2 Validity

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Creswell, 2009). Content validity is the extent to which a

measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it. Based on this definition the content validity was verified by the advisor of this research, who looked into the appropriateness of the questions and the scales of measurement. In addition, discussions with fellow researchers as well as the feedback from the pilot survey were another way of checking the appropriateness of the questions.

3.9 Ethical considerations

Ethical conduct states that it is the responsibility of the researcher to assess carefully the possibility of harm to research participants, and to the extent that it is possible, the possibility of harm should be minimized (Bryman & Bell, 2007). During the data collection and interpretation processes, the researcher will convince the participants that any confidential information they disclose will keep confidential and convince them the important of the study will to help the organizations and the employees. The respondents also told that, the exercise will only for academic purposes and that confidentially will assured and no one would fall a victim because of any adverse findings in connection with their professional duties. This was to be done in order to motivate them to give their responses without reservation. Every questionnaire attached to a cover letter which clearly explained the purpose of the survey. The questionnaire will not require the names of the respondents; this is to protect their identity and remain anonymous. As a result, the employees will aware from the beginning what the researcher will do, why and where the information is going and why it is being gathered.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Respondent rate

This chapter presents the results of the data analyses and their interpretations. The analyses were summarized under descriptive and inferential analysis. The former describes the demographic profile of respondents, analysis of responses in each attributes. Whereas the latter, inferential statistics, includes scale reliability test, correlation and regression analysis.

The results provide detailed analysis of the data collected through self-administered questionnaire which has two parts. The first part is the personal information of the respondents such as sex, age, education, service year, position and department. The second section contains the attributes of the study variables such as employee motivation dimensions and employee performance

After distributing 96 questionnaires for permanent employees of CBE, a total of 94 questionnaires were filled and returned, which accounted for 97.9% of the total distributed questionnaires. Then, collected responses were encoded in to SPSS 21.0 and went through coding as well as error correction to make them suitable for proposed technique of data analysis. Once the preparation was completed, carried out the required analysis and the results are presented as below.

4.2 Demographic Characteristics of Respondents

The demographic characteristics of respondents are discussed under sex, educational level, age, and work experience in the organization. Accordingly the various findings regarding the respondents' demographic characteristics are presented and discussed with the aid of Table 4.1 shown below.

Table 1. Demographic Characteristics of Respondents

Respondents Demographic Variables		Frequency	Percentage
Sex	Male	65	69.14
	Female	29	30.85
	Total	94	100
Age	18-30	45	47.87
	31-40	29	30.85
	41-50	11	11.70
	Above 51	9	9.57
	Total	94	100
Education Level	Diploma	6	6.38
	First Degree	74	78.72
	Master's Degree	14	14.89
	Total	94	100
Work Experience in Present Organization	1-5 years	25	26.59
	6-10 years	24	21.27
	11-20 years	19	20,21
	21-30	11	11.702
	Above 31	13	13.82
	Total	94	100

Source: own survey 2025

Table 4.1 shows that out of 94 respondents participated, male respondents comprised 65 (69.14 %) and the rest 29(30.85%) were their female counterparts. Randomly, this indicates that there is somehow male dominance within the respondents for this study.

Concerning the age of respondents; which showed 45 (47.87%) of them are between 18-30 age category, 29 (30.85%) of the employees are found between 31-40 years, 11 (11.70%) are found in the age category of 41-50 years and the remaining 9(9.57%) are above 51. Here we can understand that majority of the respondents are found in the age category of 18-30 years old. This means almost all are in productive age

Regarding level of education of the respondents, around 74 (78.72%) of respondents are degree graduates, 14 (14.89%) of them are masters holders and the remaining 6(16.38%) of the respondents are diploma graduates. In short, majority of the respondents are first degree holders. Hence employees' development is important to deliver the service effectively. When we have more educated individuals in the organization, organization would be more flourished and the employee performance would increase.

Majority of the respondents that is, 25(26.59%) have been worked with the bank for 1- 5 years, 24(25.53%) of respondents have been worked for 6-10 years, 19(20.21%) worked for 11-20 years,11(11.7%) worked for 21-30 and the remaining 13 (13.82% of the respondents have been worked for greater than 31 years.

The studies by Kahn (1990) and Schaufeli and Bakker (2004) suggest that the level of work engagement is affected in general terms by the demographic characteristics of the respondents. Moreover, Bakan et al. (2011) also observed that employee personal characteristics such as age, gender, and job tenure can have significant effect on employee motivation and organizational commitment. Thus demographic variables like gender, age, educational level and numbers of years in organization of the employees are vital in determining the motivation and satisfaction of employees. Therefore, the composition of respondents in their demography satisfied the above factors and enables to get balanced data in this study.

4.3 Descriptive Analysis Result

The study variables constitute employee motivational factors (independent) and employee performance (dependent). To attain the objectives, a total of 20 questions were grouped into the four dimensions of employee motivational factors such as employee wellbeing, compensation, training & development and work environment. For employee performance variable, 9 questions

were designed based on the respondents' perception. Thus, a total of 29 questions were entertained to carry out the analysis.

To compare the respondents' perception towards the variables, descriptive statistics of mean and standard deviation were used. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements.

The mean scores of the responses of the participants were analyzed by using a reference points where by X, is 0.5-1.49 (Very low); 1.5-2.49 (Low); 2.5-3.49 (Moderate); 3.5-4.49 (High); > 4.5 (Very High). The standard deviation shows the variability of an observed response. Below, the results are discussed one by one.

Table 2: Employee responses the current motivational practices

Items	N	Mean	Std. Deviation
I do recognized for good performance.	94	3.79	0.61
CBE offer training and development opportunities.	94	3.69	0.801
Work goals clearly communicated by management.	94	3.49	0.68
I feel empowered to make decisions in your role	94	2.76	0.94
My branch offer any flexible work arrangements.	94	3.36	0.77
My work environment conducive.	94	3.418	0.356
Regular feedback received from supervisor.	94	3.42	0.78
There is effective team building activities at your branch.	94	3.34	0.32

Source: own survey 2025

As indicated in the above Table 4.2 majority of the respondents were believed that they were recognized for good performance (mean 3.79) and believed they were offered training and development opportunities (mean 3.69), they were less empowered to make decision in their role

(mean, 2.76). Whereas, they agreed on work goals clearly communicated by management (mean, 3.49) and flexible work arrangement offer by the branch (mean, 3.36). The overall perception of employees towards Commercial bank of Ethiopia concern regarding its employs on conducive work environment to be unsatisfactory (grand mean 3.418). Regarding receiving regular feedback from supervisor (grand mean 3.42). Effective team building activities at the branch (grand mean 3.34). As indicated from the above table, the bank apply motivational practices to its employees.

Table 3: Employee responses on Effects of Motivation

Items	N	Mean	Std. Deviation
Motivation practices at the branch results higher productivity and goal achievement.	94	3.62	0.86
Motivation practices at the branch results greater dedication and work ethics.	94	3.36	0.82
Motivation practices at the branch results improved customer service.	94	3.16	0.92
Motivation practices at the branch creates stronger teamwork.	94	3.01	0.93
Motivation practices at the branch reduced turnover and absenteeism.	94	2.73	1.01
Total	94	3.176	0.903

Source: own survey 2025

According to Table 4:3, the mean score of the responses of the participants regarding the overall items relating to the effects of motivation was found out to be moderate ($X=3.176$; $SD=.903$). Employees strongly agree that motivation practices at the branch lead to higher productivity and goal achievement, with a mean score of 3.62 out of 5 and a relatively low standard deviation of 0.86, indicating consensus among respondents. Dedication and work ethics are also positively influenced by motivation practices, with a mean of 3.36. Customer service improvement has a moderate impact, with a mean of 3.16. Stronger teamwork is perceived to be somewhat less impacted, with a mean of 3.01. The effect of motivation practices on reducing turnover and

absenteeism is the least, with a mean of 2.73 and a higher standard deviation of 1.01, suggesting varied perceptions among employees. The total average score of 3.176 indicates that, overall, employees recognize the positive effects of motivation practices at the branch, but perceptions vary across different outcomes. Employees largely perceive motivation practices as effective in boosting productivity, dedication, and customer service, with slightly less emphasis on teamwork and turnover reduction. These insights can guide management to focus on reinforcing motivation strategies that address areas with lower perceived

Table 4: Employee response on Challenges of Employee Motivation

Items	N	Mean	Std. Deviation
There is limited resources for consistent reward programs	94	3.04	0.776
There is inconsistency in applying motivation policies	94	3.02	0.78
There is poor communication.	94	2.97	1.01
There is lack of personalized motivation and burnout from heavy workloads	94	3.01	0.67
There is cultural and generational differences.	94	3.15	0.56
Total	94	3.038	0.317

Source: own survey 2025

Majority of the respondents moderately believed that there is limited resources for consistent reward programs (mean, 3.04,SD, 0.776) and the employees believed that as there is lack of personalized motivation and burnout from heavy workloads (mean, 3.01,SD,0.67) due to inconsistency in applying motivational policies. Meanwhile, they also moderately agreed that there is inconsistency in applying motivational policies (mean, 3.02) and slightly agreed that there is poor communication (Mean, 2.97). The overall challenges of employees motivation (grand mean, 3.038) which justifies that the employees perceived the overall challenges of motivation in their respective branch.. verall, the data indicates that organizational challenges related to culture, resources, communication, and personalized motivation are perceived as

moderate issues, with cultural and generational differences being the most prominent concern. Addressing these areas with tailored strategies could enhance motivation, communication, and overall organizational effectiveness..

Table 5 : Employee response on Intervention Strategies

Items	N	Mean	Std. Deviation
The bank provides the equipment and resource necessary for me to execute my responsibility	94	3.89	0.75
There is standardized motivation practices.	94	3.32	1.01
There is allocation of budgets for recognition programs	94	3.75	0.66
There is Trained managers in communication and leadership	94	3.99	0.88
There is implementation wellness programs	94	3.82	0.85
There is regular surveys to assess motivation	94	3.42	0.588
Since the bank is concerned for wellbeing, I am energetic to do my job more	94	3.54	0.67
There is celebration of achievement	94	3.52	0.69
		3.59	0.138

Source: own survey 2025

Five items pertaining to the intervention strategies were presented to the participants in the five points Likert scale. Their responses are presented in the table 4:5 above. The mean scores of the responses of the participants were analysed by using a reference points where by X, is 0.51.49 (Very low); 1.5-2.49 (Low); 2.5-3.49 (Moderate); 3.5-4.49 (High); > 4.5 (Very High). Table 4.5 shows that, the mean scores of the responses of the participants pertaining, ($\bar{X}=3.59$ $SD=0.138$) indicating moderate effect. However, there is trained managers in communication leadership had

a slightly higher mean score ($X=3.99$; $SD=.88$) whereas the availability of standardized motivational practices had a very low score of, $X=3.32$ $SD=1.01$.

INFERENTIAL ANALYSIS

4.3.1 Pearson Correlation Analysis

According to Field (2005) correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1. The general symbol for the correlation coefficient is „ r “. So, a perfect positive relationship ($r=+1.00$) indicates a direct relationship and an „ r “ of -1.00 indicates a perfect negative relationship. Hence, in this study Bivariate Pearson Coefficient (r) was used to examine the relationship between the motivation and performance by using a two-tailed test of statistical significance at the level of 95% significance, $P < 0.05$. Interpretation of correlation coefficient (r) size is as follows: if the correlation coefficient falls Between 0.1 to 0.20, it is slight correlation or small; if it is between 0.20 to 0.40 is low correlation or weak relationship, if it lies between 0.40 to 0.70 moderate; if it falls along 0.70 to 0.90 high correlation or substantial relationship and if it is within 0.90 to 1.00 it is very high correlation or very strong correlation between variables (B.Burns&R.Burns, 2008). Different studies found out that motivation influence on employees“ performance

Table 6: Correlations analysis

		Motivational practice	Effects of motivation	Challenges of employees motivation	Intervention strategies	
Motivational practices	Spearman Correlation	1	.			
	Sig. (2-tailed)	.777				
	N	94				
Effects of motivation	Spearman Correlation	.677**	1			
	Sig. (2-tailed)	.000				
	N	94	94			
Challenges of employee motivation	Spearman Correlation	.644**	.652**	1		
	Sig. (2-tailed)	.000	.000			
	N	94	94	94		
Intervention mechanisms	Spearman Correlation	.555**	.650**	.556**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	94	94	94	94	
**. Correlation is significant at the 0.01 level (2-tailed). Source: own Survey, 2025						

Correlation analysis from the above table indicated that there exist a significant and positive relationship between employee motivation and employee performance ($r = 0.875$ which is between 0.70-0.90). The value of $r = 0.875$ indicates that employee motivation and employee performance have strong relationship. Therefore, employee motivation is significantly and positively correlated with the employee performance in the bank.

A correlation analysis from the above table indicated that there exist a significant and positive relationship between motivational practices and employee motivation ($r = 0.677$ which is between 0.50-0.69). The value of $r = 0.677$ indicates that training and development and employee performance have moderate relationship. Therefore, motivational practice is significantly and positively correlated with the employee performance in the context of CBE.

A correlation analysis from the above table indicated that there exist a significant and positive relationship between compensation and employee performance ($r = 0.644$, which is between 0.50-0.69). The value of $r = 0.644$ indicates that compensation and employee performance have moderate relationship. From this one can understand that, compensation is significantly and positively correlated with the employee performance.

A correlation analysis from the above table indicated that there exist a significant and positive relationship between work environment and employee performance ($r = 0.555$, which is between 0.50-0.69). The value of $r = 0.555$ indicates that work environment and employee performance have moderate relationship. As a result, motivation practice is significantly and positively correlated with the employee performance. .

4.3.2 Regression Analysis

Regression analysis was carried out in order to test the impact of independent variable on dependent variable. Table 4.8 shows, coefficient model, the sig, $< \%$ and the model be accepted and significance. This means that the relationship between dependent and independent variables are reliable. The below regression model able indicated that (F statistics sig value = 0.000), this figure show that there is significant relationship between model variable and factor or explanatory variables. The value correlation coefficient $R = 0.765$ it is revealed that there is a strong positive relationship between model variable and its explanatory variables and the R^2 figure 0.795 means 79.5% of the model variable is depend on the factor variables.

4.3.2.1 Assumption of regression model

Table 7: Regression value of coefficient

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.0.892 ^a	.795	.779	.31074	92.274	.000 ^b

Source: Own Survey, 2025

- a. Dependent Variable: employee performance
- b. Predictors: (Constant), _X1, well- being X4, work environment _X2, training development , x3 compensation

As indicate in the above table that together 79.5% of the variance in the overall employee motivation is where predicated by well- being, work environment, training development and compensation.

Table 8: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	166.268	5	33.254	92.274	.000
Residual	12.080	89	.045		
Total	178.348	94			

- a. Dependent Variable: employee performance
- b. Predictors: (Constant), well being_X1, work enviroment_X4, training and developmet_X2, compensation_X3, **Source: own Survey, 2025**

ANOVA table tells us whether the model, overall, is acceptable from a statistical perspective i.e. whether the independent variables are in a significantly good degree of prediction of the outcome variable (SPSS, version 21)

As we can be seen from the above table, the factors (independent variables) significantly predict the dependent variable (employee performance) with $F= 92.274$ and $sig=0.000$. F-test is used to find out overall probability of the relationship between the dependent variable and all the independent variables occurring by chance (SPSS, version 21). The F-test result of the study is 92.274 with a significance of 0.000 meaning that the probability of these results occurring by chance is less than 0.05. Thus, one can decide that regression model best fitted the data at significance level of 0.000.

4.3.2.2 Multi-Collinearity Analysis

Before running regression, one should check for the problem of multi-Collinearity which is present if there is high correlation between some of the independent variables. The study checks this with the variance Inflation Factor (VIF) which calculates the influence of correlation among the independent variables on the precision of regression estimates. The VIF should not exceed 10. If variance Inflation Factor (VIF) value is less than 0.1 it indicates that there is possibility of multi-Collinearity, but if it is greater than 0.1 it means that there is no multi-Collinearity problem with in the model (Hair et al., 2004).

Table 9 Multi-Collinearity Statistics

	Multi-Collinearity Statistics	
	Tolerance	VIF
Motivational practices	.219	4.557
Effects of motivation	.178	5.605
Challenges of employee motivation	.209	4.785
Intervention mechanisms	.392	2.550

Dependent Variable: employee performance

Source: own Survey, 2025

The above multi-Collinearity statistics shows the tolerance value to be greater than 0.1 and VIF value to be significantly below 10. This shows that there is no multi-Collinearity problem with in the model.

4.3.2.3 Normality Test

In order to examine normality one has to measure each variable's skewness, which looks at lack of symmetry of distribution, and kurtosis, which looks at whether data collected, are peak or flat with relation to normal distribution (Marczyk et al., 2005). Table 4.3 below describes the level of skewness and kurtosis for the items constructed. The general rule-of thumb for test of normality varies depending on the nature of the research. As indicated in the table below, skewness and kurtosis measures for this study are well within that range between -1 and +1 values. Therefore, the data for this study is normally distributed.

Table 11 Normality test of Skewness and Kurtosis

Constructs	Skewness	Kurtosis
Motivational practices	0.019	0.82
Effects of motivation	0.653	0.96
Challenges of employee motivation	-0.93	-0.56
Intervention mechanisms	0.0367	0.012

Source: Own Survey 2025

Regression Analysis

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the values of dependent variable, given the values of the independent variable. According to Field (2005), regression analysis is a model that is used to predict the value of dependent variable from one or more independent variables. Regression analysis is conducted to test the effect of independent variables (employee wellbeing, compensation, training & development and work environment) on a dependent variable (employee performance). The hypotheses formulated were tested as shown in table below.

Table 10: Regression Analysis

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.799	.107		16.763	.003
Motivational practices	.404	.038	.263	37.222	.012
Effects of motivation	.487	.041	.446	11.848	.031
Challenges of motivation	.551	.033	.580	16.672	.000
Intervention mechanisms	.908	.038	.605	23.846	.000

Dependent Variable: employee performance; Source: own Survey, 2025

According to the above regression analysis result table 4.12 , the standardize data coefficient implies that how intensely the four independent variables (motivational practices, effects of motivation, challenges of employee motivation and intervention mechanism) components predict the behavior of dependent variable (employee performance), or the relative importance of each independent variable in predicting the dependent variable employee performance.

In the above regression table work environment has large a coefficient Beta value ($\beta = .605$, $p < 0.05$) it is the important variable in predicting employee performance in the context of CBE. Based on the above result, intervention mechanisms has a significant positive effect on employee performance is supported. This founds that intervention mechanisms has a significant impact on employee performance.

In the above regression table compensation have beta value of ($\beta = .580$, $P < 0.05$). Challenges of motivation is the second important variable in employee performance in the context of CBE. Based on the above result, cha has a significant positive employee performance is supported.

In the above regression table, training and development has a coefficient Beta value ($\beta = .446$, $P < 0.05$) effects of motivation is the important variable in predicting employee performance in the context of CBE. Based on the above result, motivation have a significant positive effect on employee performance is supported.

Finally, motivational practice has low beta coefficient value ($\beta = 0.263$, $p < 0.05$). This indicates that motivational practice has lower significant predictor of employee performance. In other word motivational practice is less essential factor in creating employee performance in the context of CBE. Based on the above result, motivational practice has a significant positive effect on employee performance is supported.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of the Findings

The objective of this study was to assess the effect of motivation on employee performance at the case Commercial bank of Ethiopia at Jemo –Michael and Ayer Tena branches. The study was conducted by distributing questionnaires for 96 customers unfortunately 94 have been collected. To test the reliability of data collecting instrument, Cronbach alpha coefficients were computed for the 29 questionnaires administered for pilot survey. The Cronbach alpha coefficients were within the range of 0.729 and 0.970 shows that all are above the acceptable value 0.7. The relations among the different items were measured using Spearman Correlation Coefficient. The result continued that there is positive correlation between all the independent and dependent variables ranging from moderate up to strong level correlation.

Moreover, regression analysis was conducted to test the influence among predictor variables. The regression analysis results showed that, 79.5% of the variance in the overall employee performance is where predicated by motivational practices, effects of motivation, challenges of motivation and intervention mechanisms. The p-value of the regression coefficient was less than 0.05 for participation in.

5.2 Conclusion

The main objective of this study is to assess the effect of employee motivation practices on employee performance at the selected branches of CBE. Hence, the study sought to identify the most important attributes of employee motivation schemes to enhance workforce Performance at CBE, which may be used to review or amend the current organizational structure regarding salary scale and job description.

Accordingly, the study found out that motivational practices, effects of motivation, challenges of motivation, and intervention mechanisms were the main practices to motivate permanent employees served at least a year in the organization. Employee's perception towards the motivational scheme practiced by the company is concluded based on the findings as below.

The overall employee's perception towards CBE's concern regarding its motivational practice was found to be unsatisfactory. Permanent employees had substantial doubts on whether the managements gave due consideration to their employees motivational practices as they complained on lack of recognition for performance.

The employees also perceived the overall effects of motivation of the organization was fair enough. They believed that the benefit packages offered help them improve their productivity and goal achievement dedication and customer service and team work.

On the other hand, staffs have certain on the effects of motivation proper implementation of human resource policies in line with the organizational objectives. Even if the company formulated and implemented workable policies, there is still a gap between the strategic managements and the operational level managers to communicate the strategic plan amongst staffs clearly. The work environment attributes were found to be nearly neutral or slightly positive in some cases. Specifically, work environment had strong relation. Wellbeing and Training & Development had moderate relations whereas Compensation had moderate relation with employee performance. This implies that all dimensions of motivation practices showed varied but significant relational strength with employee performance.

In line with the above, it was found out that all predictors have significant effect on performance with varying intensity. Motivation practice has highest effect on motivation positively higher contribution to the prediction model..

Therefore, the organization should perpetually or periodically assess its staff's perception towards the motivational practices practiced by human resource managements to identify and recognize which factors affect their employee performance. Best motivational practices should be carried out to align and back up the organizational overall strategy with the existing workforce through enhancing the required skills in the course of developing their career in the long run.

Most importantly, employee's motivational practice is the critical area to be considered for further improvement in Commercial bank of Ethiopia as the nature of banking services are subjected to redundancy that could develop work related stress which demand more precautions. These could be mitigated through provision of sufficient annual and holiday leaves as necessary as well as set up socially entertain get together programs.

5.3 Recommendations

This study has shown the relationship between the motivation dimensions and employee performance in CBE. Meanwhile, it confirms that all the four employee motivation dimensions namely motivational practice, effects of motivation, challenges of motivation, and intervention mechanisms are suitable motivational predictors to measure overall employee performance keeping other variables constant. It was also confirmed that the aforementioned motivation variables have positive and significant relation with performance with variety of impact intensity. Based on the results of this study, the following recommendations are forwarded to CBE's management so as to improve employee performance of the organization with the existing workforce.

The findings revealed that motivation ($\beta = .605$) has relatively the highest significant and positive effect on employee productivity. Therefore, management of the commercial bank of Ethiopia should concentrate on the best motivation practice by recognizing their performance, offering trainings and development, clearly communicating, creating conducive work environment, and collecting regular feedback from supervisors.

The next to dimension is organizational challenge has also relatively higher positive and significant effect on performance ($\beta = .580$). Thus, the finding supported the significant and positive impact of challenges on the level of employee's performance. This could be due to the fact that extrinsic factors especially monetary rewards tend to appeal more to workers especially in developing nations where the standard of living is poor. Therefore managers of the Commercial bank of Ethiopia should apply techniques to overcome the challenges related to employees' motivation.

On the other motivation practice ($\beta = .263$) hand, the findings also revealed the existence of relatively moderate effect of on employee productivity. Therefore, Managers should show-up their heartily concerns for the application of the best motivation practice to their colleagues through different mechanisms. This can be achieved by nicely treating them verbally, and disseminating printed fliers regarding how to develop and keep healthy workplace habit.

Intervention mechanism to curb challenges related to motivation showed relatively lower significant and positive effect on employee productivity ($\beta = .446$) implying that it is a

significant predictor of productivity. This could be due to the fact applying the best intervention techniques to resolve challenges related to motivation. Therefore, relevant intervention mechanisms should be implemented to support the overall organization goals. Periodically employee's capacity and capability for the intended tasks need to be evaluated and sufficiently budgeted.

5.4. Limitation and Suggestion For Further Research

The findings of this study are based entirely upon the research conducted at some branches of Commercial bank of Ethiopia in Addis Ababa. Lack of similar research done in the country was another limitation of the study. Therefore, the research paves the way to other research opportunity in Commercial bank of Ethiopia or other organization in our country to investigate the effect of motivation on employee performance. Hence, the finding of this study may have significant practical value. In an attempt to address the limitations of this research, it is recommended that further research can be conducted to investigate the effect of motivation on employee performance. Therefore, the researcher recommends the following for future researches:

A replica of this research can be carried out with longitudinal data and on a wider scale (nation-wide) so that cross-regional similarities and differences can be studied.

Comparative study by including more banks with regard to the effect of motivation on employee performance.

The approach of this paper can be extended by including other motivational variables not used in this thesis

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APPENDIX
QUESTIONNAIRE SURVEY

ADDIS COLLEGE SCHOOL OF POSTGRADUATE STUDIES

Dear Sir/Madam

This survey is meant to collect relevant information from the employees of CBE bank for a research fulfilment of Masters Project management. This study aims to assess the effects of effect of motivation on employee performance at the selected branches of CBE. You are selected to participate in this research voluntarily. The information you provide will be used only for academic purpose and will be kept strictly confidential. **Thank you in advance for your time and cooperation!**

Note: Please don't write your name.

PART A: PERSONAL PROFILE

Please provide your personal information by putting a tick where necessary

1. What is your gender?

Male Female

2. Kindly indicate your age

18- 30 yrs. 31- 40 yrs.

41- 50 yrs. 51- 60 yrs.

Over 61 yrs.

3. Education

4. Service year 1- 5 6-10 11-15 above 15

5. Position

Clerical Non clerical Management Professional

High school Diploma Degree Masters

Part III: Questionnaire on effects of motivation on employee performance

Kindly rate the following statements below as to the extent to which various motivational activities affect your performance. Using a scale one up to 5, tick mark in the appropriate box as to the extent of your agreement or disagreement with the statements given. Where: Scale: 1= strongly disagreed; 2= disagreed; 3= neutral; 4= agreed; 5= strongly agreed

	Motivation Practices	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Are you recognized for good performance?					
2	Does CBE offer training and development opportunities?					
3	Are your work goals clearly communicated by management?					
4	Do you feel empowered to make decisions in your role?					
5	Does your branch offer any flexible work arrangements?					
6	Is your work environment conducive?					
7	Regular feedback received from supervisor.					
8	There is effective team building activities at your branch.					
	Effects of Motivation					
9	Do motivation practices at your branch results higher productivity and goal					

	achievement.					
10	Do motivation practices at your branch results greater dedication and work ethics.					
11	Do motivation practices at your branch results improved customer service					
12	Do motivation practices at your branch creates stronger teamwork?					
13	Do motivation practices at your branch reduced turnover and absenteeism.					
	Challenges of Employee Motivation					
14	There is limited resources for consistent reward programs					
15	There is inconsistency in applying motivation policies					
16	There is poor communication.					
17	There is lack of personalized motivation and burnout from heavy workloads					
18	There is cultural and generational differences.					

	Intervention Strategies	Strongly disagree	Disagree	Neutral	Strongly Agree	Agree
1	There is standardized motivation practices.					
2	There is allocation of budgets for recognition programs					
3	There is Trained managers in communication and leadership					
4	There is implementation wellness programs					
5	There is regular surveys to assess motivation					
6	. Since the bank is concerned for wellbeing, I am energetic to do my job more					
7	There is celebration of achievement					